Financial Performance Incentives for United States Government Programs: Lessons Learned from the Workforce Investment Act, Temporary Assistance to Needy Families, and Food Stamps

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High performance incentive grants were incorporated into a number of domestic federal programs in the 1990s. Section 503 of the Workforce Investment Act of 1998 (WIA) authorizes the Secretary of Labor to award incentive grants to states that exceed performance levels for programs authorized by Title I of WIA, the Adult Education and Family Literacy Act (AEFLA), and the Carl D. Perkins Vocational and Technical Education Act (Perkins).

The WIA incentive process was designed with the intent to reward "good" performance by state government programs implementing workforce investment, adult literacy, and vocational education programs. States are required to exceed their negotiated levels of performance for all three programs in order to be eligible for an incentive award.

Financial incentives based on program performance also appeared in a number of other federal government programs around the same time. Domestic social programs such as Temporary Assistance for Needy Families (TANF) and the Food Stamp Program (FSP, since the beginning of the 2009 fiscal year called Supplemental Nutrition Assistance Program, or SNAP) have also used financial incentives to attempt to improve program performance. However, there is growing evidence that incentives may in some instance actually harm performance by rewarding behaviors that result from programs being more focused on receiving the reward rather than improving program design, delivery and outcomes. Incentive programs raise many issues including choice of how large funding should be and possible conflict between the use of bonuses and the ethos of public service.

This paper examines high performance bonuses (HPB) in WIA, TANF, and FSP/SNAP. It examines the design of the HPB programs, the issues that they raise, and lessons that have been learned from the experience of implementing and operating them. The paper concludes that the high performance bonuses have not worked as intended and that a different approach improving program performance should be used in the future for both the WIA program and TANF. On balance the FSP/SNAP program looks better, but the objectives of the program make it easier to conduct.

I. The WIA High Performance Bonuses

The Workforce Investment Act (WIA) was enacted in 1998. It provides employment and training services to youth, disadvantaged adults, and dislocated workers. WIA is a federal-state program. The federal government provides grants to states to operate the programs, and the states pass most of these funds to local workforce investment boards. Workforce services are provided by about 3,000 one-stop career centers that are located throughout the country. WIA programs provide core, intensive, and training services. Services may include job matching,

labor market information, assessment and counseling, and other job search services, as well as training services. While all workers can receive core services, state workforce agencies determine which workers to serve and what mix of services to provide them with.

The WIA program was enacted for five years and expired in 2003. Since that time the program has continued by the Congress through the appropriation process. Unsuccessful proposals to reauthorize the program were introduced in 2003, 2005, and 2007. The program seems unlikely to be reauthorized until at least 2011.

The Program

High performance bonuses have operated since the inception of the WIA system. States can receive bonuses for amounts between $750,000 and $3,000,000 per year, depending on fund availability, if they meet the WIA HPB criteria. If funding is inadequate, the funding of the HPBs are reduced proportionally. The potential bonuses are of the same amount, regardless of the size of the state. To receive a HPB, a state must achieve at least 80 percent of the annual negotiated target for each of the 17 WIA performance measures that are specified by statute. They must also achieve an average of at least 100 percent of the negotiated performance targets for the major performance measures groupings for adult, dislocated worker, youth, and customer satisfaction measures.

The WIA program makes available financial incentives as a way to reward performance that exceeds the expected level of negotiated performance for participants in Title 1B of the WIA adult, dislocated worker, and youth programs. WIA legislation authorizes the state to use its incentive grant award to carry out an innovative program consistent with the requirements of any one or more of the programs within Title I of WIA, Adult Education and Family Literacy Act, or the Perkins Act. These provisions allow states great flexibility in using these funds, and the governors and state agencies are not limited to only one type of innovative program. States find this money attractive because it not only recognizes them for exceeding negotiated performance goals but also provides funds for special projects that may not otherwise be implemented due to budget limitations.

WIA financial incentives are complicated because they are not an award for meeting conditions for not just one program but for three. The annual awards are determined on the basis of WIA program performance in conjunction with performance for the Adult Education and Family Literacy Act and the Carl D. Perkins Vocational and Technical Education Act programs. States must meet the criteria established by each individual program before they are deemed eligible to apply for a grant. A state may demonstrate outstanding performance under WIA requirements but be removed from consideration for an award because it falls short with respect to program performance for literacy and/or Perkins education programs.

WIA financial rewards for program performance are given for exceeding negotiated performance targets. These targets are negotiated by Department of Labor (DOL) regional office staff in the six DOL regions. Regional staff has the task of negotiating targets with the states based on factors that are considered to be under their control. If a state has higher unemployment levels or serves a more disadvantaged population, however, its performance targets should be adjusted downward to accommodate for these factors outside of their control. The negotiation process is

intended to "level the playing field" between states, so that adjustments are made for differences between states with respect to anticipated economic and demographic characteristics.

The WIA negotiation process, however, has not been conducted with statistical models that can assist the federal regional negotiators in setting objective weights for adjusting performance targets either upward or downward. Federal negotiators must measure and weigh these factors on their own, using more or less sophisticated methodologies, but without a uniform methodology that assures equitable treatment among states and regions. Lacking an objective negotiating procedure, the starting point for each state can vary greatly. Each state's starting point at the beginning of the year depends on how well it negotiates with the DOL regional staff.

Issues

Behavioral Issues in Responding to WIA Performance Targets

Barnow and Smith (2004) review the incentives to state workforce agencies and local Workforce Investment Boards (WIBs) to take actions that can improve their WIA performance measurement results. They examine four substantive behavioral measures that the WIA system can take:

- Selection of participants who are likely to have good performance outcomes ("cream skimming")
- Selection of services and service mix provided to improve performance
- Encouragement of workforce agency employees to work harder and smarter
- Provision of incentives to contractors and subcontractors providing services.

In addition, state workforce agencies can make strategic decisions about how to improve performance by "gaming" the system. In particular, under both the Job Training Partnership Act (JTPA) and WIA, local and state performance outcomes could be improved by making determinations about who is formally enrolled in the program, and how and when enrollees are exited out of the program. For example, formal enrollment can be delayed until workers are placed in jobs or become employed. Exiting workers out of the program can be accelerated or delayed to maximize performance outcomes (Barnow and Smith 2004).

Jacobson (2009) documents the high cost of retaining WIA program participants in some localities until a time when their exiting is most beneficial for workforce agency performance measurement purposes. He finds that the cost of retention is with respect to maintaining telephone contact with the WIA participants rather than providing them with additional employment services and that this behavior continues solely to improve measured program performance outcomes.

Thus, it appears that state workforce agencies have a number of tools at their disposal to improve their measured WIA program performance, if they wish to make use of them. A number of state workforce agencies and local WIBs do make use of these techniques.

Incentives for States

While the WIA high performance bonuses are a small proportion of total WIA resources available to states, the incentive for states varies greatly because the each state is eligible for the same bonus amount. Small states will find the HPB to be a much more significant portion of their state WIA grant than larger states.

Accuracy of the HPB Data

Heinrich (2007) examines whether the current high performance bonuses work. She assesses them by looking at two questions. First, she examines the accuracy of the data used for the measures. Second, she assesses whether the performance award system properly recognizes and rewards high performing states. With respect to the first issue her answer is affirmative: She finds that the data used by the system is reasonably accurate.

Does the HPB Properly Reward High Performing States?

With respect to the issue of whether the system properly recognizes high performers, Heinrich (2007) provides a negative answer for a number of reasons. As we saw above, a core factor in establishing an objective WIA performance targeting system is that the targets need to be set to establish a level playing field between states. The negotiated targets need to be adjusted for economic and demographic characteristics and service mix as they differ between states. Not surprisingly she finds that the negotiation process -- determined by DOL regional staff without an object methodology -- does not properly take into consideration these two sets of factors. In particular, she finds no adjustment for differences with respect to education and race.

Heinrich finds that the negotiation process between regional and state staff establishes the bonus threshold and, therefore, plays a key role in the outcomes of high performance bonuses. States that negotiate higher performance targets relative to other states are less likely to receive the bonuses. Thus, the negotiation process is crucial to success in obtaining a high performance bonus.

Heinrich also looks at whether there has been a relationship between performance and the size of the bonus awarded. She again reaches a negative conclusion. She finds that some states not receiving a bonus appear to have performed better than those that did. States receiving higher bonuses did not necessarily perform better than those receiving low bonuses.

Finally, Heinrich concludes that both theory and her empirical work indicate that the WIA high performance bonus is flawed. She finds no reason to expect that the bonus design and implementation results in any improvement in the WIA system or WIA performance achievement.

Declining Funding of WIA Incentive Grants, 1999-2007

The statutory provisions for the WIA HPB have not changed over time, so the HPB program specifications have been unchanged for a decade. The only change in the program has been in its funding amount. Because DOL has not sought appropriations for the HPB beginning in Federal Fiscal Year (FY) 2004, funding availability has declined and has derived only from Adult

Education and Family Literacy Act and the Carl D. Perkins Vocational and Technical Education Act programs.

DOL started awarding incentive grants in 1999. The size of the grant awards is determined by WIA Section 503(c)(1), which sets the range of incentive grant awards from $750,000 to $3 million, depending upon the amount of appropriated funds available. If the amount available for grants is insufficient to award the minimum grant to each eligible state, the minimum and maximum grant amounts are adjusted by a uniform percentage as required by WIA Section 503(c)(2). For PY1999 through PY2003, DOL requested and received funding for the incentive grants, and state workforce agencies received funding from DOL.

In its FY2004 budget request, DOL did not request funds for WIA incentive funds. The Bush Administration proposed revisions to the incentive grant process as part of its unsuccessful WIA reauthorization proposal of 2003. Had they been enacted, the new incentive grants awarded by the Secretary would have been based on performance for statewide and local workforce programs authorized by Title I-B of the Workforce Investment Act. The Secretary would base the award on performance of states with respect to the performance measures, and/or the performance of the state in serving special populations (which could include the level of service and the outcomes and other appropriate factors).

In its FY2005 budget submission, DOL requested $12 million to be awarded to states that successfully addressed barriers to employment of special populations (e.g., those with disabilities, individuals with limited English proficiency, homeless individuals, veterans, older Americans, participants transitioning from welfare to work) and placed these individuals into good jobs. The Agency, however, did not propose a quantifiable way to measure delivery of services to these populations. The Office of Management and Budget denied the request for FY 2005 funds, and DOL has not requested incentive funds since then.

For PY 2006 only the Adult Education program provided funds for incentives. However, states were still required to meet the criteria established by all three programs in order to qualify. Thus, the amount of money available for incentives has been drastically reduced from a high of $29.7 million to $9.8 million. For the PY 2006 performance awards, the criterion for determining the amount of the incentive grant within this range were the size of the state's programs, as measured by the state's relative share of the combined Title I, AEFLA, and Perkins III formula grants awarded to that state.

For PY 2007, the Adult Education program was again the sole contributor to state incentive grants amid some changes to performance management and at a slightly lower funding level. In 2007, the Employment and Training Administration (ETA) within DOL revised performance measurement requirements from the former WIA reporting system to the common measure reporting system for determining eligibility of states for receiving incentive grants. In addition to changes to WIA performance reporting, reauthorization of the Perkins Act removed the requirement that funds be reserved for section 503 of WIA. Therefore, the Department of Education no longer sets aside Perkins Act funds for the purpose of funding incentive grants to states. Under the remaining funding from the Adult Education program, 11 states were awarded incentive grants for a total of $9.76 million in 2007.

Plans for PY 2008 guidance were issued on state negotiated performance levels that will likely impact states' eligibility in qualifying for incentive grants. DOL continues to facilitate the grant review and award process, and the Office of Adult Vocational Education within the Department of Education continues to fund these grants.

Variation in State and Regional Receipt of the WIA High Performance Bonuses

The receipt of WIA financial incentives varies widely by state and by region (see Table 1). The variation is so great that it appears that DOL has been, in part, rewarding behaviors that attempt to game the system—a combination of substantive and strategic state performance management, as well good negotiating skills. The process seems to encourage states to "cream" their client population to ensure a greater success rate rather than investing in the hardest to serve.

[Tables appear at end of paper]

Table 1: WIA High Performance Bonuses: Eligible States and Funding Levels, PY 1999 – 2007

There has been a strong concentration in the distribution of incentive grants by state and region during the PY 1999 through PY 2007 period. During those nine years, states have been eligible for incentive awards 125 times. Five states in three regions were eligible for an incentive award five or more times since PY 1999 (See Table 2).

[Tables appear at end of paper]

Table 2: States Receiving the Largest Number of WIA High Performance Bonuses

Thus, these five states have been eligible for 31 awards, or nearly 25 percent of all awards. On the other hand, 9 states received no awards (Alaska, Arkansas, California, the District of Columbia, Hawaii, New Jersey, New Mexico, Puerto Rico, Rhode Island), and 12 states have received only one award (Idaho, Kansas, Maine, New Hampshire, Nevada, New York, Pennsylvania, Utah, Virginia, Vermont, West Virginia and Wyoming) through 2007.

Differences among DOL regions with respect to award eligibility have been large. Nine states in the Boston region (Connecticut, Massachusetts, Maine, New Hampshire, New Jersey, New York, Puerto Rico, Rhode Island, and Vermont, which comprise Region 1) were eligible to receive ten awards or about eight percent of all of the awards. At the other extreme, in the Midwest region (Iowa, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin, which comprise region 5), ten states were eligible for 37 awards, or about 30 percent of the total awards.

These regional variances, with awards pooling heavily in some regions and not in others, suggests that there may be incentives or pressure among some regions for states to obtain awards. As previously stated, there is no uniform method in place to adjust for differences among state economic and labor market environments, so when whole regions of states garner a significant number of awards, there is a likelihood of strategic behavior in pursuit of these monetary awards.

Lessons Learned: Analysis of WIA High Performance Bonuses

While establishing monetary incentive strategies was popular at the outset of the WIA program, this strategy has not proved to be an effective way to encourage exemplary performance. In fact, it may have resulted in reduced services to populations most in need.

The WIA monetary incentives are small and are likely to have weak impacts on state workforce agencies serving moderate to large numbers of participants. Typically, incentives to improve performance are higher with high bonus amounts, but in the case of WIA, even if all states were to apply for and receive the maximum incentive grant award, this total amount would be a very small percentage in comparison to annual WIA funding.

The relationship between WIA monetary incentives and the mainline WIA programs is weak. State plans providing information on the intended use of bonuses received indicate that incentive grant awards go toward new programs or increases in services rather than to individuals involved in frontline service. This proposed usage does not provide a direct incentive to individual frontline employees for providing exemplary or increasingly effective services, since these individuals do not see any monetary return on their investment in improving services.

It is, however, very possible that individual level service might be negatively impacted by offering monetary incentives for achieving performance goals. Providing monetary services without adjusting for the characteristics of the population served reduces the incentive to serve disadvantaged populations, whether measured by education, disability, or race/ethnicity.

Since the core performance measures of WIA are based on the ratio of the numbers of program participants who exit the program (‘exiters’) who obtain and retain employment to those exiters who do not, the temptation to reduce the numbers of exiters who do not successfully gain employment is already high. The risk, therefore, of engaging in manipulative reporting or ‘gaming’ or even electing to serve only those individuals whose success (‘creaming’) is increased when a monetary bonus based on performance results is used.

WIA differs from previous workforce development programs like the Jobs Training and Partnership Act (JTPA) in discontinuing use of state or local regression analysis which factored in prevailing regional labor market and economic conditions which affect workforce program outcomes in setting targets. Instead, states make adjustments for these exogenous factors through a negotiation process in setting performance targets. Offering incentive grants may apply pressure at the state level to encourage manipulative behavior to negotiate lower performance targets to increase the likelihood of achieving the performance levels required to qualify for incentive grants.

As can be seen in Table 1, the annual awards have been declining over time. The number of states eligible for the awards has declined in recent years. The overall annual award amount also has been steadily diminishing since the beginning of the WIA program, and funding for these incentives have ceased altogether from DOL.

The WIA HPB continues despite lack of support from DOL. With no DOL funding provided since FY 2004, DOL participates in the HPB process because of statutory requirement, but it relies on the adult education program to provide HPB funding.

II. TANF High Performance Bonus

The US Temporary Assistance for Needy Families (TANF) program provides a minimum income for families with children. TANF was established in 1996 by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) as a successor to the Aid to Families with Dependent Children (AFDC) program. The 1996 legislation identified one TANF goal as ending "the dependence of needy parents on government benefits by promoting job preparation, work, and marriage." To promote attainment of this end, the law authorized payment of bonuses to "high performing states based on a formula to be established by the Department of Health and Human Services" in consultation with the National Governors Association, the American Public Welfare Association (an organization largely representing state social service agency directors that is now called the American Public Human Services Association), and other interested parties. These High Performance Bonuses (HPBs) were distributed to states for accomplishments from federal fiscal year 1998 through 2004. Funding for the program ceased in 2005.

Experience with the HPB offers a case study of a policy intended to provide positive incentives for local program operators to improve performance in pursuit of public objectives. The purpose of case studies is generally to gain insight into the myriad details that bedevil implementation of policy and to offer lessons of experience to those who would venture similar endeavors. To this end, and subject to the constraints of space, we provide an overview of the program and identify issues and lessons.

Our conclusion is that the indicators upon which the HPB was based have numerous shortcomings and, possibly as a result, there is no evidence that the TANF HPB affected state policy or program effectiveness. However, the program leaves an institutional legacy that, while difficult to replicate elsewhere, may prove valuable as the current administration attempts to renew interest in social policy innovation.

The Program and Its Evolution

To understand the HPB, it is important to understand the federal context. TANF is a joint federal-state[1] program in which states design and operate their assistance programs under quite broad federal guidelines. Benefit levels are determined by states, as are many other eligibility conditions and compliance requirements. Funding is from a combination of a state's own revenues and a fixed federal contribution determined largely by the amount the state received for AFDC during that program's last years. In FY 2004 combined expenditure of federal and state funds for TANF amounted to $25.8 billion, of which $14.4 billion came from the federal government. Forty-seven percent of the total went for income support; the remainder was spent on services, including work supports for cash recipients and others meeting TANF-related need standards.

The HPB fiscal stakes were small. The bonuses averaged about $200 million per year, less than 1 percent of total outlays. The program was voluntary, and no state was allowed to receive in any year an amount greater than 5 percent of its TANF block grant. Nevertheless, the program

[1] As used in this paper the term "state" includes the District of Columbia.

was evidently viewed by states as worth the effort required to compete. In the first year of competition 46 states competed; 49 and 50 participated for FY 1999 and FY 2000 respectively and thereafter generally 50 of the 51 states engaged.

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 (DHHS, Cunningham, 2008, 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 was unusual for states to gain awards in all four categories, and therefore it was possible for more than 10 states to receive recognition on at least one dimension. 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 FY 2000. States were not obligated to compete on all performance measures, but eventually most states chose to do so.

Over time, the program evolved. The horizon over which job retention is assessed was expanded, the relative weighting of employment retention and earnings gains in the success in the workforce measure changed, and the various change indicators were recast in terms of year-to-year differences, rather than percentage changes. 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 measures, the number of indicators multiplied. Beginning with the awards made for performance in FY2001 and continuing through FY2004, the bonus criteria included, in addition to the four employment-related measures, indicators for: (1) participation of low-income working families in the Food Stamp program; (2) participation of former TANF recipients in the Medicaid program or in the State Children's Health Insurance Program (SCHIP); (3) a child care subsidy measure; and (4) a family formation and stability measure. Additionally, a quality component was added to the child care subsidy measure beginning in FY 2003.

Initially, states competing on work measures were required to collect, compile, and submit quarterly reports on the basic data for performance assessment. The basic source for the employment measure was the earnings data reported by employers to state Employment Security Agencies (SESAs) as part of the Unemployment Insurance system. SESA data cover only quarterly earnings and do not include hours of work, wage rates, or information on the monthly pattern of work within a quarter. Measures of job entry and the two components of success in the work force (job retention and earnings gain) were constructed from these data. Methods clearly varied, and the performance results submitted by states to DHHS were not audited. The consequences were uncertainty and questions about the reliability of state-reported achievements. Suspicions were fueled by some exceptional accomplishments. One state won $6 million in the initial round 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 under DHHS instructions the greatest opportunity for variation in state interpretation, data sources, and computation procedures.

Beginning with FY 2001, federal policy changed. Instead of carrying out computations themselves, competing states were required to submit monthly lists of adult TANF recipients, identified only by their Social Security Number (SSN). These data were then matched against the National Directory of New Hires (NDNH) maintained by the Department of Health and Human Services (HHS). The NDNH is also based on employer wage reports. While the content of the NDNH data is the same as that available from state systems, the coverage is broader, including federal employment and providing information on jobs held in one state by residents of another (in general state SESA data do not). Use of the NDNH in a sense leveled the information and computational playing field for the HPB employment measures.

Addition of the new performance categories required changes in the allocation of the $200 million annual bonus among measures. However, the employment measures continued to account for about 70 percent of all bonus funds distributed. The additional categories increased the number of opportunities for winning something from four to ten. When awards for FY2001 and FY2002 were announced in late September 2003, 46 states won something. In the last report (for FY2004), 42 states gained recognition in some category; 24 did it in 2 or more. The awards for FY 2004, the last performance year for awards, are summarized in Table 3.

[Table is bound in back of paper]

Table 3: TANF High Performance Bonus Categories and Awards, FY 2004

The TANF program itself was reauthorized by the Deficit Reduction Act of 2005, but this legislation eliminated funding for the HPB program. During the reauthorization debate, virtually no effort was made by either the states or the Bush administration to see the program extended. Somewhat oddly, DHHS is still required to calculate the basic HPB employment, food stamp, and employment measures for states that submit the necessary data. The childcare and Medicaid measures have been dropped (although indicators for these programs have been developed in other contexts).

Issues

Implementation and operation of the High Performance Bonus raised a number of issues common to all performance measure programs, including those coupled with fiscal incentives.

What to measure

At least on first blush, the HPB performance measures sound appropriate—surely "job entry," "success in the labor force," and "family formation and stability" sound like good things. However, as often happens, the details pose problems. Consider the job entry rate. Nominally this would seem to refer to the rate at which adults receiving TANF moved in some time period from unemployment to some standard of employment. Since the NDNH data record only

quarterly earnings, identification of a job entry using the NDNH must be done on the basis of variation in quarterly earnings. Here is the definition employed (Administration for Children and Families 2009, Table 5.1):

> This [the Job Entry Rate] is a measure of the percent of the number of unduplicated unemployed adult recipients who entered employment for the first time during the performance year (i.e., Job Entries). An adult is considered to have entered employment for the first time in a calendar quarter if he/she had no earnings in any of the prior quarters of the performance year.

$$\frac{\text{Sum of Job Entries in Quarters 1 through 4}}{\text{Unduplicated number of unemployed adult recipients in performance year}} \times 100^{2}$$

It is easy to come up with scenarios in which people lose jobs, take up TANF, are helped to find new employment, but never count in the data as a job entry using this formula. On the other end of the list of awarded outcomes (see Table 3), the measure actually used for "Family Formation and Stability" was simply an estimate of the number of children under 18 residing in "married family couple groups" as a percent of all children resident in a state. Why states should receive a *TANF* "high performance" bonus on this measure when TANF typically involves less that 5 percent of children at any point during the year is unclear (although a higher proportion of children receive TANF assistance at some point during the year).

Control for context

No adjustment is made in any of the performance measures for variation in state economic and social environment. In particular, it seems likely that the ability of states to move unemployed recipients into jobs will be affected by local unemployment rates as well as the skills, education, and experience of the caseload. DHHS initially argued that its own analysis suggested that "these specific factors do not determine entry rate to any significant degree (DHHS, 2008, 52843). Subsequent analysis, using NDNH data, suggests otherwise (Wiseman 2006).

At times DHHS argued that inclusion of measures of change in part compensated states that were disadvantaged by economic or social factors. Even when states could not out-compete others on levels of achievement, they presumably had a better chance in accomplishing improvement. The problem with change measures is that any year's set of changes are likely in part the consequence of random factors and, over time, some regression to the mean can be expected. The larger the state, the more likely it is that such factors cancel out and that year-over-year change includes less "noise." Something of this phenomenon may be observed in the data: Winning states in the change-in-job-entry category tend to be smaller than those winning on the basis of current rates.

[2] Actually, this definition, taken from the Department's Annual TANF Report, is incorrect. The numerator in the actual calculation is the sum across four quarters of unduplicated TANF recipient adults with earnings in the current quarter but no earnings in the quarter preceding divided by the unduplicated sum across four quarters of TANF recipient adults who meet the unemployment criterion, i.e., have no reported earnings in the previous quarter (see Wiseman, 2006 for more detail).

What is welfare about?

Social assistance has many objectives, and it is natural for indicators to multiply and for aspects someone feels important to be missing. However, historically, social assistance systems have generally been intended first and foremost to alleviate need. Because federal law does not set benefit levels, there is exceptional interstate variation in the amount of TANF benefits. In 2004 a TANF recipient family of 3 received a monthly grant of $786 in California and $288 in Indiana. (About 30 percent of this disparity was offset by variation in Food Stamp benefits.) Yet both states received roughly the same High Performance Bonus amount and California received no credit for lifting dependent recipients much closer to the national poverty standard. Over the life of the HPB the median state TANF benefit declined by 10 percent in real terms. It seems reasonable to argue that performance in employment promotion and across other dimensions should be evaluated in light of income support accomplishment.

Source of data

A virtue of the NDNH data is that they cover all adults and the universe of jobs outside of the shadow economy. There are no problems of statistical inference. The data for Medicaid/ SCHIP come from the states' own management information systems and also present no problems of statistical inference. However, the data on Food Stamp Program participation, participation in subsidized childcare, and children's family environment are derived from sample surveys, notably the Current Population Survey. For all but the largest states the CPS sample is too small for reliable estimates of these measures, and the problems were compounded in estimation of year-to-year changes. Perhaps not surprisingly, the HHS summary tables for measure achievement by state on these dimensions never include estimated standard errors or cautionary notation.

Both the NDNH and Census based data take a long time to accumulate. Typically awards were announced almost a year after the last quarter included in the performance data. (The awards for FY 2004 were announced in October 2005.) The result is a substantial temporal disconnect between the performance that was being rewarded and its actual identification.

How to respond

The curious nature of the HPB indicators made it difficult for states to deliberately target the outcomes measured. However, some policies taken for other purposes appear to have influenced the HPB outcomes. The original TANF legislation included a federal requirement that states achieve certain target rates of participation of recipient adults in work-related activities. The impact of these targets was diminished because they were reduced in response to caseload decline and for a variety of reasons the total number of TANF cases fell by over 50 percent between FY 1996 and 2004. Nevertheless, some states took precautionary steps to reduce the challenge posed by the participation requirement. One strategy, sanctioned by regulations, was to create a "Separate State Program" outside of TANF and wholly funded from state revenues. Persons difficult to engage in work because of disability or other problems were then served through these programs, and such expenditures were included in assessing state compliance with federal "maintenance of effort" regulations intended to sustain state contributions to the public assistance effort. Despite this selection, the TANF participation rate was calculated only for

participants in TANF. Given that employability was generally a criterion for moving people to SSPs, introduction of such programs probably raised performance as measured by the employment-related indicators. In 2004, 32 states had Separate State Programs, accounting for about 12.6 percent of all adult recipients. Wiseman (Cunningham, 2008) presents evidence that, other things equal, states with SSPs had higher rates of job entry, suggesting some prizes were won by artful selection. However, the selection appears to have been motivated by the participation requirement, not the HPB competition.

Missing Feedback

Performance assessment programs are generally intended not only to identify exceptional achievement but to provide feedback from assessment to improvement. The feedback occurs in at least three ways. The first is that the systems are generally intended to enhance the information available to operators. The TANF HPB program, based as it was on information not available to state and local-level program managers, did not do this for the key employment indicators. The second is that such systems provide points of reference for judging accomplishment by comparison to peers. Given lack of adjustment in the HPB measures for factors likely to influence outcomes regardless of management strategy, caution would be essential in making cross-state comparisons using HPB data.

A third feedback dimension occurs at the national management level and is notably absent from later years of HPB operation. This is use of the data and experience to make improvements in the indicators and to seek better practice in TANF employment policy. After the shift to use of the NDNH and census data for performance assessment after 2000, no significant changes occurred in choice of indicators or methods of measurement. Moreover, no systematic attempt was launched to determine the basis for success as flagged by the bonuses awarded. If policymakers believed that the HPB bonus system uncovered genuine managerial accomplishment, then it would have been reasonable to investigate what it was that the states flagged as "top ten" were doing that led to this accomplishment and whether and how the technique(s) might be transferred. No such efforts were mounted.

Consequences

Analysts have made no attempt to assess the effect of the presence of the HPB on the trajectory of TANF policy at the state level. There simply is no reasonable control against which performance and response to the HPB stimulus might be assessed. Managers appreciated the public acknowledgment award announcement occasioned, and coming outside of state budget cycles, the prizes themselves in many cases provided flexible resources for special projects. But the reality was that bonuses were spread across 10 indicators, even DHHS seemed confused about how they were defined (see footnote 2), and payments turned not only on what any state accomplished but also on unknown developments elsewhere. Under these circumstances, altering policy for the coming year in pursuit of a small award to be obtained more than two years in the future made little sense. The absence of evidence of effectiveness contributed to lack of enthusiasm for continuation beyond FY2004.

Lessons and Legacy

What might a visitor take away from the TANF HPB story? Many of the "lessons" routinely arise in critical evaluation of performance measurement.

Give thought to your objectives

The HPB indicators are distinctly ad hoc and seem to miss essentials. Indicators need to be motivated by an ideology of what the system is attempting to accomplish.

Be cautious about statistical inference

It is doubtful that any honest governmental purpose is served by ignoring the shortcomings of sample-based achievement estimators. Where possible, data on the target "universe" are better, but such data often come with their own problems. In any event, statistical inference based on data to which operators have access is better than numbers that can't be audited.

Plan for improvement

Arguably the greatest failing of the TANF HPB was that after one major round of reform, it went nowhere. An important indicator of quality of management systems is the presence of procedures for feedback, assessment, and improvement. It is virtually impossible to predict in advance all problems and opportunities that will arise in context of development of performance assessment and incentive systems. Any plan for implementation of a performance assessment and bonus system should include provisions for review and adjustment.

Institutional development may be an important product

The primary original purpose of the National Directory of New Hires was creation of a database to support pursuit across state borders of noncustodial parents obligated to provide child support. Performance assessment for TANF is something quite different, and manipulation of NDNH data for this purpose has required substantial administrative investment. While the TANF HPB is dead or at best moribund, the apparatus developed for analysis of the NDNH has been used for other DHHS policy research.

In 2008 a new administration was elected with a new social policy agenda. Since the January inauguration, a new leadership team has gradually been installed at the Department of Health and Human Services. As of the last months of 2009 the social policy objectives beyond universal health care have yet to be announced in detail, but planning is underway for the next reauthorization of TANF, now scheduled for 2010. TANF is the responsibility of the DHHS Administration for Children and Families. In anticipation of reauthorization ACF working groups have been established both to review performance measures and to develop a new set of incentives for innovation in social policy, in part following the lead of the Department of Education's "Invest in Education" fund. It appears likely that data from the NDNH, restructured in light of HPB performance, will play a role in these developments.

III. Food Stamp/ Supplemental Nutrition Assistance Program High Performance Bonus

The Supplemental Nutrition Assistance Program (SNAP) is the most important means-tested income support program in the United States. SNAP is administered nationally by the Food and Nutrition Service of the U.S. Department of Agriculture (USDA) and operated locally by state governments or by county governments with state supervision. Before October 2008, SNAP was called the Food Stamp Program (FSP). The Farm Security and Rural Investment Act of 2002 ("The Farm Bill") included provision for a High Performance Bonus (HPB) for states exhibiting exemplary administrative performance. This section summarizes the architecture and operation of the FSP/SNAP HPB performance bonus and compares it to its inspiration, the HPB introduced for the Temporary Assistance for Needy Families (TANF) program in 1996. The conclusion is that, in part because of certain programmatic advantages, the FSP/ SNAP HPB is the better designed and operated, but the program's small size and universal availability make its impact difficult to assess.

Background

The SNAP benefit is delivered by electronic benefits transfer (EBT) and collected when recipients use a special credit card to purchase food. In Federal Fiscal Year (FY) 2008, state and federal outlays on (then) FSP benefits and administration totaled $37.7 billion; in contrast state and federal expenditures on TANF benefits amounted to just $25 billion, and only about half of this was for income support. At any time slightly less than 10 percent of the U.S. population resides in a SNAP-recipient household; because of turnover (eligibility is determined on a monthly basis), a larger proportion of the population receives benefit at some time during the year. The maximum monthly benefit for a family of 3 was $426. The program is seen (and defined) as "supplemental" to other income sources, so most beneficiaries receive less than the maximum amount because benefits are reduced as income from other sources increases. SNAP's importance lies in its universality: The program lacks most of the categorical restrictions imposed for eligibility on other forms of income support.

SNAP is an entitlement, meaning that all persons who meet federal eligibility standards have a legal right to benefits. Accordingly, funding responds to meet demand. The federal government pays all benefit costs, but the costs of administration are shared roughly equally between the federal and state governments. This arrangement invites lax administration. Since state governments pay a significant fraction of administrative costs but no share of benefits costs, without other incentives they have little motivation save rectitude for care in adherence to eligibility rules. This incentive problem is addressed by a well-developed, sample-based quality control (QC) system that provides both data on characteristics of SNAP recipients and information on accuracy of eligibility and payments determination. States are liable for the costs of errors made, including both costs that accrue to the federal government and the cost to participants of being paid less than the benefits to which they are entitled. Sanctions are assessed against states with error rates that are persistently high relative to the national average.

States and advocates have long argued that the Food Stamp quality control system reduced the incentive for states to promote access to food stamps by households whose circumstances raised the likelihood of eligibility and computation errors. In particular, households with earnings are more likely to experience income fluctuation and to create difficulties for benefit calculation.

While households with earnings might be administratively problematic, the "working poor" were considered an important target for FSP (and, more recently, SNAP) outreach, since USDA take-up estimates suggested that the rate of program participation was particularly low among eligible working households (Leftin and Wolkwitz 2009). In 2002 Congress attempted to address some of these issues, both by modifying benefit computational requirements to reduce the likelihood of error and, through the HPB, to shift the focus of administrative assessment from errors to outreach and achievement. The FSP/SNAP HPB is part of that effort.

The High Performance Bonus(es)

The 2002 Farm Bill authorized the Food and Nutrition Service to "establish performance measures relating to actions taken to correct errors, reduce rates of error, improve eligibility determinations, and other indicators of effective administration; measure States' performance against these performance measures; and award performance bonus payments totaling $48 million for each fiscal year to State agencies that show high or most improved performance relating to the performance measures" (FNS 2005, 6314).

FNS responded with four bonus categories. Three categories—"best payment accuracy," "best negative error rate," and "application processing timeliness"—cover administrative matters. The fourth, "program access" involves outreach. Both levels and changes are measured for everything but processing timeliness. Features of the awards for FY 2008 are summarized in Table 4. These awards were made in September, 2009; the regulations mandate announcement no later than September of the fiscal year following the year covered by the data. All told, $48 million is not much. Total state FSP administrative expenses for FY2008 were about $3 billion, so the bonuses amount to less than a 2 percent increment in aggregate. For the individual state winners, however, the gain can be quite significant.

[Table appears at end of paper]

Table 4: Food Stamp Program High Performance Bonuses, FY 2008

The payment accuracy indices are simply the sum of sample-based estimates of the dollar value of overpayments and underpayments during the year. The FNS website reports the components of this measure for each state. On average the overpayments component is four times the size of the underpayments amount. The official reports give no information on precision of estimates, but the sampling strategy is simple and samples for all states are large enough to produce equivalent precision. The one- one-hundredth of a percent difference between Mississippi and North Carolina is undoubtedly not significant, and the 3.22 percent payment error rate for the marginal winning "state," (the Virgin Islands) was hardly different from the runner-up, Colorado at 3.32, so chance clearly plays a role. No agency can win money for both "best" and "most improved," so Georgia, which scored in both categories, got only one award. FNS gives each winning state agency a base award of $100,000, and the remainder is distributed in proportion to average monthly caseload. The result is that Florida ended up receiving $7.2 billion and the Virgin Islands got $148,000. The "federalist" character of this exercise is evident in the "national average." This is not, as might be presumed, an estimate of the accuracy of all payments in aggregate. It is the arithmetic average of state estimates, so the Virgin Islands receive the same weight as California. The national payment accuracy rate would be a measure of FNS performance, and that's not in accord with the HPB concept.

The "negative error rate" calculations refer not to costs but prevalence of mistakes in actions involving denial, suspension, or termination of benefits. This, too, is sample based. Perhaps the most striking thing in the table is the "national average." Again, this is not the national average for transactions of this sort, but rather the average achievement across states. These data pose political problems, since each negative error involves denial of benefit to a family in need, and some states have rates that are very high—in one case 17 percent. The negative error rates are the only components of the bonus system for which the full "league table" of outcomes for all states is not published on the web.

Application timeliness is relatively straightforward. One issue concerns definition of when the benefit is received. FSP/ SNAP participants may not use their benefit immediately, just as cash recipients may not begin spending immediately. The timeliness definition works with the point at which the new recipient's EBT card can be used.

It is common to claim that take-up rates for the Food Stamp/ Supplemental Nutrition Assistance program are low, and the Food and Nutrition Service has long been criticized for not effectively promoting outreach. The Program Access Index is part of the agency's response. The index is the ratio of persons living in households receiving FSP/ SNAP benefits to an estimate of persons living in families with incomes less than 125 percent of the national poverty standard (FNS 2009). This denominator is intended to approximate roughly the number of persons actually eligible for benefits; various adjustments are made to both the numerator and the denominator to reflect special state circumstances (for example, distribution of food assistance by means other than SNAP in Native American reservations). Calling this measure the Program Access *Index* rather than Program Access Rate reflects the agency's concern that it not be misinterpreted. Over time the PAI has been improved, most notably by shifting the base of state poverty estimates from the Current Population Survey (CPS) to the much larger American Community Survey (ACS)(FNS). The ACS sample size is about 3 million households per year, compared to roughly 100,000 in the CPS.

While the ACS may be much larger than the CPS, it contains much less data on household characteristics and sources of income—factors important in determining FSP/ SNAP eligibility. FNS contracts with a consulting firm, Mathematica Policy Research, to develop more sophisticated estimates of state FSP/SNAP participation rates using the CPS. In one of the very few applications of Bayesian techniques to empirical study of U.S. welfare policies, the MPR team uses shrinkage estimators to combine observations from state CPS subsamples with regression-based predictions of participation based on other states' experience (Cunningham, Castner, and Schirm 2009). The results are mixed. In FY 2006 (the latest year for which the CPS-based participation estimates are available) the correlation between state ranking on the PAI and ranking on estimated participation rates was .86; three of the top four prizewinners would have still won had the (presumably) superior participation rate measure of access been employed. For change the results are much different: The correlation is ~.4 and only one state appears in both the top four "most improved" lists. What appears to be happening is that the Bayesian shrinkage estimator for state participation rates takes out a lot of "noise" in the data, noise that without adjustment may be interpreted as change.

To the agency's credit, FNS is aware of these problems and has published analyses of them (cf. FNS 2006). The argument for the PAI as currently calculated is that the number is available by

the statutory deadline of September of the year following the performance year. This is a work in progress; the challenge is to find an indicator with a more credible connection to genuine improvement in achieved participation rates.

Net Effects

Has the bonus system actually improved performance? It is difficult to judge both because of the absence of a counterfactual and changes over time in eligibility standards that have reduced the rigor of eligibility definition. Nevertheless, the story is mixed. Average state achievement on the Payment Error Rate has fallen from 6.63 in FY 2003 to the 5.01 recorded for FY 2008 in Table 4. On the other hand, the average negative error rate has increased from 7.6 to 11.0. Access, as measured both by the Program Access Indicator and estimated participation rates (through 2006) are also up, both for all families and the subset with earnings. This of course could simply be the product of publication of the "league tables" of state achievement on the various dimensions used for HPB assessment. But the bonuses do serve to draw attention to data and add to whatever motivation exists for state operators to seek improvement opportunities.

The Lessons

What in SNAP High Performance Bonus practice might be worthy of international attention?

Link to ground-level operations

Everything in the bonus program has a direct connection with what is done and what should be monitored at the "ground level," i.e. where SNAP eligibility is assessed and benefits are calculated and delivered.

Audit the outcomes

All of the three operations-related outcomes are subject to, and indeed derived from, a uniform, sample-based audit.

Take care with statistics

The FSP/ SNAP bonus systems rest on a good deal of statistical inference. A substantial effort is made to report precision of estimation and to acknowledge the role of random factors in affecting inter-state comparisons. The data on participation rates, for example, are reported in a league chart that includes confidence intervals around point estimates (see Cunningham, Castner, and Schirm 2008, 2).

Link to better practice

The clear connection between nationally rewarded outcomes and local management is emphasized by FNS on its website, where the data on achievement are followed by links to information on "promising practices" for improving access, outreach, improving payment

accuracy, and managing recent increase in demand for SNAP benefits.[3] These matters are promoted by FNS regional offices

The Missing Element

If there is a shortcoming here, it is in the absence of an openly debated agenda for evaluation and refinement. However, the Food and Nutrition Service does engage in a number of forums in which federal and state officials confer—most notably the meetings of what is now called the American Association of SNAP Directors. The problems with the Program Access and other measures are openly addressed in its sponsored research. Nevertheless, compared to what would be necessary in, say, a European Union context, there is little institutional apparatus either for developing a vision of where the management system should be headed or refinement of the performance indicators for assessing progress toward that goal.

IV. Conclusions

Offering monetary bonus awards as an incentive to improve performance, once a favored approach in the business world, when applied to government programs have had inconclusive impacts on governmental program performance and may actually be encouraging programs to alter their behavior to improve their chances of gaining a bonus at the expense of not serving their customers.

Though program years (PY) 2000-2002 were the highest for receipt of WIA high performance bonuses, there isn't a clear legacy of improved program performance resulting from use of this incentive system. The states that received WIA bonuses have done so sporadically, have received differing amounts from year to year, and state by state comparisons of high performance bonuses between states within the same year reveal little logic in how the amounts are assigned. At best, this type of incentive appears to have minimal on improving program performance and at worst, may decrease program effectiveness. When a high performance bonus is offered through the WIA program, the temptation to either selectively report on only favorable performance data or to strategically negotiate performance levels to increase the probability of qualifying for a bonus intensifies. In addition, the incidences of gaming the system in WIA to obtain monetary performance incentives has resulted in reduction of services to difficult-to-serve populations for which job entry (a primary performance indicator) is particularly challenging.

TANF programs show some reporting patterns that also indicate select reporting has been occurring to increase the reported performance rates. Since TANF does not offer the same opportunity that WIA does to negotiate expected performance levels for each state, those states characterized by a depressed economy have been at a disadvantage in qualifying for a bonus. States have been further alienated from any benefits of a monetary bonus because of insufficient or invalid data, and inconsistent data requirements in TANF have lent an air of arbitrariness to the award of these financial incentives. The gap between program performance and bonus award is wide due to reporting delays and since no effort has been made to exemplify the top performers in encouraging overall performance increases, it isn't even clear from the federal

[3] See http://www.fns.usda.gov/snap/government/program-improvement.htm

administration of TANF that these bonuses are a useful tool for increasing program performance levels.

The SNAP program offers a more promising bonus model, but compared to WIA and TANF, it has significant strategic advantages. The object of the program is near-immediate: delivering a well-defined benefit to a target population each month. This means that outcomes can be observed very soon after the management actions that do or do not produce them. Moreover, the foundation of assessment is a well-designed audit program for procedures that are intended to be identical nationwide. That said, the transparency developed for assessment procedures and the on-going assessment of measure validity seems admirable and worthy of study by social assistance agencies in other departments and, for that matter, countries. It is possible that the unusual name and character of the SNAP/ Food Stamp program has caused the program to be overlooked by those from abroad looking for promising practice is social assistance governance.

Federal funding of high performance bonuses in WIA and TANF has, in fact, significantly diminished or ceased by this point, and funding for the SNAP bonus has never been large. Overall, the challenges in estimating the merit of these awards based on inconsistent data sources, the fact that the bonuses do not provide any monetary gain to local service providers, and the strain they place programs to alter their reporting or service behavior in a non-altruistic direction makes high performance bonuses in government programs an inefficient use of federal resources.

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Table 1: WIA High Performance Bonuses: Eligible States and Funding Levels, PY 1999 – 2007

PROGRAM YEAR/ number of states eligible	AMOUNT OF INCENTIVE MONEY AVAILABLE	RANGE	ELIGIBLE STATES
1999 6 eligible states	**$10,084,000** $2M from DOL $8.084M from ED	$843,351-$2,645,125	Florida, Indiana, Kentucky, Texas, Utah and Vermont
2000 12 eligible states	**$27,580,600** $12 M from DOL $15.5 M from ED	$750,000-$3,000,000	Connecticut, Florida, Idaho, Illinois, Indiana, Kentucky, Maine, Massachusetts, Michigan, North Dakota, Texas and Wisconsin
2001 16 eligible states	**$29,760,422** $13.2M from DOL $16.5M from ED	$750,000-$3,000,000	Colorado, Florida, Illinois, Kentucky, Louisiana, Maryland, Montana, Nebraska, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Washington, Wyoming
2002 23 eligible states	**$24,422,000** $7.9M from DOL $16.9M from ED	$750,000-$3,000,000	Alabama, Colorado, Florida, Georgia, Iowa, Illinois, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Missouri, Mississippi, Montana, North Carolina, North Dakota, Nebraska, New Hampshire, Oklahoma, Oregon, South Dakota, Tennessee and Texas
2003 19 eligible states	**$16,247,000**	$772,770-$1,076,445	Alabama, Colorado, Florida, Georgia, Iowa, Illinois, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Missouri, Mississippi, Montana, North Carolina, North Dakota
2004 23 eligible states	**$16,605,048**	$646,569-$941,250	Arizona, Colorado, Connecticut, Delaware, Georgia, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, West Virginia, Wisconsin
2005 10 eligible states	**$16,353,187**	$912,966-$3,000,000	Arizona, Delaware, Illinois, Iowa, Massachusetts, Missouri, Oregon, Tennessee, Virginia and Washington
2006 8 eligible states	**$9,968,489** Funded by AEFLA only	$821,995-$2,148,397	Arizona, Connecticut, Illinois, Missouri, Montana, Ohio, South Carolina and South Dakota
2007 11 eligible states	**$9,760,451** Funded by AEFLA only – No longer funded through the Carl D. Perkins Act	$761,088-$1,099,410	Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Minnesota, New York, North Carolina, Ohio, South Dakota

Table 2: States Receiving the Largest Number of WIA High Performance Bonuses

States Receiving the Largest Number of WIA High Performance Bonuses, PY1999-PY2007		
Region	***State***	***Number of Awards***
5	Illinois	8
3	Kentucky	7
3	Florida	6
5	Iowa	5
4	North Dakota	5

Table 3: TANF High Performance Bonus Categories and Awards, FY 2004

TANF High Performance Bonus Categories and Awards, FY 2004

Component	Indicator Definition	Source	U.S. Aver-age	Best perform-ing state	State score	Award ($Mill-ions)	Total Awards ($Mill-
Success in the Labor Force							
2004 Levels							
•Job Entry	Ratio of measure of recipients entering employment to total unemployed recipients (%)	NDNH[1]	34.9%	Virginia	46.7%	7.3	48.1
Job Retention	Proportion of currently employed recipients with earnings in first and second subsequent quarters (%)	NDNH	59.0%	Hawaii	72.2%	n/a[2]	n/a
Earnings Gain	Increase in aggregate earnings between current, second following quarter, currently employed recipients (%)	NDNH	36.9%	South Dakota	81.4%	n/a	n/a
•Success in Labor Force	Average rank on Job Retention and Earnings Gain measures	Calculated	n/a	Wyoming	1	0.4	36.9
2003-2004 Change							
•Job Entry	Change in Job Entry Rate (Δ%)	Calculated	1.2%	Virginia	8.2%	0.7	29.5
Job Retention	Change in Job Retention Rate (Δ%)	Calculated	-0.5%	Louisiana	12.4%	n/a	n/a
Earnings Gain	Change in Earnings Gain Rate (Δ%)	Calculated	4.3%	Georgia	31.4%	n/a	n/a
•Success in Labor Force	Change in average rank on Job Retention and Earnings Gain measures		n/a	Georgia	1	4.0	22.2

(Continued next page)

Table 3 (continued)

TANF High Performance Bonus Categories and Awards, FY 2004, continued

Component	Indicator Definition	Source	U.S. Aver-age	Best perform-ing state	State score	Award ($Mill-ions)	Total Awards ($Mill-
Supporting Services							
2004 Levels							
•Medicaid/ SCHIP Enrollment	Proportion of TANF leavers who retain enrollment in Medicaid/ SCHIP for at least four months (%)	State Reports	77.5%	Penn-sylvania	96.0	4.7	6.3
•Food Stamps	Proportion of low-income working households with children under 18 participating in Food Stamp Program (%)	Census Bureau	37.4%	Maine	61.7	3.0	6.3
•Child Care Subsidies	Measure (with quality adjustment) of proportion of eligible children served under state's federally-funded child care program (%)	State Reports	n/a	Rhode Island	1	0.2	10.6
2003-2004 Change							
•Medicaid/ SCHIP	Change in Medicaid/SCHIP Enrollment Rate (Δ%)	Calculated	n/a	New Hampshire	7.3	1.1	14.8
•Food Stamps	Change in FSP Participation Rate (Δ%)	Census Bureau	2.3%	Delaware	12.6	0.3	14.8
Family Formation and Stability							
•Children living with both (married) parents	Change in proportion of children under 18 residing in married family couple groups (Δ%)	Census Bureau	-0.1%	Arizona	5.1	0.3	10.6
						Total High Performance Bonus ($Millions)	$200.0

NOTES: [1]National Directory of New Hires
[2]n/a = Measure not applicable

Source: Administration for Children and Families (2009), Appendix 5. Indicator descriptions are paraphrased and corrected for errors in the source.

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Table 4: Food Stamp Program High Performance Bonuses, FY 2008

Food Stamp Program High Performance Bonuses, FY 2008

Category	Definition	State Average (Un-weighted)	Awards Made	Best State	Best State Score	State Award ($Millions)		Total Awards ($Millions)
Payment Accuracy	Sum of erroneous under- and over-payments as proportion of total benefits (%)	5.0%	8	Florida	0.8%	$7.2		$24.0
Payment Accuracy Improvement	Change in Payment Accuracy Measure, FY 2007-FY 2008 (Δ %)		3	Georgia	-5.6%	$4.1	*	
Negative Error Rate	Proportion of applications or cases denied, suspended, or terminated in error	11.0%	4	Nebraska	0.0%	$0.7		$6.0
Negative Error Rate Improvement	Change in Negative Error Measure, FY 2007-FY 2008 (Δ %; negative identifies error decline)	0.02%	2	Oklahoma	-6.5%	$2.3		
Application Processing Timeliness	Proportion of approved applicants given benefit access within target time (30 days for normal cases, 7 days for cases qualified for expedited processing)	87.8%	6	Montana	98.0%	$0.3		$6.0
Program Access	Ratio of average monthly number of SNAP participants over calendar year to number of persons in families with incomes less that 125 percent of the federal poverty standard (%)	58.6%	4	Missouri	90.0%	$2.6		$12.0
Program Access Improvement	Change in Program Access measure, CY 2007-CY2008 (Δ %)	3.8%	4	Maryland	10.0%	$1.4		
						Total		$48.0

* Georgia won awards in both level and improvement categories

Source: FNS; definitions paraphrased.