

The TANF Work Participation Rate

This paper was written at the request of the Workforce Florida, Inc. Workforce Readiness and Performance Council to provide a description of the Temporary Assistance for Needy Families (TANF) work participation rate calculation.

INTRODUCTION

The participation rate is based on a simple premise: adults receiving temporary cash assistance should be working or preparing for work and states should require high levels of participation. The participation is measured monthly by the following formula.

Monthly Participation Rate
Number of families receiving assistance that include a work-eligible individual who is engaged in work. (Numerator)
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Number of families receiving assistance that include a work-eligible individual. (Denominator)

The result of this calculation is a percentage. This percentage is then compared to a federally defined minimum participation rate. If the participation rate is less than the minimum participation rate, the state is subject to financial penalty. In addition, if a state meets the participation rate, there is an additional benefit. Normally, states must put state funds into the program equal to 80% of the state funding for the old AFDC program (which TANF replaced). This is called a “Maintenance of Effort (MOE) Requirement”. If a state meets the participation requirement, the required maintenance of effort is 75% rather than 80%. For Florida, this difference is equal to over \$24 million, so there is a powerful incentive for the state to meet the participation rate.

In the TANF Program there are actually two participation rates. The formula shown above is the All-Family Participation Rate which applies to all families receiving assistance. There is a separate calculation that applies to two-parent families. The two-parent calculation is the same, except that the numerator and denominator include only families with two work-eligible individuals. It is also important to note that two-parent families are included in the all-family calculation as well as the two-parent calculation.

A MORE DETAILED EXPLANATION

To fully understand the participation rate, there are a number of details that need to be explained. These include:

- **Definition of work-eligible individual**
 - What is a work-eligible individual?
- **Numerator issues**
 - What does it mean to be “engaged in work” for the all-family rate?
 - What does it mean to be “engaged in work” for the two-parent family rate?
 - What is the special rule for teen heads of household?
 - What is the special requirement for single-parent s with a child under age 6?
 - What is the limit on the number of participants who can be enrolled in vocational educational training or other educational activities?
- **Denominator issues**
 - What exceptions or state options allow families to be excluded from the denominator?
 - How are two-parent families with a disabled parent counted?
 - Are there individuals who are counted in the denominator under federal law but exempt from participation under state law?
- **Federal Minimum Participation Requirements**
 - What is the federal requirement for the all-family rate and how is this requirement adjusted for caseload reduction?
 - What is the federal requirement for the two-parent family rate and how is this requirement adjusted for caseload reduction?
 - What caseload reduction credit options are included in the federal stimulus law?
- **Different versions of participation rates due to timing and sampling.**
 - What is the “official” participation rate and how does this differ from various “unofficial” versions?
 - What are the issues in measuring the “universe” compared to sampling?
 - What are the issues in measuring participation on a monthly and quarterly basis?

The following discussion summarizes each of these questions.

WORK-ELIGIBLE INDIVIDUAL

What is a work-eligible individual?

The Deficit Reduction Act of 2005 required HHS to issue regulations defining a work-eligible individual to clarify who is subject to the work participation requirement.

A work-eligible individual means an adult or a minor head of household (teen parent) receiving assistance or a non-recipient parent living with a child receiving assistance. A non-recipient parent would include, for example, an adult who was sanctioned but whose children were still receiving assistance. A work-eligible individual **does not** include:

- A minor parent who is not a head-of-household,
- A non-citizen who is ineligible for assistance due to his or her immigration status,
- At state option, on a case-by-case basis, a SSI recipient (this largely would not apply to Florida since SSI recipients are not TANF eligible),
- A parent providing care for a disabled family member when the need for such care is medically verified, and
- At state option, a recipient of Social Security Disability Insurance (SSDI).

All other work-eligible individuals must be counted in calculating participation.

NUMERATOR ISSUES

What does it mean to be “engaged in work” for the all-family rate?

Federal law includes 12 work activities. 9 of the activities are “core” activities in that they may be used to satisfy any of the average weekly participation requirements. The other 3 activities are “supplemental” in that they may only be used to satisfy the work activity requirement after the core requirement is met. An adult is considered to be engaged in work if he or she averages 30 hours per week in activities with at least 20 hours in core work activities.

The core work activities are:

- Unsubsidized employment
- Subsidized private sector employment
- Subsidized public sector employment
- Job search and job readiness (limited to not more than 6 weeks in a federal fiscal year with not more than 4 weeks consecutive. During periods of high unemployment the limitation is increased to 12 weeks with not more than 4 weeks consecutive).
- Community service
- Work experience
- On-the-job training
- Vocational educational training (limited to 12 months for an individual), and
- Caring for a child of a recipient in community service

Supplemental Activities (which can be used after the 20 hour core requirement is met) include:

- Job skills training directly related to employment
- Education directly related to employment (for those without a high school or equivalent degree)
- Completion of a secondary school program

What does it mean to be “engaged in work” for the two-parent family rate?

The two-parent requirement uses the same core and supplemental activities. To be considered engaged in work, the two parents combined must participate at least 35 hours with 30 hours in core activities. If the family receives subsidized child care the two parents combined must participate 55 hours per week with at least 50 hours in core activities.

What is the special rule for teen heads of household?

Teen heads of household (including married teens and unmarried teen parents) are counted in the numerator if they maintain satisfactory attendance at secondary school or the equivalent or participate in education related to employment for at least 20 hours weekly.

What is the special requirement for single-parent s with a child under age 6?

Single parents with a child under age 6 are considered engaged in work if they participate for 20 hours a week in core activities.

What is the limit on the number of participants who can be enrolled in educational activities?

Not more than 30 percent of the families counted in the numerator, both in the all-family calculation and in the two-parent family calculation, may be counted due to participation in vocational educational training or education activities by teen parents or married teens.

DENOMINATOR ISSUES:

What exceptions or state options allow families to be excluded from the denominator?

States have the option of not counting single parents with a child under 12 months of age in the denominator. This option is limited to not more than 12 months for any one parent.

In addition, there is a limited option to exclude some families who are under sanction for up to 3 months in a 12 month period. Since Florida has a “full-family” sanction policy, most sanctioned individuals are not receiving assistance, so they are not counted in the numerator or the denominator. There are a limited number of exceptions (generally people in a second or subsequent sanction) who may be excluded for up to 3 months.

These individuals would be considered work-eligible individuals as non-recipient parents of a child receiving assistance.

How are two-parent families with a disabled parent counted?

In general, individuals who receive federal SSI disability payments are not considered recipients, so they are not counted. Two-parent families where one parent is disabled are not considered two-parent families for participation rate calculation purposes.

Are there individuals who are counted in the denominator under federal law but exempt from participation under state law?

Yes, there are a limited number of situations where state law exempts someone from participating even though he or she counts in the denominator of the federal participation rate calculation. For example, while SSI or SSDI recipients can be excluded from being considered work-eligible individuals, a SSI applicant could be deferred from participation under state law but still be counted as a work-eligible individual under federal law.

FEDERAL MINIMUM PARTICIPATION REQUIREMENTS

What is the federal requirement for the all-family rate and how is this requirement adjusted for caseload reduction?

To meet the all-family participation requirement, the minimum participation rate is 50%. This is reduced by one percentage point for each percentage reduction in the overall caseload from federal fiscal year 2005 to the immediately preceding federal fiscal year. For example, if the current federal fiscal year is 2009 (October 1, 2008 to September 30, 2009) the caseload reduction would be measured from FFY 2005 to FFY 2008.

What is the federal requirement for the two-parent family rate and how is this requirement adjusted for caseload reduction?

The required federal participation rate for two-parent families is 90%. The state has an option to reduce this percentage by the same percentage as the caseload reduction credit for all-families or to make a separate calculation for the caseload reduction for two-parent families.

What caseload reduction credit options are included in the federal stimulus law?

If the caseload reduction credit is reduced due to caseload increases in FFY 2009 or 2010, the American Recovery and Reinvestment Act of 2009 allows states to continue to use the caseload reduction credit based on the caseload in FFY 2007 or 2008. This avoids penalizing states for caseload increases caused by the economic downturn.

DIFFERENT VERSIONS OF PARTICIPATION RATES DUE TO TIMING AND SAMPLING

What is the “official” participation rate and how does this differ from various “unofficial” versions?

The official participation rate is the annual rate reported by the HHS Administration for Children and Families (ACF) from a sample provided by DCF based primarily on information obtained from AWI. ACF uploads state-supplied information on a statistically reliable sample over the course of a federal fiscal year and makes their own calculation of the rate. They then report the official rate.

This can often take a long time. For example, as of mid-February 2009, the latest official participation rate posted is for the federal fiscal year ended September 30, 2006. The official rates for FFY 2007 and FFY 2008 are not yet reported.

What are the issues in measuring the “universe” compared to sampling?

The official rate is based on a sample. Because the sampled cases are not necessarily statistically valid on a regional basis, AWI and DCF provide information on the state sample and the universe data for the state and for sub state areas, such as workforce regions. The sample totals and the universe totals will generally be close, but not exactly the same.

What are the issues in measuring participation on a monthly and quarterly basis?

There are several issues that make the monthly and quarterly reports of participation rate differ from the official rate and from the annual universe rate.

To provide performance feedback to Regional Workforce Boards, the Agency for Workforce Innovation (AWI) and the Department of Children and Families (DCF) produce monthly participation rate updates. These should be seen as early indicators but are not the final calculation. Because some factors such as whether an individual has been counted in more than the allowable months of job search or whether the state has more than 30 percent of participants in educational activities can not be finalized until the end of the year, monthly or even quarterly data is subject to change.

In addition, sometimes additional “data mining” is used to detect countable employment after the end of a reporting period, so the activities reported by the local workforce staff may later be supplemented by perfected information. To increase the official state participation rate, staff from DCF and AWI often collaborate to research cases in the sample after the end of a reporting period. If they can detect employment that was not previously known this can be used to increase the state’s reported information.

States have until 3 months after the end of a federal fiscal year to submit updated data, so depending on how close the participation rate is to the minimum participation requirement, DCF may resubmit participation data to the federal agency multiple times.

Since this post-review information is not known at the time the monthly reports or the quarterly reports are prepared, the monthly and quarterly reports are good performance benchmarks, but not the final calculation.