

**Temporary Assistance for Needy  
Families Program  
Information Memorandum**

U.S. Department of  
Health and Human Services  
Administration for Children & Families  
Office of Family Assistance  
Washington, D.C. 20447

**Memorandum No. TANF-ACF-IM-2007-5**

**Date: August 16, 2007**

**TO:** State Agencies Administering the Temporary Assistance for Needy Families (TANF) Program and Other Interested Parties

**SUBJECT:** Work Participation Rates For FY 2006

**BACKGROUND:** The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) established mandatory work requirements and minimum annual work participation rate standards for States operating a TANF program. States are subject to these minimum participation rate requirements beginning July 1997 or six months after the State implementation of the TANF program. The Act establishes separate minimum participation rates each year for all families and two-parent families. The minimum work participation rate standards for fiscal year (FY) 2006 are 50 percent for the all families rate and 90 percent for the two-parent families rate.

PRWORA provides for a reduction in the minimum work participation rate standards if the State's average monthly assistance caseload decreased the previous year in comparison to its average monthly caseload in FY 1995. The all families participation rate standard is reduced by the number of percentage points the overall caseload declined. The two-parent participation rate standard is reduced, at State option, by either (1) the number of percentage points the two-parent caseload declined or (2) the number of percentage points the overall caseload declined. However, the law specifies that any caseload reductions resulting from changes in State or Federal eligibility rules are excluded in calculating the credit. Adjustments of FY 2006 minimum participation standards, called the "caseload reduction credit," are based on the caseload changes from FY 1995 (in the State's title IV-A program under prior law) to FY 2005.

The Act also provides States the option to retain approved welfare reform waiver provisions that are inconsistent with the TANF provisions. Such waiver provisions may affect who is required to participate, the required hours of participation, and the countable activities. Thus, the participation rate calculation may apply differently for States retaining inconsistent waiver provisions.

**CONTENT:**

This memorandum transmits the work participation tables for FY 2006. All States were required to report work participation information for all of the October 2005 - September 2006 fiscal year and are subject to the work participation standards for FY 2006 based on this information.

The FY 2006 national average all families work participation rate is 32.5 percent. This represents a 1.5 percent decline from the 33.0 percent work participation rate attained in FY 2005. The FY 2006 national average two-parent families work participation rate is 45.9 percent. This represents a 7.7 percent increase from the 42.6 percent work participation rate attained in FY 2005. Forty-nine States, the District of Columbia, Puerto Rico, and the Virgin Islands met or exceeded their minimum all families work participation rate. One State and one Territory – Indiana and Guam – did not. Twenty-eight States (Alabama, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, North Dakota, Oklahoma, South Dakota, Tennessee, Texas, Utah, Virginia, and West Virginia) and two Territories (Puerto Rico and the Virgin Islands) did not have any two-parent families in the TANF program. Thus, they were not subject to the two-parent work participation requirements. Of the twenty-two States, the District of Columbia, and Guam that had two-parent families in their TANF program, twenty-one States met or exceeded their minimum two-parent families work participation rate. One State and two jurisdictions (Arkansas, the District of Columbia and Guam) failed to meet the two-parent work requirement. A State-by-State comparison of the FY 2006 work participation rates with the FY 2005 work participation rates shows that the all families work participation rates increased for 29 States; decreased for 21 States, the District of Columbia, and two Territories; and was unchanged for Puerto Rico and Guam. The two-parent families work participation rate increased for 9 States and the District of Columbia, and decreased for 13 States.

All States and Territories, except Guam, received a reduction in their minimum participation rates for the all families rate and all States and Territories with a two-parent TANF program, except Guam, received reductions in their minimum participation rates for the two-parent families rate as a result of the application of the caseload reduction credit. Ten States met the all families work participation rate standard before application of the caseload reduction credit. One State (Rhode Island) met the two-parent work participation rate standard before application of the caseload reduction credit. The average caseload reduction credit for all families was 49.9 percent and for two-parent families was 86.9 percent. Seventeen States and two Territories had sufficient caseload reduction credits that their standard for the all families work participation rate dropped to zero. No State had sufficient caseload reduction credits that its

standard for the two-parent work participation rate fell to zero. In addition, waiver inconsistencies applied in calculating participation rates for 1 State (Tennessee).

As shown in the attached work activity tables, an average of 443,830 adults participated in work activities each month for an average of 27.9 hours per week. This represents about 44.7 percent of all adults receiving TANF assistance. Of these participating adults over 271,080 adults participated for a sufficient number of hours in work activities to include the family in the count toward meeting the participation rate. About 55.1 percent of the participating adults were engaged in unsubsidized employment. Another 17.1 percent were engaged in job search and 23.7 percent were engaged in either work experience or community service. (Because some individuals were engaged in multiple activities, the table total is in excess of 100 percent.)

There are no statutory work requirements or minimum participation rate standards for families in "Separate State Programs" funded solely with State funds. Thirty-two States have established Separate State Programs that provide "assistance." Twenty-three States (Alabama, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Maine, Maryland, Minnesota, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, Rhode Island, Tennessee, Texas, Utah, Virginia, and West Virginia) have moved all or part of their two-parent families to Separate State Programs. For Separate State Programs the FY 2006 national average all families work participation rate is 31.1 percent and the FY 2006 national average two-parent families work participation rate is 32.6 percent.

States have been individually notified of their participation rates for FY 2006. States that failed to meet their minimum work participation rate for either all families or two-parent families are subject to a penalty as required by section 409(a)(3) of PRWORA. However, States will have an opportunity to file a claim for good cause and/or submit a corrective compliance plan to correct any failure to meet their FY 2005 minimum work participation rate standard(s) before the Secretary will impose a penalty.

**ATTACHMENT:** TANF Work Participation Rate Tables For FY 2006 (October 2005-September 2006)

**INQUIRIES:** Inquiries should be directed to the appropriate ACF TANF Manager

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/s/

Sidonie Squier  
Director  
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