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

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

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

SUBJECT: Work Participation Rates For FY 2000

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) 2000 are 40 percent for the all families rate and 90 percent for 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 2000 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 1999.

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 2000. All States were required to report work participation information for all of the October 1999 - September 2000 fiscal year and are subject to the work participation standards for FY 2000 based on this information.

The FY 2000 national average all families work participation rate is 34.0 percent. This represents an 11.2 percent decline from the 38.3 percent work participation rate attained in FY 1999. The FY 2000 national average two-parent families work participation rate is 48.9 percent. This represents a 10.6 percent decline from the 54.7 percent work participation rate attained in FY 1999. Vermont claims waiver inconsistencies that exempts all cases from the participation rates. Of the 53 jurisdictions subject to the FY 2000 participation rate standards, all States, the District of Columbia, and Puerto Rico met or exceeded their minimum all families work participation rate. Seventeen States (Alabama, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Indiana, Maryland, Nebraska, New Jersey, North Dakota, Oklahoma, South Dakota, Tennessee, Utah and 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 32 States, the District of Columbia, and Guam that had two-parent families in their TANF program, 25 States and the District of Columbia met or exceeded their minimum two-parent families work participation rate. A State-by-State comparison of the FY 2000 work participation rates with the FY 1999 work participation rates shows that the all families work participation rates increased for 21 States and decreased for 32 States. The two-parent families work participation rate increased for 15 States and decreased for 19 States. States with increasing rates have reported that the increases are due to (1) gradual program improvements, (2) changes in State policies, (3) incorporating all allowable waiver provisions, and (4) more complete and accurate data reporting. States with decreasing participation rates have reported the declines are due to (1) a change in the number of hours from 25 to 30 hours per week of participation required for a family to count as participating for the all families rate (This change in the required number of hours accounts for 62.8 percent of the decline in the national average all families rate), (2) caseload declines may have increased the portion of hard-to-serve families, (3) changes in the coding instructions as a result of shifting from the Emergency TANF Data Report to the Final TANF Data Report, (4) changes in State policies, and (5) moving the two-parent families to a SSP-MOE Program.

All States, except Guam, received a reduction in their minimum participation rates for the all families rate and all States 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. Nineteen States met the all

families work participation rate standard before application of the caseload reduction credit. Two States (Illinois and 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 44.9 percent and for two-parent families was 84.5 percent. The work participation rate adjustment for all families was up to 40.0 percent and for the two-parent families 90.0 percent. Thirty-one States had sufficient caseload reduction credits that their standard for the all families work participation rate dropped to zero. Two States (Missouri and Wyoming) had sufficient caseload reduction credits that their standard for the two-parent work participation rates fell to zero. In addition, waiver inconsistencies applied in calculating participation rates for 19 States (Connecticut, Delaware, Hawaii, Indiana, Kansas, Massachusetts, Minnesota, Missouri, Montana, Nebraska, New Hampshire, Ohio, Oregon, South Carolina, Tennessee, Texas, Utah, Vermont, and Virginia).

As shown in the attached work activity tables, an average of 631,132 adults participated in work activities each month for an average of 29 hours per week. This represents about 39.7 percent of all adults receiving TANF assistance. Of these participating adults over 395,000 adults participated for a sufficient number of hours in work activities to include the family in the count toward meeting the participation rate. About 60.6 percent of the participating adults were engaged in unsubsidized employment. Another 12.5 percent were engaged in job search and 16.3 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. Twenty-five States have established Separate State Programs. Twenty-three States have Separate State Programs that provide "assistance." Fourteen States (Alabama, California, Connecticut, Delaware, Florida, Hawaii, Indiana, Maryland, Nebraska, New Jersey, Rhode Island, Tennessee, Utah, and Virginia) have moved all or part of their two-parent families to Separate State Programs. For Separate State Programs the FY 2000 national average all families work participation rate is 27.9 percent and the FY 2000 national average two-parent families work participation rate is 43.1 percent.

States have been individually notified of their participation rates for FY 2000. 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 2000 minimum

work participation rate standard(s) before the Secretary will impose a penalty.

ATTACHMENT: TANF Work Participation Rate Tables For FY 2000 (October 1999-September 2000)

INQUIRIES: Inquiries should be directed to the appropriate ACF Regional Hub Director/Administrator

/S/

Andrew S. Bush
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/S/

Howard Rolston
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