

**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-2004-03

Date: December 27, 2004

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

SUBJECT: Work Participation Rates For FY 2003

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) 2003 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 2003 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 2002.

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 2003. All States were required to report work participation information for all of the October 2002 - September 2003 fiscal year and are subject to the work participation standards for FY 2003 based on this information.

The FY 2003 national average all families work participation rate is 31.3 percent. This represents a 6.3 percent decline from the 33.4 percent work participation rate attained in FY 2002. The FY 2003 national average two-parent families work participation rate is 48.4 percent. This represents a 2.0 percent decline from the 49.4 percent work participation rate attained in FY 2002. 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 – Nevada and Guam – did not. Twenty-three States (Alabama, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Maryland, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, North Dakota, South Dakota, Tennessee, Texas, 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 twenty-seven States, the District of Columbia, and Guam that had two-parent families in their TANF program, twenty-five States met or exceeded their minimum two-parent families work participation rate. Four jurisdictions (Arkansas, District of Columbia, Guam, and West Virginia) failed to meet the two-parent work requirement. A State-by-State comparison of the FY 2003 work participation rates with the FY 2002 work participation rates shows that the all families work participation rates increased for 26 States and decreased for 27 States. The two-parent families work participation rate increased for 16 States and decreased for 13 States.

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. Ten States met the all families work participation rate standard before application of the caseload reduction credit. Three States (Montana, Rhode Island and Wyoming) met the two-parent work participation rate standard before application of the caseload reduction credit. The average caseload reduction credit for all families was 51.6 percent and for two-parent families was 88.7 percent. Twenty States 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 10 States (Hawaii, Kansas, Massachusetts, Montana, Nebraska, Ohio, Oregon, South Carolina,

Tennessee, and Virginia).

As shown in the attached work activity tables, an average of 511,984 adults participated in work activities each month for an average of 28.2 hours per week. This represents about 41.2 percent of all adults receiving TANF assistance. Of these participating adults over 320,910 adults participated for a sufficient number of hours in work activities to include the family in the count toward meeting the participation rate. About 51.4 percent of the participating adults were engaged in unsubsidized employment. Another 15.5 percent were engaged in job search and 14.7 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. Twenty-nine States have established Separate State Programs that provide "assistance." Twenty-one States (Alabama, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Maryland, Minnesota, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, Rhode Island, Tennessee, Texas, Utah, and Virginia) have moved all or part of their two-parent families to Separate State Programs. For Separate State Programs the FY 2003 national average all families work participation rate is 37.4 percent and the FY 2003 national average two-parent families work participation rate is 31.8 percent.

States have been individually notified of their participation rates for FY 2003. 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 2003 minimum work participation rate standard(s) before the Secretary will impose a penalty.

ATTACHMENT: TANF Work Participation Rate Tables For FY 2003 (October 2002-September 2003)

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

Andrew S. Bush
Director
Office of Family Assistance