



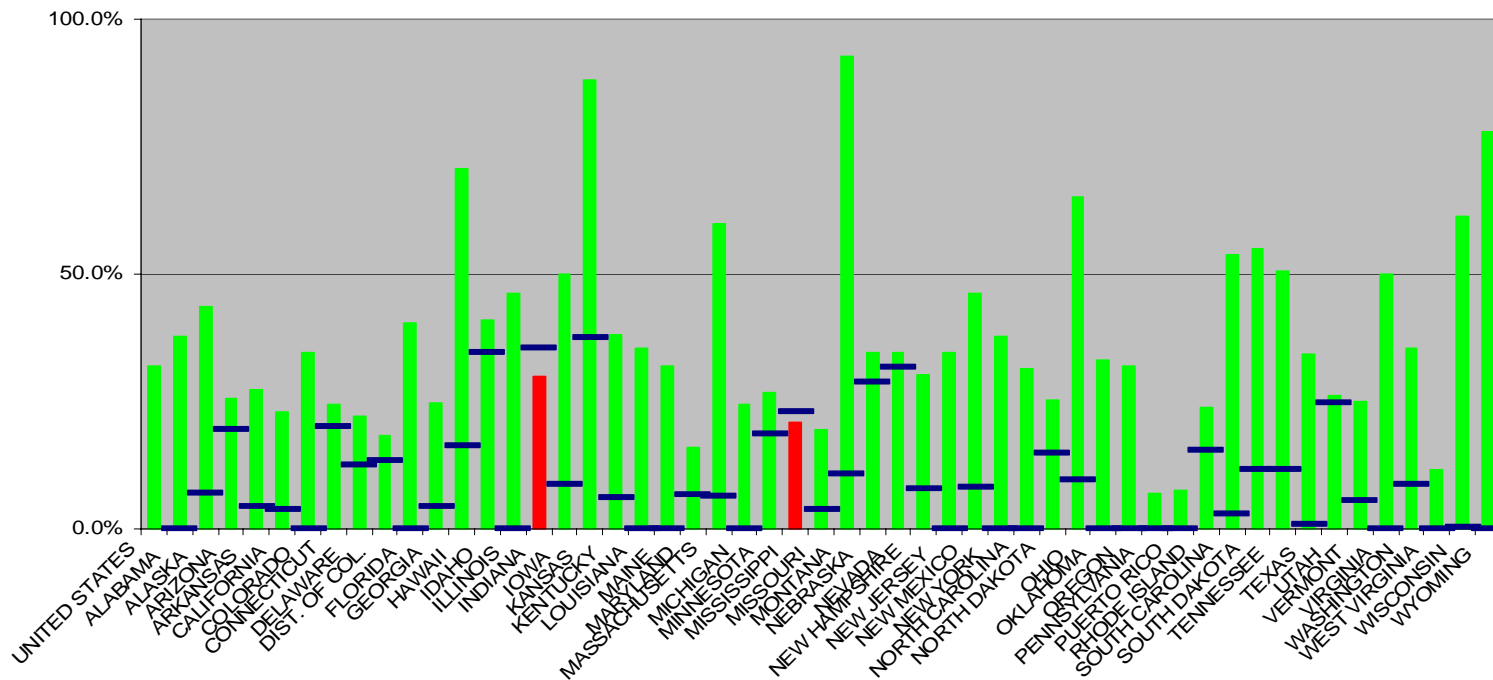
TANF Participation Rates after the DRA

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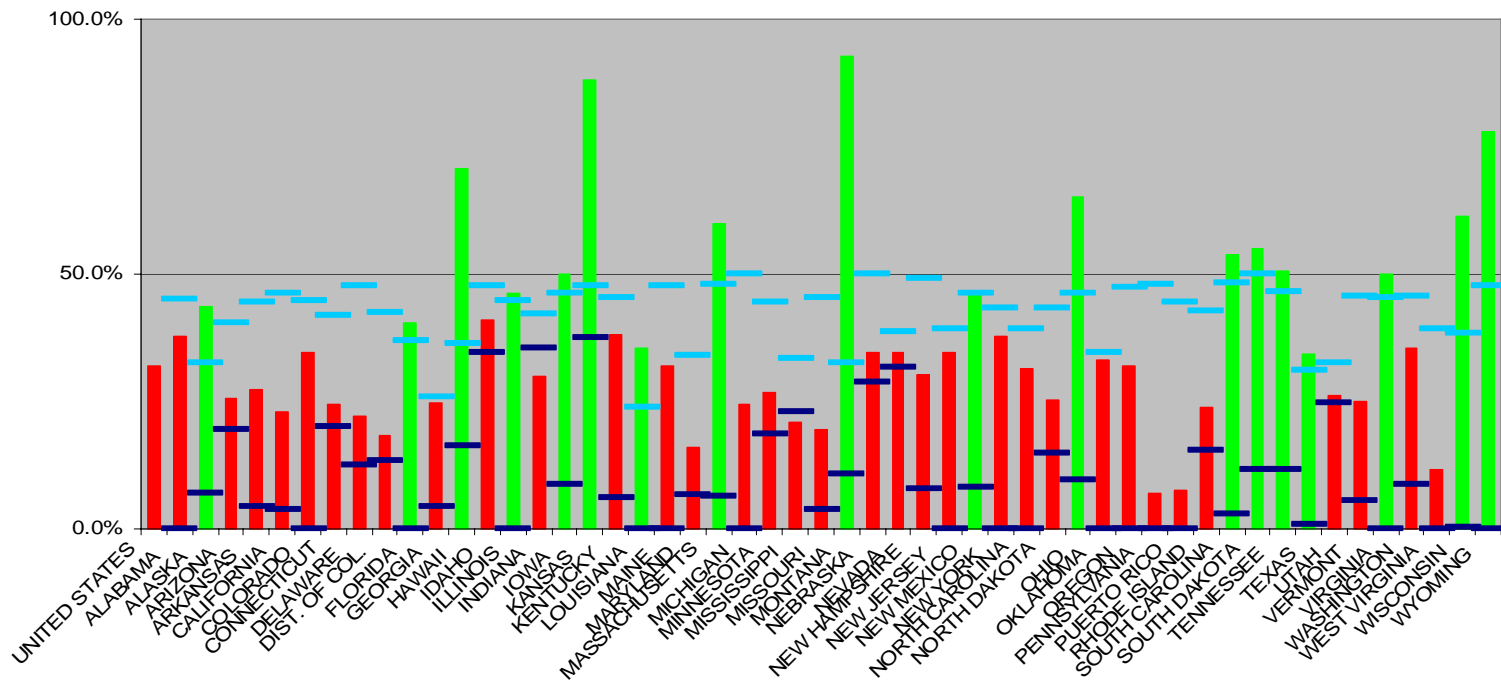
DRA Tightened Participation Rates

- Target participation rates unchanged from 1996
 - 50% for “all families” receiving assistance
 - 90% for two-parent families
- Caseload reduction credit still applies, but only for caseload decline since 2005, not 1995.

FY 04 Participation Rates with Old Caseload Reduction Credit



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DRA Tightened Participation Rates

- Target participation rates unchanged from 1996
 - 50% for “all families” receiving assistance
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- Caseload reduction credit still applies, but only for caseload decline since 2005, not 1995.
- Families served through maintenance of effort (MOE) funded Separate State Programs added to participation rate.

Separate State Programs

- Most commonly used to serve two-parent families
 - In FY 2004, 28 states did not serve any two-parent families through their TANF program.
 - Adding these families slightly increases the states' *all-families* rate, but most states are at high risk of failing *two-parent* rate.
- Also used to serve recipients attending college, participating in other non-countable activities.

Work Activities Unchanged, But...

- List of 12 countable activities and required hours of participation, unchanged from 1996
- Interim Final Rule (issued June 29, 2006) includes definitions of work activities; before states had the opportunity to define.
- States must now verify all reported hours of participation.
 - New penalty of up to 5 percent of block grant if the state “has not maintained adequate documentation, verification or internal control procedures to ensure the accuracy of the data.”

Work Verification Plans Must Describe Monitoring Procedures

- States must “report the actual hours that an individual participates in an activity... it is not sufficient to report the hours an individual is scheduled to participate...”
- “A State must support each individual’s hours of participation through documentation in the case file.”

How to meet a participation rate

- Add people to the numerator: get people who aren't participating to do.
- Take people out of the denominator: remove non-participants from the rate.
- Add people to both the numerator and the denominator: provide working non-recipients with assistance.
- Lower the target: caseload reduction and excess MOE

Add people to the numerator

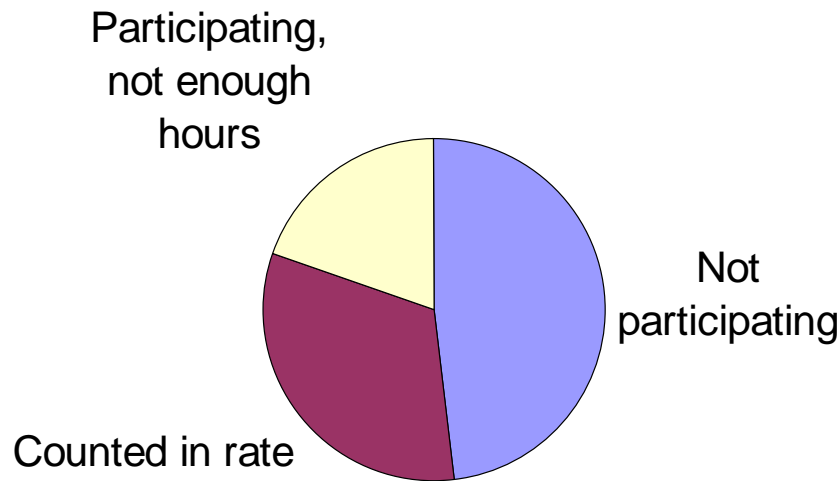
- Engage non-participating recipients.
- Increase the hours of recipients who are participating, but not for enough hours.
- Move people from non-countable activities to countable activities.
- Improve recordkeeping to ensure that you claim credit for all hours worked.

Engage non-participating recipients

- Individualized case planning
- Frequent and regular contact with recipients
- Flexibility in setting activities – at least in the short run
- Involve clients in setting goals

Increase hours of participation

FY 04 Participation Status



- Most people participating, but for not enough hours, are in unsubsidized employment.
- Need to get better at providing wrap-around activities.

Move people to countable activities

- In some states, clients had been assigned to non-countable activities
 - substance abuse and mental health services, education beyond the statutory limits.
- States are now putting more pressure on caseworkers, contractors to put clients in countable activities.

FIGURE V.1
ASSIGNED ACTIVITIES IN A TYPICAL MONTH
(EL PASO COUNTY)

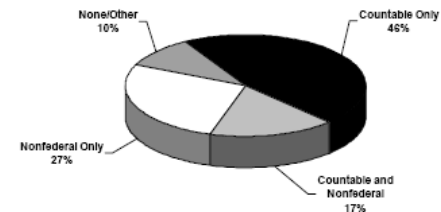
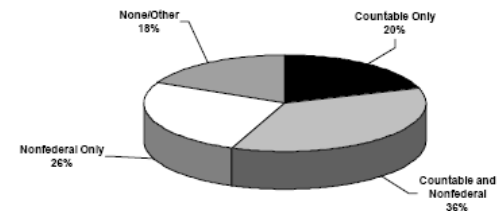


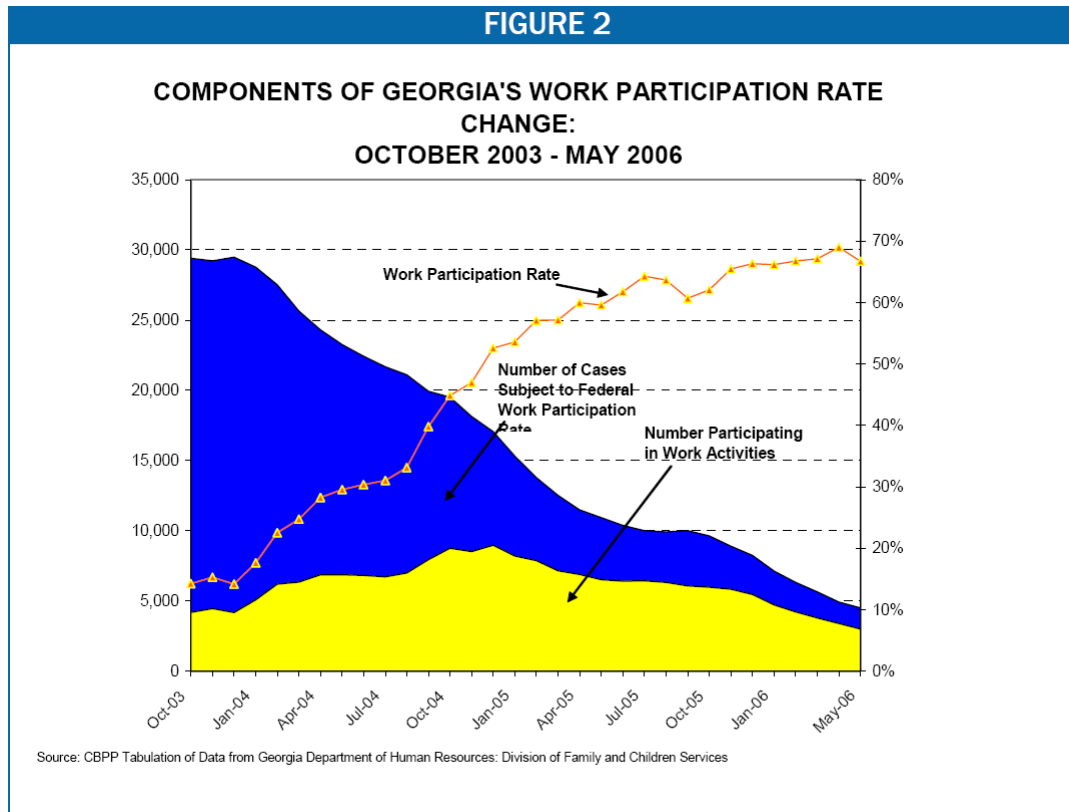
FIGURE V.2
ASSIGNED ACTIVITIES IN A TYPICAL MONTH
(UTAH)



Improve recordkeeping

- Retroactively document employment when recipients leave due to earnings
- Data mining: use unemployment and other records to identify recipients who are working
- Create systems for tracking participation in education, job search
 - Goal: minimize stigma, burden

Remove people from the denominator



Move to full-family sanctions

- Prior to DRA, states with partial family sanctions (e.g. grant reduction) for non-compliance could remove sanctioned adult from grant and participation rate.
- TANF regulations add these adults back to the participation rate.
- 8 states that had only partial sanctions in March 2003 have adopted full-family sanctions (AK, AR, IN, MN, MT, RI, TX, WA)
- 3 states have gone from gradual to immediate full-family sanctions (LA, NC, NV)

“Precursor” programs

- Non-participating recipients disproportionately likely to be in newly opened cases
- Need time for assessment, job search, job readiness activities
- Can serve new cases for a short period of time with “non-assistance” – not counted in the participation rates.
- Minnesota, Pennsylvania currently running such programs – see CBPP report for details.

Solely state funded programs

- State funds not claimed toward MOE, so not subject to work participation requirements
- Can be used to serve two-parent families, allow recipients to engage in post-secondary education, serve families waiting SSI determination
- Should not be used to avoid providing services
 - Violation of ADA to fail to serve individuals with disabilities

Add people to both the numerator and the denominator

- Increase earned income disregards to keep working families on the caseload for longer.
- Create new supplemental programs to provide assistance to working families.
 - Several states now use TANF funds to provide educational assistance, state EITCs, but those aren't assistance
 - Could be targeted at families already receiving food stamps.

Lower the target

- Caseload reduction credit provides incentives to discourage applications, move recipients off the rolls.
- “Excess MOE” can temporarily boost the caseload reduction credit – not a recommended long term strategy, but may give states some breathing room in transition.

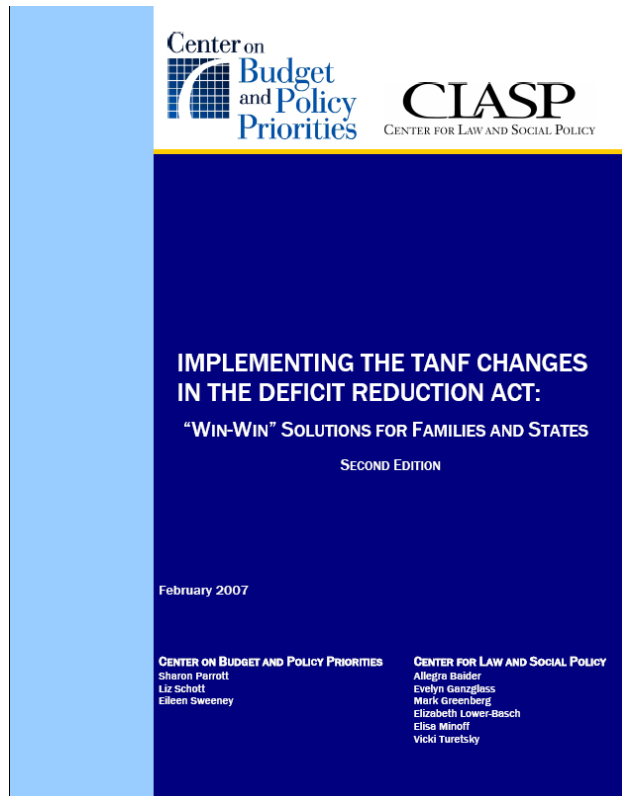
IT Challenges

- Verification procedures – ensuring that data is accurately collected, entered, documented, processed and reported.
- Data mining to maximize rates.
- Compliance with child support requirements – different rules apply to current TANF recipients, former recipients, and those who have never received TANF.
- Shuffling funding streams creates additional complications.

Timeline

- Interim final rule published June 2006 – according to regulatory agenda, final rule not expected until December 2007.
- BUT, states must have approved WVPs by September 30, 2007 and verification penalties apply starting October 1.
- Even if final rule grants additional flexibility, states may be unwilling to made further changes to systems.

Win-Win Solutions



- Use subsidized employment, not “workfare”
- Allow education and training
- Provide income supplements for working families
- Use precursor and solely state funded programs with caution
- Maximize child support returned to families regardless of funding stream

For more information

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