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## Participation in TANF Work Activities in 2004

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Under the fiscal year 2006 federal budget (called the “Deficit Reduction Act of 2005”), states will need to meet revised federal work participation rate requirements for their Temporary Assistance for Needy Families (TANF) programs.<sup>1</sup> Starting October 1, 2006:

View/print the chart:  
<http://www.clasp.org/publications/tanfwr2004.xls>

- Each state will be required to meet a 50 percent work participation rate for all families, and a separately calculated 90 percent participation rate for two-parent families, with each rate adjusted downward for any caseload decline that occurs after 2005 for reasons other than changes in eligibility rules.
- The rates will be calculated based on the combination of families receiving TANF assistance and families receiving assistance in state-funded programs that count toward maintenance of effort requirements.

As states develop their strategies in light of the new requirements, it is important to look at current participation levels, and examine the extent to which certain activities can count toward the federal participation rates. The attached chart shows federal participation levels by component activities for each state (see link below). It should be noted that the data describe the participation of only those families receiving TANF assistance, not those who receive assistance through state-funded programs, because information on component activities in separate state programs is not included in current federal reporting. As states consider strategies and approaches, they will also need to examine participation in their separate state programs that count toward maintenance of effort requirements.

### Which Activities Count Toward the Rates?

Most states can only count toward federal participation families who participate for at least the required number of hours in one of 12 activities listed under federal law. Generally,

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<sup>1</sup> For more on TANF work participation rate changes, see Mark Greenberg, *The TANF Work Participation Rate Structure Under the Budget Reconciliation Bill: A Summary of the Rules*, available at: [http://clasp.org/publications/tanf\\_participation\\_rate\\_structure.pdf](http://clasp.org/publications/tanf_participation_rate_structure.pdf), and also Mark Greenberg and Sharon Parrott, *Summary of TANF Work Participation Provisions in the Budget Reconciliation Bill*, available at: [http://clasp.org/publications/tanf\\_workprovisions\\_06.pdf](http://clasp.org/publications/tanf_workprovisions_06.pdf).

nine activities can count toward any hours of participation, while three additional activities can only count toward hours beyond the first 20 hours of participation.

The nine activities that count toward any hours of participation are:

- Unsubsidized employment;
- Subsidized private sector employment;
- Subsidized public sector employment;
- Work experience;
- On-the-job training;
- Job search and job readiness assistance for up to six weeks a year;
- Community service programs;
- Vocational educational training for up to twelve months;
- Providing child care services to an individual who is participating in a community service program.

The three activities that only count toward hours after the first 20 are:

- Job skills training directly related to employment;
- Education directly related to employment;
- Satisfactory attendance at secondary school or in a course of study leading to a GED.<sup>2</sup>

In a few states, participation in additional activities could count toward the work participation rates in 2004 because those states were continuing to operate under waivers at that time. When welfare reform was enacted in 1996, states that held waivers to implement their own state-based welfare reform were allowed to continue these projects until their waiver expired. Thus, states with waivers often continued their practice of counting different allowable activities toward the participation rates. As of this writing, almost all waivers have expired—Tennessee is the only remaining state with a waiver in effect, and it is set to expire in June 2007.

Under current TANF regulations, each state has been allowed to develop its own definitions for the 12 allowable work activities. In a 2005 review of state approaches to participation rates, the Government Accountability Office found states used a range of different definitions, making it difficult to compare participation across states.<sup>3</sup> Therefore, in the attached chart, a state's high participation rate in a given activity may reflect genuinely high participation in a distinct set of activities, or it may reflect differences in definitions (for example, if the state reported an activity in one category, while another state reported the same activity in a different category, or not at all). The Department of Health and Human Services is expected to address the definitions of work activities when it releases new regulations on or before June 30, 2006.

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<sup>2</sup> For more information about work participation rates, and which activities count toward these rates, see [http://clasp.org/publications/tanf\\_participation\\_rate\\_structure.pdf](http://clasp.org/publications/tanf_participation_rate_structure.pdf).

<sup>3</sup> See Government Accountability Office, *Welfare Reform: HHS Should Exercise Oversight to Help Ensure TANF Work Participation Is Measured Consistently across States*, GAO-05-821 (August 2005), available at: <http://www.gao.gov/new.items/d05821.pdf>.

## Participation Rate Data for 2004

As the 2004 work participation data show, nationally about 32 percent of families included in the participation rate calculation were engaged in work-related activities—however, there is significant variation among states, both in the overall work participation rates, and in the shares of families in specific work activities. Nationally, the majority of participating families were engaged in unsubsidized employment. The share of families engaged in work experience and community service varied significantly from state to state—most states had very few families engaged in these activities, although several states had a large share. On average, the share of families participating in vocational educational training and satisfactory school attendance was lower than it can be under the law.<sup>4</sup> There was very limited use of job skills training and education related to employment, and almost no use of subsidized private or public employment and on-the-job training. Only one state had a significant number of families engaged in providing child care to someone participating in a community service program.

Of families counting toward the work participation rates in 2004:

- 17.2 percent were engaged in unsubsidized employment; 10 states had over 25 percent of these families participating in unsubsidized employment: Alaska, Hawaii, Idaho, Illinois, Iowa, Massachusetts, Nevada, New Mexico, South Carolina, and Virginia.
- 5.9 percent were engaged in job search; 12 states had participation rates in the double digits.
- 4.9 percent were engaged in vocational educational training; seven states had more than 10 percent engaged in vocational educational training: Hawaii, Idaho, Illinois, Iowa, Kentucky, Ohio, and North Carolina.
- 4.3 percent were engaged in work experience; while the majority of states had work experience participation rates in the low single digits, seven had rates in the double digits, and two—Montana and Wyoming—had over 50 percent of families counting toward the rates participating in work experience.
- 3.2 percent were engaged in community service; 43 states and territories had less than 5 percent engaged in community service, while four had more than 10 percent, and Kansas had 60 percent engaged in the activity.
- 1.2 percent were engaged in satisfactory school attendance, which, as noted, can only count toward hours after the first 20 hours a week. Minnesota and Wisconsin (with 7 percent and 7.6 percent participating in the activity, respectively), were the only states to have more than 5 percent engaged.
- Only about seven tenths of a percent were engaged in job skills training, which also can only count toward hours after the first 20 hours a week. Only three states had significant numbers participating in this activity: both Massachusetts and Maine had just over 7 percent engaged, and Wisconsin had almost 16 percent engaged.

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<sup>4</sup> See forthcoming CLASP paper on increasing the participation of TANF recipients in education and training (expected April 2006).

- Only about seven-tenths of a percent were engaged in education related to employment, which also can only count toward hours after the first 20 hours a week. Wisconsin, with 20.5 percent participating in the activity, was the only state to have more than 10 percent engaged.
- Only about three-tenths of a percent were engaged in subsidized public employment, and only two states had significant numbers in the activity. In New York, 1,297 families (1.9 percent of families counting toward the rates) were participating in subsidized public employment, and in Washington, 834 families (2.8 percent of those counting towards the rates) were participating in subsidized public employment.
- Only about one-tenth of a percent were engaged in subsidized private employment. No states had over 200 families engaged in the activity.
- Only about one-tenth of a percent were engaged in on-the-job training. No states had significant numbers of recipients in the activity. Only Georgia and California had over 100 recipients participating in on-the-job training.
- Less than one-tenth of a percent were engaged in providing child care. Georgia was the only state with more than 25 people engaged in the activity—306 families were engaged in providing child care in the state (1.2 percent of families counting toward the rates).

In addition, four states had families engaged in additional waiver activities, but only Montana and Tennessee had large numbers. In Montana, 866 families participated in additional activities (23.6 percent of families counting toward the rates), and in Tennessee, 18,075 families participated in additional activities (42.7 percent of families counting toward the rates).

### **Participation Rate Data Can Help States Develop TANF Strategies**

As states consider strategies to meet work participation requirements, they will need to take stock. States may find it helpful to compare their participation rates in certain activities to the national average, look to states that have higher participation rates in certain activities to see what lessons can be learned, explore why participation rates are low (if indeed they are) in certain activities, and see whether there is participation that is not currently counting toward the rates. Finally, states should evaluate whether activities are successful at moving participants into sustainable employment, with wages and benefits adequate to support their families. Once states have highlighted successful activities, these activities can become part of a broader strategy to reach families in need and help low-income families succeed in the labor market.

The chart—**Average Monthly Number of Adults Engaged in Work by TANF Work Activity for Families Counted as Meeting the All Families Work Requirements, Fiscal Year 2004**—is available online at <http://www.clasp.org/publications/tanfwr2004.xls>.