

## Ensuring Full Credit Under TANF's Work Participation Rate

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Changes in our economy have made it increasingly hard for workers with only a high school education or less to earn enough to support a family. The labor market places a growing premium on education and training beyond high school. Those who have at least a two- or four-year college degree have seen their earnings hold steady (and for women, rise), while the earnings of those with only a high school diploma have dropped substantially—for men, by about a third. High school dropouts are the worst off – their earnings have fallen almost by half.<sup>i</sup>

The Temporary Assistance for Needy Families (TANF) block grant provides cash assistance to very poor families with children. It is intended to be a temporary support – there is a five year federal time limit on benefits and many states have adopted shorter limits. Many of these TANF recipients would benefit from further education. According to data reported to HHS by states, 41 percent of adult TANF recipients have less than a high school degree, and more than half have exactly a high school degree. Less than 5 percent have obtained some post-secondary education.<sup>ii</sup>

However, TANF's primary performance measure, the work participation rate (WPR), that shows how successful states are at engaging TANF recipients in work-related activities, places limits on how education and training can be counted toward the WPR. Because states that fail to meet their WPRs can lose a portion of their funding, many states discourage local TANF offices or contractors from assigning recipients to activities that cannot be counted toward the work participation rate. **This brief highlights ways that states may count or combine work activities to get full credit for their measured work participation rate. It also explains changes that programs can make to improve their alignment with the TANF rules and make it easier for caseworkers to refer TANF participants.**

### TANF Rules on Education and Training

There are 12 countable work activities, defined by regulation with restrictions on the amount of time some activities can be counted towards the WPR. States must engage at least 50 percent of adult members of families receiving assistance and 90 percent of two-parent families within the list of countable work activities. TANF recipients must participate in a countable activity for a minimum number of hours per week, averaged over a month. Only actual hours of participation may be counted and attendance must be verified and documented. The specified countable work activities are:<sup>iii</sup>

- Unsubsidized employment
- Subsidized private and public employment
- Work experience
- On-the-job training
- Job search and readiness assistance
- Vocational education training
- Education directly related to employment
- Satisfactory secondary school attendance or participation in a course leading to a GED
- Job skills training
- Education directly related to employment
- Community service programs
- Providing child care services to an individual participating in the community service program

Countable education and training activities, which includes vocational education training, job skills training, education related to employment and secondary school attendance, are subject to further restrictions compared with other countable activities. While vocational education training can be counted towards all hours needed to meet the WPR, there is a 12 month time limit restriction. In addition, no more than 30 percent of the individuals counted toward the work participation rate may be counted based on participation in vocational education or because they are teen parents deemed as participating based on secondary school attendance.

The remaining education and training activities are not time limited but can only be counted toward the WPR *after* the first 20 hours of work per week or 30 hours a week for two-parent families. The initial hours must be spent on “core” countable work activities, such as work (subsidized or not), work experience and community service.

This chart describes countable activities and time limits or caps that apply towards them.

Activity	Time Limits	Counts Toward the WPR	Caps
<ul style="list-style-type: none"> <li>• Unsubsidized employment</li> <li>• Subsidized employment</li> <li>• On-the-job training</li> <li>• Work experience</li> <li>• Community service</li> </ul>	None	Yes	None
<ul style="list-style-type: none"> <li>• Vocational education training</li> </ul>	Limited to 12 months in a lifetime	Yes	Limited to 30% of counted individuals (along with education for teen parents)
<ul style="list-style-type: none"> <li>• Job skills training</li> <li>• Education related to employment</li> <li>• Secondary school attendance or GED® classes for recipients without HS degree or equivalent</li> </ul>	None	Can only be counted when combined with core activities	None
<ul style="list-style-type: none"> <li>• Job readiness and job search assistance</li> </ul>	Limited to 4 consecutive weeks and 6 or 12 weeks total per year	Yes	None

States may allow individuals to participate in non-countable activities.

Note that the restrictions in federal law are only on the counting of activities; states have the option of allowing individuals to participate in non-countable activities when they believe that the activities are in the families' best interest. Many states are currently achieving participation rates significantly above their targets and have the flexibility to allow some recipients to engage in non-countable activities. For example, since 2009, Nebraska passed legislation that allows students to work toward an Associate's degree for up to 36 months while receiving assistance.<sup>iv</sup> Prior to 2009, Nebraska counted student TANF recipients postsecondary education activities for 12 months, providing TANF payments for the remaining length of a student's program through excess maintenance of effort (MOE) state funds and caseload reduction credits.

In 2012, Nebraska allowed young participants to engage in basic education. These students were able to pursue a High School Diploma, GED, ABE or ESL classes full time while receiving TANF assistance. These students are not subject to the 12 month cap; their education activities are not counted towards the work participation rate and instead, funded through the excess MOE funds and caseload reduction credits.<sup>v</sup> In 2013, the age limit was lifted allowing all TANF participants to engage in basic education.

Overall, these policy changes to increase education participation among TANF recipients have had little effect on Nebraska's WPR, which is above 50 percent. This is because the number of students involved is small compared to the overall caseload. However, this policy has had a big effect on those students' lives. Allowing recipients who are successfully participating in a training program to attend full time so that they can complete their education more swiftly and start working in their new professions is consistent with the TANF goal of promoting self-sufficiency.

States may also use solely state funded dollars -- state funds that are *not* claimed toward the TANF MOE requirement -- to provide assistance to families who are engaged in education and training. This removes such families from the TANF work participation rate entirely. This is an option for states that would otherwise be at risk of failing to meet the work participation rate if they allowed recipients to participate in non-countable activities.

Strategies that States can adopt to avail themselves of the flexibility under Federal law include the following:

**Use the full 30 percent allotment for vocational education. Many states are well under this limit.** In FY 2009, during the height of the recession, only seven states used the full 30 percent allotment for vocational education participation; in FY 2010, this decreased to only five states. States should follow the example of Minnesota, which tracks TANF recipient participation data by countable activities on a monthly basis, and shows its counties the gap between their actual use of vocational education and the maximum that could be counted under federal rules.

**Do not unnecessarily restrict the types of education and training that may be counted.** Research consistently shows that the longer a vocational certificate program, the greater the economic pay-off. Longer vocational certificate programs, usually one year or longer, require greater academic and technical rigor and as a result, lead to increased earnings.<sup>vi</sup> The definitions of vocational educational training and job skills training are broad enough to cover most education and training activities that are supported under workforce programs. The 12-month limit is a cap on how long the program may be counted, but it is not a limit on the type of programs that may be counted; states may approve a program of any duration, including 2- or 4-year programs.<sup>vii</sup> Some states and localities have adopted policies that restrict approved training to programs that are expected to be completed in 12 months or less, but this is not mandated by Federal law.

- **Utilize the full 12 months for which vocational educational training can be counted as a stand-alone activity.** Some TANF programs routinely assign all recipients to job search or work experience

programs without exceptions for students enrolled in education and training. Because TANF recipients, by definition, are also parenting, this can be extremely challenging. Research shows that full-time work and part-time schooling are each independently related to lower rates of persistence and degree attainment.<sup>viii</sup> If recipients are allowed to attend school for a year without other participation requirements, they will accrue more credits quickly, and are more likely to graduate.

- **Whenever a participant has sufficient core hours from other activities, report education and training as job skills training, which is not time limited, rather than as vocational education.** Many vocational programs require work experience or practicum courses as part of the training curriculum, or include apprenticeships. These activities can often count under one of the categories countable for core hours, such as community service, work experience, or on-the-job training. Work-study positions, many volunteer activities, and part-time jobs can also be counted as core hours. States can develop systems to check whether a student can be claimed under a different category before using up vocational education time allocations.
- For example, if a vocational program combines 20 hours a week of practicum courses with 15 hours a week of career-focused classroom courses, the practicum can be reported as on-the-job training or work experience, and the classroom time can be reported as job skills training. Under this scenario, the participant is engaging in countable activities for 35 hours a week, is not using up the 12 months of countable vocational education training, and does not count toward the 30-percent cap of individuals participating in vocational education training.
- **Make best use of the months of participation.** Many states automatically report all hours of participation, even though the federal rules do not provide partial credit if a recipient participates for less than the minimum required hours. However, there is no federal requirement to do so. When a student does not have enough hours of activity to be counted toward the WPR (such as during a break in classes or while dealing with an extended family illness), the state should consider not reporting the hours of participation for that period. Reporting such hours uses up a month of eligibility for vocational education but does not increase the state's WPR.

#### **Strategies that education and training providers can undertake to align their activities with what is federally countable under the WPR:**

In some cases, the design of programs makes it difficult for them to be counted toward the work participation rate. This makes it less likely that case workers will refer clients to such programs, even if they will have long-term benefits. However, if program operators are sensitive to the issues posed by the TANF work requirements, they can make modifications that align their programs with the requirements of the TANF system.

- **Minimize the duration of any up-front activities.** Incorporate information from any assessments that may have already been completed by partner agencies can reduce administrative burden. When partner agencies work closely together, they can reduce the time between when a client is referred to a program and when she begins to participate.
- **Minimize breaks in participation.** Because TANF participation is measured in terms of average weekly hours per month, a break in classes can mean that a student who is fully participating is not counted for enough hours to meet the work participation rate. Programs that are designed primarily for TANF recipients should minimize breaks between terms, rather than following the traditional academic calendar. Some programs have transformed introductory courses into a series of modules that can be taken in any sequence so that students do not need to wait until the start of a new term to enroll.
- **Consider wrap-around activities.** When TANF recipients are participating in mainstream programs,

it may be necessary to develop wrap-around activities that can count toward the WPR when classes are not in session or when a client is referred to the program after a course has already begun. For example, one activity might be a community service project where students are engaged as health outreach workers to conduct education and basic screenings in their communities. Alternatively, selected classes could be provided in shorter, more intensive formats during periods between academic terms.

- **Maximize use of apprenticeships, practicum courses, or work-study, which can be counted as subsidized employment, on-the-job training, or work experience, to allow students to meet the 20 hour per week “core activities” requirements.** For example, Kentucky’s Ready to Work program provides TANF-funded work-study slots for community and technical college students who receive TANF cash assistance. While traditional work-study jobs are usually only 10 to 15 hours per week, Ready to Work work-study is designed to meet the core work requirement and is funded for 20 hours per week. Many vocational training programs include practical work experience components which can count toward the required 20 hours of core activities. If a practicum or internship is less than 20 hours a week, community service can be used to make up the missing hours. When education and training is combined with 20 hours of a “core activity,” it can be counted as job training, which is not subject to the limits on vocational education.
- **Make sure that all hours of participation are documented** so they can be efficiently claimed. If at all possible, education and training programs should develop a process for program coordinators or case managers to document hours so students do not need to self-identify to instructors that they are welfare recipients. Programs should provide TANF caseworkers with information on the hours of homework expected because up to 1 hour of unsupervised homework time can be counted for every hour of class time, as long as this much study time is expected of the student.

For states that have failed to meet their WPRs, and must enter corrective compliance, such strategies are a positive alternative to restricting access to education and training. For an education and training provider, collaborating with the TANF agency to maximize the counting of activities is critical to good relations with, and continued referrals from, the TANF agency. This requires education and training providers to build relationships with TANF agencies at the state level, that make policy decisions on education and training activities that count towards the WPR as well as at the local level, where case managers may need to be educated in order to ensure WPR activities are captured to the maximum benefit for the TANF participant while also maximizing the counting of activities towards the state’s WPR. TANF agencies are much more likely to partner with training programs if they understand that their WPRs will not be adversely affected.

TANF provides an important support to low-income families. In order to be compliant with the complicated federal requirements, states should be deliberate about claiming proper credit for those activities that are countable toward the WPR. Following the advice in this brief will help states provide the best possible support to TANF families who benefit from the program as they become self-sufficient and move into the middle class.

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<sup>i</sup> College Board 2005, as cited in Susan Dynarski and David Deming, *Into College, Out of Poverty? Policies to Increase the Postsecondary Attainment of the Poor*, NBER Working Paper, 2009, <http://www.nber.org/papers/w15387>. See also College is Still the Best Option, Georgetown University Center on Education and the Workforce, September 2009, <http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/college%20still%20best%20option.pdf>.

<sup>ii</sup> Table 25, "Characteristics and Financial Circumstances of TANF Recipients," U.S. Department of Health and Human Services: Administration for Children & Families, FY 2010, [http://www.acf.hhs.gov/sites/default/files/ofa/appendix\\_ys\\_final.pdf](http://www.acf.hhs.gov/sites/default/files/ofa/appendix_ys_final.pdf).

<sup>iii</sup> Table 6, Gene Falk, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements*, Congressional Research Service, April 2, 2013, <http://www.fas.org/sgp/crs/misc/RL32748.pdf>.

<sup>iv</sup> "Choosing Education in Nebraska," Nebraska Appleseed, February 2012, [http://www.workingpoorfamilies.org/pdfs/tanf\\_Choosing-Education.pdf](http://www.workingpoorfamilies.org/pdfs/tanf_Choosing-Education.pdf).

<sup>v</sup> Senator John Harms, "Newsletter – March 12, 2013," Nebraska Legislature, March 12th, 2013, <http://news.legislature.ne.gov/dist48/2013/03/12/newsletter-march-12-2013/>.

<sup>vi</sup> Brian Bosworth, *Certificates Count: An Analysis of Sub-baccalaureate Certificates*, Complete College America and Future Works, December 2010, <http://www.completecollege.org/docs/Certificates%20Count%20FINAL%2012-05.pdf> and Anita Mathur with Judy Reichle, Julie Strawn, and Chuck Wiseley, *From Jobs to Careers: How California Community College Credentials Pay Off For Welfare Participants*, Center for Law and Social Policy and California Community Colleges, May 2004, <http://www.clasp.org/admin/site/publications/files/0178.pdf>.

<sup>vii</sup> Interim final rules released in 2006 had precluded counting of programs leading to a baccalaureate or advanced degree. However, this provision was removed from the final rule published in February 2008, <http://www.acf.hhs.gov/programs/ofa/resource/law-reg/finalrule/tanf-final-rule>.

<sup>viii</sup> Ali Berker and Laura Horn, *Work First, Study Second: Adult Undergraduates Who Combine Employment and Postsecondary Enrollment*, National Center for Education Statistics, U.S. Department of Education, Institute of Education Sciences, 2003, <http://nces.ed.gov/pubs2003/2003167.pdf>.