

## **Ohio TANF Engagement March 2011 Data Analysis**

### **Background**

H.R. 4783, the federal Claims Resolution Act of 2010, set forth new reporting requirements for the Temporary Assistance for Needy Families (TANF) program. Under H.R. 4783, each state is required to submit a new “engagement report” for the months of March, April, May and June. This additional reporting is focused on work-eligible individuals in families receiving cash assistance who are not working or enrolled in training programs sufficiently to meet the work participation rate. Congress is specifically interested in information about work-eligible individuals participating zero hours. The March data submission was due May 31, 2011. The April, May and June report is due no later than August 31, 2011.

These new reports supplement existing reports that states are required to provide to the U.S. Department of Health and Human Services (HHS) on a quarterly basis. The quarterly reports are used to determine each state’s work participation rate.

The Claims Resolution Act also requires states to publish the following information on their web sites: a summary of the information submitted in their engagement reports, an analysis of the extent to which the information in each report changes the measure of total engagement in work activities from what was or will be reported quarterly to HHS, and a description of the most common work-related activities that are not legally countable toward work participation rates. The HHS Administration for Children and Families provides further guidance on this in Program Instruction Transmittal No. TANF-ACF-PI-2011-03.

### **Federal Work Participation Requirements**

In February 2006 the Deficit Reduction Omnibus Reconciliation Act of 2005 (Deficit Reduction Act), P.L. 109-171, was passed by Congress and signed into law. The Deficit Reduction Act reauthorized TANF until 2010 and made significant changes to the program. In addition to maintaining the requirement of each state to meet a 50 percent work participation rate for all families receiving assistance, and a separately calculated 90 percent participation rate for two-parent families, the Deficit Reduction Act directed the HHS Administration for Children and Families to regulate and review activities that count toward work participation, the counting and verification of hours reported, and the identification of who is a work-eligible individual. It required states to establish verification procedures, and it established a new federal penalty for failure to comply with verification procedures, effective October 1, 2006. Additionally, the Deficit Reduction Act changed the baseline year for the caseload reduction credit to 2005. This means that work participation rates can be adjusted downward for any caseload decline that occurs after 2005 for reasons other than changes in eligibility rules. (Prior to the Act, the baseline year was 1995.)

On June 29, 2006, the HHS Administration for Children and Families issued new "interim final" regulations related to TANF, which became final in February 2008, to provide states with more guidance in implementing the TANF reauthorization provisions of the Deficit Reduction Act. The regulations define work activities, explain how to verify hours of participation in work activities, and ensure the accuracy of work participation data reported to HHS.

The definitions of countable work activities, verification requirements and an explanation of work-eligible individuals can be found at 45 CFR Part 261 – Ensuring that Recipients Work.

For individuals to be counted toward a state’s work participation rate, they must verify participation hours in a countable activity for a specific number of hours each month. Parents with children 6 and older must participate in countable activities averaging 30 hours a week each month. Parents with children younger than 6 must participate in countable activities averaging 20 hours a week each month. Two-parent families must participate in countable activities averaging 35 hours a week each month, unless they receive subsidized child care, in which case the requirement is an average of 55 hours a week each month.

Countable activities include:

- Unsubsidized employment;
- Subsidized employment;
- Volunteer work or community service work;
- Vocational education/training (time-limited to 12 total months); and
- Job search/job readiness (time-limited; no more than 4 weeks can be consecutive).

Those with a 30-hour requirement must participate in one or more of the above activities for a minimum monthly average of 20 hours per week and then also participate for 10 more hours in the above and/or:

- Job skills training;
- Education directly related to employment; and
- Basic education.

All other activities are considered "non-countable" and are identified in Ohio as "alternative activities." Alternative activities are designed to promote self-sufficiency and personal responsibility and are intended to address temporary and permanent barriers to participating in work activities. Hours in alternative activities are not counted in the work participation rate. Examples of alternative activities include parenting classes; life-skills training; participation in an alcohol or drug addiction program; in the case of homeless assistance groups, finding a home; in the case of work-eligible individuals who have been the victim of domestic violence, residing in a domestic violence shelter, receiving counseling or treatment related to the domestic violence, or participating in criminal justice activities against the domestic violence offender; and in the case of non-English-speaking individuals, attending English as a second language courses.

States must collect and report the following information:

(1) Whether the individual engages in any activities that are directed toward attaining self-sufficiency, and

(2) If yes, the specific activities that

- a. do not qualify as a countable work activity, but are otherwise reasonably calculated to help the family move to self-sufficiency; or
- b. could be a countable work activity, but for the fact that either the work-eligible individual has not engaged in such activities for a sufficient number of hours; the work-eligible individual has reached a maximum time limit allowed for having participation in the activity count; or the number of work-eligible individuals engaged in such activity exceeds a statutory limitation.

### **March Findings**

Ohio has more than 45,000 work-required families receiving cash assistance. For the quarterly federal reports, the state sends a sample of 3,000 cases to the federal government. About half of those cases are for families with work participation requirements. Pursuant to federal guidance, Ohio reviewed 175 of the reported work-required cases for the month of March. Those 175 cases contained 199 work-eligible individuals.

Of the 175 assistance groups reviewed, 36 work-eligible individuals completed enough hours in a countable work activity to meet the work participation rate. They participated in unsubsidized employment, work experience, vocational education, job search/job readiness and community service activities.

Twenty-nine individuals participated in countable work activities but did not have enough hours to meet the work participation rate. They participated in unsubsidized employment, work experience, job search/job readiness, vocational education and job skills training.

Seven work-eligible individuals participated in countable work activities but were unable to be counted because the hours of participation went beyond the statutory limit. The activities with statutory limits are vocational education and job search/job readiness activities. Only 12 total months of vocational education may count toward the work participation rate. Only six weeks (four consecutive weeks) of job search/job readiness activities may count toward the rate every 12 months.

Five work-eligible individuals participated in countable work activities that were not reported because the needed verifications were not received or were received after the reporting deadline. In most instances the verification was not received in time for the county agency to enter the hours into the system before the report was due.

Nine work-eligible individuals participated in non-countable alternative activities. The majority were engaged in treatment activities necessary to remove barriers to employment. Treatment activities can include physical or mental health treatment, substance abuse treatment, domestic violence counseling, or treatment for a physical or developmental disability or attending to physical or mental health conditions. Participants were also engaged in family life skills activities, including teen parenting classes, general parenting programs, mentoring activities, personal development activities, organizational skills workshops and budgeting skills training.

A total of 116 work-eligible individuals did not participate in countable or non-countable work activities. The reasons for the non-participation varied:

- The individual was assigned a work activity, but it had not yet started in the month reviewed. (1)
- Individuals were relocating from another state. (3)
- Families had a child under 6 but insufficient child care. (3)
- Individuals were in their first month of assistance and had not yet been assigned a work activity. (4)
- Families had a child under 1 year old so were not required to be engaged in a work activity. (13)
- Individuals were in the process of being sanctioned. (23)
- Other reasons: Families had two parents, and one of the parents was engaged to complete the entire amount of required hours; medical issues; transportation issues. (24)
- The county agency failed to engage the individual. (45)

### **Further Analysis**

Much of the data gathered for this report have not been routinely collected by state or county agencies because until recently it has not been a federal requirement to do so. In order to make the data gathering manageable, reviews examined a small sample of the 1,500 work-required families' cases submitted to HHS in the most recently report. Staff at Ohio's state agency reviewed case files in the electronic eligibility system and then made contact with county agencies when more information was needed.

Several themes emerged. The most notable finding was that TANF families are not homogenous; they have different degrees of self-sufficiency, and many face very different barriers to employment. However, the current structure for determining work participation rates does not take this into account. Many individuals were engaged in activities that could not be counted because they lacked sufficient hours, the activities had statutory limits, or the activities were not allowed to be counted under federal regulation.

Current federal law does not take into account partial participation. If participants fail to meet exactly 30 hours a week in countable activities (even if they participate 29 hours), their hours do not count toward the state's work participation rate. Partial credit for participation would take into account TANF families' unique situations and the state's attempts to help them achieve self-sufficiency, including help that includes such things as alcohol and drug addiction treatment, English as a second language classes and vocational training that extends beyond 12 months. These types of activities are often necessary to remove barriers to employment, and must be completed before employment can occur.

Additionally, for families with a parent who is disabled, TANF cash assistance can provide temporary support until the parent may become eligible for Supplemental Security Income (SSI). Applications for SSI can pend for years, however, and there is no federal TANF work-activity exemption for those with disabilities. County agencies do the best they can to assign disabled individuals receiving TANF cash assistance to alternative activities, but those activities are not counted in the work participation rate.

In summary, the data collected thus far reveal that Ohio's families receiving cash assistance have a variety of challenges to achieving self-sufficiency, and federal work participation requirements do not account for those challenges. In addition, they do not take into account the additional challenges needy families face during times of economic recession.