

The Claims Resolution Act of 2010 set forth new reporting requirements on States as it extended the funding for the Temporary Assistance for Needy Families (TANF) financial assistance program through September 30<sup>th</sup>, 2011. Sec. 812. *Modifications to TANF Data Reporting*, specifies new reporting requirements for engagement in additional work activities to be published on each State's website. Further guidance was provided by the U.S. Department of Health and Human Services, Administration of Children & Families (ACF) in a formal Program Instruction, Transmittal No. TANF-ACF-PI-2011-03. ACF is the federal regulatory agency overseeing the State's TANF program.

This is the first submission of the two new required reports per this law. This first reporting period is for the month of March 2011. The second reporting period is from April 1<sup>st</sup> through June 30<sup>th</sup>, 2011. These new reports supplement existing, extensive federal reporting that States provide to ACF on a quarterly basis. ACF in return, provides States with quarterly reports, including the official TANF work participation rate, which is a federal program measure of success.

It is required by federal law that States have a minimum of 50% of their work-eligible adults in countable work activities in order to stay in compliance with program requirements and avoid federal financial penalties. This is known as the TANF work participation rate.

The official work participation rate for New Hampshire for FFY 2009 was 46.5%, far exceeding the national average of 29.4%. For FFY 2008, our rate was 47.4% and again, above the national average which remained at 29.4%. New Hampshire has avoided federal financial penalties due to permissible considerations by the federal regulatory agency.

## Summary

Data gathered to meet this new reporting requirement illustrates an interesting account of the experiences of our TANF families while participating in the TANF related work program, the New Hampshire Employment Program (NHEP). New Hampshire strategically utilizes countable work activities to the greatest extent possible, given the strict parameters in which work activities are countable and allowable for the work participation calculation to meet the 50% mandatory participation rate as required by federal law.

For March 2011, our unofficial work participation rate is 49.5%. It is unofficial at this time since the federal agency is yet to confirm that rate.

It is important to note for this new report, we are being asked to discuss work activities that are 'countable' towards the work participation rate, but were not reported towards the work participation rate. Additionally, ACF is asking us to report activities that are 'non-countable' towards the rate. States have not been required to report non-countable activities before.

ACF provides definition of which activities are countable and they can be found at 45 CFR, Part 261-Ensuring That Recipients Work. Any other activities are considered non-

countable. Historically, States have not reported work activities that do not count towards the mandatory 50% work participation rate to the federal agency but are now expected to under this new requirement.

For an individual to be counted towards the rate, they must verify participation hours in a countable activity for a specific number of hours each month. Parents with children 6 years old and older, must participate in a countable activity for 30 hours a week for each week they are receiving a TANF benefit. Parents with children under 6 years old must participate for 20 hours.

Countable activities include:

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

Those with a 30 hour requirement must participate in the above activities for 20 hours 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'.

For the purposes of this report, per the federal guidance, 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 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.

To begin to address the above issues, it is important to illustrate the breakdown of the families we will be discussing. In March 2011, we had 2,838 cases that were included in the work participation rate calculation. Within these cases, there are 3,697 individuals who are considered to be 'work-eligible' as defined by the federal agency.

Of the 2,838 cases, 1,405 cases met their participation requirements and were counted in the work participation rate (1,405 divided by 2,838 = 49.5% work participate rate). The work participation rate is calculated at the case level.

Of the 3,697 work-eligible individuals, 1,615 individuals participated in a work activity reasonably calculated to help the family move to self-sufficiency with 1,405 of those meeting their participation requirements. The other 210 parents who did not meet the participation requirement, did participate in the following activities:

- 109 in unsubsidized employment;
- 66 in volunteer or community service work sites;
- 48 in education or training; and
- 4 in job search or job readiness.

*Note:* Some individuals may have been in more than one activity in the month.

The remainder of work-eligible parents, 2,082 ( $3,697 - 1,615 = 2,082$ ), who did not participate in any activities, did not participate for the following reasons:

- 850 had documented medical issue;
- 662 were disregarded as permissible under federal guidelines;
  - 390 had children under the age of 1; and
  - 272 were in a sanction status for not meeting participation requirements;
- 212 were in the process of being sanctioned for non-participation;
- 180 were otherwise exempted and not required to participate;
- 86 were in transition within the program;
- 85 were in their first month of receipt of TANF financial assistance; and
- 7 were caring for a disabled family member in the household.

It is important to note here that of the 850 individuals with a medical issue, some of these individuals are intact families with one parent with a medical issue that prevents participation in a work activity and some are single-parent families. In fact, 591 of these individuals are single-parent households and they are still considered by federal guidance as 'work-eligible' individuals and are included in the work participation rate calculation.

If States were permitted to disregard those single parents with documented medical issues from the calculation, the work participation rate for the month of March would change as follows:

1,405 divided by 2,257 ( $2,838 - 581 = 2,257$ ) = 62.3% work participate rate

New Hampshire's work participation rate would increase by almost 13 points if our rate was calculated with only those that are able-bodied and medically released for work.

Now that we have set the stage, and to address both new reporting requirements, there are other activities TANF families are participating in that are not reported to ACF for a variety of reasons. Among the individuals already identified above, there were 673 people who were participating in activities calculated to help the family move to self-sufficiency that were not reported to ACF. Most of them, 503 individuals, were not reported because they had already met participation and reporting the additional hours was not necessary.

For the remainder, 170 parents, the vast majority were conducting job search/job readiness activities and did not meet federal standards to be included in the work participation rate. Since this activity has a statutory time limit, and to preserve the hours, the activity was not reported. The job search/job readiness activity has a yearly limit of 120 hours, or 180 hours for families where the youngest child is 6 years old or older, and any participation for any amount of hours in this activities can not be consecutive for greater than 4 weeks. Reporting of these hours had no added value so New Hampshire chose not to report them.

Additionally, one of the new reporting elements requires States to track hours for non-countable activities. This is a new reporting requirement. These are hours that do not count towards the 50% work participation requirement. New Hampshire did institute this requirement for field staff to enter hours of participation into our data management system for these non-countable activities in May 2011.

This is a significant change for field staff. We were not able to set this new expectation for field staff until May of this year, so March data did not get entered into the computer system. Unfortunately, for the month of March, we are not able to fully document all the efforts our families make to move towards self-sufficiency. It is expected we will see non-countable hours reported in the quarterly submission of this data due in August of this year. This new requirement on field staff only affects the reporting of non-countable activities that do not meet federal standards.

## **Analysis Statement**

The data provided demonstrates that the New Hampshire Employment Program has been consistently able to engage participants in meaningful work activities and has made a concerted effort to operate the TANF work program as intended by federal and state laws. In 2010, an average of 109 clients left the TANF program each month with average earnings of \$10.39 an hour, with average hours of 30 hour a week. And this was accomplished in a weak economy.

The federal consideration that has allowed New Hampshire to avoid federal financial penalty when not meeting a 50% work participation rate expires September 30, 2011. Although we are very close to the target rate each year, other strategies must be brought into play so we can consistently meet the 50% target and avoid program penalties.

As illustrated above, the most significant group of those not able to participate, who are considered work-eligible and are included in the mandatory work participation rate calculation, have a documented medical condition. These individuals are not currently eligible for a state or federal financial disability program. These could be families who have already applied for a disability program awaiting a disability determination or an appeal decision, or those who have shorter-term illnesses/disabilities who are unable to participate for a specified period of time.

A 50% participation rate is an arduous task given the great number of individuals experiencing medical issues. TANF can act as a stop-gap program for poor families as they pursue eligibility for other financial assistance program which provide assistance for disabled

populations. If New Hampshire was able to remove those parents that are unable to participate, meeting the required 50% participation rate would be significantly more achievable on a regular basis.

### **Most Common Activities Not Counted Towards Work Participation Rate**

As mentioned previously, the new requirement for field staff to record hours of non-countable activities that move the family towards self-sufficiency did not get implemented till May, so New Hampshire is not able to document those reported hours. NHEP does have a State activity called Barrier Resolution that is used when an individual is seeking services for a barrier that prevents full participation, or is used when clients are accessing community services. Since we did not previously require field staff to document the hours clients spent in that activity, we can not report those hours to ACF.

We did perform an analysis of the individuals who were enrolled in our Barrier Resolution activity. From a federal perspective, these individuals were 'scheduled' for the activity since the hours were not required to be reported. For the month of March, there were 155 individuals enrolled in the Barrier Resolution activity, the vast majority of these mandatory, work-eligible individuals. The 155 individuals were enrolled in this activity for the following reasons:

- Medical issues 83
- Domestic violence 24
- Unspecified 18
- Housing issues 14
- Childcare issues 8
- Transportation issues 5
- Personal Issues 2
- Relocation 1

Again, we see medical issues as a barrier to participation in the work program. Over half of these individuals, in addition to the 850 clients who have medically verified exemption from participation in the work program, are considered work-eligible and are included in the mandatory work participation calculation.

New Hampshire is expecting to better document and report the hours for non-countable activities in the near future. Field staff work diligently to gather paper verifications for the hours clients work in countable activities. Including the expectation of entering hours in non-countable activities adds to the work load, without adding to the mandatory 50% rate which in the end, can effect our federal funding.