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*TANF: A Guide to the New Definitions of What Counts as
Work Participation*

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Abstract. The Deficit Reduction Act of 2005 (DRA, P.L. 109-171) included changes to work participation standards under the Temporary Assistance for Needy Families (TANF) block grant that seek to increase the share of the cash welfare caseload engaged in work or job preparation activities. The law also required the Department of Health and Human Services (HHS) to issue regulations defining TANF work activities to ensure a consistent measurement of work activity across states. Highlights of the regulations (published June 29, 2006) include requiring all activities to be supervised (many on a daily basis); disallowing four-year or advanced college degrees to count as vocational educational training; and explicitly allowing treatment for the removal of certain barriers to employment such as substance abuse and mental or physical disability to count toward the participation standards, though for a limited period each year as a "job readiness" activity. It also allows "supported employment" for individuals with disabilities to count. Additionally, the definition of job skills training directly related to employment appears to allow a wide range of training and educational activities.

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TANF: A Guide to the New Definitions of What Counts as Work Participation

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Summary

The Deficit Reduction Act of 2005 (DRA, P.L. 109-171) included changes to work participation standards under the Temporary Assistance for Needy Families (TANF) block grant that seek to increase the share of the cash welfare caseload engaged in work or job preparation activities. The law also required the Department of Health and Human Services (HHS) to issue regulations defining TANF work activities to ensure a consistent measurement of work activity across states. Highlights of the regulations (published June 29, 2006) include requiring all activities to be supervised (many on a daily basis); disallowing four-year or advanced college degrees to count as vocational educational training; and explicitly allowing treatment for the removal of certain barriers to employment, such as substance abuse and mental or physical disability to count toward the participation standards, though for a limited period each year as a “job readiness” activity. It also allows “supported employment” for individuals with disabilities to count. Additionally, the definition of job skills training directly related to employment appears to allow a wide range of training and educational activities. This report will be updated as warranted.

TANF law lists 12 categories of work activities that recipients of assistance may engage in and be counted toward its work participation standards. The 12 listed categories are (1) unsubsidized employment; (2) subsidized private sector employment; (3) subsidized public sector employment; (4) work experience; (5) on-the-job training; (6) job search and job readiness assistance; (7) community services programs; (8) vocational educational training; (9) job skills training directly related to employment; (10) education directly related to employment (for those without a high school degree or equivalent); (11) satisfactory attendance at a secondary school; and (12) provision of child care to a participant of a community service program.

Under prior HHS regulations, *states* were allowed to define the specific activities included in each of these federal categories.¹ However, DRA required *HHS* to issue regulations by June 30, 2006, to define TANF work activities to ensure consistent measurement of work. The regulations, published as interim final regulations on June 29, 2006,² provide definitions for each of 12 federal categories of work activities listed in the law, with the explanatory preamble providing specific examples of activities that can or cannot be counted within these categories. This report pulls together the official definition of each of the 12 categories (as stated in the regulatory text) with the information in the preamble that provides a more detailed description of what activities may, and what activities may not, be counted within each of the categories.

Unsubsidized Employment

Official Definition. “*Unsubsidized employment* means full- or part-time employment in the public or private sector that is not subsidized by TANF or any other public program.”

Example of What Counts. Employment not directly subsidized by TANF or other public funds counts. However, it *includes* employment where employers claim a tax credit for hiring disadvantaged workers. It also includes self-employment.

Example of What Does Not Count. If a recipient is in a job where the employer receives a “direct subsidy” from public funds (other than tax credits, discussed above), the recipient is considered in subsidized employment.

Subsidized Private Sector Employment

Official Definition. “*Subsidized Private Sector Employment* means employment in the private sector for which the employer receives a subsidy from TANF or other public funds to offset some or all of the wages and costs of employing a recipient.”

Examples of What Counts. Participation on a job where the employer receives a subsidy and the participant is paid wages and receives the same benefits as unsubsidized employees who perform similar work. Examples include a job where (1) TANF funds that would otherwise be paid as benefits instead reimburse some or all of the employer’s costs for wages, benefits, taxes, and insurance; and (2) a third-party (e.g., nonprofit organization) acts as a temporary staffing agency and is paid a fee from TANF to cover the participant’s salary and support services. It also includes “supported employment” programs under the Rehabilitation Act of 1973 for individuals with disabilities.

Examples of What Does Not Count. Employer’s receipt of subsidies through the tax code does not make a job “subsidized employment.” Such jobs should be counted as “unsubsidized employment.”

¹ See *Definition of TANF Work Activities*, by Gene Falk, May 30, 2006. This CRS memorandum is available upon request.

² See *Federal Register*, Vol. 71, No. 125, June 29, 2006. pp. 37454-37483. HHS will accept comments on the regulations through August 28, 2006.

Subsidized Public Sector Employment

Official Definition. “*Subsidized Public Sector Employment* means employment in the public sector for which the employer receives a subsidy from TANF or other public funds to offset some or all of the wages and costs of employing a recipient.”

Examples of What Counts. See the discussion of “Subsidized Private Sector Employment,” above.

Example of What Does Not Count. See the discussion of “Subsidized Private Sector Employment,” above.

Work Experience

Official Definition. “*Work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available* means a work activity, performed in return for welfare, that provides an individual with an opportunity to acquire the general skills, training, knowledge, and work habits necessary to obtain employment. The purpose of work experience is to improve the employability of those who cannot find unsubsidized employment. The activity must be supervised by an employer, work site sponsor, or other responsible party on an ongoing basis and no less frequently than daily.”

Example of What Counts. Activity is sometimes called “workfare” because the activity is performed in return for the TANF grant and employees do not receive wages or compensation.³

Examples of What Does Not Count. Activities such as job search, job readiness activities, and vocational education.

On-The-Job Training

Official Definition. “*On the job training* means training in the public or private sector that is given to a paid employee while he or she is engaged in productive work and that provides knowledge and skills essential to the full and adequate performance of the job. On the job training must be supervised by an employer, work site sponsor, or other responsible party on an ongoing basis no less frequently than daily.”

Example of What Counts. For this activity, states subsidize the costs of *training* (as opposed to wages and benefits) provided to the participant, and there is an expectation that the participant will become a regular, unsubsidized employee. For individuals with disabilities who are in “supported employment,” the activity may be considered on-the-job training if it includes significant on-site training.

³ However, if the work experience participant is considered an employee under the Fair Labor Standards Act, hours in work experience are limited by dividing the TANF grant (and sometimes the food stamp grant) by the minimum wage.

Example of What Does Not Count. “Supported employment” that does not include significant on-site training should be counted as “subsidized employment” rather than on-the-job training.

Job Search and Readiness

Official Definition. “*Job search and job readiness* means the act of seeking or obtaining employment, preparation to seek or obtain employment, including life skills training, and substance abuse treatment, mental health treatment, or rehabilitation activities for those who are otherwise employable. Such treatment or therapy must be determined to be necessary and certified by a qualified medical or mental health professional. Job search and job readiness assistance activities must be supervised by the TANF agency or other responsible party on an ongoing basis no less frequently than daily.” Note: Participation in this activity may be counted for six weeks (12 weeks in certain circumstances) in a fiscal year.

Examples of What Counts. Job search includes making contacts with employers (in person, via telephone, etc.) to learn of suitable job openings, applying for vacancies, and interviewing for jobs. Job readiness basically comprises two types of activities: (1) preparation necessary to begin a job search, such as preparing a resume or job application, training in interviewing skills, and training in workplace expectation and life skills; and (2) activities to remove barriers to employment, such as substance abuse treatment, mental health treatment, or rehabilitation activities.

Examples of What Does Not Count. Activities that do not involve seeking or preparing for work — such as activities associated with children’s dental checkups, immunization, and school attendance — do not count; parenting skills training or participation in Head Start (though being a Head Start volunteer may be considered community service; see below); recovery periods from illness; and activities to promote a healthier lifestyle, such as smoking cessation. English as a Second Language (ESL) is not countable as job readiness, but counts as either job skills training or education directly related to employment (see below).

Community Service Programs

Official Definition. “*Community service programs* means structured programs and embedded activities in which TANF recipients perform work for the direct benefit of the community under the auspices of public or nonprofit organizations. Community service programs must be limited to projects that serve a useful community purpose in fields such as health, social service, environmental protection, education, urban and rural redevelopment, welfare, recreation, public facilities, public safety, and child care. Community service programs are designed to improve the employability of recipients not otherwise able to obtain employment, and must be supervised on an ongoing basis no less frequently than daily. A State agency shall take into account, to the extent possible, the prior training, experience, and skills of a recipient in making appropriate community service assignments.”

Examples of What Counts. Examples include work in a school, such as serving as a teacher’s aide; helping as a parent volunteer in a Head Start program; work performed

in a church, such as preparing meals for the needy; and participation in Americorps, Volunteers in Service to America (VISTA), or private volunteer organizations.

Examples of What Does Not Count. Community service does *not* include participation in educational activities, substance abuse treatment programs, mental health and family violence counseling, life skills classes, job readiness instruction, or caring for a disabled family member; nor does community service include unstructured or unsupervised activities such as shoveling a neighbor’s sidewalk or helping with errands, or serving as a foster parent.

Vocational Educational Training

Official Definition. “*Vocational educational training (not to exceed 12 months with respect to any individual)* means organized educational programs that are directly related to the preparation of individuals for employment in current or emerging occupations requiring training other than a baccalaureate or advanced degree. Vocational educational training must be supervised on an ongoing basis no less frequently than daily.”

Examples of What Counts. Programs that prepare an individual for a specific trade, occupation, or vocation count. These may be provided by educational or training organizations, including vocational-technical schools, community colleges, post-secondary institutions, nonprofit organizations, and secondary schools that offer vocational education. Hours in monitored study sessions structured by the state count as vocational educational training.

Examples of What Does Not Count. Programs leading to a baccalaureate (four-year) degree or advanced degree. Also not countable are general basic skills programs and language training (except as mentioned above), substance abuse counseling and treatment, mental health services, and other rehabilitative activities. Programs leading to a high school degree should be counted instead under satisfactory attendance at a secondary school (see below). Unstructured and supervised homework and study time do *not* count as hours in vocational educational training.

Job Skills Training Directly Related to Employment

Official Definition. “*Job skills training directly related to employment* means training or education for job skills required by an employer to provide an individual with the ability to obtain employment or to advance or adapt to the changing demands of the workplace. Job skills training directly related to employment must be supervised on an ongoing basis no less frequently than daily.”

Examples of What Counts. Customized training to meet the skills of a specific employer or general training that prepares an individual for employment. This includes literacy and language instruction if the training is explicitly focused on skills needed for employment, or if the instruction is combined with job training.

Examples of What Does Not Count. Barrier removal activities like substance abuse counseling or treatment, mental health services, and rehabilitative services count.

Education Directly Related to Employment

Official Definition. “*Education directly related to employment, in the case of a recipient who has not received a high school diploma or a certificate of high school equivalency* means education related to a specific occupation, job, or job offer. Education directly related to employment must be supervised on an ongoing basis no less frequently than daily.”

Examples of What Counts. Examples include adult basic education, ESL, and, where needed for employment by employers or occupations, programs leading to a General Educational Development (GED) or High School Equivalency diploma. Hours in monitored study sessions in the course of these programs would count as education directly related to employment.

Examples of What Does Not Count. Education unrelated to specific occupations and unsupervised hours of homework do not count.

Satisfactory Attendance at a Secondary School

Official Definition. “*Satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence, in the case of a recipient who has not completed secondary school or received such a certificate* means regular attendance, in accordance with the requirements of the secondary school or course of study, at a secondary school or in a course of study leading to a certificate of general equivalence, in the case of a recipient who has not completed secondary school or received such a certificate. This activity must be supervised on an ongoing basis no less frequently than daily.”

Example of What Counts. Regular attendance at a secondary school (an activity primarily targeted to minor parents) or GED programs counts. This activity is *not* restricted to education needed for employment. Hours in monitored study count.

Example of What Does Not Count. Unsupervised hours of homework.

Providing Child Care Services to a Community Service Participant

Official Definition. “*Providing child care services to an individual who is participating in a community service program* means providing child care to enable another TANF recipient to participate in a community services program. This activity must be supervised on an ongoing basis no less frequently than daily.”

Examples of What Counts. No further examples are offered.

Examples of What Does Not Count. Providing child care to a TANF recipient who participates in activities other than community service does not count.