



How Pennsylvania Could Shift the Focus in its TANF E&T Programs from the Very Strict Verification of Hours Requirements Currently in Place to More Simplified Tracking of Participation and Outcomes, Without Compromising its Ability to Meet the Federal TANF Work Participation Rate

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Under federal TANF work participation rules, verification of hours of participation in most federally countable activities is burdensome and demeaning for TANF parents – and completely ignores the outcomes they achieve in their Employment & Training (E&T) program.¹ These requirements, moreover, impose an immensely time-consuming burden on Employment and Training program providers, distracting them from their primary task of helping their clients find, enroll, and succeed in activities that will lead them to self-sufficiency.

Here is how one TANF mom described how these requirements make her feel:

I only do timesheets because it is absolutely necessary. It [makes] me feel childish and untrustworthy. It makes me feel like I have to report the hours that I study because I need to be monitored, when in reality I put in way more hours into my study. I study for hours a day because I want to do well and prepare for my career, not because I need to report it. In my opinion, timesheets are waste of time and does not accomplish much.

But, there is at least one approach states can take to shift the focus away from the most burdensome hours verification requirements, without placing in jeopardy their ability to meet the federal TANF Work Participation Rate (WPR). This approach utilizes the state's discretion under federal TANF regulations to designate which of the federally permitted employment and training activities the state elects to count toward the WPR. Texas, for example, has exercised this discretion so as to count only those activities with less stringent hours verification requirements (such as employment), while excluding those with the most onerous verification requirements (such as job search, barrier removal and adult and postsecondary education). The approach works because, in Texas as in other states (including Pennsylvania), the vast majority of countable hours for WPR purposes are produced from employment.

Under this approach, Texas verifies hours of participation using federal WPR verification rules only for employment and attendance in high school or GED by parents under 22.² Hours of employment can be verified by simply taking a single pay stub and projecting the hours reflected therein over a six-month period. And for parents under 22, there is no minimum hours requirement, so participation in the

¹ In a separate Community Legal Services/Community Justice Project paper, we lay out the racial impact and human toll of federal TANF work requirements. See, *"The Racial Impact and Human Toll of Federal TANF Work Requirements."*

² We note that Texas is a proudly work-first state. Thus, their approach to verification of hours could hardly be considered a cutting edge, progressive measure likely to draw scrutiny or criticism from the U.S. Department of Human Services (HHS).

activity is all that must be verified. How Texas might verify participation in other activities is irrelevant to its WPR reporting.

Here is how TX got there:

- Federal TANF regulations at 45 CFR Section 261.10 allow states to define what activities will be considered countable for work participation rate purposes.ⁱ The regulations use the term, “what it means to engage in work.”
- In its Work Verification Plan, Texas elected to limit the definition of countable activities, as follows:

Under 45 Code of Federal Regulations §261.10 states have the flexibility to define what it means to engage in work. For purposes of the work participation rate, Texas is defining “engaged in work” to mean that a Choices-eligible individual is considered engaged in work by participating in unsubsidized employment, subsidized employment, on-the-job (OJT) training, or educational services for Choices-eligible individuals who have not completed secondary school or received a high school equivalency (HSE) credential.

- The number of countable hours in these two activities is enough for TX to meet its WPR, as these activities comprise approximately 89% of all of Texas’ countable hours (88% employment and 1% attendance in high school).

Why this approach would work in Pennsylvania:

- ***82% of parents that had sufficient hours to be counted towards meeting the WPR in Pennsylvania in 2019 reported hours of employment, with an additional 1% reporting attendance in high school, for total of 83%.***
- Countable hours of participation in activities such as barrier removal and adult and postsecondary education, as well as job search, are very limited to begin with under federal rules, and to the extent they are countable they make only a small contribution to Pennsylvania’s work participation rate (WPR).
- In 2019, Pennsylvania’s net WPR target, after adjusting for caseload reduction credit, was zero. The rate it achieved through all countable activities was 22%. ***If only employment and attendance in school were counted, Pennsylvania would still have achieved a roughly 18% rate, still very comfortably above its adjusted WPR target.***

What if the TANF caseload increases and Pennsylvania loses some of its Caseload Reduction Credit?

- Pennsylvania’s caseload has declined significantly since 2005, the base year used to calculate the state’s target WPR. The target work rate the state must achieve is adjusted, taking into account the amount the caseload has declined. If the caseload increases, the state’s target work rate would increase. However, because the caseload has declined so much since 2005, it would take a significant increase in the caseload to put the state in any danger of not meeting its target WPR. For example, in 2015, when the TANF caseload was almost **60 percent higher** than it was in 2019, Pennsylvania was required to achieve a WPR of 22 percent – the rate they achieved in 2019. This suggests that if the TANF caseload increased by 60 percent and the composition of the caseload remained similar to its current composition, Pennsylvania would still have a low

target WPR and would be able to meet it. Pennsylvania has achieved a WPR of at least 22 percent every year between 2009 and 2019. And of course the caseload has fallen considerably since 2019, adding to the state's cushion.

- Pennsylvania's TANF caseload has not seen an increase in any year since 2010, the earliest year for which we can find data. Over this period of time, the caseload has dropped by 65%.
- Should such a stunning TANF caseload increase occur, Pennsylvania could simply add more countable activities back into its Work Verification Plan.

How the Texas approach would ease hours verification for TANF participants, contractors, and BEP:

- Under federal regulations, verification of employment need only be done once every six months and can be based on a single paystub.ⁱⁱ States are permitted to take hours of employment from a single paystub or point in time verification and project those hours forward over a period of six months.
- Since there is no hours requirements for clients under 22 who are in school or in a GED program, proof of participation in the activity suffices.
- ***Since Pennsylvania could maintain something very close to its current WPR counting only the above two activities, it would not need to apply the very strict and onerous federal hours verification rules to those participating in other activities, like barrier removal, job search, counseling, adult and postsecondary education/training.***

Instead, DHS would track participation and outcomes for these participants using a human-centered approach of its own design. It would not be able to claim work participation credit for these participants, but, as we've pointed out, reporting zero hours to HHS for participants in these activities would have virtually no impact on Pennsylvania's ability to meet its target work participation rate.

NOTE that there are actually very few countable hours to be obtained from TANF parents in barrier removal and education activities. Under federal rules barrier removal can only be counted for 4 consecutive weeks and no more than 12 weeks in a 12-month period. Adult education, including ABE, ESL, and GED, is not countable at all. And postsecondary education and training is countable for only 12 months.

The Department of Human's Services' (DHS') recent expansion of the definition of vocational education to include all forms of adult education and postsecondary education almost without limit beyond 12 months – which is key to the success of its E&T redesign -- produces **zero** countable hours for federal WPR purposes. Why ask participants to verify hours that cannot be counted anyway?

The non-work activities for which DHS would cease verifying hours under this proposal would also include community service and job search. Altogether, participants in non-work activities comprise a substantial percentage of TANF parents who are mandatory for participation and whose verification burdens would be greatly eased under our proposal. Yet, dropping these as countable activities would have a minimal impact on Pennsylvania's WPR because, as noted above, there are severe limits on whether and for how long these activities can be counted.

What DHS would have to do to adopt the Texas approach or something akin to it:

- DHS has already exercised in its Work Verification Plan the federal TANF option to verify hours of employment by projecting over a six-month period hours reflected in a single pay stub. **No modification of the Work Verification Plan is required in order for Pennsylvania to verify hours of employment once every 6 months based upon a single paystub or single point in time verification of hours.**ⁱⁱⁱ
- Notwithstanding the federal rule and adoption of that rule in its Work Verification Plan, DHS, for years, required weekly verification of hours of employment by E&T contractors. But that approach was discontinued effective with the 2020/21 program year as part of DHS's E&T redesign, in recognition of the burden that weekly verification of hours of employment places on both working TANF parents and EARN program staff. The 2020/21 EARN manual now provides that hours of employment need only be verified once every six months.^{iv} **Thus, no modification of EARN program rules is required in order for Pennsylvania to verify hours of employment once every 6 months based upon a single paystub or single point in time verification of hours.**
- The only step DHS would have to take in order to limit countable activities as Texas has done would be to amend its Work Verification Plan to include only employment and participation in high school or GED by those under 22 as countable activities. States may amend their Work Verification Plan at any time and can actually modify their work verification procedures in advance of submitting an amended WVP to HHS' Administration for Families and Children (ACF).^v (Of course, this also means that, if at some point it were necessary to include more countable activities, Pennsylvania could simply re-amend its plan.)

NOTE: We have created a "one-pager" to accompany this paper that lays out in a simplified chart format how our proposal would work. See, *How TANF Employment and Training Activities Would be Tracked and Reported Under EPC's E&T Participation Tracking Proposal.*"

Impact of the recently implemented Work Expense Deduction

DHS's implementation of the Work Expense Deduction (WED) this past Fall will actually boost the percentage of federally countable hours produced through employment. The purpose of the WED, of course, was to allow TANF families who start employment to remain on TANF longer before losing eligibility. Working families retained on TANF increase the numerator in the WPR calculation thereby boosting the rate. Implementation of the WED would not have been reflected in Pennsylvania's 2019 work participation rate. Therefore, we can reasonably expect the percentage of countable hours produced by employment to be greater than 82% once the impact of the WED on the WPR begins to be seen.

Potential Impact of DHS's proposed extension of Transitional Cash Assistance

DHS recently proposed to extend its Transitional Cash Assistance (TCA) program to augment the "making work pay" effect of the Work Expense Deduction. We were told that the implementation of this policy change has been delayed for budgetary reasons. But, were DHS to go ahead with an extension of TCA, this, too, would boost the percentage of federally countable hours produced by employment. Just as with the WED, extension of TCA increases the number of families receiving TANF "assistance." And since, by definition, these are all working families, they are included in the

numerator, as well as the denominator of the WPR calculation, further raising the percentage of federally countable hours from employment.

Accountability of TANF Participants and Contractors Under the Proposed Model

We recognize that DHS has an obligation to ensure that TANF recipients are participating in programs, and that its contractors are providing services of value to DHS and participants. But there is no reason why those forms of accountability must comport with the extremely onerous and counterproductive federal work verification rules. DHS should separate the two functions of: (i) compliance with federal reporting obligations; (ii) and holding its participants and contractors accountable.

Once DHS has decided that it need follow the federal work verification rules only as far as is necessary to comply with federal requirements, using the Texas approach, it can make its own decisions about what other forms of accountability to adopt. For participants, DHS could think through how best to ensure participation without demeaning and unnecessarily controlling requirements stemming from historically racist distrust of participants.³ And for contractors, DHS could think through the outcomes that it is seeking, and how contractors can be measured on whether they achieve those outcomes. We would welcome the opportunity to collaborate with the Department on these issues.

Conclusion

We think that what we are proposing is entirely consistent with, and, in fact, integral to the success of DHS's vision for redesign of its Employment and Training programs. Current hours verification requirements for everything other than employment and attendance in high school are extremely burdensome for TANF E&T participants and providers alike. Opting out of the stringent federal hours verification requirements for non-work activities would allow DHS to substantially simplify its methods for tracking participation in the very activities – counseling, barrier remediation, and education – that DHS wishes to promote. Reducing the burden of verification would allow TANF participants to focus on the activities we all want to see them succeed at, while at the same time freeing up E&T provider staff time to help address barriers to participation and support participants in their activities. Each of these factors is key to realizing the vision of E&T redesign.

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³ See, “*The Racist Roots of Work Requirements*,” Elisa Minoff, Center for the Study Social Policy, February 2020, Available at [2020- Feb Racist-Roots-of-Work-Requirements-CSSP-1.pdf](#)

Endnotes:

ⁱ ***Federal regulation allowing states to determine what it means to “engage in work.”***

§ 261.10 What work requirements must an individual meet?

(a)

(1) A parent or caretaker receiving [assistance](#) must engage in work activities when the [State](#) has determined that the individual is ready to engage in work or when he or she has received [assistance](#) for a total of 24 months, whichever is earlier, consistent with section 407(e)(2) of [the Act](#).

(2) The [State](#) must define what it means to engage in work for this requirement; its definition may include participation in work activities in accordance with section 407 of [the Act](#).

ⁱⁱ ***Federal regulation allowing states to verify hours of employment for a six month period using a single pay stub.***

§ 261.60 What hours of participation may a State report for a work-eligible individual?

(c) For unsubsidized employment, subsidized employment, and OJT, a State may report projected actual hours of employment participation for up to six months based on current, documented actual hours of work. Any time a State receives information that the client’s actual hours of work have changed, or no later than the end of any six-month period, the State must reverify the client’s current actual average hours of work, and may report these projected actual hours of participation for another six-month period.

ⁱⁱⁱ ***Excerpt from PA’s Work Verification Plan regarding verification of hours of employment.***

1. Verification of Actual Hours of Participation

An individual’s participation in [Unsubsidized Employment](#) can be verified in one of the following ways:

- A copy of at least one pay stub that was current at the time it was used to project income;
- A letter or statement from the employer that enumerates hours;
- A copy of an attendance record as verified by the employer;
- An Employment Verification Form;
- Time sheets as verified by the employer;
- A letter stating the details of the work provided as income-in-kind; or
- Other methods such as collateral contact or independent verification sources.

When the Commonwealth receives verification of employment through any of the ways listed above, the hours of participation are recorded in the data system at initial entry into the activity and prospectively for a six-month period. A copy of at least one pay stub that was current at the time is used to project income for no more than 6 months. Hours of participation will be adjusted if the individual reports a change in employment status such as increased or decreased hours, loss of job or new employment. Upon expiration of the six-month period or at the semi-annual review, whichever comes first, the individual must again provide verification that will be used to project the hourly participation for the subsequent six-month period.

^{iv} ***Excerpt from DHS’s EARN Manual that stating that verification of hours of employment is required only once every 6 months for TANF clients in retention:***

Retention and Increased Earned Income Verification. The EARN service provider must verify employment at 6 months and 12 months after retention begins. DHS will work with our internal resources to data match wage and income information and distribute it to providers. For the participants that could not be matched and/or verified through DHS mechanisms, the provider will be responsible for verifying employment information. The methods of employment verification include but are not limited to paystubs, documentation from the employer, DHS approved Employment Verification Form (EVF), the Work Number (or similar service), or CIS. To meet the Increased Earned Income performance measure, verification of actual income is required.

^v See, TANF-ACF-PI-2010-07 (Amending an approved Work Verification Plan (WVP). Publication Date: October 18, 2010:

Section 261.63(c) requires a State to amend its WVP by the end of the quarter in which it modifies its verification procedures for work activities or its internal controls for ensuring a consistent measurement of the work participation rate.