
The Deficit Reduction Act (DRA) of 2005 Focus on Work and Accountability

Secretaries' Innovation Group

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**Welfare Reform Accomplishments
1996-2005**

- *Welfare rolls had declined by 57 percent, down from 4.41 million in August 1996 to 1.89 million families*
- *Fewer families on welfare than any time since 1969*
- *63.1 percent of never married single mothers were employed, up from 49.3 percent in 1996*
- *Child poverty rates had declined from 20.5 percent in 1996 to 17.8 percent in 2004, with 1.4 million fewer children in poverty*

The Deficit Reduction Act of 2005

Focus on Work and Accountability

Objectives of the Deficit Reduction Act (DRA) of 2005

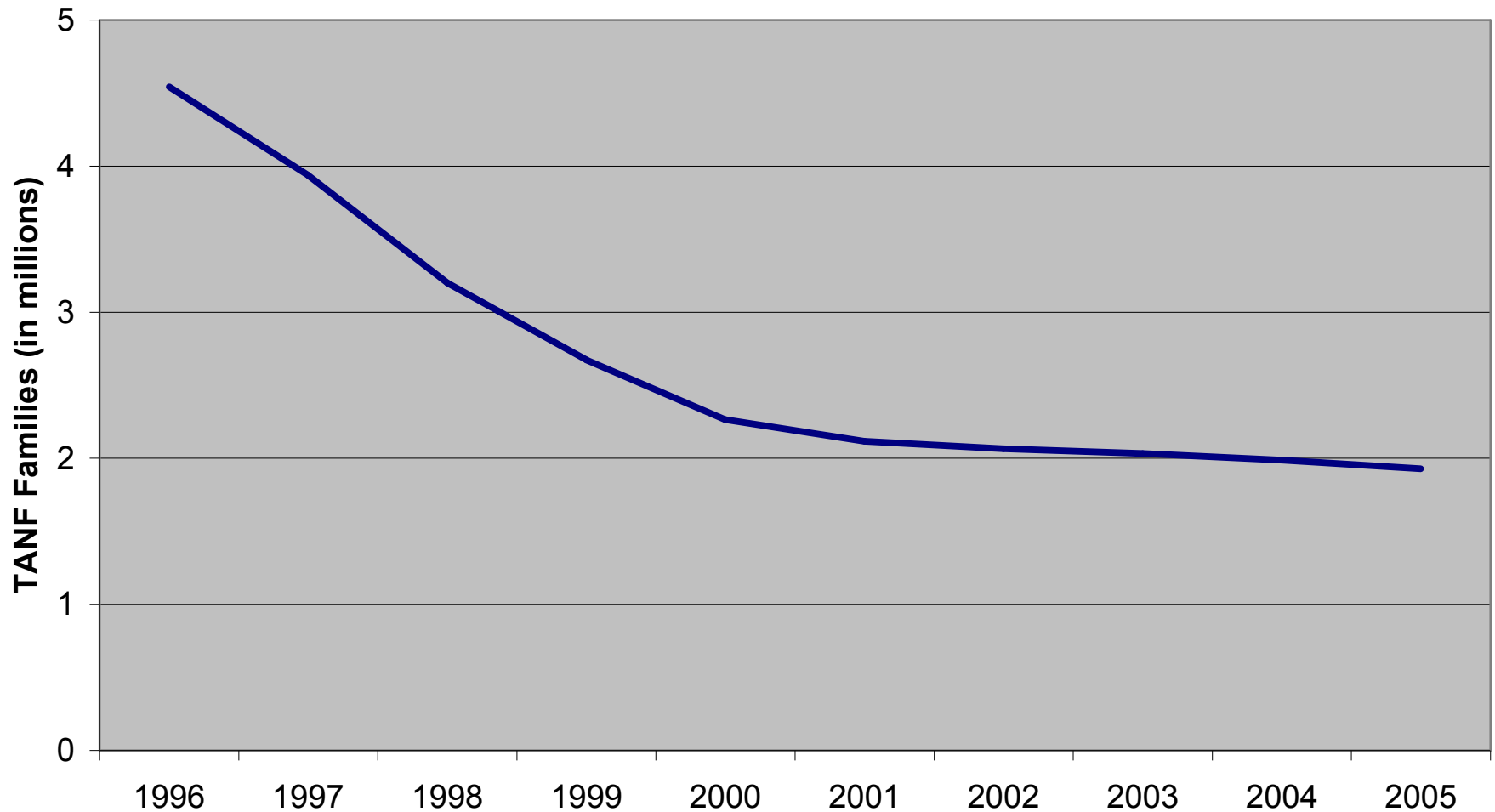
- *Re-establish a meaningful State work participation rate*
- *Define each work category more precisely*
- *Add additional categories of individuals into the State work participation calculation*
- *Establish new work verification plan*

Why the 2005 Changes to the TANF Program?

- *Stalled caseload could be moved by re-establishing a meaningful work participation rate*
- *Many families able to participate were not required to meet work requirements*
- *Many inconsistencies existed in how state performance is measured through the work participation rate*
- *Move more families to work and out of poverty*

Overall Slower Caseload Decline

TANF Families
Fiscal Years 1996 – 2005

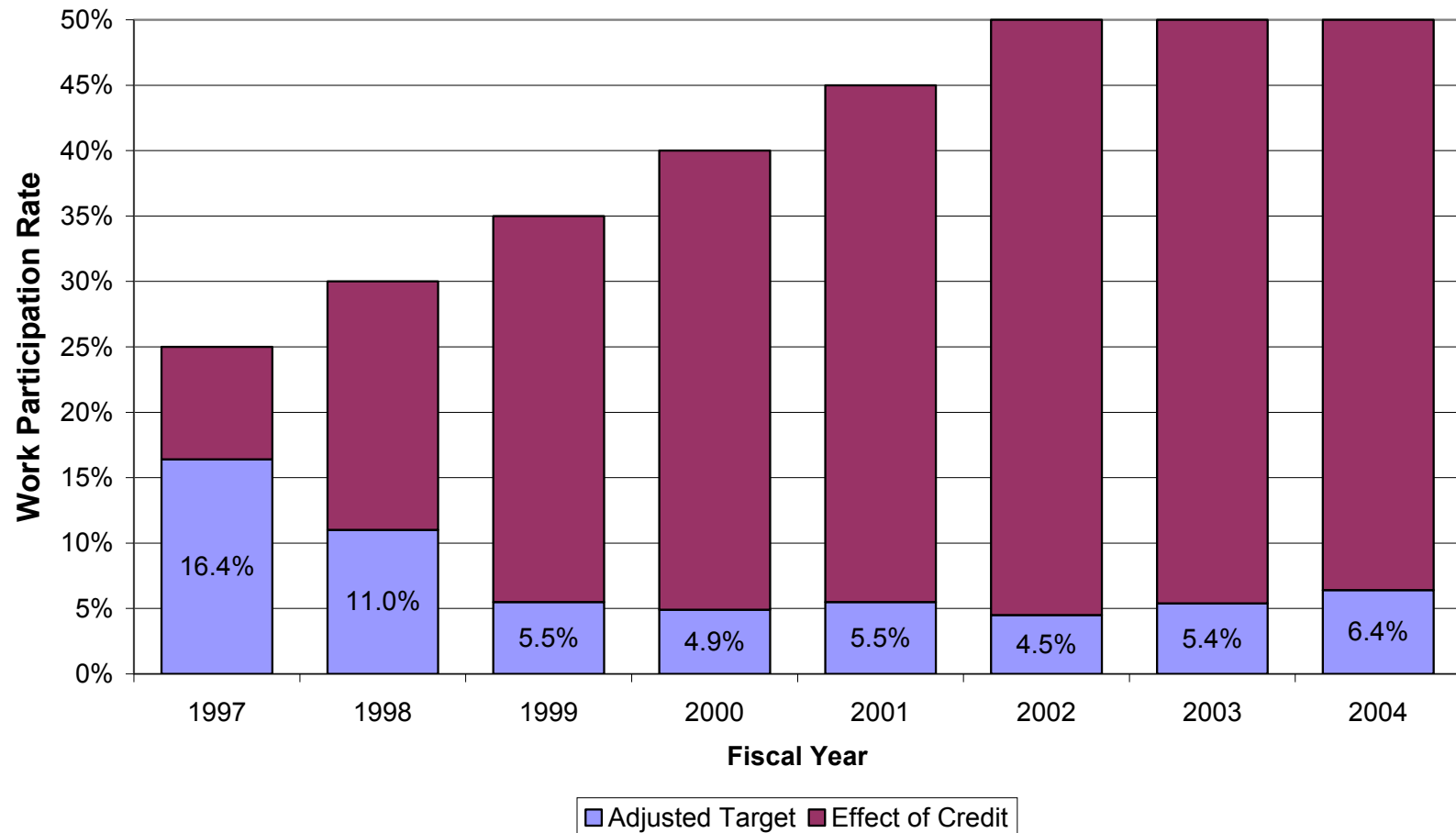


The Deficit Reduction Act of 2005: Focus on Work and Accountability

The Effect of the Caseload Reduction Credit

TANF Caseload Reduction Credit

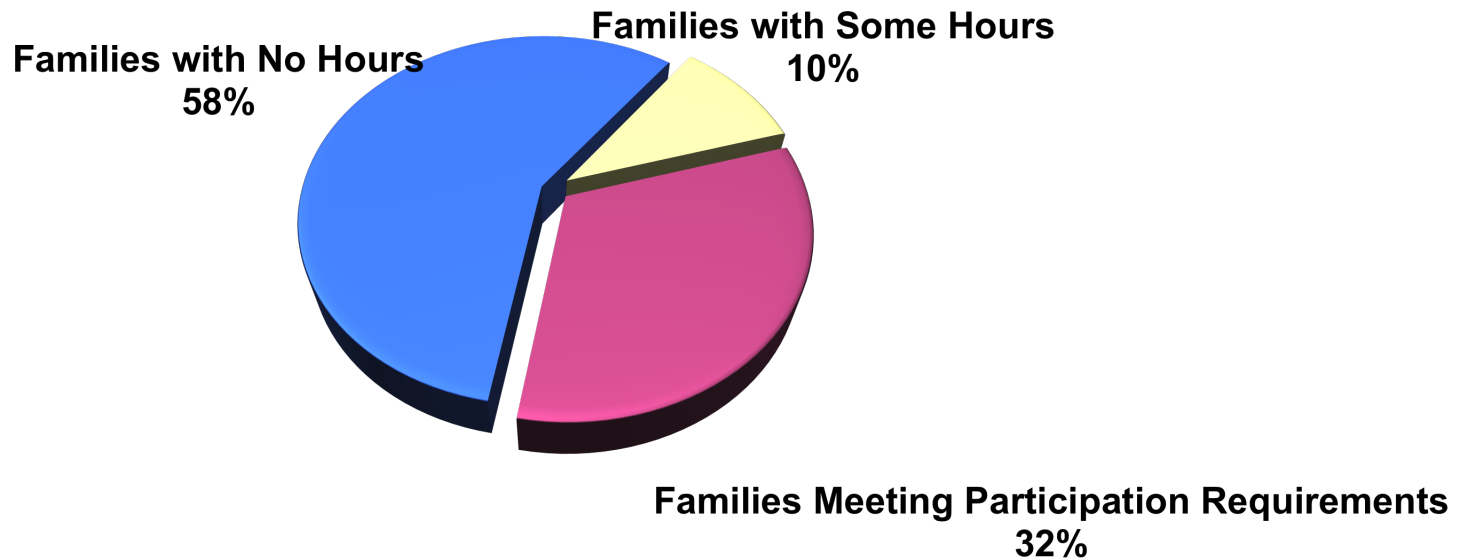
FY 1997- 2004



The Deficit Reduction Act of 2005: Focus on Work and Accountability

Many Families Had No Hours

TANF Families Required to
Participate in Work Activities in 2004

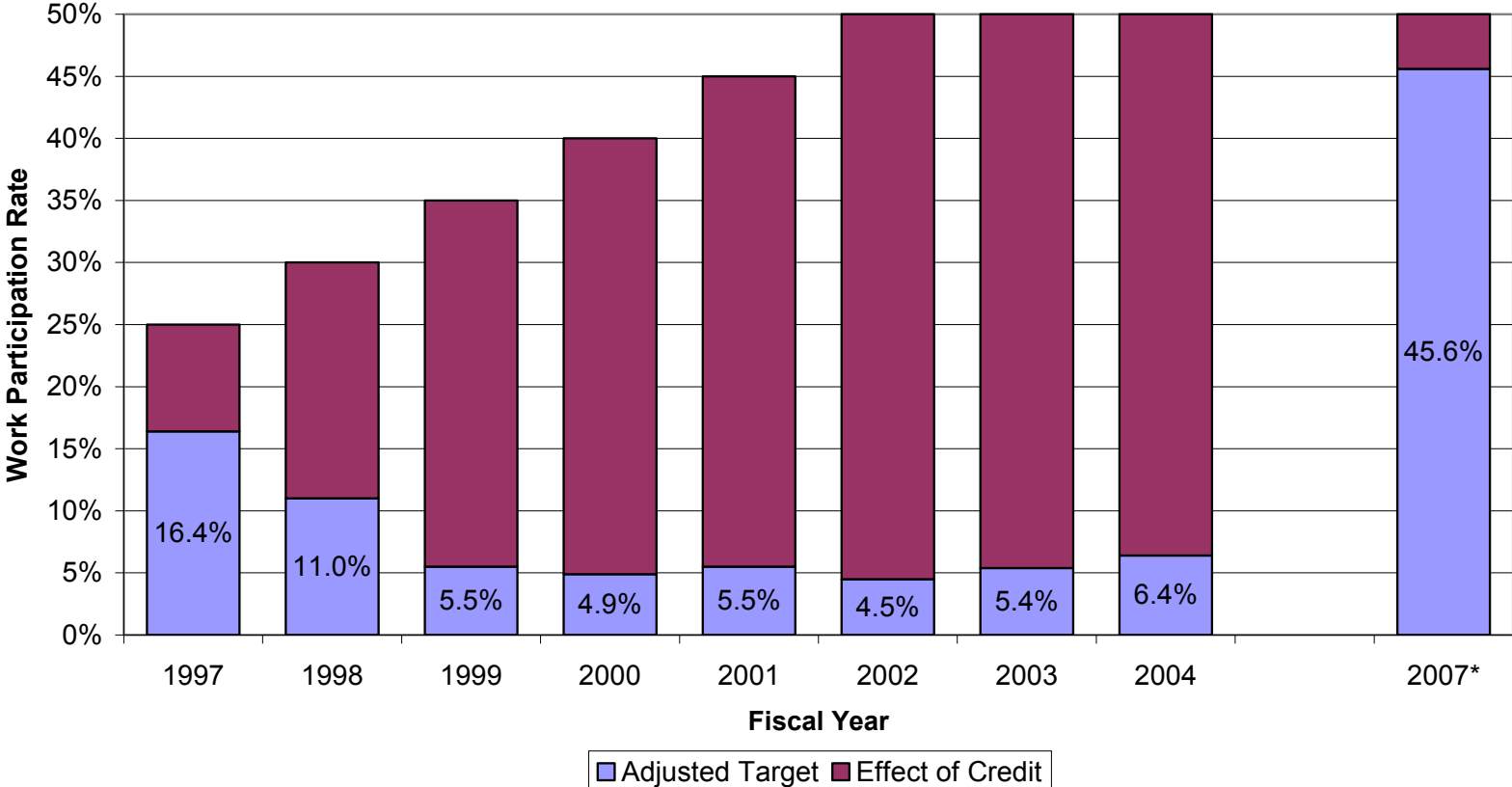


DRA Re-established Meaningful State Work Participation Rate Requirements

- *Maintained 50 percent work participation rate requirement for States*
- *Caseload reduction credit:*
 - *Updated base year for calculation of caseload reduction credit from 1995 to FY 2005*
- *No changes to the individual work participation requirement*

The Effect of the Caseload Reduction Credit

TANF Caseload Reduction Credit FY 1997-2004 and FY 2007



* FY 2007 adjusted target estimated based on caseload decline rate during FY 2005

TANF Statutory Work Activities

■ *Core activities (count toward first 20 hours)*

- *Unsubsidized employment*
- *Subsidized private employment*
- *Subsidized public employment*
- *On-the-job training*
- *Job search/job readiness assistance
(6 weeks per year)*
- *Work experience*
- *Community service*
- *Vocational educational training
(12 months lifetime)*
- *Providing child care for an individual in
community service*

■ *Non-core activities (do not count toward the first 20 hours)*

- *Job skills training directly related to
employment*
- *Education directly related to employment*
- *Attendance at secondary school/GED
program*

HHS Regulations: Defining Work Activities

- *In final rule, HHS used common-sense definitions for all work categories-for example:*
 - *Employment: full or part-time paid work*
 - *Work experience: limited to “working off the grant” (performing work for an employer, e.g., as a file clerk, in exchange for the TANF grant)*
 - *Job search/job readiness assistance: seeking or preparing for employment which could include short-term substance abuse treatment, mental health treatment, or rehabilitation activities*
 - *Community service: structured work programs for the direct benefit of the community via public or nonprofit organizations*
 - *Vocational educational training: limited to education directly related to employment that could include remedial education and basic education in a work context*

HHS Regulations: Tighten Focus on Work

- *Counted only actual hours of participation and limited scheduled hours for non-paid work activities*
- *Education and training must be directly related to a specific job*
- *Counted substance abuse, mental health, and rehabilitation activities for 6 weeks per year under “job readiness” activities*
- *Permitted States to count recipients as meeting the core work activity requirement when they work the maximum number of hours under the minimum wage requirement of the Fair Labor Standards Act but their hours worked fall short of the minimum number of hours required by TANF*

HHS Regulations: Added Additional Categories of Individuals into the State Work Participation Requirement

- *Included families in separate State programs IF State claims expenditures against their Maintenance of Effort (MOE) requirement*
- *Included certain child only cases:*
 - *When parents were sanctioned*
 - *When parents reached time-limits*
 - *At State option, when a parent received SSI works or participates in the Ticket to Work program*
- *Excluded other child-only cases:*
 - *Grand parents and other non-parents and those under five year ban*
 - *Parents receiving SSI not included under State option*

HHS Regulations: Tightened State Accountability

- *All activities used to satisfy work requirements had to be supervised*
- *Required Work Verification Plans to validate work data by September 30, 2006*
 - *Began to penalize for verification failures starting October 2007*
- *Implemented new DRA penalty for non-compliance with work verification plan (a 1 to 5 percent reduction in a State's TANF grant for each year out of compliance)*

HHS Regulations: A Brief Summary

- *Addressed the caseload reduction credit to re-establish a meaningful work participation rate*
- *Addressed the variability in work activity definitions across states and within states year over year*
- *Addressed the need for more clarity around internal controls*