

Date of Issue: September 15, 2011
Office of Issue: AWI FG 072
Reference: Welfare Transition Projecting Employment Hours

## **Welfare Transition Program Final Guidance Projecting Employment Hours**

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### **Of Interest To:**

Workforce Florida, Inc. (WFI), all Regional Workforce Boards (RWBs), and other entities engaged in implementing programs under the Temporary Assistance to Needy Families (TANF) program and the Welfare Transition (WT) program.

### **Subject**

Guidance regarding when it is permissible to project hours of participation as allowed by the TANF Interim Final Rule released in 2006 and subsequent TANF Final Rule released in 2008.

### **Background**

The Personal Responsibility and Work Reconciliation (PRWORA) Act was passed in 1996. The Act eliminated the open-ended federal welfare entitlement program, Aid to Families with Dependent Children (AFDC) and replaced it with the Temporary Assistance to Needy Families (TANF) program. The TANF regulations include the requirement that adults in families receiving cash assistance work or participate in work activities in exchange for time-limited cash assistance.

The Deficit Reduction Act (DRA) of 2005 reauthorized the TANF block grant and required the HHS to develop federal regulations, define work eligible individuals and work activities to ensure accurate and fair measurement across states. The Interim Final Rule defined work eligible individuals and work activities that had not previously been defined. It also required states to submit a Work Verification Plan, outlining how each state will administer its Welfare Transition program. The interim rule introduced the “projecting” provision that allows states to project the number of hours of participation for employed participants. The Final Rule finalized the work activity definitions and the projecting provision for employed participants. Florida’s approved Work Verification Plan (WVP) allows for this federal provision.

### **Program Guidance**

#### **Projecting Hours (under what circumstances can you “project” hours of participation?)**

45 CFR 261.61(c) of the Final Rule permits states to project actual hours *of unsubsidized employment, subsidized employment or On-the-Job Training (OJT)* for up to six months at a time on the basis of prior documented actual hours of work. Hours of participation may be projected for the following paid activities:

1. Unsubsidized Employment;
2. Subsidized Private and Public Sector Employment;
  - a. Hours ***may*** be projected for subsidized employment that is ***TANF-funded*** with documentation of continued employment from the employer
3. On-the-Job Training; and
4. Self-employment.

Before projecting hours, program staff is required to ensure that the following has taken place:

1. The employment has been documented and verified based on WVP guidelines and the region's Local Operating Procedure (LOP); and
2. A full-pay cycle has been received.

Florida's WVP provides guidance on how the state will make projections under the federal guidelines. Florida's WVP allows program staff to project hours up to six months based on actual documentation received from an individual's ***first full pay cycle***. A full pay cycle is one in which an individual is paid for a full pay cycle's duration of work. For example, an individual paid bi-weekly would have to work a full two weeks and the pay stub or pay documentation would have to reflect the number of hours worked for that two-week duration.

Often times, participants who gain employment will become ineligible for TCA because their earned income is too high to continue to receive cash benefits. When this happens, DCF will record the employment information and the RWB will receive a closure alert notifying the RWB that the customer is no longer eligible for cash assistance. The RWB may project hours based on the most recent pay documentation with a full pay cycle.

Sometimes a participant can gain employment and still be eligible for TCA. When this happens, DCF will record the employment information and the participant's benefit amount will be reduced. It is important to remember that even if the customer is receiving a reduced benefit amount, these months still count towards the participant's time-limited months. Employment hours ***may*** be projected on open cases based on a full pay cycle ***if*** the RWB receives documentation that the customer continues to be employed. Self-attestation from the customer ***is not*** acceptable as verification or documentation of continued employment. The allowable documentation and verification methods can be found in the ***Documentation (section V)*** section of this guidance. RWBs should consider offering an alternative to the reduced payment. Some alternatives include:

- Determining if the participant qualifies to receive a Cash Severance payment. To learn more about the Cash Assistance Severance, please click the following link: [Guidance-Cash Assistance Severance Benefit](#).
- Discuss with the participant the possibility of opting out of receiving the reduced payment to preserve their time-limited cash assistance months. The participant would still qualify for transitional services, based on funding availability and local operating procedures.

The Final Rule identifies self-employment as “unsubsidized employment” however; there is no employer to issue a pay stub and no supervisor to monitor work hours. In this situation, HHS allows states to count the number of hours by dividing the individual’s self-employment gross income less any business expenses by the federal minimum wage. The HHS also provided states the opportunity to propose an alternative method of determining self-employment hours. As a part of Florida’s Work Verification Plan, the state has opted to use the participant’s gross self-employment income less business expenses, divided by the higher of the State or federal minimum wage. Currently, the state’s minimum wage is \$7.31 which is higher than the federal minimum wage of \$7.25.

Self-employment hours may be projected if the employment closes the cash assistance. Proof of gross income and business expenses shall be documented prior to projecting self-employment hours. Because there is no employer to verify continued employment for a self-employed participant, the RWB must continue to collect documentation related to self-employment as necessary. If a closure alert is received from DCF and the RWB has secured documentation to support employment, employment hours may be projected thereafter.

#### **IV. Local Operating Procedure**

The RWBs are required to develop a local operating procedure on projecting employment hours. The local procedure must include the requirement to obtain documentation of employment, proof of a full pay cycle and documentation that the closure alert has been received prior to projecting hours. Each staff member should complete the process in the same manner and the LOP should provide program staff the guidance on how to enter information as outlined in the regional policy. For instance, if the region allows program staff to contact the employer directly to verify the number of hours worked to document and project hours once the closure alert has been received, the region should ensure that program staff are using a uniform collateral contact form that includes required information outlined in Florida’s approved Work Verification Plan.

#### **V. Documentation**

As outlined in the Work Verification Plan, Florida can project hours of participation for paid activities for up to six months based on **documented actual hours** of work during a participant’s first full pay cycle.

The RWB or provider personnel will verify actual hours of employment from documentation that includes:

1. Proof of employment with wage rate and hours;
2. Pay stubs;
3. Time sheets;
4. Copies of checks;
5. Money orders; and/or
6. Other payment forms submitted by the work eligible individual.

Staff may also verify employment hours by contacting the employer directly and documenting employment, wage rate and hours. Verification of employment hours or other employment

information through employer contact ***must include the employer's name, date contacted, person spoken with and the name of the provider staff person who obtained the verification.*** Provider staff is required to maintain written verification in the case file.

## **VII. Case Noting**

The RWBs will ensure that program staff enters case notes on projected hours of employment. The case note must include:

- The job for which hours are being or were projected;
- The date documentation of a full pay cycle was received;
- The number of hours on the documentation and the number of hours to be projected; and
- The duration (list start and end dates) in which the hours are being projected.

## **VIII. Recording Projected Hours in One Stop Service Tracking (OSST)**

Often times, a paystub may reflect that a participant worked an odd number of hours for a particular pay cycle. For instance, the participant is paid bi-weekly and the paystub reflects that they worked 91 hours for the two week period. Normally, program staff would divide the number of hours worked by two since the pay cycle is two weeks (91 hours / 2 = 45.5 hours) and record the hours in the respective weeks on the Job Participation Rate (JPR). OSST does not accept decimals when recording hours on the JPR screen so program staff would have to enter 46 for one week and 45 for the other week. It would not be appropriate to round 45.5 to 46 for each week.

**Frequently asked question:** How do we project in this situation?

**Answer:** Depending on how the hours were entered on the JPR page, you would project the number of hours for the most recent week. Using the above example, if program staff breaks out the hours 46 for the first week and 45 for the second week, program staff would use 45 for each week projected thereafter.