Update: July 18, 2012



Higher TANF Work Participation Targets for FFY 2012 Work Participation Options

ISSUE

The disallowance of charity care as a TANF MOE expenditure by the federal Administration of Children and Families (ACF) will result in significantly higher work participation targets for Washington State's Temporary Assistance for Needy Families (TANF) program. The Department estimates that the state's FFY 2012 TANF All-Family work participation target rate will be 14.6% (instead of 0.5%) and Two-Parent Family work participation target rate will be 54.6% (instead of 37.7%). We are concerned that the state may not meet the All-Family target and we are reasonably certain that the state will not meet the Two-Parent target.

OPTIONS

The state has examined several options in the past to find ways to address increasing participation, especially serving two-parent families. They include:

OPTION	SUMMARY	Cost	RISKS
Intensive Case Management	Devote more staff to work with two-parent families thereby reducing the caseload-to-staff ratio and improving the effectiveness of self-sufficiency activities. Given the number of families participating less than full-time, this may be the most viable option.	SFY 2007 Estimates 1:20 Ratio=\$14.1M 1:40 ratio=\$5.1M 1:60 ratio=\$2 m	Possibility that intensive case management will not result in sufficient improvement in the two-parent participation rate.
Status:	The staffing cost model is being updated to reflect current staffing levels and costs.		

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OPTION	Summary	Соѕт	RISKS
Employment Assistance Program	Create a state-funded program that provides basic assistance payment to employed families who work 30 hours per week. Eligible populations could include TANF families exiting TANF due to employment and employed families that are receiving Basic Food. Estimate uses average monthly number of enrollments in Career Services for FFY 2010 for both All-Family calculation and the 2-parent calculations based upon data reported to ACF All Family = 3,541 Two-Parent = 96 Assumes estimated average number of enrollments are consistent for each month of FFY 2012 (Oct 2011 – May 2012). Estimated Participation Impacts through 8 months of FFY 2012 (Oct 2011 – May 2012): All-Family Target = 14.6% All-Family w/o EAP = 10.0% All-Family w/ EAP = 20.1% Two-Parent Target = 54.6% Two-Parent W/o EAP = 10.0% Two-Parent w/o EAP = 11.7%	1. Current Year Estimated Costs = \$10 x Avg. Monthly Families x 8 months of FFY 2012 (Oct 2011 – May 2012) All Family = \$283,280 Two-Parent = \$7,680 2. Annual Costs FFY 2012 = \$10 x Avg. Monthly Families x 12 months All-Family = \$424,920 Two-Parent = \$11,520	Would be subject to legislative appropriation. Program would potentially be cut in the event the recession worsens.
Status:	A program concept paper is under development at this time.		

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Summary	Cost	RISKS
Continue existing policies in the hope that participation improves and accept any future penalties.	All-Family – 5%= \$13.5M Two-Parent Only = \$1.3M Penalty Acceptance Costs – 9-Year Failure up to 21% Maximum: All-Family - \$317.2 m Two-Parent: 33.4 m State expenditures do not	 Penalty acceptance means waving option to request corrective compliance – penalty deductions begin in succeeding year after ACF issues a final determination. Successive year penalties accumulate and state must make up reductions in following years thereby compounding each year penalty with new state spending that does not qualify as MOE.
FFY 2012 work participation rates will not be published by ACF until mid-2013.	count as MOE.	3. Penalties can be reduced based upon improved performance.
Continue efforts to identify MOE programs that could be claimed in an effort to lower the work participation targets		 Congress must reauthorize TANF by 9/30/2012. There is increasing concern by Congress that excess MOE must be restricted or eliminated. ACF may restrict types or estimation methodologies which reduce the types of
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OPTION	Summary	Соѕт	RISKS
Status:	 MOE outreach group has been established. Outreach group has been assembled List of potential source agencies is under development and nearly complete Outreach initiative informational flyer is under development Outreach introductory letter to be signed by DSHS Secretary is under development Initial contacts to begin in early July 		
State Fund Two-	Use general funds to provide assistance to two-parent	FFY 2006 = estimate \$32.1	Insufficient support in Legislature to fund a
Parent Families	families and the expenditures would not be reported as MOE. TANF restrictions would no longer apply such as time limits or work participation.	M FFY 2010 = \$45.4 M spent on two-parent families	non-MOE program.
Status:			
Subsidized Employment	Concept being developed to work with employers who hire subsidized employment recipients into full-time		
Transition	employment after the subsidized program ends. Requires		
	employer's agreement to allow state to claim wages as a		
	wage subsidy and agreement with ACF that such a practice is permissible.		
Status:	A summary of this proposal has been sent to ACF to see if it would be permissible.		
	ACF has not approved this proposal because the employer's wages would not be considered "assistance". They have suggested that we may want to consider a waiver request to run a pilot to test the outcome under the recently released §1115 waiver authority announcement.		

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§1115 Waivers	On July 12, 2012, the ACF issued a program information memorandum ¹ which outlined authority for HHS to waive certain requirements of the TANF program. HHS is willing to permit states to test approaches and methods other than those identified in Section 607. Any waivers to work participation requirements must make changes that lead to more effective ways of meeting the work goals of TANF.	Waivers must be cost neutral.	On July 12, Dave Camp, Chairman House Committee on Ways and Means, and Orrin G. Hatch, Ranking Member, Senate Finance Committee, sent a letter to HHS Secretary Sebelius expressing their deep concerns with the Information Memorandum (IM) that proposes to grant §1115 waivers to the TANF work participation requirements (42 USC 607).
	 This would be an opportunity to test alternative engagement definitions such as: counting educational activities as core requirements; extending the 12-month vocational education limit to 24-months; or permitting parents who leave TANF subsidized employment to private sector employment to count toward the work participation rate for a period of time (such as 12 months). 		The letter expressed their doubts that HHS had legal authority to grant waivers to the TANF work participation requirements based upon the logic of the IM. They set a deadline of Monday, July 16, 2012, for the receipt of the response from HHS so that they may consider the legal arguments and plan their next steps. The letter stated that they will actively resist efforts to
	 To receive ACF approval, waivers must: be cost neutral; rigorously evaluated; provide a compelling argument that they will result in improved employment; include interim performance targets which must be met; and are time limited. 		undermine the progress made by the TANF program.

¹ See TANF-ACF-IM-2012-03, *Guidance concerning waiver and expenditure authority under Section 1115*, dated July 12, 2012.

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OPTION	Summary	Соѕт	RISKS
Status:	Discussions are underway to consider possible waiver options.		

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