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**OFFICE OF FAMILY STABILITY LETTER # 49**

April 7, 2006

**TO:** Directors, County Departments of Job and Family Services

**FROM:** Jeanne Carroll, Deputy Director  
Office of Family Stability

**SUBJECT: TANF Reauthorization**

In February, 2006 the Deficit Reduction Omnibus Reconciliation Act of 2005 (DRA), P.L. 109-171, was passed by Congress and signed into law by the President. While the DRA included changes to many programs, this letter will focus solely on the impact of the new federal law on the TANF program including implementation timeframes for the new provisions.

A summary of the TANF related provisions is attached. Highlights of the DRA TANF provisions include:

- 1) Reauthorized TANF program through 2010, level funded at \$16.566 billion per year
- 2) Eliminated TANF high performance bonuses (no further bonuses will be awarded; however, HHS will continue to measure state performance on entered employment, wage gain, and work force attachment); added new funding for healthy marriage and responsible fatherhood initiatives
- 3) Keeps current work participation rate requirements: 90% 2-parent rate, 50% all family rate
- 4) Recalibrates caseload reduction credit: starting October 1, 2006, base year is FFY 2005
- 5) Directs HHS to regulate and review activities that count toward work and how to count and verify reporting of hours and who is a work eligible individual. Requires states to establish verification procedures and established a new federal penalty for failure to comply with verification procedures.

The recalibration of the caseload reduction credit using FFY 2005 as the base year means that states whose caseloads have not experienced recent declines will not receive any

credit against the work participation rates and states will be expected to meet the full 50% all family and 90% two parent rates. The recalibration of the caseload reduction credit, combined with new HHS oversight in defining work and counting activities, clearly reflects Congress' intent for TANF participants to be engaged in defined work activities for the required number of hours.

#### Work Activity Regulations

Pursuant to the DRA, the US. Department of Health and Human Services (HHS) must promulgate regulations on work participation by June 30, 2006. The regulations will include defining who is work required, what specific activities count toward the work participation rates, what verifications are needed to count participation and circumstances under which parents in child only cases should be required to participate in work activities. HHS will also require States to identify what internal controls are in place to ensure accurate and uniform work participation assignment and verification processes.

To date, HHS has been silent on the details of the regulations to be issued. HHS has directed states to review a recent Government Accountability Office (GAO) study titled "HHS Should Exercise Oversight to Help Ensure TANF Work Participation Is Measured Consistently across States" (attached). The study, requested by Congress, influenced their focus on the work component of TANF in reauthorization. The study identified inconsistencies in how states defined their work activities, what verifications were acceptable and how hours of participation were counted. GAO recommended that HHS provide regulations to states on defining the acceptable work activities, establishing verification methods, and counting of the hours of participation.

Specifically, the GAO noted differences in how states define the 12 categories of work. Some states considered "bed rest, massage and regulated exercise, motivational reading" to name a few, as a federal work activity (Job Search/Job Readiness). The GAO found that states made changes to their definitions resulting in inaccurate participation rate comparisons from year to year. States also lacked internal controls that ensured actual hours of participation were reported versus scheduled hours.

The National Governors Association (NGA) has formed a task force of governors to work with HHS on DRA regulations. NGA is expressing concern about losing state flexibility, requesting broad definitions of activities that count and asking for realistic timeframes for implementation to allow states time to update/transform their current systems and/or programs. Attached are recommendations that NGA and the American Public Human Services Association (APHSA) sent to HHS Secretary Michael Levitt on their specific concerns with the implementation of DRA.

In anticipation of the regulations, the Office of Family Stability (OFS) will be engaged in several different activities. We will be pursuing amendments to the Ohio Works First statute to implement the provisions of the DRA related to TANF reauthorization. Specifically, the amendment would provide rulemaking authority to implement the work program requirements. We will be pursuing needed CRIS-E system changes as well. Both rules and system changes will need to be effective by September 30, 2006 in order

to be in compliance with the DRA and to avoid federal penalties. As we move forward with rules and system changes we will seek the input of county departments and will communicate with them on an ongoing basis.

Additionally, we will be providing significant technical assistance, data and other information to county departments as part of the effort to prepare for and implement DRA TANF changes. The continuous improvement plan process will be focused on work participation rates and technical assistance will be available as counties develop their continuous improvement plans. The most recent performance data will be made available to counties to assist them in meeting the rates. Office of Family Stability Letters, the Office of Family Stability Executive Leadership Committee meetings, monthly County Program Support video conferences and regional meetings in August and September will all be forums at which we will share information and keep counties updated about the implementation of DRA requirements.

In light of what was identified in the GAO report, the CDJFS can start now to examine their two parent caseload participation rate. They can also address issues identified by the GAO. These issues are being identified in the OWF QA Reviews, including entering failed hours, providing documentation in case files (CLRC), end-dating assignments, making sure appropriate hours are assigned for activities and ensuring that assignments are coded to the proper categories. Counties can make sure all documentation and verifications are accurate, up-to-date and available. Supervisory reviews are a method by which counties can ensure that all data is entered correctly. The work participation reports can be used to monitor participation rates, length in assignments, sanctions and hours assigned, and to detect data entry errors. The Office of Family Stability County Program Support Section (Program Policy Services and Work Activities) is providing substantial technical assistance in these areas and can be contacted for additional assistance via the TANF\_FSTA mailbox and WACTA mailbox.

We expect that no later than June 30, 2006, Ohio will have received federal regulations on TANF participation and will begin the process to implement these regulations. HHS requires states to have these processes implemented by September 30, 2006.

For more information on the Deficit Reduction Act of 2005, visit <http://peerta.acf.hhs.gov/reauthorization>.

If you have any questions or concerns about this letter, please do not hesitate to contact me.

Attachments

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