
Temporary Assistance for Needy Families Program Instruction

U.S. Department of Health and Human Services
Administration for Children and Families
Office of Family Assistance
Washington, DC 20447

No. TANF-ACF-PI-2009-02

Date: April 3, 2009

TO: State agencies administering the Temporary Assistance for Needy Families (TANF) Program and other interested parties.

SUBJECT: Temporary Modification of the TANF Caseload Reduction Credit.

REFERENCES: Section 2101 of Public Law 111-5, Section 407(b)(3) of the Social Security Act.

PURPOSE: To instruct States on the implementation of the temporary modification of the caseload reduction credit.

BACKGROUND:

On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009 (Recovery Act). The Recovery Act temporarily modified the caseload reduction credit calculation under the Temporary Assistance for Needy Families (TANF) program. The caseload reduction credit reduces a State's required work participation rate for a fiscal year (FY) by the number of percentage points its caseload declined between FY 2005 and the year prior to the current fiscal year, called the comparison year. This temporary modification applies only to the calculation of the caseload reduction credit. All TANF requirements, including work participation requirements and time limits, remain the same for families receiving assistance.

Under this provision, in FYs 2009, 2010, and 2011, a State may either use the prior fiscal year as its comparison year or may use the caseload reduction credit it qualified to receive when the comparison year was FY 2007 or FY 2008, whichever had the lower caseload. This means that if a State serves more TANF families in the normal comparison year than it did in FYs 2007 or 2008, this provision holds the State harmless in the caseload reduction credit calculation. As a result, the State's required work participation rate will not increase simply because the State assisted more families during this period of increased need.

The Recovery Act made additional changes to TANF – creating the temporary Emergency Contingency Fund, extending supplemental grants through FY 2010, and permanently expanding flexibility in the use of TANF funds carried over from one fiscal year to the next. This program instruction only addresses the temporary caseload reduction credit change.

IMPLEMENTATION:

Before the temporary change, we calculated a State's caseload reduction credit using the Caseload Reduction Report (form ACF-202) that a State submits for a year. In that report, a State provides us

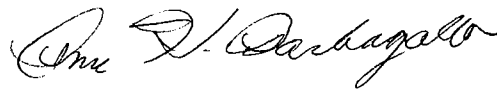
with data that we need to calculate the credit, including caseload data, a list of eligibility changes the State has made since FY 2005, and an estimate of the impact of each of those changes on the comparison-year caseload. We will continue to use form ACF-202 for the duration of the temporary modification. Except for this optional comparison year substitution, we will calculate the credits in the same way that we would without the Recovery Act changes. Although the provision is a State option, we expect that each State will opt to use the comparison year that results in the largest caseload reduction credit it could receive. Therefore, we will automatically determine which fiscal year caseload yields the largest caseload reduction credit for the State (the normal comparison year, FY 2007, or FY 2008) and use that one unless a State instructs us to do otherwise.

The same will hold true for two-parent caseload reduction credits. We will use the same process and forms as in the past, allowing a State to substitute the lesser of the FY 2007 or FY 2008 two-parent caseload for the normal comparison-year caseload. As with the overall caseload reduction credit, we will use whichever year's caseload yields the largest two-parent caseload reduction credit for the State (the normal comparison year, FY 2007, or FY 2008) unless a State instructs us to do otherwise. As under current regulations, a State may apply its overall caseload reduction credit to the two-parent work participation rate. If a State wishes to apply the overall credit to the two-parent work participation rate, it should inform us in the ACF-202 in accordance with the instructions to that form.

As we noted above, this provision only applies to the caseload reduction credits for FYs 2009, 2010, and 2011. A State need not submit a complete ACF-202 for FY 2010 or FY 2011 to calculate the caseload reduction credit for which it would otherwise have qualified if it knows by the due date for each respective report that it will opt to use the substitute comparison-year caseload (i.e., the higher of its caseload reduction credits based on circumstances in FY 2007 or FY 2008). Instead, it should simply affirm its choice to us in writing.

EFFECTIVE: Immediately.

INQUIRIES: Please direct inquiries to the TANF Program Manager in your Region.



Ann H. Barbagallo
Acting Director
Office of Family Assistance