
Temporary Assistance for Needy Families Information Memorandum

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

No. TANF-ACF-IM-2013-03

Date: September 12, 2013

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

SUBJECT: Proposed Revisions to TANF Financial Data Collection

REFERENCE: Title IV-A, section 404 (a)(1) of the Social Security Act; 45 CFR part 265

PURPOSE: To transmit the proposed forms and instructions for TANF financial data collection, in accordance with the announcement published in the Federal Register on September 12, 2013.

BACKGROUND:

States submit the ACF-196 Financial Report Form quarterly to the Administration for Children and Families' (ACF) Office of Family Assistance (OFA) in order to provide information on how they spend their TANF block grant, state maintenance-of-effort (MOE) funds, and other federal TANF funds (e.g., Contingency and Emergency Contingency funds). The ACF-196 was designed to monitor expenditures by grant year and ensure compliance with various statutory requirements governing the use of federal funds (e.g., the 30 percent cap on transfers and the 15 percent limit on administrative costs) and state MOE expenditures (e.g., compliance with the 75 or 80 percent historic spending requirements and the 15 percent administrative cap). The Department of Health and Human Services, Congress, research organizations, and other stakeholders use the data collected to gain an understanding of the types of activities on which states are spending their funds and analyze trends in how states choose to distribute their program funds. Accurate and complete expenditure data is crucial as it provides the foundation for a well-informed policy analysis.

INFORMATION:

After consideration of comments received and pending OMB approval, effective fiscal year (FY) 2015, the TANF financial data collection will involve two forms: the ACF-196R, which states will submit on a quarterly basis, and the ACF-196, which states will use to adjust expenditures submitted during fiscal years prior to FY 2015. The proposed changes would be effective for data reporting for the first quarter of FY 2015 which is due February 14, 2015. (Note that because implementation of these changes will entail new costs to ACF, final adoption will depend upon funding availability.). After a state expends all funds for grant years prior to FY 2015, it will no longer need to use the ACF-196.

Approval of the ACF-196R would result in two basic changes to TANF quarterly financial reports. The first is modifying and expanding the list of expenditure categories. The second is to

change the accounting method used to report expenditures and monitor grant awards. We explain these changes in further detail below.

EXPENDITURE CATEGORIES

The categories on the current ACF-196 have remained essentially unchanged since the report form was first developed. Over time, state spending on cash assistance has declined and states have used more of their TANF and MOE funds to support a broad array of services for children and families. This trend is reflected to a large degree by the increase in expenditures reported in the category of “Other.” There is also little meaningful information collected in current ACF-196 reporting about a significant share of spending that is classified as assistance and non-assistance “Authorized Solely under Prior Law.” The Claims Resolution Act of 2010 required states to submit additional data on expenditures reported in these categories for two periods in 2011. This limited-time collection provided us with a greater understanding of how states were spending their funds and also demonstrated the limitations of our current reporting categories.

Another shortcoming of the current categories is that they are not mutually exclusive. For example, a state may report TANF spending for pre-school under “Prevention of Out-of-Wedlock Pregnancies” or “Other” and possibly even “Child Care,” although the instructions specifically exclude such expenditures under child care. If reporting is not consistent across states, it is difficult to do accurate cross-state comparisons or trend analyses.

In order to address these issues, OFA is proposing to revise the expenditure categories and accompanying definitions used in TANF financial data collection. We are also adding ACF-196R–Part 2, which will require narrative descriptions of expenditures reported as “Other” and assistance and non-assistance “Authorized Solely Under Prior Law,” as well as an explanation of the methodology used to estimate expenditures, as appropriate.

Our aim is to eliminate ambiguity in definitions, create categories and definitions that are mutually exclusive, and gain greater insight into how states spend TANF and MOE funds without placing an undue reporting burden on states. Ultimately, our intent is to have information that can better inform policymaking.

ACCOUNTING METHOD

Under the law, federal TANF funds (excluding Contingency Funds) remain available for spending in future years without fiscal year limitation. Thus, the ACF-196 reporting was originally structured to require reporting of cumulative expenditures by category until all the funds in a grant year award have been expended. Additionally, under the current approach, when a state discovers an error in prior reporting, it makes an adjustment in the current quarter’s reporting, obscuring any distinction between actual expenditures in the fiscal year and upward or downward adjustments from prior years. As a result, it is impossible to determine the actual TANF expenditures that occur in a fiscal year.

Our proposed solution is to revise the quarterly TANF financial reporting so that states will be required to report actual expenditures made in a fiscal year with each open grant year award. If a state needs to adjust an expenditure reported in a prior year, it will revise the report for the fiscal year in which that expenditure occurred, rather than account for that adjustment in the current

year's report. Specifically, if a state needs to adjust an expenditure reported in a prior year after FY 2014, it will revise the ACF-196R pertaining to the fiscal year in which that expenditure occurred. If the adjustment is for an expenditure submitted in a fiscal year prior to FY 2015, the respondent will revise the ACF-196 pertaining to the relevant grant year for expenditures cumulative through FY 2014. (Because a state will only use the ACF-196 for this purpose, the reporting burden associated with this form will be significantly reduced).

To facilitate grants monitoring, the data collection system will generate a report displaying the cumulative expenditures made with each open grant year's award. The data collection system will also generate a report that sums expenditures made with each open grant year award during the fiscal year. The data collection system will automatically update these reports each time a state revises expenditures reported in a prior year.

COMMENTS:

ACF is soliciting public comment on the proposed ACF-196R and ACF-196 forms, specifically related to the following areas: (a) whether the proposed collection of information is critical to the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; (e) ability of respondents to categorize and allocate expenditures in the more detailed manner that the new categories listed on the ACF-196R would require; (f) whether definitions for categories are clear, or whether any of the definitions should be revised to prevent confusion over how to report an expenditure; (g) whether any additional or alternative categories of expenditure reporting should be included in order to improve understanding of how TANF and maintenance-of-effort (MOE) funds are being used; (h) length of time it will take for respondents to adapt to the new accounting method, specifically, whether a state would be able to accurately report expenditures according to the new accounting methodology by February 14, 2015 (the date the first quarter FY 2015 report is due), and if not, what transition time would be needed in order to report in accordance with the revised forms and procedures; (h) any complications that may result from the transition to a new accounting method, and if so, how to minimize the potential for complications; (i) whether there will be costs involved with transitioning to reporting in new expenditure categories and accounting method, and if so, what would be the anticipated extent of such costs.

Comments may be sent in writing to the Administration for Children and Families, Office of Planning, Research and Evaluation, 370 L'Enfant Promenade, SW., Washington, DC 20447, Attn: ACF Reports Clearance Officer or emailed to: infocollection@acf.hhs.gov. Please identify the title of the information collection when submitting comments. The deadline for submitting comments is November 12, 2013.

INQUIRIES:

Please direct any inquiries to the appropriate TANF regional program managers or to maria.demonte@acf.hhs.gov.

ATTACHMENTS:

1. Forms ACF-196R-Part 1, ACF-196R-Part2
2. Instructions for Completion of State TANF Financial Report Forms

/s/

Earl Johnson
Director
Office of Family Assistance