DIXON GROUP, INCORPORATED (DGi)
118 Q Street, Northeast
Washington, D.C. 200002

+ + + + +

WEBINAR
ON
CHANGES AND CALCULATION ISSUES FOR THE CASELOAD REDUCTION CREDIT IN FY 2007

SPONSORED BY

THE WELFARE PEER TA NETWORK

+ + + + +

TUESDAY
OCTOBER 30, 2007

+ + + + +

The webinar was accessed at https://dixon.webex.com/dixon/k2/e.php?AT=RINF&recordingID=21190227.

P R O C E E D I N G S

(11:36 a.m.)

LISA: -- this webinar. We are going to talk about Caseload Reduction Credits, and we just have a few housekeeping items. One, please do not put us on hold. If you put us on hold, if you put your phone on hold, we might receive sounds, or beeps, or music, which will interfere with everyone else's listening capabilities. Also, in the right-hand corner of the screen, there's a chat box, and it says, "Send To." Would you please change that toggle box to Send To All Panelists. Again, under the chat box, please write -- choose the selection "All Panelists." If you have any questions for Julie Siegel or Peter Germanis, please type them in the chat box, and we will be able to see your questions, and if time permits, Julie will answer them. So with no further ado --

MS. SIEGEL: Or Peter.

(Laughter.)

LISA: Or Peter. I turn this over to Julie Siegel and Peter Germanis, representing the Office of Family Assistance.

MS. SIEGEL: Thank you, Lisa. Good afternoon, everyone, or I guess it's good morning for some of you. Some of you may have heard me give a similar presentation at one of your regional TANF director's meetings. I should be getting better at it, and you'll all benefit from the fact that I have several colleagues with me here to help answer questions, which, as Lisa explained, we'll take the ones you submitted on-line at the end. Okay. This is all kind of new to me, so we hope that the technology works for us.

The Deficit Reduction Act updated the base year of the caseload reduction credit calculation from 1995 to 2005. This is a small change on paper, but represents a large one for the caseload reduction credit. The practical effect for states is that you no longer have to -- you no longer get credit for 10 years of decline that you used to get, but also, you no longer have to factor out the effects of eligibility changes that you made in those 10 years. So we'll talk a little bit about those eligibility changes.

It works exactly the same, the way it has worked for you before. You have to factor out any change between the base year and the comparison year. And the comparison year is the year prior to the year of your report, so here's an example of what I'm talking about.

In this example, the state had a full family sanction policy that it implemented in Fiscal Year 2001. Under the way we did the credit before, you had to factor out, you had to determine and factor out the effects of that policy, how much did your caseload decline as a result. Now, because the base year is 2005, you don't need to factor it out, because this reflects the changed policy in the base year, and the comparison year. However, if you were to implement a full family sanction after 2005, you would have to factor out the impact of that change, just exactly the way you did before, determine what the impact on your comparison year caseload is.

When we published the interim final rule, we also revised the caseload reduction credit form. We have a new and improved form for you. We reorganized it so that each eligibility change stands on its own, and the slide you're looking at now, this is the top of the first page of Part I of the report. So the way it works is that you put in the state name, the year of the report, and the type of report just once, and it will populate that same field on other pages of your report.

You list your first eligibility change in that line one, and then you list the date of implementation, and then you would describe the policy. You would explain what it was you changed. And on the bottom half, which we'll look at in a second, you would explain how you calculated its impact.

It seems as though the new form is helping states put the correct year on the report, which is something we all struggled with in the past. That is that the year of the credit is the same as the year whose required rate we're reducing. That's why we called it Fiscal Year to which the credit applies. This is not the comparison year, which is the year prior to what you're filling in, but those are the data that we have to use because it is the comparison year.

Now, this is only important because we need to be sure we're all talking about the same year when we look at one of your reports.

So here is the bottom of that same page of Part I. As I mentioned, Item 4, you describe your method for calculating impact, and at the bottom there's a line for that impact.

Also, I'll just point out, you can probably see on there that this page says "Page 1 of 12." We included 12 pages to assist states if they had multiple eligibility changes. You do not need to send back a report that has all 12 pages if you don't have 12 eligibility changes. We don't need -- you don't have to include blank pages. Or if you have more than 12, just reproduce the page and add it to the report.

Okay. Now we're looking at Part II of the form. Part II now has an Excel workbook in it to help make it easier to do the calculations. Many of you will remember the old form, and we have completely eliminated the old Part II, which some states did not like, and did not prove very useful for us. So now we have several worksheets, much fancier, and we've protected those worksheets, and we've added instruction flags to help you enter information in the same place. And that's one of our instruction flags.

On this part of the worksheet, you will enter the name of each eligibility change, and that should match what you already did on Part I. And you will also include the impact, which should also match what you had on Part I. The same list should appear. In this case, the Excel workbook will calculate the net impact that you see at the bottom, and then will calculate the whole credit.

So where does an eligibility changes impact amount come from? How do we get that? Well, as I said, it should match what you have on Part I, but, also, as part of your Excel workbook we've given you an impact template that you can adapt for each of your eligibility changes to account for the ongoing effects from month-to-month, and year-to-year. This should look familiar to a lot of you, because we've used this format in the past. And also included a sample, so you can see the template in action. The bottom right-hand corner shows the impact for this particular change, and you would then enter that both on Part I, and then on the worksheet that we were just looking at. Again, this is just a sample. We included it in the whole report packet for your benefit, but you don't need to resubmit that.

We also continue to have a certification for the caseload reduction report that's now Part III, but I did not include a slide of that, because it's just the same thing that you've seen before, and you just sign it, certify that you have done all the things that it says. Instead, we thought that you would want to move right on to what -- given that it's the day before Halloween, we might call the Trick-or-Treat of caseload reduction credit, which is Excess MOE.

I know you're all laughing at me.

(Laughter.)

MS. SIEGEL: You should have received a one-page worksheet, as a handout. We'll be using that worksheet in just a few moments, as I walk you through how we intend to approach Excess MOE for the Fiscal Year 2007 credit. But, first, let's just make sure that we're all talking about the same thing when we talk about Excess MOE.

So, on this slide, you will see the regulatory language for Excess MOE, and that is, "A state that is investing State MOE funds in eligible families in excess of the required 80 percent of 75 percent basic

MOE amount, need only include the pro rata share of caseloads receiving assistance that is required to meet the basic MOE requirements." I'm sure you all have that memorized.

But the key to this really is this language that we have underlined here. This brings up the question, how can we figure out what the pro rata share of caseloads receiving assistance that is required to meet basic MOE is? What I'm going to explain is a method that we've seen so far that we found acceptable. A state could propose a different method, and we will consider it, but so far we haven't seen any others that we will accept, or I should clarify that slightly. Our approach is very similar to what we have been calling the Delaware Method.

In fact, it is mathematically -- we come out to exactly the same place as where Delaware does. Delaware is the only state to have used the Excess MOE provision before the Deficit Reduction Act and our interim final rule. Delaware's method used average spending per case. We'll be talking about it in terms of average assistance spending per case, and we did that because it's an assistance caseload that we're looking at. But the result of the calculation is the same as Delaware's approach.

And I'd just like to point out that by "assistance", we mean assistance as defined in the TANF rule. So the method that we're looking at here is this; excess assistance MOE divided by average assistance spending per case yields the number of cases funded with Excess Assistance MOE.

To get there, we need to know a number of things. We need to know your case load, which we already use in the caseload reduction credit calculation, and you report on the TANF and SSP MOE data report. We need to know your total expenditures, which you submit on the ACF 196 Financial Report, your MOE requirement, and we use 80 percent as the default, because the law does, until you met work participation rates for a year, and that figure, whether it's 80 or 75, they're both available on our website. And we need to know how much you spend on assistance, and that is also information that you report to us via the 196.

When we have all that information, we can then calculate the average spending per case on assistance, and the Excess MOE on assistance.

So if you now look at the handout worksheet, it shows some examples of credit calculation with no Excess MOE, $50 million in Excess MOE, $75 million Excess, and $100 million in Excess. Some of you may have received this handout earlier at some of your meetings. There's been a little bit of tweaking here and there, so you'll want to be sure to use the one that we sent in the email message.

The slide that's up now is an excerpt from that handout. I've hidden the column with the source data, source information in it just to make the slide a little easier to see. So remember, our formula is Excess Assistance MOE divided by average assistance expenditures per case. Again, average assistance expenditures per case, which is the denominator of our calculation, we divide the total assistance spending that's in cell F13, right there, by the caseload in cell F3, and that gives us the result that's in cell F14. Just give everyone a chance to look at that.

So that's the denominator. Now we're going to look at the numerator of this calculation, how much MOE is Excess Assistance MOE. To get that, we take the assistance expenditures in cell H13, and we divide it by the total spending you've listed, that you have in H9, and that's the assistance percentage. So assistance expenditures divided by total spending, assistance percentage. The result of that is then multiplied by the amount of MOE that is excess, or above the 80 percent, which we find in cell H16. There we go.

So the result of all of that together is displayed in cell H17, and you'll see in this example it's almost $17 million. All these formulas are written out for you on your handout. I've switched to Column H from Column F because it's the first example in which there is any MOE that's excess. So that's the numerator.

On this last slide, we put the whole thing together. We have the assistance expenditures per case, and the Excess Assistance MOE, the denominator and the numerator that we just figured out. We divide the Excess Assistance MOE by the average assistance expenditures per case, and in Column H you see the result is 3,077 cases funded with Excess Assistance MOE. If you look at Columns J and L on your handout, you'll see that that number grows with the more Excess MOE that there is. So that's 3,077. We subtract that from the comparison year caseload, and that happens in cell H19. And, as a result, that's the number that we'll use in calculating your credit, and your credit is larger.

I'm going to close my formal remarks here by just saying a few words about other approaches. There are some methods that we've seen that we don't think are acceptable. For example, a method that doesn't use average spending, where assistance are not always put together, but rather attempt to attribute certain dollars to non-assistance -- certain dollars likely non-assistance to the funds that are used to meet MOE requirements, and other assistance spending to those that are in excess. We don't think that's a fair model, because dollars just don't track that way, and they're very fungible. That would -- we think that would overstate the credit. Similarly, a method that attributes Excess MOE entirely to two parent cases would be unfair for the same reasons.

We're looking at a model that uses average cost per case because we think it's the fairest way to look at all of that. So we will consider other approaches, if you have them, but those two I think we've looked at, and we don't find to be fair.

The last thing I'll say, and then we can take some questions. If you do get a credit for -- if you do get credit in your caseload reduction credit for having spent MOE in excess of your requirement, you cannot later back those funds out, or replace them with federal funds, because, obviously, you then will have gotten credit for something that didn't happen. So that's all I have to say, and we'll take some questions.

LISA: Okay. The first question is from -- okay. Julie, this is -- two things that we'll tell you. One, just whether or not it's being recorded and will be on the Peer TA website within two weeks, if you lose any portion of the audio call. If you have a question, please type it in the chat box, and send it to all panelists.

The first question that we have is that at the Denver Regional TANF Conference, Julie said that you -- I'm sorry, we're having a hard time reading. Said states need to factor out federal policy changes from 1995 forward from their CRC. Is this still accurate? Just a moment, please.

MS. SIEGEL: Okay. You're generally correct. I did say that, and I said that to the Philadelphia crowd. That was our initial view of things. We're taking a good look at that now, and we hope that that's not the case. And, in fact, I think you'll see that that is -- there's a reference to that on the bottom of the handout. But we didn't include it in today's presentation, because we're not sure that's where things are going to end up, and we're working with our counsel now to see if we can find an alternate read.

LISA: Okay. The second question is, it also seems that eligibility changes the federal requirement. What does this mean?

MS. SIEGEL: So this is just what we were saying before. When you calculate the caseload reduction credit, we have to factor out the effect of eligibility changes and federal requirements. In this example, we just took a straight caseload decline. We assumed that there wasn't anything else to factor out. And then I think I already spoke to the federal requirement, in particular, but it was just to make for a simpler set of examples.

LISA: Sorry for the delay. The question is, is HHS planning to release formal values on Excess MOE. Peter?

MR. GERMANIS: Okay. At this point, we're not planning on releasing anything in the immediate future, because we still want to see what kinds of options we may get. However, as Julie described, this is certainly one viable option, and if you have questions, we'd be happy to work with states individually.

LISA: The next question is, we understand that states have until December 31st, 2007 to submit revised APF 196 reports for FY 2006. And, also, to submit release ACF 202 caseload reduction credit calculations for FY 2006. Is that the latest date for revision?

MR. GERMANIS: Yes. Or in the FY 2006 financial data for the 2007 credit. I don't know if I said that right.

MS. SIEGEL: Right. I mean, the states that have data in -- if there are states that want to make revisions to their 2006 data, and they can get them in sooner, so much the better, because we want to get the credits calculated and out to you as soon as possible. But given that this is the first time around for everyone and we're feeling our way through this, we're going to let states revise financial data through December 31st, 2007, which is also the date on which your FY 08 credit reports are due. Just to add a little confusion to the matter.

LISA: Julie, the Excess MOE calculation assumes the 80 percent rate. What happens if a state meets the rate, only has to meet the 75 percent rate, will the state be able to adjust their calculations?

MS. SIEGEL: Yes. The answer is yes. And, in fact, states that are revising data for the `07 credit, FY 2006 financial data, in most cases already know that they met the rates, and, therefore, their requirement is 75, so we can calculate it against that.

For example, if we're doing the `08 calculation, we don't yet know. And if there comes a point when we do know, and the state -- well, the whole community will know, and the state wants to revise the credit, that we could do that.

LISA: Okay. This is for the panel. When can we expect -- I'm sorry.

MR. GERMANIS: When can we expect the final answer on the issue of factoring out federal policy changes? I hope we can give an answer to that very soon. I'm going to remind you that in the meantime, that obviously, these changes would be on the base year of 2005, so that whatever changes you would calculate would be much simpler than before.

MS. SIEGEL: Yes.

MR. GERMANIS: The time limit -- okay.

Ms. SIEGEL: Well, we'll just have to get back to you on that one. Just a moment.

Lisa: Okay. It seems as though we're having a hard time reading some of the questions. The next question is Excess MOE does not have to be new MOE each year, does it?

MR. GERMANIS: And the answer to that is no. As long as you had Excess MOE before, that same MOE could count as Excess the next year.

LISA: Based on the current year spending.

MS. SIEGEL: Right. In excess of whatever your requirement is for that year.

MR. GERMANIS: Correct.

LISA: Yes.

MS. SIEGEL: Right. Every year

is new.

MR. GERMANIS: Right.

LISA: Okay. This question is for Peter. What version of the APF 196 are you using since it gets revised and updated after its initial submission, 45 days after the quarter ends?

MR. GERMANIS: Okay. This question is for me, not because I'm an expert on financial data, but the only one willing to answer it. Basically, the 196 include -- in some states may include corrections and adjustments from prior years in any given year, so what we really want from you all is your actual expenditures for a given fiscal year. And we would expect that your financial people would have that data. That information should not include adjustments or corrections for prior years, but should be just what you spent. And, basically, what we need is on the 196, you have a line for total assistance, you have a line for total non-assistance, and total expenditures, and you have that as federal and state MOE, so that's the information that we need. Maybe what you submit on the 196, if you don't make a lot of adjustments or corrections, then that may be something your budget people have.

LISA: Okay. Just a moment. Okay. The question is, are FY 2007 cases are solely state-funded and not included in payment or SSP caseload, considered an eligibility change when completing the CRC report for FY 2008?

MS. SIEGEL: And I think the answer is yes, they are. And if you go back and look at the closest analogs that we have from how we did the credit before, you'd be looking at certain state program cases under the old way of doing things. And if you go back and read, I think it's in the preamble to our original TANF final rule, we said in that case we included the separate state program cases as part of the comparison year caseload. We can't do that with solely state-funded cases, we don't have the data. But what we said back then was that if we hadn't done this, we would have to compare just to a separate state program to be changes in eligibility. It's really just an analogous shift now. Cases are shifted over to a solely state-funded program now are exactly the same in relation to the caseload as separate state programs cases were then, so that's our interpretation.

LISA: Just a moment. The question is, is HHS planning to formally respond to what states have submitted if the submitted difference is more than what has been presented today?

MS. SIEGEL: I think I understand that question. I think what you're asking is, if you send in a caseload reduction report and it has a different method in it on Excess MOE from what we described today, will we come back to you and say no, you can't do that. You have to do something else, and start the process over. And I think the way we'll handle it is the way we always do caseload reduction credits. We'll have a back-and-forth with you. You're going to know already that that method is not one that we accept, but we can easily use this method if this method is acceptable for you. I don't think you necessarily need to resubmit a new document that reflects this method at that time, but we should be able to work with our regional colonies and with the states to resolve these questions.

LISA: Just a moment. The next question, Julie, is why is the default MOE 80 percent? Some states have, and by and large, met the figurative target, then the 75 percent applies. No?

MS. SIEGEL: No. Only in -- the law says the MOE requirement is 80 percent, and it only drops to 75 if you met your requirement. So we think the cautious thing to do is not to assume that it's 75, because a state -- I mean, we don't think any states will fail work participation rates, but in the event that one did, we wouldn't want to be giving credit for MOE, Excess MOE that is not, in fact, excess, then we would have to go back and recalculate it. You may be right that most states will end up at a 75 percent level, and I certainly hope so, but we think that's how we need to proceed.

LISA: Just a moment. The next question is, when will we find out when the 2006 caseload reduction credit is approved?

MS. SIEGEL: Well, I mean now that states have until December 31 to submit revised Excess MOE information, I mean, I don't think that we're going to be able to get it out before then. If a state knows it's done, it can tell us, and that's going to give us a jump on things. But, otherwise -- I mean, our target is going to be sometime then in the spring after that. The sooner we can get them out the better, as far as we're concerned. We would like to do them all, you know, tomorrow, but that's not going to happen.

LISA: The next question is, do states need to include assistance under some prior year analysis?

MR. GERMANIS: And the answer to that is yes. Again, for the calculation of the percentage spending that's assistance spending, it doesn't matter what grant year the funds are. What we want is actual expenditures for Fiscal Year 2006, so that could be from a number of different federal grant years, or the Fiscal Year 2006 MOE fund.

LISA: Just a moment. Next question, the budget people are the ones who update and correct the figures on the ACF 196, indicating that adjustments and corrections still occur?

MR. GERMANIS: Okay. If your question is, can states keep adjusting their Excess MOE after the due date, I mean, we need to set a deadline in order to calculate the credit, so for this purpose, we need some finality for that calculation. And so, if a state claims a certain amount of Excess MOE, as Julie indicated, they can't back that out later, because they would have gotten credit for it.

LISA: Peter, should states move forward with revising their ACF 196 for FY `06, or wait until the Excess MOE-CRC methodology has received final approval?

MR. GERMANIS: States revise their 196s for a variety of reasons, and I would say you should keep doing whatever you have done. It's for purposes of the caseload reduction credit that we ask you to wait until you're sure what your Excess MOE is, for example, until your expenditures are stable, and then submit that on the 202 report. But at that point, some of the changes on their 196 you might have otherwise made, at that point, you shouldn't be making some of the changes, like reducing the amount of Excess MOE.

LISA: Okay. We have two questions regarding our summary of the Q&As, and when they will be posted. And they will be posted within 30 days, and the recording, we will post it within 14 days. Okay. Just a moment, please.

Peter, those who have to back out cases moved to the solely state-funded program from caseload reduction credit, can we claim the money spent on the cases as Excess MOE?

MR. GERMANIS: The answer to that would be no. I mean, if you wanted to change it from a solely state-funded program to an MOE-funded program, you could do that, and then you could do the Excess MOE credit, but then those cases would go back into the denominator and the participation rate calculation.

MS. SIEGEL: I think a basic concept is that if it's a solely state-funded program, you haven't used it for MOE purposes, so it's not Excess MOE. It's not MOE of any sort.

LISA: Just a moment. Elaine Richman, we need clarification on how assistance is defined for MOE purposes.

MS. RICHMAN: It's defined in the same way as it's defined for TANF purposes. It's in 45 CFR 26031(a). It is the basic ongoing needs base payment, or child-parent transportation services for families not employed.

LISA: Just a moment. We have run out of questions. If you have -- we're going to give you about five minutes in case you think up any questions. If your question has not been answered, thus far, please follow-up with regional office, if you have any additional questions after this webinar is closed. The time is now 1:50, we are going to leave the lines open for another five minutes in case additional questions are there. Thank you.

Okay. Next question. If you have already submitted an Excess MOE methodology that assumes ACF will not accept, but it doesn't mean that we must resubmit our numbers using the methodology represented today, or will ACF just recalculate our numbers?

MS. SIEGEL: Well, it would be helpful if you resubmitted it with the new methodology; that way we can make sure that we're all talking about the same financial figures, and it would be helpful. But we're happy to work with each state individually.

LISA: Okay. Just a moment. Does MOE encompass much more than direct assistance?

MS. SIEGEL: And the answer is

yes. I mean, there are multiple kinds of assistance, and there is non-assistance. I assume that inherent in this question is, are we getting credit for non-assistance expenditures. And yes, you are. You're not getting as much credit as if you had spent that money on assistance, but our method, and the Delaware method all give you credit for any MOE that you expend.

LISA: The written transcript, I don't know if it will be written, but a recorded -- the recording of this webinar will be at peerta, one word, P-E-E-R-T-A.acf.hhs.gov under the "What's New" section. And it will be there within 14 days. I'll recap my closing comments.

Just a moment. Question, if we discovered that we were going to need to re-submit our FY 07 CRC report, because of information learned in this webcast. Should we go ahead and submit a revised report, or should we contact our regional ACF staff?

MS. SIEGEL: I'd say it would be helpful to let your regional ACF staff know that you're going to do it, and that shouldn't slow you down at all. If you've got one ready to go, send it in, but keep everyone apprized of what you're doing. That would help.

LISA: What are the reasons for not allowing an extension for FY 08 since we will not know the results of the `07 CRC until after December `07.

MS. SIEGEL: I think we didn't just give a blanket extension for that because you don't need to know your `07 credit to do your `07 report. And you have the method that we're talking about here now. If a given state needs an extension for some particular reason, we can handle that on an individual basis, as we always have, with the credit report.

LISA: Since you're not reclaiming until after the deadline, will states get the opportunity to resubmit if not approved?

MS. SIEGEL: And I think what you mean by that is that we're not going to know their credit until after the deadline for submitting them. And we'll just work with you the way we always do when you send in your credit reports. If there's a problem, we'll tell you, and we'll work through it.

LISA: Just a moment. Question to Elaine Richman. What is the interaction with a state plan if, for example, three types were listed in the state plan but now that we need to redo the CRC and we could identify more MOE from other categories, maybe.

MS. RICHMAN: Yes, as long as you amend your plan and make it retroactively applicable to when you first begin claiming the expenditures.

LISA: Question, do our Excess MOE calculations supersede the regular CRC calculations? I guess you want to know do states get --

MS. SIEGEL: And the answer is, the Excess MOE calculation is part of the caseload reduction credit calculation. You can ask to submit only that pro rata share of cases receiving assistance that were needed for basic MOE, and thereby report a smaller caseload in your caseload reduction credit, just something you can choose to exercise as part of that calculation.

LISA: Just a moment. The next question was when there's a miscommunication at the web. This webinar did not begin until 2:30, when it actually began at 2:00. It did start at 2:00, and you did miss part of the presentation, but if you go to peerta.acf.hhs.gov, within two weeks we will have the entire webinar linked, so that you can hear the webinar in its entirety, and within 30 days we will have a summary of the Q&A questions posted at the same website.

Sorry for any miscommunication. We will post it within two weeks, and it will be there forever.

(Laughter.)

LISA: So thank you very -- oh, one minute, just one second.

The question is, at a meeting a couple of months ago in Denver, Excess MOE was discussed, and I believe a method discussed an allowable -- was determine the in-kind types of expenditures, example, the cost of supervisors, et cetera.

MS. SIEGEL: I think what you're talking about is third-party expenditures that a state counts as MOE. And as long as you follow the rules on having third-party expenditures, that is your MOE for your state, and it would count.

LISA: Thank you. Thank you, Julie, Peter, and Elaine. Thank you so much for answering all these questions and the presentation. This concludes our webinar.

Please look at the PEERTA website, P-E-E-R-T-A.acf.hhs.gov within two weeks. Thank you.

(Whereupon, the proceedings went off the record at 12:35 p.m.)