

Temporary Assistance for Needy Families (TANF)

Caseload Reduction Credit Methodology for FFY 2021

Summary

Introduction

The Deficit Reduction Act of 2005 (P.L. 109-171) reauthorized the Temporary Assistance for Needy Families (TANF) Program. As a condition of the receipt of the TANF grant, states are required to meet or exceed certain minimum Work Participation Rates (WPR): an overall rate and a two-parent rate. The overall work participation rate requires that fifty percent (50%) of all families receiving TANF assistance participate in work activities during the fiscal year. The second requires that ninety percent (90%) of two-parent families receiving TANF assistance during the fiscal year participate in work activities. States that successfully meet their work participation requirements receive a reduction in their maintenance-of-effort (MOE) requirement. Failure to meet the requirements may result in financial penalty to the state under federal regulations at 45 CFR 261.50.

As part of the Deficit Reduction Act, the Secretary of the Department of Health and Human Services (DHHS) was directed to establish regulations to grant states a caseload reduction credit. This credit reduces a state's required WPR for the subsequent fiscal year by the number of percentage points its caseload declined between Federal Fiscal Year (FFY) 2005 and the comparison year, which is defined as the year prior to the current fiscal year. This adjusted target rate becomes the WPR that the state must meet to receive a reduced MOE requirement and to avoid penalty.

Methodology

Wisconsin's FFY 2021 caseload reduction credit is based on a decline in caseload between FFY 2005 (the base year) and FFY 2020 (the comparison year) divided by the base year caseload.

To determine a caseload decline, first States must disregard any caseload decreases in the comparison year that are due to policy or program changes implemented since FFY 2005. For the calculation of the FFY 2021 caseload reduction credit, Wisconsin had no

policy changes that affected the FFY 2020 caseload compared to FFY 2005.

States may also earn credits for any excess MOE they contribute toward the program. Wisconsin's total TANF expenditures in FFY 2020 were \$488,593,091 of which \$271,439,306 was the State's MOE expenditures. Wisconsin met all its FFY 2020 WPR requirements, its required MOE spending is 75% of the historical spending on programming as calculated in FY2018, or \$166,938,253. This results in an excess MOE expenditure for FFY 2020 of \$104,501,053. All figures are based on the figures submitted in the federal Quarterly State TANF Financial Report (ACF-196).

Wisconsin's total TANF expenditures on assistance in FFY 2020 was \$72,989,387 which was 14.94% of the total expenditures. Therefore, Wisconsin's excess MOE expenditures on assistance are \$15,611,084. The average expenditure per case on assistance was \$4,811. All caseload data is based on caseload data submitted in Section 3 of the Federal TANF and Separate State Program (SSP)-MOE Data Reports (ACF-199 and ACF 209).

In FFY 2020, there was a decrease of 14,424 cases compared to the average monthly caseload of 20,721 cases in FFY 2005. States are allowed to exclude cases funded with excess MOE from their overall TANF caseload. Adjusting for the 3,245 assistance cases funded by excess MOE resulted in an adjusted caseload decline of 11,927 cases (for a Caseload Reduction Credit of 42.4%). The two-parent caseload decreased by 219 cases compared to 466 cases in FY2005. Excluding the 47 two-parent cases funded by excess MOE results in an adjusted caseload of 172 and a decline of 294 cases for a caseload reduction credit of 63.1%. There were no policy changes affecting the rates.

Given this credit, Wisconsin will need to have an average All Families WPR of 7.6% (50% - 42.4%) in FFY 2021 to meet the 50% requirement and 26.9% (90% - 63.1%) to meet the 90% two-parent rate.

Comments and/or Additional Information

Comments or requests for additional information on the TANF Caseload Reduction Credit methodology may be sent to: bwf_co@wisconsin.gov, or write to:

WI Department of Children and Families
Division of Family and Economic Security
Bureau of Analytics and Research
Data Analytics and Reporting Section
P.O. Box 8916
Madison WI 53708-8916.