

FACT SHEET

January 24, 2007

TANF, Deficit Reduction Act of 2005, and Utah's FEP

OVERVIEW

Congress finally reauthorized TANF, folding changes into the Deficit Reduction Act of 2005 (DRA). Provisions in the DRA severely limit state flexibility in designing their TANF programs—effectively rescinding one of the hallmarks of the 1996 law that created TANF. Many of the measures in the DRA were strenuously opposed by the National Governors Association, the American Public Human Services Association, and consumers, advocates, and other organizations nationwide. Nonetheless, Interim Federal Regulations released by the U.S. Department of Health and Human Services (HHS) even further restrict state programs. As the law and federal regulations now stand, Utah must redesign the Family Employment Program (FEP) to fit and meet new requirements or face a fiscal penalty of up to \$3.95 million. Penalized states must replace lost federal funds with general fund money. Such penalties harm program recipients and are almost impossible to recover from.

KEY FACTS

- A change in the Caseload Reduction Credit means that, to avoid fiscal sanctions, states must ensure that 50% of all TANF families and 90% of two-parent families must participate in narrowly defined “countable” activities for no less than 30 hours per week.
- Vocational training programs only “count” for 12 months; programs that lead to a BA don’t “count” at all.
- Many activities that help parents address work barriers aren’t on the federal list, or “count” only for very short durations.
- To be “counted,” all hours of participation—including study time—must be *supervised* and *verified* in accordance with a state’s federally approved Verification Plan.
- New federal definitions mean that, despite the ADA, parents with disabilities must meet the same hourly participation requirements as those without.
- States continue to be rewarded not for helping parents get family-sustaining jobs, but for getting them off the program.
- State “Maintenance of Effort” (MOE) programs—although funded with all state money—must obey federal rules.

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FREQUENTLY ASKED QUESTIONS

How has Utah responded to new requirements?

- DWS has implemented new definitions in response to the federal “countable” list. Given the extreme importance of meeting stricter participation rates, most activities that used to help Utah FEP families resolve work barriers are less likely to be allowed in FEP employment plans. Training can also be expected to follow the federal lead of only 12 months, even though Utah statute allows 24 months.
- DWS sees no possibility of achieving the two-parent participation rate of 90%; therefore the Two-parent Program has been converted into an all-state-funded program to avoid penalties.
- The required “Verification Plan” has been submitted to HHS for approval and implementation has begun with a July 2007 target date to be fully operational.
- SBI 4 “Family Employment Program Amendments” (Eastman) will give important transitional assistance to working families whose cases would otherwise close, as well as help Utah meet participation rates.

Is there any chance of relief from negative TANF changes?

Perhaps. There is evidence of bipartisan disapproval in Congress about some aspects of DRA changes and federal regulations. It is too early to make predictions, but efforts are afoot to explore willingness to make some modest changes to key problem areas.

