



**Executive Office of the President of the United States
Office of Management and Budget**

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Washington, DC 20503*

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Total number of pages (including Transmittal Sheet):

PART I (1-146)

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456-7431

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Comments:

PLEASE DISSEMINATE TO MARGY + ANN.
I WILL GET THIS TO EVERYONE HERE.
LET ME KNOW WHAT YOU THINK!



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Part I of
2 (1-146)

TO: Brenda Aguilar

DATE: 8/15/00

FAX: () 395-5167

SUBJECT: HPB Final Rule - Change Pages

☐ AS REQUESTED

☐ COMMENT

☒ CLEARANCE

☐ FYI

Attached are change pages
responding to your 8/11 edits and
8/14 comments. These changes
should address all remaining
comments.

In addition, I've included a
few other changes requested
by our "simultaneous" dept.
review and your PR4 change.

Maddey

[Billing Code: 4184-01]

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Administration for Children and Families

45 CFR Part 265

45 CFR Part 270

RIN 0970-AB66

Bonus to Reward States for High Performance

AGENCY: Administration for Children and Families

ACTION: Final rule

8/11
pg. 1

*No change -- would make
the consistent w/ work
measures*

SUMMARY: The Administration for Children and Families is issuing final regulations to implement section 403(a)(4) of the Social Security Act. This provision authorizes bonuses to high performing States in meeting the purposes of the Temporary Assistance for Needy Families Block Grant (the TANF program). We will base the bonus awards in FY 2002 and beyond on four work measures (substantially the same work measures currently in effect for the FY 1999-2001 awards); five measures that support work and self-sufficiency related to: participation by low-income working families in the Food Stamp Program, participation of

- The appropriateness of promoting marriage, e.g., when there are contraindications such as domestic violence and substance abuse; and
- The appropriateness of engaging the government in decisions that are essentially personal and private.

In addition, some commenters questioned our preamble justification of the measure by referring to research findings that being raised in a single-parent family did not, in and of itself, negatively affect children.

Commenters also raised concerns about: (1) States being measured on something that seemed beyond their jurisdiction and control; (2) double jeopardy, e.g., primarily based on the proposed measure's similarity to the out-of-wedlock birth bonus; (3) the adequacy of Census data; and (4) the lack of a State option on whether to compete or not.

We received some suggestions for changes to this measure or for alternative measures related to family formation. Two organizations suggested we might establish a competition and award bonuses based on innovative policy initiatives and program demonstrations, and one State suggested we evaluate individual State descriptions of their own initiatives in this area. Commenters also suggested that we consider marriage rates for the entire State population and reward only "noncoercive public

education campaigns"; reward States for increasing the percentage of families receiving TANF cash assistance that are two-parent families; and add domestic violence provisions (either as threshold qualifying conditions or adjustments). A few commenters suggested, alternatively, that we could encourage states to reduce teen pregnancy.

Response: Since our earliest consultations with NGA, APHSA, NCSL, and the State representatives, we have actively explored the best means for incorporating non-work measures in order to encompass the broad statutory purposes of TANF. We also have had a number of conversations with Hill staff, advocates, academics, and other parties where we sought suggestions for such measures.

The proposed family formation measure in the NPRM reflected our best attempt to synthesize what we had heard and develop a measure that was feasible in light of the data that were available to us. While we recognized some of the measure's flaws, we hoped that proposal might either generate some useful suggestions for modifications that would improve it or present us with some viable alternatives.

We seriously considered the suggestion to establish a panel-based competitive process that would reward innovative initiatives or demonstrations. However, we did not include it in the final rule because the approach is inconsistent with the statutory language

at section 403(a)(4)(C)-(E), which clearly expects us to employ quantitative measures. Also, this approach seemed to move us away from focusing on outcomes. We also thought that, without specific quantitative standards, it would be extremely difficult to implement a system that was sufficiently objective and fair to serve as the basis for awarding millions of dollars a year.

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~~DATA edit - deleted into phase~~

We are committed to the marriage and family formation purposes of the Act and believe it is important that these purposes, in addition to the work and work-related purposes, be addressed in the high performance bonus system. We also believe that it is important for us to help States focus on the non-work related purposes of the TANF statute. This measure is intended to provide an additional incentive for State activity and creativity in this area.

Thus, we have retained a family formation measure in the final rule similar, but not identical, to the measure proposed in the NPRM. We agree with commenters who recommended a broader population measure, i.e., that we measure the increase in the

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percent of all children in each State who reside in married couple families, not just low-income children, and we have made this change in the final rule. We believe that this will address commenters' concerns that including a ceiling could produce unintended consequences. However, because the measurement issues associated with family formation are more significant than those

radical added

Medicaid/SCHIP measures and adding a measure on receipt of child care. We discuss these changes and respond to specific comments in the detailed section-by-section discussion below. Briefly, however, the final rule:

1. Awards bonuses to the ten States with the highest scores in the four work measures proposed in the NPRM, with minor modifications;

2. Awards bonuses to the three States with the highest scores on a new absolute measure and the seven States with the highest scores on the proposed improvement measure related to the participation by low-income working families in the Food Stamp Program;

3. Awards bonuses to the three States with the highest scores on a new absolute measure and to the seven States with the highest scores on the proposed improvement measure related to the participation of former TANF recipients in the Medicaid and SCHIP programs;

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4. Awards bonuses to the ten States with the highest scores on a new child care measure and the family formation and stability improvement measure;

5. Bases competition on the family formation and stability measure on a universal population, i.e., the increase in the percent of children in each State who reside in married couple families;

6. Makes more explicit that States may choose any of the measures on which they wish to compete in order to conform the language of the proposed Food Stamp and family formation measures to the overall policy that participation is voluntary;

7. Eliminates the qualifying conditions and qualifying options proposed in the NPRM for the Food Stamp and the Medicaid/SCHIP measures;

8. Allots \$140 million to the work measures, \$20 million each to the Food Stamp and Medicaid/SCHIP measures, and \$10 million each to the child care and family formation measures;

9. Reduces the reporting burden on States by allowing waivers of the reporting requirements for SSP-MOE data under certain limited circumstances;

10. Reduces the reporting burden on those States competing on the work measures by requiring only minimal identifying information on adult TANF recipients that we will use to match with NDNH data at the Federal level;

11. Bases competition on the Food Stamp measure and the family formation and stability measure initially on the Census Bureau's Census 2000 Supplementary Survey and the Census Long-Form Transitional Database and, later, on data from the American Community Survey;

12. Bases competition on the Medicaid/SCHIP measure on State Medicaid/SCHIP data, matched with TANF data at the State level;

13. Bases competition in FY 2002 on the child care measure, which focuses on child care accessibility (the percent of CCDF-eligible children receiving services), affordability (assessed family co-payments), and child care quality, (based on State reimbursement rates) on data States currently report to us under the CCDF program;

14. Specifies the dates by which States must report data and other information to us;

15. Clarifies the use of the bonus funds; and

16. Makes technical and clarifying changes in the work measures, e.g., changes the way we calculate the improvement measures from percentage change to percentage point change and drops the requirement that States identify those persons whose jobs are fully subsidized.

VI. Section-by-Section Discussion of the Final Rule and the Public Comments

Section 270.1 What does this part cover?

We received no comments on this section and have made no changes to it.

access, remains a high priority with FNS. For example, FNS has released two program access guides, one for working families and another for elderly and disabled households, that are designed to assist State policy makers and others in understanding what the food stamp statute and regulations require of States in terms of food stamp eligibility application processing, recertification, notice and appeal rights, among other matters. In addition, FNS is conducting customer service access reviews in every State that are designed to identify barriers to program participation, including problems stemming from noncompliance with the program's legal and regulatory requirements. By the end of FY 2000, FNS will have completed between one to three access reviews in every State. Beyond FY 2000, FNS intends to make customer service access reviews a permanent part of its oversight of the Food Stamp Program.

Comments: We received a number of comments on our proposal to use Census Bureau decennial and annual demographic program data in ranking State performance on the food stamp measure. Many commenters expressed concern as to the reliability of Census Bureau data. They noted that, in the past, Census Bureau data have provided misleading information regarding food stamp participation when compared to actual State data. Also, they felt that, while using Census Bureau data simplifies setting the baseline, it could rapidly become outdated based on population growth in States, resulting in an inability to award State bonus

funds accurately and appropriately. Many commenters wondered why we did not simply use State administrative data, which is more reliable and would match the method for tracking Medicaid and SCHIP enrollment.

Response: The food stamp outcome measure examines changes in the ratio of the number of working households with children in a State that participate on the Food Stamp Program to the number of working households with children in the State that are income eligible for the program. State administrative data can only provide us with the number of working families in a State that are participating in the Food Stamp Program. They cannot tell us the total number of families in the State who are income eligible for the program. The only data source that can provide us that information is Census Bureau data.

We recognize there are problems inherent in using existing Census Bureau data sources for awarding TANF bonus funds. However, we hope to avoid many of the pitfalls identified by commenters by using new Census Bureau surveys. We will use the annual State estimates produced by the Census Bureau from its annual household survey program, beginning with the Census 2000 Supplementary Survey and transitioning to the Census Bureau's American Community Survey by 2004.

Census data

only a small percentage of income-eligible children are now receiving subsidies, according to published estimates from this Department. Many commenters based their rationale simply on the fact that child care is a critical work support needed in order for poor families to work. The suggestions for how we should construct a specific child care measure centered primarily on the number or proportion of children receiving child care subsidies and/or the amount of expenditures on eligible children.

In developing the NPRM, we had considered the possibility of including a child care measure, not only because of its importance to working families but also because the CCDF program and the TANF program are closely related. However, we did not propose a child care measure for various reasons. Our reasons included the lack of currently available data that would completely capture State performance on all of the crucial elements, including quality, affordability and accessibility of an effective child care subsidy delivery system. We also took into account the lack of data that would fully capture how well States are performing in serving the TANF/CCDF population given the considerable duplication in data sets and inconsistencies in statutory data collection between the two programs.

Based on the extensive support among commenters for a child care measure and upon further evaluation of the availability of data, we have devised a child care measure that we believe will reward

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States based on an appropriate range of important child care program elements. This new measure is located at §270.4(e) of this final rule. The three components of the measure address child care accessibility, as indicated ^{by} the percent of CCDF-eligible children receiving services; affordability, as indicated by assessed family co-payments; and quality, as indicated by State reimbursement rates. We believe it is essential to include all three components in order to assess a State's performance in making high quality child care more accessible to low-income families. We will use Census Bureau and existing CCDF data on two elements for the FY 2002 bonus year and add an additional element for subsequent years that will require additional information to be reported by States choosing to compete for the measure. The top 10 performing States that choose to compete on this measure will each receive a portion of a total of \$10 million in bonus funds awarded annually for this measure.

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edit
We intend to engage States and others, particularly data experts, in discussions regarding the technicalities of implementing key elements of the measure. While there were many comments in support of a child care measure, and many of these comments supported the areas that we have selected for measurement -- accessibility, affordability, and quality of child care -- there was no opportunity for detailed consultation or comment on the technical aspects of measurement within these areas, because a child care measure was not included in the NPRM. After

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consultation with States and others. We expect to be issuing details regarding computation of State rankings on the components of the measure by the end of the year.

For the FY 2002 bonus year, the measure consists of two components: the percentage of eligible children served and the affordability of care for the families of the children served as indicated by the relationship between the State's reported family CCDF co-payments and reported family income. These components of the measure use existing data reported by the States on the ACF-801 and the ACF-800 as the source for the number of children served, family copayments, and family income. We will calculate

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the percentage of children served with "pooled" funds, i.e., CCDF funds (including transfers from TANF) and any other funds that are reported to us on the ACF-696 (CCDF financial reporting form) for the applicable year.

Each State's rank on the measure in the FY 2002 bonus year will be a composite weighted score of the two components, with the component on percent of population served having a weight of 6 and the component on affordability of family co-payment having a weight of 4.

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We will use Census Bureau data (the Census 2000 Supplementary Survey and the Long-Form Transitional Database) as the data source for family income at 85% of the State's median income,

i.e., the Federal eligibility limit set in statute for the CCDF, to determine income-eligibility in calculating the percentage of children served.

To determine affordability, we will compare family income with assessed state family co-payment as reported on the ACF-801. Because States have tremendous flexibility in setting sliding fee scales under the regulations governing the CCDF, in order that they can balance different needs and make child care affordable for families at a range of incomes, we will refine the technical details of this measure through additional consultation with States and data experts.

*Deleted last sentence - DHH
edit given pg. 106 change n:
timeframe to issue guide*

For FY the 2003 bonus year we will further strengthen the measure by adding a third component that compares actual rates paid by the State to the market rates applicable to the performance year. Each State's rank on the measure in the FY 2003 bonus year will be a composite weighted score of the three components, with the component on percent of population served having a weight of 5, the component on affordability of family co-payment having a weight of 3 and the third component on the comparison of rates paid to market rates also having a weight of 2.

This third component cannot be implemented in the FY 2002 bonus year because States do not currently report the data collected in the CCDF-required market rate surveys, nor is there any

consistency among States in how the surveys are conducted. However, we believe this additional component of the measure will strengthen our ability to assess a State's performance with respect to both affordability and quality, since access to higher quality, more stable care for families receiving subsidies is often linked to the rates paid to providers by the State.

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This component will use existing data on actual rates paid for children receiving CCDF subsidies as reported on the ACF-801, and data on actual market rates that will be submitted by those States that choose to compete on the child care high performance measure. We will draw the necessary data from the market rate data collected by the State in the CCDF-required survey. Consistent with existing CCDF requirements, this survey must be completed no earlier than two years prior to the beginning of the performance year when the performance year is the first of the biennial State CCDF Plan cycle, or no earlier than three years prior to the beginning of the performance year when the performance year is the second year of the State CCDF Plan cycle. While States must complete their surveys within the specified time frame, CCDF regulations do not require submission of the survey data. A process for submission of this data by States choosing to compete on the child care measure and the precise methodology to be used in ranking States on the relationship between rates paid and market rates will be developed through additional consultation with States and data experts. ^

(DHHS edit - deleted last sentence)

For all bonus years, we will distribute bonuses to the top 10 qualifying States that have both fully obligated their CCDF Matching Funds for the fiscal year corresponding to the performance year and fully expended their CCDF Matching Funds for the fiscal year preceding the performance year. The source of this financial information is the ACF-696 for the corresponding bonus performance period. This requirement contributes to the effective use of Federal funds and to a level playing field across States, by ensuring that no State can win the child care high performance bonus through substituting TANF or other 100% Federal funds for CCDF Matching Funds (although States may certainly add resources to the CCDF "pool" of funds). Thus, all States competing for the child care bonus must have committed all of their dedicated child care funds.

We address commenters' specific recommendations for the child care measure below. The approaches suggested by many of the commenters were similar. The commenters proposed a variety of options, some more detailed than others, while none provided an in-depth analysis of potential data sources. To avoid repetition, we have organized the comments by type, rather than by content of individual letters.

Comments: Commenters suggested that a child care measure might be based on various target populations, including:

- 1) TANF recipients and former TANF recipients;

2) children eligible under the provisions of the Child Care and Development Fund (i.e., at or below 85 percent of State median income);

3) children at or below 200 percent of poverty;

4) children served under both the Child Care and Development Fund (CCDF) and, at State option, other subsidy programs funded by TANF or State sources; or

5) children in two-parent households receiving child care services (as a suggested substitute for the family formation measure).

Response: We concur that a child care measure should take into account the population served, i.e. a measure of accessibility to subsidies. Therefore, we have incorporated percentage of CCDF-eligible children served into the composite child care measure. We will include children served with "pooled" funds (all funds reported on the ACF-696 for the period corresponding to the performance year) in the percentage. We believe that the most appropriate denominator is the target population eligible under the Child Care and Development Block Grant Act, i.e., at or below 85% of the State Median Income.

DHHS edits

We do not have an existing data source that would accurately capture child care subsidy services to all TANF recipients. Nor could we determine a method of eliminating duplicate counting of children served with both TANF and CCDF maintenance-of-effort

funds. Since we are adopting a separate family formation measure, we did not see a rationale for focusing the child care measure solely on two-parent families. Child care is a critical support for one-parent as well as two-parent families when parents are working. Our measure does recognize that this is a TANF high performance bonus by capturing those children connected to TANF, transitioning from TANF or at risk of becoming eligible for TANF who are served in the CCDF system, including families served with "pooled" funds reported on the ACF-696.

Comments: A few commenters suggested that the bonus be based on a measure of State expenditures on child care subsidies divided by the estimated number of federally-eligible children under the age of 13. They suggested this simple measure in recognition that there are problems with consistency among programs in eligibility, payment levels, and other factors.

Response: While this measure would involve a minimal reporting burden, we do not believe that this is a meaningful measure, since it would not capture a measure of the extent of services provided to families, as our measure does. This suggested measure would be more process-based than the measure we adopted and would ignore critical elements of a State's child care performance. Further, it could reward States that have very high family copayments and low provider reimbursement rates.

(Deleted last sentence - OHH's edit)

Comments: A few commenters also suggested using both an absolute and an improvement measure for one or more of the suggested components of the child care bonus.

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p. 112

Response: We believe that it is most important to focus upon an absolute measure. First, we could not include quality until the second year of child care bonus if we were to seek to include an improvement measure, because there are no baseline data available. We would be very concerned about this consequence because, as we have noted, we believe that a balanced measure of accessibility, affordability, and quality is crucial to ensure beneficial outcomes for children. Second, the funds that we have made available for the bonus are not sufficient to adequately reward both high achieving States and those that show the most improvement. In choosing between the two approaches, we believed it to be especially important to reward those States that have already made considerable progress in improving access to care for low-income families. *Revised, but slightly different approach than suggested*

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difficult
to quantify

Comments: Some commenters suggested factors such as high payment rates and low family co-payments. One suggestion was to pay an increased bonus to States that adopted reimbursement rates at the 75th percentile of the local market rate.

Response: We concur that the child care performance measure should contain an indicator of affordability. Therefore, we have

we want to ensure that the bonus approach does not inadvertently inhibit the ability of States to try a variety of approaches to rate-setting that might enhance quality, including rate structures that offer incentives linked to provider qualifications, certification, or other quality measures. In the context of a shortage of dedicated Federal child care funds and the trade-offs that States could be forced to make as a result, we are concerned that a bonus linked to a single approach to payment could inadvertently be counter-productive. Our approach is intended to reward States that, by making the best use of all the resources and choices available to them, have established higher rates.

Comments: Some commenters suggested that the child care bonus incorporate certain measures of quality. The ideas forwarded by one or more commenters consisted of:

- 8/14
19:14
- Excluding children who are in informal or unlicensed care from the population measure;
 - Measuring the use of licensed care by subsidized families; and
 - The payment of higher rates to accredited centers.

Response: We concur that quality child care is important for the healthy development of all children and is especially crucial for children in low-income families who often are disadvantaged educationally as well as financially. Thus, we incorporated

sk 3. AS quality into the bonus measure by looking at factors that allow families to pay for better care, an approach that is consistent with the parental choice concept that is central to the statute governing the CCDF. Licensing and certification systems vary greatly, and we do not have the data to determine access to accredited care. Moreover, children often are in multiple arrangements or frequently are moved to different settings for various reasons. Available data would not support an unduplicated measure related to use of specific types of care.

Comments: Several commenters also suggested a child care threshold measure, either as a qualifying factor for a child care bonus or in order for a State to receive other bonus awards. They suggested:

1. Before a State could compete on a child care measure, the State must pay a child care rate equal to at least the 75th percentile of the local market rate based on a survey that is not more than two years old; or
2. To qualify to compete, a State must spend a required percentage of child care funding for care that meets State certification standards.

Other suggestions included granting high performance bonus awards only on the condition that a State based its child care payments on recent market surveys or served at least 70% of its income-eligible children.

Response: We agree with commenters on the critical importance of quality and access to child care services. However, we do not believe it is useful to include these factors as qualifying conditions. Instead, we have taken a stronger position by addressing payment rates and percentage of children served directly in the child care measure we developed. In our response regarding the suggestion that we include use of licensed or accredited care in the bonus itself, we explained why we believe that there are not data available to make a measurable determination on use of such care. As we pointed out earlier, we also sought to develop a measure that supports the central CCDF concept of parental choice.

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8/6
← DHS edit)

OTHER RECOMMENDATIONS FOR NEW MEASURES IN OR APPROACHES TO THE BONUS SYSTEM

In addition to recommendations for a new child care measure, we received many comments for other measures as well as suggestions for how the high performance bonus system might be improved. We summarize and respond to these comments below.

A. Domestic Violence

Former section 270.4(e), now new section 270.4(f) Measure of family formation and stability.

In the overview section above (IV.C. Overview of Comments on the Family Formation Measure), we described our continuing efforts to develop an outcome measure related to family formation and our commitment to including in the high performance bonus system measures to address the non-work purposes of the statute. In addition, we summarized the public comments on, and the objections to, this proposed measure and our rationale for retaining the measure in the final rule.

By including this measure in the final rule, we want to emphasize that our primary focus is on the second statutory purpose of TANF, i.e., "...to promote marriage." At the same time, including this measure in the high performance bonus does not preclude State efforts to support two-parent families or responsible fatherhood activities for parents who are not married. Nor does the focus on this measure preclude parents making responsible choices that best meet their needs and the needs of their children.

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We have made one substantive change in this measure. In response to comments, we will base this measure on a universal population, i.e., the increase in the percentage of all children in the State

who reside in married couple families, regardless of income.

Given the remaining issues, we have also reduced the allocation

5/6 → for this measure to \$10 million. In addition, we have made one
139 clarifying and one technical change in this section: we have
clarified that we will rank only those States who wish to compete
on this measure and added the provision that we will measure
performance based on percentage point change rather than the
percentage change. (DAGS edit)

We want to respond more specifically to some of the commenters' major concerns.

Comment: A number of commenters objected to the proposed use of a quantitative measure (promoting marriage) while ignoring the more qualitative goal of "encouraging the formation of two-parent families," i.e., purpose four in the statute. They noted that, under the proposed measure, stable but less traditional families, such as separated families, common-law families, same sex families, or two related adults living together would not be counted for bonus purposes. In addition, they pointed out that DHHS had supported the qualitative position in policy guidance by encouraging both parents to meet parental responsibilities whether they are married and live together or not.

Response: Although we explored a possible measure based on "two-parent families," we were constrained by the lack of available

data. The Census Bureau, our source of data for this measure, does not collect information on two-parent families as a category but does collect information on married couple families. We recognize the diversity of views on this issue, but point out that the second purpose of TANF includes the promotion of marriage. In using this measure in the bonus system, we are not intending to diminish our strong support for responsible parenthood, regardless of parental living arrangements. We also reward States that support and encourage responsible parenthood through the child support program and its incentives.

Comment: Some commenters objected to the design of the proposed measure. They observed that the measure appears to reward States for increasing the number of children in poverty in married couple families; it will not reward States when a married couple's income exceeds 200 percent of poverty. Further, States that are successful in encouraging single parents to marry might be less likely to receive a bonus since single mothers usually improve their economic situation when they marry.

Response: We agree with commenters that the proposed measure, based on the percent of children below 200 percent of poverty who reside in married couple families, raises programmatic and measurement issues. We believe the change we have made in the final rule, i.e., to measure the percent of all children in the State who reside in married couple families, will address these

3rd comment pg. 120 re: "non-capitalist parents" --
140 could not find

concerns. It also makes this measure more consistent with the out-of-wedlock birth bonus which, by statute, is based on all out-of-wedlock births and not just those to low-income mothers.

Comment: A number of commenters believed that the proposed family formation measure, like the proposed Food Stamp measure, was dissociated from the TANF population and State efforts to help TANF families become self-sufficient. Rather, they believed that it would merely reward States for changes in State demographics or fluctuations in the State economy. In addition, some commenters envisioned negative consequences to families as a result of coercive actions a State might take in order to compete for the bonus.

Response: We believe this bonus provision may be an incentive to States to increase their attention to some of the non-work purposes of the TANF program, i.e., purposes that go beyond the population receiving TANF assistance. We agree that this is a new program area for many States, and we believe that States will respond by reducing barriers and developing new activities to support marriage and strengthen families. The universal measure in the final rule addresses the concern about fluctuations in the States' economy.

Some of the recent steps ACF has taken will help us track State efforts to meet the family formation goals of TANF. First, under

the provisions in the final TANF rule, published April 12, 1999 (64 FR 17720), the new fiscal reporting form (ACF-196) will capture expenditures on "Two-parent family formation and maintenance activities." This will help us determine which States are making the biggest investments in this area.

Second, the new annual report from States will include summaries of State programs and activities directed at the third and fourth purposes of the TANF program (see 45 CFR 265.9(a)(8)). We anticipate that this information will provide leads about promising practices that we can share among States to encourage innovation and increase efforts in these areas. It might also provide leads about policies or practices that merit further review.

(DHS edit) Third, in the summer of 1999, we issued a TANF funding guidance document entitled "Helping Families Achieve Self-Sufficiency." This document provides several examples of family formation activities that States could undertake to encourage and reduce barriers to marriage, funded with Federal TANF or State MOE funds, e.g., providing premarital and marriage counseling and mediation services, and changing State TANF eligibility rules to provide incentives for single parents to marry and/or for two-parent families to stay together.

(D4HS edit)

Finally, recent results from a rigorous evaluation of the Minnesota Family Investment Plan found that a program combining generous work incentives with work requirements significantly increased the proportion of married families for both two-parent recipients and single-parent, long-term recipient families.

Comment: A few commenters objected to this proposed measure because it did not meet the principles outlined by NGA and APHSA, i.e., that it did not minimize double jeopardy or reward. They believed that there was a very narrow distinction between the proposed measure of the out-of-wedlock birth bonus in section 403(a)(2) of the Act. Some commenters urged us to develop a measure to reward reductions in teen pregnancies instead of the family formation measure.

(D4HS edit)

Response: We believe the out-of-wedlock birth bonus and the family formation measure are sufficiently different in focus so as not to violate the principle of non-duplication. For example, the out-of-wedlock birth bonus focuses on all births, in conjunction with the abortion rate in the State, while the family formation measure focuses on children of all ages, including newborns. In addition, the out-of-wedlock birth bonus addresses the third purpose of TANF (preventing and reducing the incidence of out-of-wedlock pregnancies) while the family formation measure addresses the broader goal of promoting job preparation, work, and marriage.

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We had previously devoted considerable thought to the question of whether we should include a teen pregnancy measure because this question came up in our earlier consultation with the States. While the Centers for Disease Control and Prevention and the Alan Guttmacher Institute both publish State-level teen pregnancy data, some of these data are based on estimates because teen abortion data are not available for all States, and we did not consider these figures sufficiently reliable for the purpose of awarding bonuses.

In the areas of teen pregnancy prevention and out-of-wedlock childbearing, we have sought to focus more State attention on the pregnancy prevention goals of TANF. First, we believe the new reporting form (ACF-196) and the annual reports from States will provide information on promising State practices that we can share to encourage innovation in this area. The TANF funding guidance ("Helping Families Achieve Self-Sufficiency") also provided several examples of pregnancy prevention activities that States could undertake with Federal TANF or State MOE funds.

In addition, the Department has continued its efforts to improve State and national outcomes in these areas. The latest national data show continued success in reducing the teen birth rate

(which dropped 20 percent between 1991 and 1999). The 1999 rate of births to all unmarried women has dropped six percent from its peak in 1994, and the birth rate for unmarried teens dropped 11

percent from its peak in 1994 to 1998, based on the most recent available data.

On April 14, 1999, we issued the final regulations on the bonus to reward States with the largest decreases in their out-of-wedlock childbearing. On September 13, 1999, Secretary Shalala announced the first five winners of that bonus: Alabama, California, the District of Columbia, Massachusetts, and Michigan. Each received \$20 million. The reductions in their out-of-wedlock birth ratios ranged from 1.5 to 5.7 percent.

Prior to these issuances, the Department had undertaken a number of initiatives directed at reducing out-of-wedlock and teen pregnancies.

- In 1995, the Department produced the Report to Congress on Out-of-Wedlock Childbearing, and Beginning Too Soon: Adolescent Sexual Behavior, Pregnancy and Parenthood -- both of which contained valuable information about the occurrence of out-of-wedlock and teen pregnancy as well as strategies for addressing these concerns.

- In 1997, the Department developed the National Strategy to Prevent Teen Pregnancy, as required in section 905 of PRWORA. The Department has released three annual reports to Congress since then. Among other things,

the 2000 report noted that HHS has funded teen pregnancy prevention programs in at least 35 percent of communities across the country and listed more than 20 Departmental programs aimed at educating teens and preventing pregnancy (including Girl Neighborhood Power! and demonstration grants to 13 communities in 11 States funded through the Centers for Disease Control and Prevention Community Coalition Partnership Programs). *(see Rpt. updates needed based on 2000 report)*

- The Department, in partnership with the National Campaign to Prevent Teen Pregnancy and Johnson and Johnson, has developed "Get Organized: A Guide to Preventing Teen Pregnancy." This publication stresses a localized approach, a long-term commitment, and careful evaluation. The Department will be disseminating additional information to communities regarding programs that specifically target boys and young men.
- The Department has been administering the State Abstinence Education Program, as authorized by section 912 of the PRWORA. This program authorizes \$50 million per year beginning in FY 1998. Every State applied for this money to build on its efforts to prevent teen pregnancy in FY 1998 and FY 1999 (although New



**Executive Office of the President of the United States
Office of Management and Budget**

Office of Information and Regulatory Affairs
Human Resources and Housing Branch
New Executive Office Building
Room 10235
Washington, DC 20503

FAX TRANSMITTAL

FAX: 202-395-6974

DATE: 8/15/00

TO: ANDREA KANE

FROM: BRENDA AGUILAR

Total number of pages (including Transmittal Sheet):

PART II (148 ~~145~~)

Recipient's Fax Number:

456-7431

Recipient's Telephone Number:

Comments:

PLEASE DISSEMINATE TO MARGY + ANN.
I WILL GET THIS TO EVERYONE HERE.
LET ME KNOW WHAT YOU THINK!



ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of Legislative Affairs and Budget (OLAB)

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Washington DC 20447
Tel: (202) 401-9223
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Part 2 of
2 (15.148-
229)

~~Part 2 of
2 (1-146)~~

TO: Benda Aguilar

DATE: 8/15/00

FAX: () 395-5167

SUBJECT: HPB Final Rule - Change Pages

☐ AS REQUESTED

☐ COMMENT

☒ CLEARANCE

☐ FYI

Attached are change pages
responding to your 8/11 edit and
8/14 comments. These changes
should address all remaining
comments.

In addition, I've included a
few other changes requested
by our "simultaneous" dept.
review and your PR4 change.

Madeline

Males, which have all provided important insight into adolescent risk behaviors including sexual activity and response to pregnancy.

New section 270.4(g) Option to compete.

Under the NPRM, we proposed to rank only the competing States for the work measures, but to rank all States that met the qualifying conditions for the Food Stamp and the family formation measure, based on Census Bureau data.

Comment: A number of commenters objected to not being given the option whether to compete on all measures.

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Response: In the final rule, we have added new language in §§270.4 (c), (d), (e), (f), and (g) and §270.6(c) to make it clear that States have the option whether to compete on all measures. Under §270.11, each State must submit to us a list of the measures on which it is competing by February 28 of each bonus year.

Section 270.5 What factors will we use to determine a State's score on the work measures?

(2) Revised the calculation of the State rankings in §270.5(b) to drop the proposed double-weighting of the job retention sub-measure - - thus giving both sub-measures equal weight;

(3) Dropped the distinction on what kinds of subsidized jobs count under the work measures;

DHHS edits (4) Streamlined the description of the ranking procedures in §270.5(b);

(5) Clarified that we will award bonuses only to States with positive scores; and

(6) Clarified how we will rank States on the increase in success in the work force improvement measure.

Following is a discussion of the comments we received, by issue.

A. Establishing a Performance Threshold

The NPRM did not specify a level of earnings or other threshold factor that a TANF recipient would need to achieve in order for the State to count the individual in the job entry, job retention, or earnings gain measures. Thus, as little as one dollar of earnings in a quarter would count in determining who entered employment, how long they remained employed, and how much their earnings increased.

State. Thus, a State would not be advantaged or disadvantaged by having a higher or lower cost of living than other States.

We also did not accept the recommendation to measure only full quarters' earnings because that would require a substantially increased data collection and reporting burden on the States. Because Unemployment Insurance (UI) and NDNH records do not indicate whether earnings reflect a full quarter of employment or not, we would have to establish a proxy measure, require States to collect and submit administrative data, or conduct new surveys. Also, allowing States to submit administrative data on a voluntary basis would not be helpful because we believe that the bonus awards must be based on data that are uniformly available and comparable across States.

(DHS add)

Finally, although we received no comments on this matter, we have clarified how we will calculate scores, rank States, and award bonuses for the increase in success in the work force measure. First, we will award bonuses only to States with positive improvement scores. Second, we will not, however, exclude a State with a negative score in calculating a rate and ranking States on this measure. For example, a State may have a negative score on one sub-measure (e.g., job retention) and a positive score on the other sub-measure (e.g., earnings gain). We have added language in §270.5(b)(3) to specify that we will award bonuses only to States that achieve a positive percentage point

Note: w/ this clarification, few States would
get awards on this composite measure.
For FY 99 only 2 States had positive
improvement scores for both submeasures.
(retention + earnings).

difference on at least one sub-measure between the rate for the performance year and the comparison year. We have deleted the word "positive" in paragraphs §270.5(a)(3) and (a)(4) to comport with this clarification and to avoid confusion. We have also deleted the word "positive" from the proposed definition of "Improvement rate" in §270.2 for the same reasons.

D. Sustained Employment Rate

Comment: Two organizations suggested a somewhat different approach to the proposed work measures. Their approach would create a "sustained employment rate," a separate earnings gain rate, and a new measure of the earnings gap for poor families in a State.

They recommended that we develop a single sustained employment rate in lieu of the job entry and job retention rates. The base (denominator) for the sustained employment rate would be all TANF adult recipients except those engaged in employment with earnings equal to or greater than an average of twenty hours per week for the quarter multiplied by the Federal minimum wage. A recipient would be counted as a "sustained employment recipient" if the recipient has at least two consecutive quarters with earnings at or above the threshold noted above during the next year. The earnings gain rate would be measured over a one-year period beginning after the initial quarter of employment where the

(8/11 8-12-00)

~~No~~ change made -- change doesn't
narrow border

i.e., the name, date of birth, and social security number of all adult TANF recipients.

In addition, we want to clarify what data are available through the NDNH. The NDNH contains not only a national database of new hires, but also national wage data compiled by the State Unemployment Insurance agencies and Federal employment and wages. (This addresses commenters' concerns for information on out-of-State and Federal employment.) Matching adult TANF recipient data with quarterly wage data on the NDNH data base will provide the necessary work performance information to rank States on all the work measures.

With respect to the privacy concerns, the match of adult TANF recipients with the NDNH database will not reflect information about individuals, but will produce only aggregate information for use in calculating the State rankings on the work measures.

Prior to these regulations, we provided States flexibility in what data source(s) they could use for compiling performance data for the work measures. We note that States competing for the FY 1999 bonus awards compiled their work measurement performance data based on their State unemployment wage data system. Our proposal builds on and strengthens that system. The use of the NDNH will ensure that we rank States based on the most uniform, objective, and reliable data available. In addition, States will

States that choose to compete on these measures. In addition, we received a number of comments on this section.

Comment: Several commenters expressed concern about the proposed use of Census Bureau data. Commenters based their concerns on perceived problems with the Current Population Survey (CPS) or the decennial census, e.g., the CPS data could not produce reliable State-level estimates for all States, given the sample sizes. They cited the lack of reliability of the CPS data and recommended, alternatively, that we base Food Stamp and the Medicaid/SCHIP measures on State administrative data that are more current. They also believed that the decennial census data, despite periodic updates, under-reports many low-income populations, focuses on married households, and undercounts households where two adults may be responsible for parenting and child-rearing. Undercounting the increasing number of grandparents raising children was also of concern to commenters.

Response: We agree that State administrative data, in some cases, are more current than decennial census data or the CPS estimates. Our aim in the NPRM, however, was to propose to use the most uniform, reliable, and objective data available with as little burden to States as possible.

We want to clarify that we will use data from the Census Bureau's Census 2000 Supplementary Survey and the Census Long-Form

(S) 2002
Transitional Database in awarding bonuses for FY 2002 and FY 2003. The Supplementary Survey and the Transitional Database will provide reliable State-level data based on a sample of 700,000 cases. If high performance bonus awards are authorized in subsequent years, we plan to use data from the Census Bureau's American Community Survey (ACS), which will provide annual reliable State and county-level data, starting in 2004 for areas with populations of 65,000 or more.

Comment: A number of commenters recommended that the final rule require States to report data separately on the number of adults and the number of children no longer receiving TANF assistance who are enrolled in Medicaid or SCHIP. They commended our proposal to evaluate States on the percentage of individuals enrolled in Medicaid or SCHIP, rather than the percentage of families enrolled. They based their recommendation on the need for better data and findings from recent studies that indicated that often only selected family members retain health care coverage after leaving welfare. In particular, parents appear to be at much greater risk than children of losing out on health care coverage for which they are eligible.

Response: We agree that information on the participation of adults and children in these programs could be useful in monitoring program outcomes. However, we do not believe that the

value of this information justifies the additional data collection effort that would be required.

Section 270.8 How will we allocate the bonus award?

This section of the NPRM proposed to:

- make awards to the ten States with the highest scores in each measure;
- allocate a total of \$140 million to the four work measures as follows:
 - Job entry rate \$56 million
 - Success in the work force \$35 million
 - Increase in job entry rate \$28 million
 - Increase in success in the work force \$21 million
- allocate a total of \$60 million to the non-work measures with \$20 million each to the Food Stamp, Medicaid/SCHIP, and family formations measures; and
- within each measure, distribute the bonus money based on each State's percentage of the total amount of the SFAG of the ten States that will receive a bonus.

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P.11/15

There were no major objections to this section of the NPRM, but several commenters made alternate recommendations. In general,

top ten winners list. They also recommended that we award any State receiving a bonus some minimum amount based on an estimated cost of applying for the bonus in that category. We could allocate the remainder of the award money in that category as proposed.

Response: We are aware that, for a few States, it may be difficult to compile data in order to compete for the bonuses. In the final rule, we have addressed this difficulty, in part, by requiring no information from States for the Food Stamp and the family formation measures and minimal information from States for the work measures and matching these minimal data with the NDNH data at the Federal level. For the child care measure in FY 2002, we have relied on data States report to us under the CCDF program. With respect to the commenter's specific suggestions, we could find no support for specifying minimum bonuses in section 403(a)(4) of the Act and believe it could be very problematic to administer. Thus, we have not accepted these recommendations.

Comment: A number of commenters, including Members of Congress, recommended increases in the amounts allocated to each of the work support measures, ranging from increasing the allocation for the Food Stamp and Medicaid/SCHIP measures to \$30, \$35, or \$40 million; allotting amounts ranging from \$20 to \$40 million for a new child care measure; and allotting \$20 million for a new

The Executive Order encourages agencies, as appropriate, to provide the public with meaningful participation in the regulatory process. This rulemaking implements statutory authority based on broad consultation and coordination. Section 403(a)(4) of the Act requires the Department to consult with the National Governors' Association and the American Public Human Services Association in the development of a system for awarding high performance bonuses. As described earlier in the preamble and in section G. of this Regulatory Impact Analysis, ACF consulted with States, their representative organizations, and a broad range of advocacy groups, researchers, and others to obtain their views. This rule reflects the discussions with and the concerns of the groups with whom we consulted.

This rule is a significant regulatory action that will have an annual effect on the economy of \$100 million or more, according to section 3(F)(1) of the Executive Order. It will determine how \$200 million will be awarded annually to high performing States to be used to carry out the purposes of the TANF program. It will also have the additional effect of improving State efforts to implement welfare reform. High performing States could see their funding increase by as much as five percent of their State family assistance grant. We believe the cost of competing for a high performance bonus award in FY 2002 should be minimal since competition for these awards will be based, to the extent possible, on existing data sources. After consultation with

(DHS
edit)

States, advocates, and others, we will specify the data States must submit in order to compete on the child care measure in FY 2003.

B. Regulatory Flexibility Analysis

The Regulatory Flexibility Act (5 U.S.C. Ch. 6) requires the Federal government to anticipate and reduce the impact of rules and paperwork requirements on small businesses and other small entities. Small entities are defined in the Act to include small businesses, small non-profit organizations, and small governmental entities. This rule will affect only the 50 States, the District of Columbia, and certain territories. Therefore, the Secretary certifies that this rule will not have a significant impact on small entities.

C. Assessment of the Impact on Family Well-Being

We certify that we have made an assessment of this rule's impact on the well-being of families, as required under section 654 of The Treasury and General Appropriations Act of 1999. The high performance bonus awards are a statutory part of the TANF program and are designed to reward State efforts in strengthening the economic and social stability of families and carrying out other

purposes in the statute. The final rule does not limit State flexibility to design programs to serve these purposes.

D. Paperwork Reduction Act

Under the Paperwork Reduction Act of 1995 (PRA), no persons are required to respond to a collection of information unless it displays a valid OMB control number. As required by the PRA, we have submitted the data collection requirements to OMB for review and approval. We used the NPRM as a vehicle for seeking comment from the public on these and any additional information collection activities that they believe should be added as a part of the bonus award process.

Based on this final rule, we will award bonuses, in FY 2002 and beyond, on four work measures, five work support measures, and one measure on family formation and stability in §270.4. We have computed the burden based only on the work measures and the measure of Medicaid/SCHIP participation. No reporting burden would fall on the States in competing on the Food Stamp measure or the family formation measure as we will use the Census Bureau's Census 2000 Supplementary Survey and the Transitional Long-Form Database as the data source for this measure. In FY 2002, no additional reporting burden will fall on the States in competing on the child care measure as States will be ranked

(DATA edit)

based on data they currently report under the Child Care and Development Fund program (ACF Forms 800, 801, and 696). After external consultation, we will specify the additional information States must submit in order to compete on this measure in FY 2003 and submit any additional paperwork burden requirements to OMB for approval. *PRA request from OMB*

BURDEN ESTIMATE FOR THE WORK MEASURES

In §270.6 of the NPRM, we proposed the use of two alternative sets of data. In the first alternative, States would collect quarterly and report semi-annually a minimal set of identifying information on adult TANF recipients that we would match against the information in the National Directory of New Hires (NDNH) to determine the State's scores for the work measures. In the second alternative, the State would submit more detailed work performance data based on its matching of adult recipient data with its UI data. Commenters strongly supported the first alternative and the use of the NDNH whenever possible.

In the final rule, we specify that we will use the first reporting alternative. We estimate the reporting burden for the first reporting alternative in §270.6(a) to be 1,728 hours, based on the requirement that States report some or all of the following three data elements: the name, birth date, and social security number of all adult TANF and SSP-MOE recipients. (The

fiscal year for which Congress authorizes and appropriates bonus funds.

CCDF means the Child Care and Development Fund.

Comparison year means the fiscal or calendar year preceding the performance year.

Fiscal year means the 12-month period beginning on October 1 of the preceding calendar year and ending on September 30.

Food Stamp Program means the program administered by the United States Department of Agriculture pursuant to the Food Stamp Act of 1977, U.S.C. 2011 et seq.

HCFA is the Health Care Financing Administration.

(DHS) (see pg. 158) ^{delete}
Improvement rate means the percentage point change between the absolute rate of performance in the performance year and the comparison year.

Medicaid is a State program of medical assistance operated in accordance with a State plan under title XIX of the Act.

MSIS is the Medicaid Statistical Information System.

(i) The two measures described in §270.4(e)(1); and

(ii) A measure that compares reimbursement rates during the performance year to the market rates, determined in accordance with 45 CFR 98.43(b)(2), applicable to that year.

(3) For any given year, we will rank the States that choose to compete on the child care measure on each component of the overall measure and award bonuses to the ten States with the highest composite rankings.

(4) We will calculate each component score for this measure to two decimal points. If two or more States have the same score for a component, we will calculate the scores for these States to as many decimal points as necessary to eliminate the tie.

(5) (i) The rank of the measure for the FY 2002 bonus year will be a composite weighted score of the two components at §270.4(e)(1), with the measure at §270.4(e)(1)(i) having a weight of 6 and the component at §270.4(e)(1)(ii) having a weight of 4.

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(ii) The rank of the measure for the bonus beginning in FY 2003 will be a composite weighted score of the three components at §270.4(e)(2), with the component at §270.4(e)(1)(i) having a weight of 5, the component at §270.4(e)(1)(ii) having a weight of 3, and the component at §270.4(e)(2)(ii) having a weight of 2.

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-djt

(6) We will award bonuses only to the top ten qualifying States that have fully obligated their CCDF Matching Funds for the fiscal year corresponding to the performance year and fully expended their CCDF Matching Funds for the fiscal year preceding the performance year.

performance year (job entries) as a percentage of the total unduplicated number of adult recipients unemployed at some point in the performance year.

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pg.
222

(2) The Success in the Work Force Rate is composed of two equally weighted sub-measures defined as follows:

(i) The Job Retention Rate means the performance year sum of the unduplicated number of employed adult recipients in each quarter one through four who were also employed in the first and second subsequent quarters, as a percentage of the sum of the unduplicated number of employed adult recipients in each quarter.

(At some point, the adult might become a former recipient.); and

(ii) The Earnings Gain Rate means the performance year sum of the gain in earnings between the initial and second subsequent quarter in each of quarters one through four for adult recipients employed in both these quarters as a percentage of the sum of their initial earnings in each of quarters one through four. (At some point, the adult might become a former recipient.)

(D.H.S.)
(222)

(3) The Increase in the Job Entry Rate means the percentage point difference between the job entry rate for the performance year and the job entry rate for the comparison year; and

(4) The Increase in Success in the Work Force Rate means the percentage point difference between the success in the work force rate for the performance year and the success in the work force rate for the comparison year. It is composed of two equally weighted sub-measures defined as follows:

(see pg. 158)
explanation

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(i) The Increase in the Job Retention Rate means the percentage point difference between the job retention rate for the performance year and the job retention rate for the comparison year; and

(ii) The Increase in the Earning Gain Rate means the percentage point difference between the earnings gain rate for the performance year and the earnings gain rate for the comparison year.

(b) Ranking of States.

(1) We will measure State performance in the work measures over the course of an entire fiscal year both for the performance year and the comparison year, if applicable.

(2) We will rank the competing States on the work measures for which they:

(i) Indicate they wish to compete; and

(ii) Submit the data specified in §270.6 within the time frames specified in §270.11.

(3) We will rank the States on absolute performance in each of the work measures in paragraphs (a)(1) and (a)(2) of this section. For each of the work measures in paragraphs (a)(3) and (a)(4) of this section, we will rank States based on the percentage point change in their improvement rate in the performance year compared to the comparison year. For the increase in success in the work force measure in paragraph (a)(4), we will award bonuses only to States that achieve a positive percentage point difference on at least one sub-measure

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between the rate for the performance year and the comparison year. The rank of the performance in paragraphs (a)(2) and (a)(4) will be a composite score of the rank of the job retention and the earnings gain measures.

(4) We will calculate the percentage rate for each work measure to two decimal points. If two or more States have the same absolute or improvement rate for a specific work measure, we will calculate the rates for these States to as many decimal points as necessary to eliminate the tie.

§270.6 What data and other information must a State report to us?

(a) Data for work measures.

(1) If a State wishes to compete on any of the work measures specified in §270.5(a), it must collect quarterly and report semi-annually for the performance year and, if the State chooses to compete on an improvement measure, the comparison year, the identifying information on all adult TANF recipients as specified in program guidance.

(2) Each State must submit the information in this paragraph for both adult TANF recipients and adult SSP-MOE recipients for whom the State would report the data described in paragraph (b) of this section.

(b) Data on SSP-MOE programs.

In order to compete on any high performance bonus measure, each State must submit the information in Sections One and Three

of the SSP-MOE Data Report as specified in §265.3(d) of this chapter.

(c) Data for the Medicaid/SCHIP measures.

If a State wishes to compete on the Medicaid/SCHIP measures in §270.4(d), it must submit the information that we and HCFA will specify.

(d) Data for the child care measure.

If a State wishes to compete on the child care measure in §270.4(e), it must report the data as required by the CCDF program and additional data on child care market rates that we will specify. (Delete ending) (DHH edit)

(e) Intent to compete.

Each State must notify us on which of the measures it will compete in each bonus year.

§270.7 What data will we use to measure performance on the work support and other measures?

(a) We will use Census Bureau data to rank States on their performance on the Food Stamp measures in §270.4(c) and on the measure of family formation and stability in §270.4(f). We will also use Census Bureau data, along with other information, to rank States on the child care measure in §270.4(e). We will rank only those States that choose to compete on these measures.

(b) We will rank State performance on the Medicaid/SCHIP measures in §270.4(d) based on data submitted by those States

that choose to compete on these measures, as determined by matching TANF individuals who were enrolled in Medicaid/SCHIP and are no longer receiving TANF assistance with Medicaid/SCHIP enrollment data.

(c) We will rank State performance on the child care measure based on data submitted by those States that choose to compete on this measure. We will use data reported on Forms ACF 800, ACF 801, ACF 696 and other necessary data we will specify.

*Delete entry
DHHS edit*

\$270.8 How will we allocate the bonus award funds?

(a) In FY 2002 and beyond, we will allocate and award \$140 million to the ten States with the highest scores for each work measure as follows, subject to reallocation as specified in

\$270.9:

- (1) Job Entry Rate.....\$56 million
- (2) Success in the Work Force.....\$35 million
- (3) Increase in Job Entry Rate.....\$28 million
- (4) Increase in Success in the Work Force.....\$21 million;

(b) In FY 2002 and beyond, we will allocate and award \$20 million to the ten States with the highest scores on the Food Stamp measures and \$20 million to the ten States with the highest scores on the Medicaid/SCHIP measures, subject to reallocation as specified in \$270.9. For these measures, we will:

- (1) Award \$6 million to the three States with the highest scores on the Food Stamp absolute measure;

No change to measures -- not a single measure (must be consistent with work measures)

(2) Award \$6 million to the three States with the highest scores on the Medicaid/SCHIP absolute measure;

(3) Award \$14 million to the seven States with the highest scores on the Food Stamp improvement measure; and

(4) Award \$14 million to the seven States with the highest scores on the Medicaid/SCHIP improvement measure.

(c) In FY 2002 and beyond, we will allocate and award \$10 million to the ten States with the highest scores on the child care subsidy measure and \$10 million to the ten States with the highest scores on the family formation and stability improvement measure.

2.1 (d) We will distribute the bonus dollars for each measure based on each State's percentage of the total amount of the State family assistance grants of the States that will receive a bonus.

delete "for"

§270.9 How will we redistribute funds if that becomes necessary?

(a) If we cannot distribute the funds as specified in §270.8, we will reallocate any undistributed funds among the measures listed in §270.4.

(b) If we still cannot distribute funds within the bonus year, they will remain available for distribution in the next bonus year, to the extent authorized by law.

§270.10 How will we annually review the award process?

HHS call

From: Matthew D. McKearn on 07/26/2000 11:03:24 AM

Record Type: Record

To: mmocko@ACF.DHHS.GOV @ inet

cc: See the distribution list at the bottom of this message

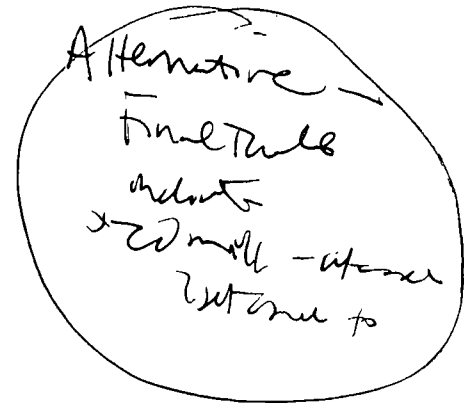
Subject: proposed child care measure

Maddie:

attached is the proposed measure for child care. Talk to you at 2:00



highperformance.wp



Proposed Measure The child care bonus measure would consist of three quantitative measures, weighted by their relative importance, and a final review factor that could be applied at the Secretary's discretion. It would reward States that serve higher proportions of the Federally-eligible CCDF population, increase investment in child care, and ensure equal access to affordable care by providing subsidy levels in line with market rates. In combination, the three components and the final review are designed to encourage expanded coverage while discouraging State practices that would reduce access or quality of care.

Quantitative measures:

1. abCCDF coverage – the estimated proportion of eligible CCDF children served by a State with CCDF-funded subsidies or included in CCDF administrative data;
2. abadditional State investment in child care – CCDF transfers to TANF, additional (unmatched) State expenditures through CCDF, and State-reported direct TANF spending on child care; and
3. abaccessibility to affordable care – the weighted average ratio of the State subsidy rate to the market rate for CCDF subsidized slots.

Final Review After states have been ranked according to the proposed measure, HHS may review the state's "equal access" state plan summary (required by 45 CFR 98.43) and practices; if the state has failed to take steps that ensure equal access to care (for example, by establishing copayments that are not affordable), the Secretary may reduce or deny the HPB to that state.

Weights The three factors would be weighted to place primary emphasis on CCDF coverage (60%) and secondary emphasis on additional investments (20%) and accessibility (20%).

→ *Weight in age, region
weighted avg. proportion - how many slots - market weighting*

The Secretary would have the discretion to award up to 10 bonuses per year, but could award fewer if the circumstances warranted. While initially the bonus would be based on coverage ratios calculated from the March Current Population Survey (CPS), coverage rates would be estimated based on data from the American Community Survey (ACS) when it becomes available in mid-2004. Until ACS data become available, only absolute performance measures would be used. An improvement measure may be added if it is more feasible as better data become available.

Data sources CCDF coverage will be calculated from State reported CCDF data and annual estimates of the Federally-eligible CCDF population. Additional State investments in child care will be based on existing State data reports. Calculating the third component, the ratio of subsidy rates to average market rates, will require States to report additional information.

Message Copied To:

Lauren Wittenberg/OMB/EOP@EOP
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7,000 hours
Census
Summer
2000 - at in 2001
Longform
Trunkline Database
2000-2002
Fill in
2003-ACF
7,000 hours
Waller

Proposed Measure The child care bonus measure would consist of three quantitative measures, weighted by their relative importance, and a final review factor that could be applied at the Secretary's discretion. It would reward States that serve higher proportions of the Federally-eligible CCDF population, increase investment in child care, and ensure equal access to affordable care by providing subsidy levels in line with market rates. In combination, the three components and the final review are designed to encourage expanded coverage while discouraging State practices that would reduce access or quality of care.

Quantitative measures:

1. CCDF coverage – the estimated proportion of eligible CCDF children served by a State with CCDF-funded subsidies or included in CCDF administrative data;
2. additional State investment in child care – CCDF transfers to TANF, additional (unmatched) State expenditures through CCDF, and State-reported direct TANF spending on child care; and
3. accessibility to affordable care – the weighted average ratio of the State subsidy rate to the market rate for CCDF subsidized slots.

Final Review After states have been ranked according to the proposed measure, HHS may review the state's "equal access" state plan summary (required by 45 CFR 98.43) and practices; if the state has failed to take steps that ensure equal access to care (for example, by establishing copayments that are not affordable), the Secretary may reduce or deny the HPB to that state.

Weights The three factors would be weighted to place primary emphasis on CCDF coverage (60%) and secondary emphasis on additional investments (20%) and accessibility (20%).

The Secretary would have the discretion to award up to 10 bonuses per year, but could award fewer if the circumstances warranted. While initially the bonus would be based on coverage ratios calculated from the March Current Population Survey (CPS), coverage rates would be estimated based on data from the American Community Survey (ACS) when it becomes available in mid-2004. Until ACS data become available, only absolute performance measures would be used. An improvement measure may be added if it is more feasible as better data become available.

Data sources CCDF coverage will be calculated from State reported CCDF data and annual estimates of the Federally-eligible CCDF population. Additional State investments in child care will be based on existing State data reports. Calculating the third component, the ratio of subsidy rates to average market rates, will require States to report additional information.