8/5/98

DIANA FORTUNA, DOMESTIC POLICY COUNCIL

BOX 2

WELFARE FILES CON'T
HIGH PERFORMANCE BONUS
HMONG
INTERNATIONAL ADOPTION
LA COUNTY CS
LEARNING DISABILITES
VP LEGAL IMMIG. EVENT 6/96
LEGAL IMMIGRANTS RECONCILLIATION
LEGAL IMMIGRANT RESTORATION- 99
LEGAL IMMIGRANTS STRATEGY
MASS WELFARE WAIVER
MEANS TESTED BENEFITS/NG
MEDICAID BUCKET
MEDICAID WELFARE
MEPA
MICHIGAN PRIVATIZATION
NBCDI
NEW MEXICO HOUSING
NEW SHAW FLSA
NGA/NCSL/APWA CONF.
NGA/NCSL/APWA MTG.
OHIO WELFARE
100 HOUR RULE
OREGON OPTION WAVE REQUEST
OREGON WELFARE
PRENATAL CARE- ILLEGALS/CALIF
PRESIDENTIAL DECISION ISSUES WELFARE IMPLEMENTATION
PREVALING WAGE
PRISONERS BENEFITS SSA ETC.
PRIVATIZATION
40 QUARTERS/CPV
SSA REGO-ATTORNEY'S FEES
SSI CHILDREN 5/97
SSI CHILDREN 11-12/97
SSI CHILDREN IMPLEMENTATION
SSI ELDERLY AND IMMIGRANTS

97 - 47
prog yr 98 - 50

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

MAR 18 1998

The Honorable E. Clay Shaw Jr.
House of Representatives
Washington, D.C. 20515

Dear Mr. Shaw:

Thank you for your letter concerning the "Draft Potential Specifications for Interim Award of High Performance Bonus (FY 1999)." I value your perspective on this very important matter.

The proposed specifications are intended to be included in guidance that would be effective only in the first bonus year. They were developed in consultation with the National Governors' Association, the American Public Welfare Association, the National Conference of State Legislatures and State representatives. I believe that they reflect the most integral aspects of work in welfare reform. The four work measures we will use to award the first year High Performance Bonus reflect all aspects of a state's success in moving families from welfare to employment-based self-sufficiency. Full success requires recipients not only to get jobs, but sustain them, and to increase their earnings in order to be independent and capable of supporting their families.

In our extensive consultations, we explored a range of measures including family formation and stability. We moved ahead with respect to work, because we believed it was vital for states to have guidance with respect to how FY 1998 performance would be measured. We did not include any measures regarding family formation and stability in the guidance, because we had difficulty identifying any that would provide effective incentives to states to design policies to achieve the objectives of TANF and for which a reliable data source existed or could be quickly developed. We will continue, however, to explore such measures for the High Performance Bonus in future years and will seek advice on this matter through the Notice of Proposed Rulemaking process.

I appreciate your support for the role of the High Performance Bonus as a key tool in making welfare reform successful. I remain firm in my belief in the importance of our continuing to work with your committee in all matters, including the development of the High Performance Bonus for future years, and have asked Assistant Secretary Golden to meet with your staff in preparation for the Notice of Proposed Rulemaking.

Sincerely,

Donna E. Shalala

HPB

DRAFT--3/17/98

The Honorable E. Clay Shaw Jr.

Dear Congressman Shaw:

Thank you for your letter of March 5 concerning the "Draft Potential Specifications for Interim Award of High Performance Bonus (FY 1999)." I value your perspective on this very important matter.

The proposed specifications are intended to be included in guidance that would be effective only in the first bonus year. They were developed in consultation with the National Governors' Association, the American Public Welfare Association, the National Conference of State Legislatures and State representatives. I believe that they reflect the most integral aspects of work in welfare reform. The four work measures we will use to award the first year High Performance Bonus (HPB) reflect all aspects of a state's success in moving families from welfare to employment-based self-sufficiency. Full success requires recipients not only to get jobs, but sustain them, and to increase their earnings in order to be independent and capable of supporting their families.

regarding family formation, stability

including

In our extensive consultations, we explored a range of measures ~~addressing~~ family formation and stability. **We moved ahead with respect to work, because we believed it was vital for states to have guidance with respect to how FY 1998 performance would be measured.** We did not include **any family formation/stability** ~~these~~ measures in the guidance because we had difficulty identifying any that would provide effective incentives to states to design policies to achieve the objectives of TANF and for which a reliable data source existed or could be quickly developed. We will continue, however, to explore such measures for the High Performance Bonus in future years and will seek advice on this matter through the Notice of Proposed Rulemaking process.

I appreciate your support for the role of the High Performance Bonus as a key tool in making welfare reform successful. I remain firm in my belief in the importance of our continuing to work with your committee in all matters, including the development of HPB for future years, and have asked Assistant Secretary Golden to meet with your staff in preparation for the Notice of Proposed Rulemaking.

Diana Fortuna 03/16/98 06:49:44 PM

PHOTOCOPY PRESERVATION

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: Cynthia A. Rice/OPD/EOP, Andrea Kane/OPD/EOP, Laura Emmett/WHO/EOP
Subject: What do we think of Shalala letter to Shaw on family formation measures in the high performance bonus?

HHS would like to send a letter to Shaw in response to his very strong letter that criticized the high performance bonus guidance for omitting a family formation measure. They are in a hurry because they want this out before Olivia's hearing in the House on Thursday.

In case you never had a chance to read that letter, it says that selecting just one of the four goals of TANF is "illegal". In response to our argument that the illegitimacy bonus should take care of some of the other goals, he wrote, "I can assure you that Congress deliberately included what amounts to a double bonus for reducing illegitimacy and increasing marriage. So important are illegitimacy and divorce as national problems that Congress decided to give substantial rewards to states that reduce nonmarital births or increase the percentage of children living in two-parent families."

HHS's proposed letter back to Shaw is below. The threshold question for us is whether we want to accommodate Shaw in the NPRM in some way, or whether we are prepared to endure his ire and ignore him. This will determine the tone we want in the letter. This draft seems reasonable to me, unless we have no plans whatsoever to accommodate him. What do you think?

Dear Congressman Shaw:

Thank you for your letter of March 5 concerning the "Draft Potential Specifications for Interim Award of High Performance Bonus (FY 1999)." I value your perspective on this very important matter.

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to — We will continue, however,

In our extensive consultations, we explored a range of measures addressing family formation and stability. ~~We moved ahead with respect to work, because we believed it was vital for states to have guidance with respect to how FY 1998 performance would be measured. However~~, we had ~~difficulty in identifying discrete measures that~~ would provide effective incentives to states to design ~~programs and~~ policies ~~that would~~ achieve the objectives of TANF and for which a reliable data source existed or could be quickly developed. ~~I remain committed~~ to exploring measures ~~that encompass all of the goals of TANF, including family formation and stability,~~ for the HPB in future — such

We did not include those measures in the guidance because ~~of difficulties~~ we ~~could not in the frame of time available to come up with any that~~ had difficulty identifying any that years, and will seek advice on this matter through the Notice of Proposed Rulemaking ~~process.~~

I appreciate your support for the role of the HPB as a key tool in making welfare reform successful. I remain firm in my belief in the importance of our continuing to work with your committee in all matters, including the development of HPB for future years, and have asked Assistant Secretary Golden to meet with your staff in preparation for the Notice of Proposed Rulemaking.

cc Anil Kakani } OMB
Laura Oliven }
Emil Parker - NEC - Diana

HPB

E. CLAY SHAW, JR., FLORIDA, CHAIRMAN
SUBCOMMITTEE ON HUMAN RESOURCES

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Ex Officio:
BILL ARCHER, TEXAS
CHARLES B. RANGEL, NEW YORK

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

SUBCOMMITTEE ON HUMAN RESOURCES

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COMMITTEE ON WAYS AND MEANS

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DEBORAH G. COLTON, SUBCOMMITTEE MINORITY

March 5, 1998

RECEIVED
98 MAR -9 PM 12:02
HHS SECRETARY
COMMUNICATIONS
CONTROL CENTER

The Honorable Donna E. Shalala, Ph.D.
Secretary of Health and Human Services
615F Hubert H. Humphrey Building
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Shalala:

We have now read your document "Draft Potential Specifications for Interim Award of High Performance Bonus (FY1999)". Although your emphasis on job placement, job retention, and earnings is appropriate, I ask you to consider the possibility that the proposed bonus system is not responsive to the specifications set by Congress and signed into law by the President.

Section 403(a)(4)(C) of the Social Security Act requires the Secretary to "develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals set forth in section 401(a)." Thus, a formula consistent with the statutory requirement must be based on the goals set forth in section 401(a). These goals are to:

1. provide assistance to needy families so that children may be cared for in their own homes;
2. end welfare dependence by promoting job preparation, work, and marriage;
3. prevent and reduce the incidence of illegitimacy;
4. encourage the formation and maintenance of two-parent families.

Three of these four goals concern non-marital births or marriage. Thus, creating a high-performance bonus that completely ignores any measure of state performance in reducing nonmarital births or increasing the proportion of children in two-parent families, as the Department has proposed, is off the mark.

I have heard that the Department decided to omit any measure of marriage or nonmarital births because the welfare law authorizes, in section 403(a)(2) of the Social Security Act, a separate bonus for states that reduce illegitimacy. This argument has no merit. First, having been directly involved in drafting both the 403(a)(2) and the 403(a)(4) bonus language of the statute, I can assure you that Congress deliberately included what amounts to a double bonus for reducing illegitimacy and increasing marriage. So important are illegitimacy and divorce as national problems that Congress decided to give substantial rewards to states that reduce nonmarital births or increase the percentage of children living in two-parent families. Second, regardless of Congressional intent, the law in section 403(a)(4) could not be clearer -- it calls for rewarding performance in achieving the "goals set forth in section 401(a)". Selecting just one of the four goals for bonus payments is therefore illegal.

Our Committee has worked very closely with the Department since the President signed the welfare reform law in August 1996. To continue this productive state of affairs, we sincerely hope to avoid any conflicts over the performance bonus. Perhaps you can either explain why, in your view, our interpretation of the law is flawed or change the bonus to include measures of illegitimacy and marriage.

I look forward to hearing from you and would be glad to meet to discuss this matter if you think such a meeting might be useful.

Sincerely yours,

Clay Shaw

E. Clay Shaw, Jr.
Chairman

ECS/rhm

03-09-98-0090

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But %'s
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OK

901-9366
Howard pager
7-532-4195

Date: 3/16

Total pages: Cover + 1 page

Administration for Children and Families
Office of Planning, Research and Evaluation
370 L'Enfant Promenade, SW
Washington, DC 20447

TO: Diana Fortuna FROM: Howard Rolston

PHONE: PHONE: 401-9220

FAX: 456-7431 FAX: (202) 205-3598

MESSAGE:

DRAFT--3/16/98

The Honorable E. Clay Shaw Jr.

Dear Congressman Shaw:

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The proposed specifications are intended to be included in guidance that would be effective only in the first bonus year. They were developed in consultation with the National Governors' Association, the American Public Welfare Association, the National Conference of State Legislatures and State representatives. I believe that they reflect the most integral aspects of work in welfare reform. The four work measures we will use to award the first year High Performance Bonus (HPB) reflect all aspects of a state's success in moving families from welfare to employment-based self-sufficiency. Full success requires recipients not only to get jobs, but sustain them, and to increase their earnings in order to be independent and capable of supporting their families.

In our extensive consultations, we explored a range of measures addressing family formation and stability. We moved ahead with respect to work, because we believed it was vital for states to have guidance with respect to how FY 1998 performance would be measured. However, we had difficulty in identifying discrete measures that would provide effective incentives to states to design programs and policies that would achieve the objectives of TANF and for which a reliable data source existed or could be quickly developed. I remain committed to exploring measures that encompass all of the goals of TANF, including family formation and stability, for the HPB in future years and will seek advice on this matter through the Notice of Proposed Rulemaking process.

I appreciate your support for the role of the HPB as a key tool in making welfare reform successful. I remain firm in my belief in the importance of our continuing to work with your committee in all matters, including the development of HPB for future years, and have asked Assistant Secretary Golden to meet with your staff in preparation for the Notice of Proposed Rulemaking.

HPB

High Performance Bonus

Talking Points

- We are about to announce a new nationwide competition to promote work and responsibility through new performance-based bonus to states.

- The "high performance bonus" will award $200 million a year to the states that are most successful in moving people from welfare to work.

- HHS state guidance -- which is summarized in the attached summary dated 2/10/98 and will be released shortly -- defines the four measures of success. Sixty percent of the funds will be distributed based on states' success in placing people in jobs and forty percent of the funds will be distributed based on how well former recipients succeed in the work place, a measure based on job retention and earnings.

Key Facts

- A total of $80 million would be awarded to the 10 states that are able to move the highest percentage of their welfare population into jobs.

- An additional $50 million would go to the 10 states with the best records of helping welfare recipients achieve success in the work force. To measure this, HHS will examine each state's success in ensuring that welfare recipients keep jobs once they get them, and helping their earnings to climb over time.

- Finally, $70 million will be distributed to the 20 states that show the most improvement in these measures over time. The Administration felt it was important to include these measure to spur improvement in states that have only just begun to reform welfare.

- The first awards are expected to be made in mid-1999.

- The Administration developed this proposal after extensive consultation with states on these measures. Details will be released to states in the form of state guidance, applicable to the first year of the competition, to be followed by a regulation that will govern future years. States must submit relevant data to HHS to enter the competition, but partipation in the high performance bonus competition is voluntary.

HPB

Proposal to Exempt Certain Separate State Programs From TANF Data Report

Issue: HHS proposes that we agree to consider state requests to limit the data states must report on people in separate state programs, as part of our guidance on the high-performance bonus.

Background: To discourage states from using their authority to create separate state programs to get around the work requirements or time limits, we included a number of critical features in the TANF NPRM. In the chart below, they are listed in the row "Discourage Bifurcation".

In addition, we required states to report the same data for SSP programs as for TANF programs if they wish to:

(i) receive a high performance bonus;
(ii) qualify for work participation caseload reduction credit; or
(iii) be considered for a reduction in the penalty for failing to meet the work participation requirements. The HPB draft guidance repeats this requirement.

	Summary of Tools for Accountability of Separate State Programs (SSP)		
Our Goals on SSP	**Caseload Reduction Credit**	**Penalty Reduction**	**High Performance Bonus**
Discourage Bifurcation	Require states to include SSP caseload in CRC calculation (unless state has a good argument to omit)	Can't get relief unless you prove you did not bifurcate	If exclusion of SSP causes a state to score higher, HHS could add SSP cases to the HPB performance measures
Report same data on SSP recipients as on TANF recipients	TANF reg states that a state must report the same data for SSP programs as TANF programs if it wishes to: (I) receive a high performance bonus; (ii) qualify for work participation caseload reduction credit; or (iii) be considered for a reduction in the penalty for failing to meet the work participation requirements. The HPB draft guidance repeats this requirement.		

During negotiations on the rule, DPC did not focus as extensively on data requirements as it did on policies to discourage bifurcation, partly because HHS readily agreed to the former.

Our goals in requiring such significant data reporting were to (a) enable us to understand the characteristics of the populations being served in separate state programs, both for program integrity and evaluation purposes; (b) treat separate state programs the same as TANF programs, both to reinforce our belief that separate state programs are really part of TANF, and arguably to make it onerous for states to establish them.

Now, however, states are objecting to the data requirements on separate state programs as excessive. In particular, HHS argues that the required reporting is not even feasible for certain types of state programs that will not collect such information. The best example is a state EITC, such as Wisconsin supposedly has. States argue that they will only have contact with recipients of this benefit annually, via their tax returns, rather than quarterly or monthly. In addition, states argue that they will not know most of the details about these recipients that the TANF data report requires (see attached listing of data).

It is important to note that, while states especially object to the data requirements for separate state programs, they are complaining about all the data requirements, including the general TANF requirements. HHS believes that they can defend all or most of the data required for TANF as being required by the statute, which is not the case for separate state programs. This is an issue we will have to address in the final rule. However, we need to address this now because states are currently making decisions about whether to compete for the high-performance bonus.

Decision to be Made:
Option 1: Agree to HHS's proposal that we will consider exceptions to the data reporting requirements for separate state programs on a case-by-case basis. When full data submission is not possible, we would require the state to submit the data they do have with a full explanation of why the complete data set is not possible.

Pro:

- Responds moderately to a reasonable request by the states.
- We/HHS would retain control over the ultimate decision in any individual case.
- Our key goal is to prevent states from gutting the work requirements or time limits by segregating certain people in separate state programs. This goal is best served by the requirements we were able to impose to discourage bifurcation -- eligibility for the caseload reduction credit, penalty reduction, and high-performance bonus. Requiring states to report reams of data in order to discourage them from establishing these programs is a much clumsier way to accomplish this goal. This is particularly true if we only exempt programs like EITC, which go only to working TANF recipients, and by definition can't be used to segregate those who are not working.

Con:

- We are caving in too hastily on our hard-won victory on separate state programs by agreeing to treat these programs differently than TANF programs. A concession here will set us up to make further, more damaging concessions as we develop the final TANF rule, such as removing more critical requirements on separate state programs; or removing data requirements on TANF programs.

Note: If we agree to this provision for the purpose of the high-performance bonus, states will then argue that we should drop our requirement that states report this same data for the caseload reduction credit and penalty relief. To be consistent, we would make the same concession in those areas as we would make for the high-performance bonus.

Option 2: Exempt EITC programs are not subject to the full data reporting requirements, but impose a lesser, more reasonable requirement on such programs.

Pro:
- Provides a clean solution to the problem by singling out EITC, an approach that we favor.

Con:
- While HHS is using EITC as its best example, they believe that there are many other possible separate state programs that could make equally compelling arguments.
- Option 1 may give us more control over the outcome, and would allow us to be involved in HHS's decision-making on these matters.

Option 3: Continue current policy.

Pro:
- Preserves victory we have won to date.

Con:
- Takes the unreasonable position that a state like Wisconsin may not compete for the high-performance bonus simply because they have an EITC.

Recommended Option: Option 1

Data Reporting Required by TANF NPRM

The TANF rule requires states to report on 178 data elements for TANF families, and 160 data elements for separate state program families. States must report monthly data on a quarterly basis. Examples of data required for TANF families are below. There is an asterisk next to items where data is not required for separate state program families.

- Composition of family
- Whether person is a new applicant*
- One or two parent family
- Whether the family benefits from public housing or HUD or other rent subsidy
- Whether family gets Medicaid
- How much the family gets in food stamps, including wage subsidy under food stamps
- How much the family gets in subsidized child care, including the size of any disregard
- How much child support the family got that month
- Amount of family's cash resources that month
- Amount of educational benefits, employment services, work subsidies, transportation assistance, home heating assistance, contributions to IDA's that month
- Amount family was sanctioned, and which of 10 possible reasons
- Whether person was in a waiver control or experimental group
- Whether the family is exempt from the 5-year time limit, and why*
- Head of household's date of birth, SSN, race, gender, marital status
- Whether person in family is getting federal disability benefits, and what type
- For teen parents, highest education level attained
- Data on citizenship, including whether a naturalized citizen; legal permanent resident who has worked 40 quarters in the U.S.; alien who is a veteran; refugee; Cuban or Haitian entrant; eligible for TANF per state option
- Number of months used toward the 5-year time limit to date in own state; in other states*
- Whether employed; which of 18 categories (e.g., exempt because child under 1; sanctioned; tribal exemption; child under 6 and no child care available; caring for a disabled child; temporary good cause domestic violence waiver; state waiver; teen head-of-household going to school; working but not at minimum participation requirements)
- Average number of hours per week of work participation in each of the statute's work activities: unsubsidized employment, subsidized employment, work experience, on-the-job training, job search/job readiness, community service, voc ed, job skills training directly related to employment, etc.
- Amount of earned and unearned income, including EITC, Social Security payments, SSI, workers' compensation, and other (e.g., veterans benefits, unemployment compensation, housing subsidy, public assistance, educational grants/scholarships/loans
- For up to 10 children in the family: relationship in family and to head of household, date of birth, SSN, race, gender, receipt of disability benefits, citizenship, whether cooperating with child support, unearned income such as SSI, type of child care* (licensed or not; in-home, family, group home, center-based; by relative or non-relative), amount charged for child care* and hours provided in the month*
- For the month after someone leaves TANF, 53 data elements, including many of the above, plus reason for case closure
- For separate state programs, most of the above, plus whether the family got TANF assistance within the prior 6 months

cc Sandy Foreman
Maria Hanrathy

cc Andrea

DEPARTMENT OF HEALTH & HUMAN SERVICES-USA

C-L ↓ ?

BR-wlfare?
only UI

Date: 11/24/97

Total pages: Cover + 12 pag

Abortion neutr.
Illeg. bonus
Job ret-July- complex

Administration for Children and Families
Office of Planning, Research and Evaluation
370 L'Enfant Promenade, SW
Washington, DC 20447

APWA-
week from
today-
Tuesday 9th
Earnings meas. prog-useless

TO: CYNTHIA RICE
DIANA FORTUNA

FROM: HOWARD ROLSTON

PHONE:

PHONE: 401-9220

FAX:

FAX: (202) 205-3598

MESSAGE:

Helps on
wlc but not
earnings gain

Talked to 16?

JTPA-30days = retention

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DRAFT -- FOR DISCUSSION PURPOSES ONLY
11/24/97

TO: State Agencies Administering the Temporary Assistance for Needy Families (TANF) Program and Other Interested Parties.

SUBJECT: Formula for Awarding the First High Performance Bonus in Fiscal Year (FY) 1999.

REFERENCES: Section 403(a)(4) of the Social Security Act.

PURPOSE: The purpose of this transmittal is to advise States and other interested parties of the formula the Department of Health and Human Services (DHHS) intends to use for awarding High Performance Bonuses for State performance in FY 1998. We are also submitting a clearance package to the Office of Management and Budget that addresses the data collection necessary to award these bonuses.

This transmittal addresses only the first-year bonus. We are currently drafting an NPRM that will address the formula applicable for future years.

BACKGROUND: Statutory Context

Section 403(a)(4) of the Social Security Act makes $1 billion available over a five-year period to reward States that achieve high performance levels under the new welfare block grant program, known as TANF. It provides that the first award will be made in FY 1999 based on performance above a threshold level in FY 1998. It calls for the Secretary -- in consultation with the National Governors' Association (NGA) and the American Public Welfare Association (APWA) -- to develop a formula within one year of enactment (or by August 22, 1997). The formula should reflect performance in achieving the goals of the TANF program. The total award to a State cannot exceed 5 percent of its TANF grant, known as the State Family Assistance Grant (or SFAG).

DHHS Efforts to Date

Following enactment of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, the Administration for Children and Families (ACF) developed a strategy for broad consultation with the States and other interested parties to inform its development of proposed rules on major policy issues. General consultation on the TANF regulations began in the fall of 1996.

Consistent with the specific statutory language on consultation regarding the High Performance Bonus, we developed a process for ongoing consultation with the NGA, APWA, National Conference of State Legislatures (NCSL), and State representatives who agreed to participate in a work group. From February through July 1997, we scheduled biweekly discussions with this work group covering the principles underlying a performance system, the viability of individual measures and data options, and the general allocation and distribution rules.

In the interest of moving the process forward, in July we shared a "preliminary proposal" with our State partners and other interested parties, which also included advocates and technical and policy experts. This proposal provided the framework for additional, more focused consultations on the possible elements of the bonus formula. At these consultations we received wide-ranging and very helpful feedback on the draft proposal.

NGA and APWA also provided feedback in the form of policy statements presenting their views on how the formula should be drafted. There were several important similarities between these policy statements and ACF's draft proposal -- including similar principles and goals for the bonus system and a similar focus on work measures -- but there were also differences.

Based on these consultations, we incorporated a number of changes to our initial proposal in this first-year formula.

<u>Need for Interim Measure</u>

1. We have just entered FY 1998, the first performance year. States need to know how we will be assessing their performance this year. We have a responsibility to give them this information as soon as possible.

2. We want to ensure that States have the capacity to provide the information needed to qualify for these bonuses. Based on our discussions with States and the analysis we have done, we believe this capacity exists. Early notice will increase the chance that a particular State will be able to make any

necessary adaptations to correct any data shortcomings and compete.

Although the statute does not require it, we would strongly prefer to set the formula through rulemaking. However, the timeframes involved in issuing proposed and final rules are not compatible with providing timely notice to States of the policies that will apply during this first bonus year. Thus, we have decided to issue a policy announcement governing the determination of bonuses for this first bonus year. Consistent with the statute and the ongoing consultation process we have initiated with the States, we have consulted with APWA, NGA and NCSL on the content of this interim formula.

In the absence of rules, and in response to the unofficial comments we received during our consultations, we are proposing a simplified and streamlined formula. The measures we are proposing for the first year focus on work, are closely tied to the statutory goals, and are generally consistent with existing data collection efforts in the States.

We are also proposing to give States some flexibility on how they collect the data on each measure.

Substance of Interim System

We intend to award $200 million in High Performance Bonus funds to States in FY 1999. We believe that providing a full share of the bonus funds during the first year will give important impetus to State implementation efforts, particularly in the welfare-to-work area. We understand there are limitations in the first year formula and data, but we do not believe these are sufficient to warrant deferring the award of the bonus monies.

We expect to award funds to States on the basis of their rankings on each of six work-related measures. Three of these measures will address State performance, and three will address improvement in State performance. The six measures we are proposing are:

1) Job Entry Rate
2) Job Retention Rate
3) Gain in Earnings
4) Increase in Job Entries
5) Increase in Job Retention
6) Improved Earnings Gains

In different ways, all measures reflect a State's success in moving families from welfare to work. Full success requires not only getting recipients into jobs, but also keeping them in jobs, and achieving earnings that reduce dependency and enable families to support themselves. Our measures address all these aspects of success.

The multiple measures also support State flexibility in designing their TANF programs. They enable States that have different work philosophies to fairly compete for bonuses. Compared to a single measure, they are less likely to distort State policy decisions or to cause unintended negative consequences. (The TANF work participation rates also serve to counterbalance the potential effect of the individual measures by encouraging States to be expansive in their efforts to move recipients from welfare to work and discouraging creaming.)

In the case of the first three measures, we will look at State rankings on absolute performance in FY 1998; for the latter three measures, we will rank States based on the extent to which their performance in FY 1998 exceeded their performance on that same measure in FY 1997. By including improvement measures, we intend to: 1) provide a mechanism by which all States can compete; 2) motivate all States to improve their performance; and 3) moderate problems associated with uneven playing fields. in lieu of adjustment

For this first year, we propose to make the ten States with the highest scores on each measure eligible for bonus monies. For each measure, the total amount of award money available will be one-sixth of $200 million, or $33.3 million. Each State's share of this bonus amount will be proportional to the size of its basic TANF grant (or SFAG). distrib

As previously mentioned, the law requires that no

HPB

State may receive a high performance bonus greater than 5 percent of its SFAG. If the 5 percent cap on an individual State's award prevents the full allocation of these individual award pools (of $33.3 million), we may re-allocate the extra funds to States that qualify for bonuses on other measures (and are not at their caps).

For all six measures, we plan to look at performance over the course of an entire year. We made this decision in large part out of concern about any potential biases in work data related to seasonality in employment.

In all cases, we anticipate computing State performance only with respect to families that are receiving assistance (as defined in the policy guidance we issued January 31, 1997 (TANF-ACF-PA-97-1)) and would be subject to work requirements under Federal law.

In order to compete for the High Performance Bonus, States must report comparable data for families receiving assistance in separate State programs for FY 1997 and 1998. This means reporting the data required in Sections One through Three of the Emergency TANF Data Report (Form ACF-198), as well as the five new data elements in Section B of the Attachment, for the TANF as well as the TANF-MOE programs. how compare

We will analyze this information, as well as other information we receive on the characteristics of the caseload and the nature of benefits provided in separate State programs, ~~in assessing how~~ to deal with these cases within this performance system.

One matter of particular concern is whether different State approaches to funding separate State programs with Maintenance of Effort (MOE) dollars exert a significant influence on performance scores (i.e., create an uneven playing field). If so, we would need to consider including outcomes for the caseload in separate State programs in the performance measures. vs reg

~~See~~ the attachment for a full description of the formula we intend to use in calculating the FY 1999 High Performance Bonus awards, the specific data collection requirements, and the reporting dates.

Flexibility in Data Sources

For this first year, we will allow States to submit the best data they have available on each measure. Thus, they may use matches with quarterly Unemployment Insurance (UI) data, surveys, administrative records or a combination of these data sources.

We will be requiring States to report quarterly data on a semi-annual basis. We do not believe quarterly reporting is necessary, and annual reporting will not provide us with sufficient feedback as to how well the system is working and whether States are on track to report the data and compete this year.

Because of the lags associated with using UI data, we will not ask States to report the new performance data in the same time-frames as specified for other TANF program and financial data. In essence, they will have additional time to report their performance data to us.

Along with aggregate reporting on the measures, we will require each State to: 1) specify the data sources and methodology it has used to determine the aggregate numbers; 2) include a certification that it has provided the best data available on the measures in the formula; 3) maintain records that adequately document the derivation of its performance data; and 4) provide access to such records, for validation purposes, upon request.

A State need not submit data if it does not want to compete on any particular measure. However, as indicated previously, States will need to submit comparable performance and caseload characteristics data for separate State programs in order to qualify for a High Performance Bonus.

Should it be emphasized

Future Bonuses

The proposed formula and data collection presented in this paper apply only to the performance awards made in FY 1999. We are committed to issuance of an NPRM and final rule that will cover the High Performance Bonuses to be awarded in future years (i.e., fiscal years 2000 through 2003). The schedule for this rulemaking provides for NPRM publication in February of 1998 and final rules in

September of 1998.

The rulemaking process will allow ample opportunity for all interested parties to comment on the formula we will implement for future bonuses.

As we work towards publication of proposed and final rules, we will be looking at possible refinements and expansions to the basic performance measures proposed for this first year. In particular we expect to do further work exploring:

1) potential measures that address other TANF goals -- such as teen birth rates and other indicators of family formation and stability;

2) possible inclusion of the optional measures proposed by the APWA/NGA, including measures of diversion and child support enforcement;

3) the viability of relying solely on quarterly UI data as the data source for tracking employment and earnings (in the interest of improving the comparability and reliability of data and reducing overall data collection burdens);

4) possible methodologies for leveling the playing field for States facing different economic and demographic circumstances; and

5) how to provide flexibility to refine the system over time as program knowledge grows and data collection improves.

As we continue to do this further work, we remain committed to our process of consultation and collaboration with the NGA, APWA, and NCSL. We also remain committed to developing a performance system that:

- is simple to understand and administer;
- has integrity and is fair; and
- fosters the goals of the TANF program.

EFFECTIVE DATE: Implementation of this proposal is contingent upon

OMB approval of the requisite data collection. We will send out a policy instruction advising States of specific actions they must take once we receive OMB approval.

ATTACHMENTS: Section A: Bonus Formula
Section B: Data Requirements
Section C: Reporting Dates

INQUIRIES: For further information, you should contact the appropriate Regional Administrator.

Howard Rolston
Director
Office of Planning, Research, and Evaluation

Lavina Limón
Director
Office of Family Assistance

ATTACHMENT

HIGH PERFORMANCE BONUS AWARDS IN FY 1999

SECTION A: BONUS FORMULA

We intend to use the FY 1997 and 1998 data reported by the States in the calculations for the FY 1999 High Performance Bonus awards.

1. Performance Measures

(a) FY 1998 Job Entry Rate

This is the unduplicated number of recipients who entered employment in FY 1998 as a percent of the unduplicated number of families receiving assistance in FY 1998.

$$\frac{\text{Unduplicated number of job entries}}{\text{Unduplicated number of families receiving assistance}} \times 100$$

last Q carries over to

(b) FY 1998 Job Retention Rate

This is the number of FY 1998 recipients newly employed in one quarter who were also employed in the first subsequent quarter, as a percentage of all newly employed recipients. (At this point, they might be former recipients.)

why only 1 Q-data

$$\frac{\text{Sum of job entries in each of Q1 thru Q4 who continue employment in each of the \underline{first} subsequent quarters}}{\text{Sum of job entries in each of Q1 thru Q4}} \times 100$$

only count 1st job entry

(c) FY 1998 Earnings Gain Rate

This is the percentage gain in earnings of FY 1998 newly employed recipients between initial quarterly earnings and earnings in the second subsequent quarter. (At this point, they might be former recipients.)

pt → ft

Andrea – earnings per?

$$\frac{\text{Sum of total dollars earned in second subsequent quarter by job entries in each of Q1 thru Q4 \underline{minus} sum of total dollars earned in initial quarter in each of Q1 thru Q4}}{\text{Sum of total initial dollars earned by job entries in each of Q1 thru Q4}} \times 100$$

2. Improvement Measures

(a) **FY 1998 Job Entry Improvement Rate**

This is the percentage change between FY 1997 and FY 1998 of the unduplicated number of recipients who entered employment.

$$\frac{\text{FY 1998 job entry rate - FY 1997 job entry rate}}{\text{FY 1997 job entry rate}} \times 100$$

(b) **FY 1998 Job Retention Improvement Rate**

This is the percentage change between FY 1997 and FY 1998 in the job retention rate of newly employed recipients in one quarter who were also employed in the first subsequent quarter. (At this point, they might be former recipients.)

$$\frac{\text{FY 1998 retention rate - FY 1997 retention rate}}{\text{FY 1997 retention rate}} \times 100$$

(c) **FY 1998 Improvement Rate in Earnings Gain**

This is the percentage change between 1997 and FY 1998 in earnings gain of newly employed recipients in the second subsequent quarter, at which point they might be former recipients.

$$\frac{\text{FY 1998 gain rate - FY 1997 gain rate}}{\text{FY 1997 gain rate}} \times 100$$

SECTION B: DATA REQUIREMENTS

States will need to submit the data in Sections One through Three of the Emergency TANF Data Report for the TANF and the separate State (TANF-MOE) programs for FY 1997 and FY 1998. In addition, it will need to collect and report semi-annually the following data by calendar quarters. (Data for FY 1997 are necessary in order to measure the extent to which the FY 1998 performance of each measure exceeded its performance in FY 1997.)

(1) Unduplicated caseload for FY 1998.

(2) Total unduplicated number of recipients entering employment in the quarter (i.e., newly employed in the fiscal year).

(3) Total earnings in the quarter of the newly employed recipients in the quarter.

(4) Number of newly employed recipients in the quarter who were also employed in the first subsequent quarter.

[For example, if this is a report for the second quarter of FY 1998 (i.e., Jan/Mar 1998), enter in this item the number of recipients shown in item (2) who were also employed in the third quarter of FY 1998 (i.e., Apr/June 1998).]

(5) Total earnings in the second subsequent quarter of recipients newly employed in the quarter.

[For example, if this is a report for the fourth quarter of FY 1998 (i.e., July/Sept 1998), enter in this item the total earnings in the second quarter of FY 1999 (i.e., Jan/Mar 1999) of recipients shown in item (2).]

SECTION C: REPORTING DATES

Data are to be reported on a semi-annual basis. The first semi-annual report will be due December 31, 1998. It will contain the Emergency TANF Data Report for the separate State programs and eight quarterly tables of performance data - four covering TANF data for the first and second quarters of FY 1997 and FY 1998 and four covering TANF-MOE data for the same two quarters of FY 1997 and FY 1998.

TANF Data		TANF-MOE Data	
FY 1997 --	Oct-Dec 1996 Jan-Mar 1997	FY 1997 --	Oct-Dec 1996 Jan-Mar 1997
FY 1998 --	Oct-Dec 1997 Jan-Mar 1998	FY 1998 --	Oct-Dec 1997 Jan-Mar 1998

Data for the second semi-annual report will be due June 30, 1999. This report will also contain the Emergency TANF Data Report for separate State programs and eight quarterly tables of performance data, but the performance data will cover the third and fourth quarters of FY 1997 and FY 1998 for the TANF and the TANF-MOE programs.

TANF Data		TANF-MOE Data	
FY 1997 --	Apr-June 1997 July-Sept 1997	FY 1997 --	Apr-June 1997 July-Sept 1997
FY 1998 --	Apr-June 1998 July-Sept 1998	FY 1998 --	Apr-June 1998 July-Sept 1998

A report form and instructions will be sent to the States in the near future, following OMB approval4.

DRAFT FOR DISCUSSION ONLY - 7/14/97

Preliminary Concept Proposal
High Performance Bonus (HPB) Measures

The following proposal is substantively consistent with suggestions we have received from individual States and a group of States working with NGA and APWA. However, the scope and some of the details differ.

The core of the system would incorporate three work measures; employment, job retention, and wage progression. The three work measures would reward different aspects of high performance with respect to moving recipients from welfare to work. The work measures would look at both TANF and former TANF recipients (and perhaps other MOE cases) to give State credit for recipients who have worked their way off assistance and to remove any potential bias associated with benefit levels and other program eligibility differences. Based on State performance on each of the three measures, we would determine a composite work score for each State. An alternative approach would be to reward high performance under each work measure and also reward States with the highest composite score. Under either approach, the bulk of the HPB money available would be distributed based on a State's "work" performance.

As reflected by the specific work measures below, we are proposing to use State Unemployment Insurance (UI) records as the data source. States would match the social security numbers of their caseload to the to UI record to determine employment and earnings for each quarter used for the work measures. We believe that UI records provide an objective data source that would be less subject to reporting bias. UI data is generally recognized as reliable and is uniformly collected across States, with one exception, reducing concern about data quality. We also note that UI data allows us to measure employment and earnings for adults no longer on assistance; this would be difficult with State administrative data. In recognition of State concerns about use of UI data, we plan to issue a contract shortly to further assess the operational feasibility of this data source.

The proposed teen birth measure is identical to suggestions from the NGA/APWA work group, with the exception of the age cut-off. We are suggesting the 15-17 cut-off because of the greater negative impacts of teen births to this age group. Mothers 17 and under are more likely to be on welfare and less likely to have completed high school or be married. Children born to mothers in this age group are more likely to be of very low or moderately low birth weight and more likely to have to overcome high odds to thrive.

For the "core" measures (i.e., work and teen births), we are looking to award bonus monies based on both absolute performance and improvement.

We view the proposed measures as an initial set of measures that would be used in the HPB system. As new data sources come on line and as we better understand individual State design choices, we plan to modify the HPB system. For example, we will be looking at the feasibility of doing adjustments for State and caseload characteristics that would help level the playing field.

Additionally, we are interested in the concept of inclusion of optional measures where States can selectively compete for the HPB. These optional measures would enable us to begin broadening the system to reward States for their performance on measures of child and family well-being. However, the details of the measures will need to be significantly more refined in order to give consideration to their inclusion in the initial system.

Proposed Measures*

Employment: The number of adults who were on assistance in the second quarter of year 1 who are working in the second quarter of year 2 (on or off assistance) divided by the number of adults on assistance in the second quarter of year 1. Sear

Job Retention: The number of adults on assistance who were employed in quarter 2 who were also employed in quarters 3 and 4 (on or off assistance) divided by the number of adults on assistance and employed in quarter 2.

Earnings Progression: The average earnings of employed adults in quarter 2 year 2 who were working ~~received assistance~~ in quarter 2, year 1, divided by the average earnings of employed adults on assistance in quarter 2, year 1.

Teen Births: Birth rate of all female teens age 15 through 17 per 1000 females age 15 through 17 in the State.

* Note that for the work measures we are proposing the use of particular quarterly information. This is our preliminary view of what information provides the best picture of performance we are trying to measure. This could change as we further assess this data source.

of payments otherwise required to be made under this paragraph for the fiscal year, then the amount otherwise payable to any State for the fiscal year under this paragraph shall be reduced by a percentage equal to the amount so appropriated divided by such total amount.

"(G) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this paragraph after fiscal year 2001.

"(4) BONUS TO REWARD HIGH PERFORMANCE STATES.—

"(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each bonus year for which the State is a high performing State.

"(B) AMOUNT OF GRANT.—

"(i) IN GENERAL.—Subject to clause (ii) of this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to a high performing State for a bonus year, which shall be based on the score assigned to the State under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.

"(ii) LIMITATION.—The amount payable to a State under this paragraph for a bonus year shall not exceed 5 percent of the State family assistance grant.

"(C) FORMULA FOR MEASURING STATE PERFORMANCE.—Not later than 1 year after the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the Secretary, in consultation with the National Governors' Association and the American Public Welfare Association, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals set forth in section 401(a).

"(D) SCORING OF STATE PERFORMANCE; SETTING OF PERFORMANCE THRESHOLDS.—For each bonus year, the Secretary shall—

"(i) use the formula developed under subparagraph (C) to assign a score to each eligible State for the fiscal year that immediately precedes the bonus year; and

"(ii) prescribe a performance threshold in such a manner so as to ensure that—

"(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals $200,000,000; and

"(II) the total amount of grants to be made under this paragraph for all bonus years equals $1,000,000,000.

"(E) DEFINITIONS.—As used in this paragraph:

"(i) BONUS YEAR.—The term 'bonus year' means fiscal years 1999, 2000, 2001, 2002, and 2003.

"(ii) HIGH PERFORMING STATE.—The term 'high performing State' means, with respect to a bonus year, an eligible State whose score assigned pursuant to subparagraph (D)(i) for the fiscal year immediately preceding the bonus year equals or exceeds the performance threshold prescribed under subparagraph (D)(ii) for such preceding fiscal year.

"(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2003 $1,000,000,000 for grants under this paragraph.

"(b) CONTINGENCY FUND.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Contingency Fund for State Welfare Programs' (in this section referred to as the 'Fund').

"(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997, 1998, 1999, 2000, and 2001 such sums as are necessary for payment to the Fund in a total amount not to exceed $2,000,000,000.

"(3) GRANTS.—

"(A) PROVISIONAL PAYMENTS.—If an eligible State submits to the Secretary a request for funds under this paragraph during an eligible month, the Secretary shall, subject to this paragraph, pay to the State, from amounts appropriated pursuant to paragraph (2), an amount equal to the amount of funds so requested.

"(B) PAYMENT PRIORITY.—The Secretary shall make payments under subparagraph (A) in the order in which the Secretary receives requests for such payments.

"(C) LIMITATIONS.—

"(i) MONTHLY PAYMENT TO A STATE.—The total amount paid to a single State under subparagraph (A) during a month shall not exceed 1/12 of 20 percent of the State family assistance grant.

"(ii) PAYMENTS TO ALL STATES.—The total amount paid to all States under subparagraph (A) during fiscal years 1997 through 2001 shall not exceed the total amount appropriated pursuant to paragraph (2).

"(4) ANNUAL RECONCILIATION.—Notwithstanding paragraph (3), at the end of each fiscal year, each State shall remit to the Secretary an amount equal to the amount (if any) by which the total amount paid to the State under paragraph (3) during the fiscal year exceeds—

"(A) the Federal medical assistance percentage for the State for the fiscal year (as defined in section 1905(b), as in effect on September 30, 1995) of the amount (if any) by which—

"(i) if the Secretary makes a payment to the State under section 418(a)(2) in the fiscal year—

"(I) the expenditures under the State program funded under this part for the fiscal year, excluding any amounts made available by the Federal Government (except amounts paid to the State under paragraph (3) during the fiscal year that have been expended by the State) and any amounts expended by the State during the fiscal year for child care; exceeds

"(II) historic State expenditures (as defined in section 409(a)(7)(B)(iii)), excluding the expenditures by the State for child care under subsection where is "add t in"

similar to TANF in which it put more difficult to employ recipients, its TANF performance results could be unfairly inflated. In such cases, we would need to consider including outcomes for the caseload in SSP in the perf measures.

We recognize that the scope and nature of separate State programs vary and that some would not, by their nature, unduly impact the performance requirement under TANF [AK: OR A STATE'S ABILITY TO ACHIEVE MEASURES INCLUDED IN THE HPB. NO EIC CITE.] **and would** , e.g., use of MOE expenditures to provide earnings supplements to low wage workers through a State's tax system. [AK: IN ADDITION, IT MAY NOT BE FEASIBLE TO PROVIDE ALL OF THE SEPARATE STATE PROGRAM/PERFORMANCE DATA SPECIFIED ABOVE FOR SOME TYPES OF SEPARATE STATE PROGRAMS (CITE EIC HERE?)] Under such limited circumstances, it may not be necessary for a State to collect all ~~the~~ separate State program/performance data specified above. [AK: IT MAY BE NECESSARY/ APPROPRIATE FOR A STATE TO REPORT A MORE LIMITED SUBSET OF THE REQUIRED DATA IN ORDER TO COMPETE FOR THE HPB.] States that wish to be considered for this limited exception will need to provide detailed information about the nature and scope of their separate State programs for our consideration and an argument as to why it believes [AK: aren't they already required to by NPRM under financial reporting section?--If so, just say we will review this data]. They must also provide as much of the data as possible and a detailed explanation of what data cannot be provided and why.

Laura: "Under such limited circumstances, it may be necessary for a State to report a more limited subset of the separate State program/performance data required in order to compete for the high performance bonus.

exception is when States would not be in a position to provide all data, based on the nature of the benefit provided. ?

DF: "data collection is infeasible" , OR the extensive data collection under TANF is not "appropriate" to that MOE program, and also it doesn't influence TANF performance

New Laura: combine the two standards we have been discussing - States are incapable due to the nature of the benefit of meeting the reporting requirements; AND the data is not directly relevant to the HPB. (I think the above categories fit this description.)

We will analyze separate State program data required above, as well as other information we receive on the characteristics of the caseload and the nature of benefits provided in separate State programs, in assessing how and whether to adjust a state's TANF performance data.

Diana Fortuna 03/05/98 04:07:25 PM

Record Type: Record

To: hrolston @ acf.dhhs.gov
cc: Anil Kakani/OMB/EOP
bcc:
Subject: Re: HPB

hrolston @ acf.dhhs.gov

hrolston @ acf.dhhs.gov
03/05/98 12:44:45 PM

Please respond to hrolston@acf.dhhs.gov

Record Type: Record

To: Diana Fortuna/OPD/EOP, Anil Kakani/OMB/EOP

cc:
Subject: HPB

The following is proposed language re separate state programs. Let me know what you think.

In order to compete for the High Performance Bonus, States must report comparable data for adults receiving assistance in separate State programs for FY 1997 and FY 1998. This means reporting the data requirements in Sections 1, 2 and 3 of the Emergency TANF Data Report (Form ACF-198) for the separate State programs beginning with the month the State is subject to the TANF reporting requirements, as well as reporting the seven HPB data elements in Section D of the Appendix for adults in separate State programs.

As indicated in the January 1997 guidance, we are requesting data on separate State programs to assess States overall performance in moving recipients from welfare to work. The success in meeting TANF performance goals may be affected by State choice in funding separate State programs with Maintenance of Effort (MOE) dollars, thus advantaging one State over another. For example, if a state had a separate state assistance program

September of 1998.

The rulemaking process will allow ample opportunity for all interested parties to comment on the formula we will implement for future bonuses.

+ beyond?

As we work towards publication of proposed and final rules, we will be looking at possible refinements and expansions to the basic performance measures proposed for this first year. In particular we expect to do further work exploring:

1) potential measures that address other TANF goals -- such as teen birth rates and other indicators of family formation and stability;

2) possible inclusion of the optional measures proposed by the APWA/NGA, including measures of diversion and child support enforcement;

3) the viability of relying solely on quarterly UI data as the data source for tracking employment and earnings (in the interest of improving the comparability and reliability of data and reducing overall data collection burdens);

Not for NPRM

4) possible methodologies for leveling the playing field for States facing different economic and demographic circumstances; and

5) how to provide flexibility to refine the system over time as program knowledge grows and data collection improves.

As we continue to do this further work, we remain committed to our process of consultation and collaboration with the NGA, APWA, and NCSL. We also remain committed to developing a performance system that:

- is simple to understand and administer;
- has integrity and is fair; and
- fosters the goals of the TANF program.

EFFECTIVE DATE: Implementation of this proposal is contingent upon

hrolston @ acf.dhhs.gov
03/06/98 03:27:49 PM

Please respond to hrolston@acf.dhhs.gov

Record Type: Record

To: Diana Fortuna/OPD/EOP

cc:

Subject: re: Re: HPB

I think it would be hard to work out a framework that would limit what the Secretary might want to consider in an NPRM without going through a pretty comprehensive Departmental process, and that would be pretty time-consuming. What did you have in mind?

Diana Fortuna 03/06/98 02:48:10 PM

Record Type: Record

To: hrolston @ acf.dhhs.gov

cc:
Subject: Re: HPB

Actually here's one thing you could tell me that would be helpful. If we agree to include the language in the draft guidance on how you will continue to consider refinements/expansions to the measures, along with the 5 points you list, what would be your intentions on the NPRM? Since you want the final rule out by September, I assume you want the NPRM out in April or May, which is right around the corner. Can we develop a mutual understanding on the scope of changes that we will consider going from this guidance to the NPRM?

Howard h.perf Comments

1) only perf, not data

2) ret/eg – only newly employed – why not everyone

3)

THE WHITE HOUSE
WASHINGTON

Howard - Hi Perf

Rptg sep st progs—

GTC?

Nd to know who's in it

- 60%
- 10% - emerg info -
just outcome
not fam size

Wendell — TANF regs 2/24

THE WHITE HOUSE

WASHINGTON

state penalty relief

Get Caseload incr formulized

will drive st behavior

Will Δ, even if small

C-L increase

juggle to get to wk

partial credit

Give Alabama a break —

fend off Congress

2 parent - relief

Haskins — intrigued by overachieve on 1 parent, credit toward 2 parent

THE WHITE HOUSE
WASHINGTON

	Proposed
Employed (reg of TANF)	same
TANF newly employed - base Q	All TANF employed in base Q
↓	↓
Constantly Δing	~~old base~~

2. yes, quarterly

TANF - [illegible]

Jan - on TANF & employed [illegible] - lost job -

Diana Fortuna		02/24/98 03:52:05 PM

Record Type: Record

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

cc: Keith J. Fontenot/OMB/EOP

Subject: HHS wants us to consider the following 3 changes to the high performance bonus guidance and get back to them quickly -- i.e., tomorrow (he actually said tonight, if possible)

Howard called with 3 suggested changes to the guidance, based on state feedback. Please let me know what you think asap, or if you think we need a conference call to discuss internally.

Hi benefits low ben

1. In measuring retention and earnings gain, HHS wants to include everyone working who is a TANF recipient, not just those who were newly employed the quarter before (for retention) or six months before (for earnings gain). The argument is that it should count as a success if someone is still employed one year later, or if they have an earnings gain 18 months later, as long as they're still on welfare.

Get state feedback & ask if he has runs

I guess the potential criticism here will be OMB's -- that we think of success as moving off welfare, and this would let them count someone as a success even if they're still on welfare after working for 3 years. But the counter argument is that they're still working and their earnings are growing.

2. On the job entry measure, the denominator we proposed was all adult recipients. But now HHS says we should change that to all unemployed adult recipients. The reasoning is that it is harder for a state that is doing well to win on this measure than a state that is not doing well:

State	% work'g -- Q 1	# work'g	# Not work'g	Job Entries -- Q 2	Success Rate -Old Measure	Success Rate -- As % of unemployed
A	30	30	70	20	20/100 = 20%	20/70 = 29%
B	5	5	95	20	20/100 = 20%	20/95 = 21%

Numerator - Unduplicated entries

HHS suggests using all those who got a job that year, divided by all those who were unemployed at some point during the year.

Not Q'ly

Denom - Unduplic UE.

3. Most controversially, the states are beefing about the data requirements on separate state programs. HHS suggests the following: If a state thinks that they should not have to report all the TANF individual data on a given state-only program, they can tell HHS about why they think so and HHS would decide whether to let them off the hook.

Howard's poster child for this argument is Wisconsin, which has a state EITC funded with separate state programs. The state says they have no way to collect data on a monthly basis for this program, which is an annual program of income tax refunds.

My bias is to reject the third request, since it would undo a lot of what we've fought for. The other 2 sound more reasonable to me, but let me know what you think.

Message Sent To:

Cynthia A. Rice/OPD/EOP
Anil Kakani/OMB/EOP
Laura Oliven Silberfarb/OMB/EOP
Emil E. Parker/OPD/EOP
Andrea Kane/OPD/EOP

Diana Fortuna 02/25/98 10:21:38 AM

Record Type: Record

To: Laura Oliven Silberfarb/OMB/EOP
cc:
bcc: Records Management
Subject: Re: HHS wants us to consider the following 3 changes to the high performance bonus guidance and get back to them quickly -- i.e., tomorrow (he actually said tonight, if possible)

But on caseload reduction credit, didn't we finally end up agreeing to language that said that if a state had an argument as to why their separate state program shouldn't be reported, they could make that argument and HHS would decide? As I recall, the EITC example is the one that HHS raised there as well. I definitely remember that we crafted compromise language on this toward the very end.

Emil said maybe we could just exempt EITC's. But your argument is interesting that we could simply allow reporting on a less frequent basis for some state-only programs (annual if necessary), but still require the data.

But if we decided to compromise here, in addition to having to change the final Tanf rule, would it be reflected in the hpb guidance as well? And are we constrained from compromising at this point, because we should say anything in the hpb guidance that conflicts with the TANF NPRM?

I wonder what the 3rd hook was....

Laura Oliven Silberfarb

Laura Oliven Silberfarb
02/25/98 10:15:47 AM

Record Type: Record

To: Diana Fortuna/OPD/EOP
cc: Anil Kakani/OMB/EOP
Subject: Re: HHS wants us to consider the following 3 changes to the high performance bonus guidance and get back to them quickly -- i.e., tomorrow (he actually said tonight, if possible)

The rule built in three incentives for reporting on separate state programs, high performance, caseload reduction and something else (I can't remember either). All of these requirements are in regulation and require the full reporting of the 56 or so data elements. Any change would require a change in the rule, and would definately affect the other parts because they will be able to use the same argument. Essentially they are saying that quarterly reporting of monthly data on separate state programs is not possible. If we exempt certain states, it will snowball......

Laura Oliven Silberfarb
02/25/98 10:00:18 AM

Record Type: Record

To: Diana Fortuna/OPD/EOP

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

Subject: Re: HHS wants us to consider the following 3 changes to the high performance bonus guidance and get back to them quickly -- i.e., tomorrow (he actually said tonight, if possible)

I am at home today trying to recover from a strong and still contagious virus, but am reachable at 829-6734. These are my thoughts:

I think you are right that we do not suddenly want to make exceptions on reporting on Separate State programs, especially because any exceptions will have consequences for other parts of the programs. However, it does seem to make sense to build in alternative reporting structures for those separate state programs that do not lend themselves to monthly reporting, i.e. Wisconsin. The burden will have to be on the State to demonstrate why they cannot complete the required 56 or so data elements on separate state participants. Nevertheless, they must report on this population in the most complete manner possible.

Message Copied To:

Cynthia A. Rice/OPD/EOP
Anil Kakani/OMB/EOP
Emil E. Parker/OPD/EOP
Andrea Kane/OPD/EOP
Keith J. Fontenot/OMB/EOP
Daniel J. Chenok/OMB/EOP

Andrea Kane [redacted]

Record Type: Record

To: Diana Fortuna/OPD/EOP, Cynthia A. Rice/OPD/EOP

cc:
Subject: HPB

Diana, I did verify that the NPRM does tie the caseload reduction credit to state-only program reporting, Cynthia, ignore my note on point #1 in earlier message--I misunderstood what it was HHS was proposing. Now that I understand, and Diana, now that I've thought about this some more, I'm less convinced of the value of continually counting someone. While I agree that longer retention and more earnings gain is good, at what point do we draw the line--does someone keep gettting picked up in the quarterly counts forever? As time goes on, more and more people will get picked up and then I'm not sure what you're really measuring. But, maybe I'm missing something--I could be convinced otherwise.

Cynthia, on my earlier note on Point #3, delete the word "not" before doable--it is doable for these states.

FICA

CS

HBB

Grubeer

#1 - old: retained Q2 - on or off welf
- get numerator / denom.
- inequity of lvg not lvg welfare

Didn't make sense to Susan B
None also wkg

All Entries

All UE on TANF

HPB

Cynthia A. Rice 03/13/98 01:14:46 PM

Record Type: Record

To: hrolston @ acf.dhhs.gov
cc: Diana Fortuna/OPD/EOP
bcc:
Subject: Re: ...no subject...

So it would read like:

Future Bonuses

As mentioned earlier, the formula and data collection presented in this transmittal apply only to the performance awards made in FY 1999. We are committed to issuance of an NPRM and final rule that will cover the High Performance Bonuses to be awarded in future years, i.e., fiscal years 2000 through 2003. The schedule for this rulemaking provides for NPRM publication in the spring and final rules in early FY 1999.

As we work towards publication of proposed and final rules, we will be looking at possible refinements to the performance measures used this first year. The rulemaking process will allow ample opportunity for all interested parties to comment on the formula we will implement for future bonuses.

In this further work we remain committed to our process of consultation and collaboration with the NGA, APWA, NCSL, individual states, and other organizations and individual experts. We also remain committed to developing a performance system that is simple to understand and administer, has integrity, and fosters the goals of the TANF program.

Howard Rolston <hrolston @ acf.dhhs.gov>

Howard Rolston <hrolston @ acf.dhhs.gov>
03/12/98 05:37:00 PM

Please respond to hrolston@acf.dhhs.gov

Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc:
Subject: ...no subject...

Forwarded to: internet[Cynthia_A._Rice@opd.eop.gov]
cc:
Comments by: Howard Rolston@OPRE@ACF.WDC
Comments:

In case you have a problem getting it from Diana's computer.

------------------------- [Original Message] -------------------------
I've included (and attached as a WordPerfect 5.1 document) proposed language re the NPRM that would replace the current language. The language is intended to be consistent with the discussion between Olivia and Elena. Please let me know ASAP what you think.

Future Bonuses

As mentioned earlier, the formula and data collection presented in this transmittal apply only to the performance awards made in FY 1999. We are committed to issuance of an NPRM and final rule that will cover the High Performance Bonuses to be awarded in future years, i.e., fiscal years 2000 through 2003. The schedule for this rulemaking provides for NPRM publication in the spring and final rules in early FY 1999.

Stet

The rulemaking process will allow ample opportunity for all interested parties to comment on the formula we will implement for future bonuses.

As we work towards publication of proposed and final rules, we will be looking at possible refinements to the ~~basic~~ performance measures used this first year. For example, we expect to do further substantive work exploring potential measures that address other TANF goals, such as teen birth rates and other indicators of family formation and stability, and technical issues such as possible methodologies for leveling the playing field for States facing different economic and demographic circumstances.

In this further work we remain committed to our process of consultation and collaboration with the NGA, APWA, NCSL, individual states, and other organizations and individual experts. We also remain committed to developing a performance system that is simple to understand and administer, has integrity, and fosters the goals of the TANF program.

- hpb.npr

Civil Rights + Welfare Reform / WR - civil rights issues

Diana Fortuna	02/13/98 02:12:23 PM

Record Type: Record

To: Robert N. Weiner/WHO/EOP, Cynthia A. Rice/OPD/EOP

cc: Elena Kagan/OPD/EOP, Laura Emmett/WHO/EOP
Subject: Guidance on welfare and civil rights

Dennis Hayashi of HHS's civil rights office says that the Leadership Conference on Civil Rights is coming in to meet with Shalala around Feb 25th, and HHS wants to know where we stand on the draft welfare/civil rights guidance we have in hand, so they can tell that group what's happening. Apparently that group is generally aware that HHS and other agencies are working on this. When we're satisfied with the draft, they want to informally share it with this group. So Dennis wants some kind of read from us by mid to late next week, and he may try to arrange a conference call with me and Rob.

(Actually, this is a remote possibility for our various lists of possible announcements of executive actions, don't you think, Cynthia?)

Diana —
Whatever happened to this?
Elena

HPB

Diana Fortuna 03/05/98 04:10:49 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP

cc: Andrea Kane/OPD/EOP, Laura Emmett/WHO/EOP
Subject: High performance bonus and Haskins

According to Mary Bourdette, Ron Haskins had a very, very strong negative reaction to the fact that our high performance bonus guidance has only work measures but no family formation measures. She quoted him as saying it borders on illegal, and said Shaw may send a letter to the Secretary about this. She said she started to make the point that the illegitimacy bonus gets at his concern, but he dismissed that by noting that the HPB is supposed to reward states that achieve the 4 goals of section 401 (assistance to needy families, ending dependence through work and marriage, reducing out-of-wedlock births, and encouraging 2-parent families).

That's part of why HHS wants to include language in the guidance saying HHS will continue to study changes or refinements to the measures. Elena threw out the notion of dropping it from the guidance and reassuring Ron privately. But where are we on the basic question -- why wouldn't we agree to throw a ~~teen birth~~ measure into the NPRM if it satisfies Shaw and doesn't hold us up?

maybe

DF -
Let's see what the states say. I can't think of a good family formation measure that doesn't have real problems.
BR

We can't just replicate the o/w bonus. Increasing marriage rates is weird + hard to implement. more 2-parent families on welfare isn't necessarily a good thing from Ron's perspective.

Haskins called again - letter coming

Elena - compelling reason