

APHSA, NASTA, NAPIPM WORK TOGETHER TO CHANGE TANF AUDITS

APHSA Leads Effort to Contest TANF Improper Payment Audits

The Office of Management and Budget has included the Temporary Assistance for Needy Families state block grant program in its improper payment efforts under the Improper Payment Information Act of 2002. OMB has done this by requiring the Department of Health and Human Services, Office of Inspector General and the Administration for Children and Families to implement an audit process and establish a national TANF payment error rate. According to OMB, the IPIA requires the error rate to provide a valid measure of TANF improper payments.

The eight states that are initially involved in the TANF audits (referred to as “pilot states” by HHS) are California, Idaho, Michigan, Minnesota, New York, Ohio, Pennsylvania, and Vermont. In two separate meetings this fall held in Washington, the states have raised serious concerns with OMB and HHS about the audit elements and process and about the national error rate. While states agree with OMB’s goal of maintaining program integrity for basic cash assistance under TANF, they share a strong and unanimous conviction that returning to the payment error rate focus that characterized the former Aid to Families with Dependent Children program is a misguided effort and a policy mistake—one that will ultimately drive states to reallocate diminishing block grant funding now spent on stabilizing families and getting parents to work and replace it with a paperwork-laden, process focused eligibility program.

By mutual agreement with OMB, the eight states have joined together to propose an alternative methodology for measurement of TANF payment errors. The states’ proposal would establish a national TANF improper payment rate that is based on elements that are common across all states and produce a measure that has a basis for comparison between states. The suggested elements are derived from the only elements that Congress enumerated in federal law in the provision of TANF assistance. All states are held to the following prohibitions:

1. No assistance for families without a minor child (or pregnant individual);
2. No assistance for teenage parents who do not attend high school or other equivalent program;
3. No assistance for teenage parents not living in adult supervised settings, with exceptions;
4. No assistance for a duration of more than five years;
5. No assistance for a period of 10 years to a person found to have fraudulently misrepresented residence in order to obtain assistance in two or more states;
6. No assistance for fugitive felons and probation or parole violators; and
7. No assistance to non-citizens or non-qualified aliens.

An additional meeting between the eight states involved and OMB is planned for January 2008. It is to follow a meeting between OMB and HHS to discuss the states’ proposed alternative methodology. APHSA and the eight states intend to work closely with OMB and HHS to improve

the audit approach and adopt the proposed alternative methodology prior to HHS' plan to audit up to eight additional states in FY 2008.

—*Linda Lawson* *APHSA Operations Update 12/07/07*