

Section 407(b)(3) of the Social Security Act, as amended by the Deficit Reduction Act of 2005 (DRA), requires the US Department of Health and Human Services to reduce a State's required work participation rate for a fiscal year by the State's Temporary Assistance for Needy Families (TANF) Caseload Reduction Credit for that fiscal year. As the name suggests, the Caseload Reduction Credit gives a State credit for reducing its caseload between a base year and a comparison year. The State's credit is the net result after the caseload reduction is adjusted for the impact of policy changes made since FY 2005. Since a State's report may contain estimates of the results of certain State policy decisions on the TANF caseload, states must offer the public an opportunity to comment on the methodologies used.

On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009 (Recovery Act). The Recovery Act temporarily modified the caseload reduction credit calculation under the TANF program. The caseload reduction credit reduces a State's required work participation rate for a fiscal year (FY) by the number of percentage points its caseload declined between FY 2005 and the year prior to the current fiscal year, called the comparison year. This temporary modification applies only to the calculation of the caseload reduction credit. All TANF requirements, including work participation requirements and time limits, remain the same for families receiving assistance.

Under this provision, in FYs 2009, 2010, and 2011, a State may either use the prior fiscal year as its comparison year or may use the caseload reduction credit it qualified to receive when the comparison year was FY 2007 or FY 2008, whichever had the lower caseload. This means that if a State serves more TANF families in the normal comparison year than it did in FYs 2007 or 2008, this provision holds the State harmless in the caseload reduction credit calculation. As a result, the State's required work participation rate will not increase simply because the State assisted more families during this period of increased need.

The following cover letter briefly describes Maryland's FY 2010 Caseload Reduction Credit Report and its acceptance of the Recovery Act's modification of the credit.

After viewing the cover letter and the report (link on Data and Reports page), please direct questions or comments to:

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Maryland Department of Human Resources
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FAMILY INVESTMENT ADMINISTRATION

December 29, 2009

Ann Barbagallo
Acting Director, Office of Family Assistance
Administration for Children and Families
370 L'Enfant Promenade, S.W.
5th Floor East
Washington, DC 20447

Dear Ms. Barbagallo:

Enclosed is Maryland's ACF-202 Caseload Reduction Credit Report for Fiscal Year (FY) 2010. Program Instruction 2009-02 provided states with information on the temporary modification to the Caseload Reduction Credit included in the American Recovery and Reinvestment Act of 2009 (ARRA). The modification essentially holds states harmless during the FY 2009 to FY 2011 period and allows them to use caseloads from either the FY 2007 or FY 2008 comparison year when calculating their caseload reduction credit for the period covered by ARRA. States are instructed to affirm their choices in writing and it is left to states the option to file an ACF202 for FY 2010 and FY 2011. While Maryland is filing its FY 2010 ACF-202, the State chooses to take advantage of the process described in the program instruction wherein the Office of Family Assistance (OFA) automatically determines the caseload that yields the most advantageous credit for the State, whether that is the comparison year, FY 2007 or FY 2008. The State also asks that OFA apply this method to Maryland's FY 2009 Caseload Reduction Credit.

Maryland had an average monthly caseload of 26,824 cases during the baseline year of FY 2005. According to Section Four of the FY 2009 TANF/SSP Data Report, our State's total FY 2009 caseload was 22,440. Data from the State's ACF-196 reports filed in FY 2009 were entered into the Excess MOE Worksheet supplied by the Office of Family Assistance, which resulted in the subtraction of 2,952 cases from 22,440 for an adjusted FY 2009 caseload of 19,488. However, after the effect of policy changes were applied, the net caseload decline for FY 2009 was 4,330 cases. Maryland's caseload decline of 4,330 cases would result in a caseload reduction credit of 16.1 percent, if OFA determines that the FY 2009 comparison year yields a higher credit for the State than either FY 2007 or FY 2008 comparison year.

Thank you for accepting our written affirmation to accept the ARRA modification to the Caseload Reduction Credit and the enclosed ACF-202 report. Copies of this letter and

the have also been sent to the ACF Region III Office in Philadelphia. Please contact Vincent Kilduff at 410-767-7187 if you have any questions.

Sincerely,

Kevin M. McGuire
Executive Director

Enclosure