

THE SUPPORTING STATEMENT

A. Justification.

1. Circumstances Making the collection of Information Necessary

The Deficit Reduction Act of 2005 (DRA) reauthorized the Temporary Assistance for Needy Families (TANF) program and imposed a new data requirement that States prepare and submit data verification procedures and replaced other data requirements with new versions including: the TANF Data Report, the SSP-MOE Data Report, the Caseload Reduction Documentation Process, and the Reasonable Cause/Corrective Compliance Documentation Process. These requirements are also discussed in Part 265 of the TANF Final Rule that is concurrently being reviewed.

Authority: 42 U.S.C. 601, 607, 609, 611, 613, and 1302

2. Purpose and Use of the Information Collection

These data will be used to assess and evaluate the Temporary Assistance for Needy Families Program (TANF) to include documentation of the following for each State: (1) meeting statutorily required participation rates; (2) qualifying for work participation caseload reduction credit; (3) being subject to certain statutorily mandated penalties; (4) being considered for a "reasonable cause" exception and a reduction in the amount of the penalty for failure to meet the work participation requirements; and (5) helping to validate data.

3. Use of Improved Information Technology and Burden Reduction

States must file the quarterly TANF Data Report and the quarterly SSP-MOE Data Report electronically based on format specifications that we will provide. The decision to use electronic filing was based on a need to reduce the paperwork burden and to increase the efficiency and

timeliness of these primarily disaggregated data collections.

The other strictly aggregate data collections are much smaller and not conducive to electronic filing. However, electronic files may be submitted by email.

4. Efforts to Identify Duplication and Use of Similar Information

There are no TANF-specific data available that are similar to what we are proposing to collect.

5. Impact on Small Businesses or Other Small Entities

These collections of information do not impact small businesses or other small entities. They will affect only States and territories and have been held to the absolute minimum required for the intended uses.

6. Consequences of Collecting the Information Less Frequently

The statute mandates the quarterly collection of most of the data in the TANF Data Report and the SSP-MOE Data Report. The caseload reduction and corrective compliance documentation processes are annual occurrences because the statute provides for annual evaluation of caseload reduction and the annual imposition of penalties.

7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5

Only the TANF Data Report and the SSP-MOE Data Report involve a Privacy Act System of Records. An Amended System of Records Notice was published on pages 33644-33648 of the Federal Register, Vol. 69, No.115 dated Wednesday, June 16, 2004.

8. Comments in Response to the Federal Register Notice and Efforts to Consult Outside the Agency

This final rule incorporates our response to comments regarding the reporting burden that we received in response to the interim final rule and Paperwork Notice we published on June 29, 2006. The rule requires States to submit a TANF Data Report, SSP-MOE Data Report, Work Verification Plan, and, if a State wants to request a caseload reduction credit, a Caseload Reduction Report. In addition, States must provide documentation in support of the caseload reduction credit, work verification, and the reasonable cause/corrective compliance documentation processes.

We considered comments by the public on these collections of information in:

- Evaluating whether the collections are necessary for the proper performance of our functions, including whether the information will have practical utility;
- Evaluating the accuracy of our estimate of the burden of the collections of information, including the validity of methodology and assumptions used, and the frequency of collection;
- Enhancing the quality, usefulness, and clarity of the information to be collected; and
- Minimizing the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technology, e.g., the electronic submission of responses.

We received only two comments from one individual specifically addressing the hour burden stated in the interim final rule. The commenter believed that we understated the burden associated with these new data reporting requirements, especially with respect to work verification requirements. In calculating the additional burden associated with the preparation and submission of State data verification procedures, we considered that States already had procedures in place to comport with the complete and accurate requirements under § 265.7 of the regulations.

The commenter also thought that we were requiring an unnecessary paper burden when electronic reporting would

suffice. The commenter stated that § 261.61(a) of the interim final rule would, for example, require for 50 job search participants the copying and filing of 50 separate daily attendance sheets into individual case files, while a central or electronic file would meet the purpose of documenting attendance. We did not intend to preclude the use of a central or electronic file. States may use these kinds of files as long as they are available for the single audit and other reviews. Our burden estimates in the interim final rule took this into consideration.

In large part, the burden estimate is unchanged from our estimate in the interim final rule because we made few changes to the data reporting requirements under the TANF program. Because we added two new TANF data elements, we increased our estimate of the burden by a total of 1,728 hours, or 32 hours per respondent.

We are submitting the ICR in the same manner that we did for the previous TANF rule. In the original TANF rule, published April 12, 1999, interested parties were afforded 30 days to submit comments on the information collection requirements contained in the rule. After the expiration of that comment period, OMB made its final decision regarding those requirements. We did not use any new or revised information collection instruments until we had received OMB approval to do so, relying on the previously approved ones until that date.

As we have in the past, once the new reporting forms are approved, we will issue a program instruction that includes instructions for completing and submitting the data.

9. Explanation of Any Payment or Gift to Respondents

These data collections do not involve any payment or gift to respondents other than remuneration of grantees.

10. Assurance of Confidentiality Provided to Respondents

Only the TANF Data Report and the SSP-MOE Data Report involve a Privacy Act System of Records. An Amended System of Records Notice was published on pages 33644-33648 of the Federal Register, Vol. 69, No.115 dated Wednesday, June 16, 2004.

11. Justification for Sensitive Questions

These data collections do not contain any questions of a sensitive nature.

12. Estimates of Annualized Burden Hours and Costs

The Interim Final Rule imposed some new requirements and modified others.

They are:

- A new requirement that States establish documentation, verification and internal control procedures to ensure valid work participation rates, based on regulatory specifications. States were required to submit the procedures to HHS no later than September 30, 2006. We reviewed the procedures and approved them after they met the requirements. We will have the same process for the Final Rule. If the procedures fail to address or meet the requirements, States will be given 60 days to revise and correct them. If a State fails to establish, submit or correct the procedures within specified timeframes, the State will be liable for a full five percent penalty for the year. Based on various data verification and validation activities undertaken for the AFDC and JOBS programs, we estimate that it will take each State an average of 640 burden hours to prepare and submit data verification procedures to ACF. Based on 54 respondents, this results in 34,560 total annual burden hours for this activity.
- A modification and reduction in burden of the caseload reduction credit information collection based on the

recalibration of the caseload reduction credit. The original burden for the predecessor information collection was calculated using an estimate of 160 hours per instance. Because of the deletion of an entire section and simplification of the predecessor form, we estimate a decrease in the burden of 25 percent or 40 hours for a total of 120 hours per instance. Based on 54 respondents, this results in a total estimated annual burden of 6,480 hours.

- A modification of the reasonable cause/corrective compliance information collection burden based on the requirements of the participation rate verification procedures. Under the original TANF rule this activity was estimated to take each State 160 hours for each instance. Because of the imposition of the data verification activities, we estimate that reasonable cause corrective compliance activities would increase by about 50 percent for a total 240 hours per instance. Based on the 2 instances per year for each of the 54 States, this results in a grand total of 25,920 hours.
- A modification of the predecessor TANF Data Report and the SSP-MOE Data Report based on how we define work-eligible individuals, especially with regard to child-only cases. We estimate the burden increase to be minimal at less than 10 percent. This results in the TANF Data Report total burden increasing from the predecessor report's 465,169 hours to 473,688 hours and the SSP-MOE Data Report burden increasing from 78,213 hours to 82,224 hours.

In this final rule we have made some changes to the TANF Data Report based on the need to implement the deeming of core hours as stated in the final rule. As discussed in § 265.3, we are adding only two new data elements. Some burden hours will be required for programming of the State systems, but actual additional reporting burden hours should be minimal. In addition, total burden will be slightly offset by elimination of two data elements related to waivers. We estimate that the net additional burden averaged out over a period of a year will result in a net increase of eight hours per quarter per respondent for the TANF Data Report. We show the adjustment in the following table.

In summary, the burden estimate is unchanged from our estimate in the interim final rule because we made few changes to the data reporting requirements under the TANF program. Because we added two new TANF data elements, we increased our estimate of the burden by a total of 1,728 hours, or 32 hours per year per respondent.

The estimated burden hours for these information collections are:

Instrument or Requirement	No. of Respondents	Yearly Submittals	Average Burden Hours per Response	Final Rule Total Annual Burden Hours	Interim Rule Total Annual Burden Hours
Preparation and Submission of Data Verification Procedures - §§ 261.60 - 261.63	54	1	640	34,560	34,560
Caseload Reduction Documentation Process, ACF-202 - §§ 261.41 & 261.44	54	1	120	6,480	6,480
Reasonable Cause/Corrective Compliance Documentation Process - §§ 262.4, 262.6, & 262.7; § 261.51	54	2	240	25,920	25,920
TANF Data Report - Part 265	54	4	2,201	475,416	473,688
SSP-MOE Data Report - Part 265	29	4	714	82,824	82,824

Estimated total burden hours: 625,200

The hourly cost of the burden is estimated by multiplying 625,200 hours times \$50 (average cost per hour) for a total of \$31,260,000

13. Estimates of Other Total Annual Cost Burden to Respondents and Record Keepers

There are no direct monetary costs to respondents other than the hourly burden cost noted in Item 12.

14. Annualized Cost to the Federal Government

This item does not reflect any of the costs shown in items 12 and 13 of this Supporting Statement.

We estimate total annual Federal burden to be 40,000 hours. This includes the costs of information collection, development, tests, printing forms, mailing list compilation and maintenance, mailing or enumeration, editing, coding, tabulation, analysis, publication of results, technical assistance, and monitoring. Based on an estimated average hourly Federal salary of \$100 per hour (including fringe benefits, overhead, etc), the total estimated average annual Federal cost is \$4,000,000.

15. Explanation of Program Changes or Adjustments

The Interim Final Rule provided for three information collections that replaced three predecessor information collections and one completely new information collection. The Interim Final Rule showed a net increase is 54,170 hours due to the DRA. Subsequent changes in the Final Rule are explained in items 8 and 12 of this supporting statement.

16. Plans for Tabulation and Publication and Project Time Schedule

We began analyzing these data upon submission to ACF and will do so again at the end of each fiscal year after the States have transmitted the data to us. One of the primary purposes of these information collections is to provide us with the data to calculate participation rates as required

by section 407(a) of the Social Security Act (SSA) as amended by PRWORA and DRA. These data will also provide us with the necessary information to carry out our other financial management and oversight responsibilities; and to document the work participation caseload reduction credit, and reduction in the penalty for failing to meet the work participation requirements. Other analyses will include, but not necessarily be limited to, analyses of the impacts of various TANF provisions and descriptions of the characteristics of the populations served. We will publish these data in the TANF Annual Report to Congress.

17. Reason(s) Display of OMB Expiration Date is Inappropriate

Not applicable.

18. Exceptions to Certification for Paperwork Reduction Act Submission

Not applicable.

B. Collections of Information Employing Statistical Methods

See attached sampling manual, which is applicable to the TANF Data Report and the SSP-MOE Data Report. The other instruments and requirements do not employ statistical methods.