

Steps Needed for PGW to Receive TANF Emergency Contingency Funds for Forgiving Customers' Debts and Restoring/Continuing Service

Outline of how this plan would work:

1. PGW and the state Department of Public Welfare (DPW) reach an agreement whereby PGW would resolve certain low-income customers' heating emergencies by forgiving their debt and restoring service or preventing a shutoff. PGW agrees that this debt forgiveness can be counted toward the state's TANF "maintenance of effort" requirement.
2. Before each quarter, PGW estimates how many households in the upcoming quarter would be eligible for service restoration/retention under this program, and how much debt would be forgiven. PGW gives these estimates to DPW.
3. DPW includes the PGW estimate in its request to the federal Department of Health & Human Services (HHS) for reimbursement of 80% of the state's overall quarterly increase in "non-recurrent short-term benefits" (NRSTB).¹ This request can be submitted up to one month before the beginning of the quarter.
4. HHS reviews DPW's request. On approval, HHS sends DPW 80% of its estimated increase in NRSTB expenditures. The turn-around time should be fast, so that the state can receive and spend the federal 80% share in that quarter. DPW either sends PGW's share to PGW immediately or holds onto it until final reconciliation.
5. During the relevant quarter, PGW actually restores or continues service to Philadelphia families by forgiving their debt. PGW submits records of the forgiven debt and service restoration/continuation to DPW as requested.
6. DPW submits final figures to HHS and reconciles the prior estimates. Future HHS reimbursements are increased or decreased as part of this reconciliation. DPW reconciles with PGW after reconciling with HHS.

Needed components of DPW/PGW agreement:

- Identification of qualifying households:
 - PGW selection criteria: e.g., households whose gas service is off or who have received a shutoff notice.

¹ DPW's submission must also include expenditures for the same purposes in the equivalent quarter in the base year, either FY '07 or FY '08. It must also report any "program configuration changes" such as conversions of programs from outside the TANF/MOE structure to inside the TANF/MOE structure. This requirement prevents states from claiming reimbursement for existing expenditures simply by newly claiming the expenditures as MOE. The outlined PGW debt forgiveness program, being new, would be a new expenditure and not subject to HHS adjustment. The required HHS reports and instructions are available at <http://www.acf.hhs.gov/programs/ofa/policy/pi-ofa/2009/200905/PI200905.htm>.

- Must be a family – i.e., include a child and an adult caretaker relative, or consist of a pregnant woman. May include noncustodial parents with DPW permission.
- The family income must be below a specified income limit establishing the family as “needy.” DPW and PGW establish the income limit. DPW currently has other TANF-funded programs using a 235% FPIG limit. Much higher than 235% FPIG might not pass HHS muster.
- The family must contain a citizen or legal immigrant. (It may be this criterion can be omitted – I’m still looking into this.)
- Agreement that DPW can count PGW debt forgiveness as TANF maintenance-of-effort expenditures. Under federal regulations (45 CFR 263.2(e)), costs borne by PGW can count as MOE if:
 - The expenditure is verifiable and meets federal auditing standards;
 - There is an agreement between the state and the third party allowing the state to count it;
 - The state counts the cash donation only when it is spent.²

PGW steps:

- Identify types of households and time periods for whom PGW is willing to forgive debt to restore service or prevent shutoff in exchange for 80% reimbursement.

DPW steps:

- Amend the TANF state plan to include this new use of TANF MOE funds, with the qualifying criteria. (This can be a sentence or two – should not be difficult.)
- Estimate whether DPW will have enough NRSTB expenditures in each quarter to qualify for 80% reimbursement. Expenditures must be an increase from NRSTB expenditures in the equivalent quarter in FY 07 or FY 08 to qualify; there may be a “hole” in state NRSTB expenditures in a quarter that must be filled before the state qualifies for the 80% reimbursement. If need be, plan to time increased expenditures for particular quarters, to fill holes only as needed. Ideally coordinate these targeted quarters with PGW.

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² For a longer explanation of using third-party funds as MOE, see Appendix II to “Opportunities Under the TANF Emergency Contingency Fund Created by the Federal Recovery Act,” by Liz Schott, Center on Budget and Policy Priorities, July 29, 2009, available at <http://www.cbpp.org/files/7-29-09tanf.pdf>.