

(1) The State does not have a state-wide process in place to inform parents about the exception to the work requirement and enable them to demonstrate that they have been unable to obtain child care; or

(2) There is a pattern of substantiated complaints from parents or organizations verifying that a State has reduced or terminated assistance in violation of this requirement.

(c) We may impose a reduced penalty if the State demonstrates that the violations were isolated or that they affected a minimal number of families.

### **Subpart F—How Do Welfare Reform Waivers Affect State Penalties?**

#### **§ 261.60 How do existing welfare reform waivers affect a State's penalty liability under this part?**

A welfare reform waiver could affect a State's penalty liability under this part, subject to subpart C of part 260 of this chapter and section 415 of the Act.

### **Subpart G—What Nondisplacement Rules Apply in TANF?**

#### **§ 261.70 What safeguards are there to ensure that participants in work activities do not displace other workers?**

(a) An adult taking part in a work activity outlined in § 261.30 may not fill a vacant employment position if:

(1) Another individual is on layoff from the same or any substantially equivalent job; or

(2) The employer has terminated the employment of any regular employee or caused an involuntary reduction in its work force in order to fill the vacancy with an adult taking part in a work activity.

(b) A State must establish and maintain a grievance procedure to resolve complaints of alleged violations of the displacement rule in this section.

(c) This section does not preempt or supersede State or local laws providing greater protection for employees from displacement.

## **PART 262—ACCOUNTABILITY PROVISIONS—GENERAL**

Sec.

262.0 What definitions apply to this part?

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#### **§ 262.0 What definitions apply to this part?**

The general TANF definitions at §§ 260.30 through 260.33 of this chapter apply to this part.

#### **§ 262.1 What penalties apply to States?**

(a) We will assess fiscal penalties against States under circumstances defined in parts 261 through 265 of this chapter. The penalties are:

(1) A penalty of the amount by which a State misused its TANF funds;

(2) An additional penalty of five percent of the adjusted SFAG if such misuse was intentional;

(3) A penalty of four percent of the adjusted SFAG for each quarter a State fails to submit an accurate, complete and timely required report;

(4) A penalty of up to 21 percent of the adjusted SFAG for failure to satisfy the minimum participation rates;

(5) A penalty of no more than two percent of the adjusted SFAG for failure to participate in IEVS;

(6) A penalty of no more than five percent of the adjusted SFAG for failure to enforce penalties on recipients who are not cooperating with the State Child Support Enforcement (IV-D) agency;

(7) A penalty equal to the outstanding loan amount, plus interest, for failure to repay a Federal loan;