

## **Attachment 2: USING TANF FUNDS TO AUGMENT CHOICES SERVICES**

Under the Temporary Assistance for Needy Families (TANF) statute and final rule, funds may be used for services, activities, benefits and supports that are “reasonably calculated to meet one of the four purposes of the TANF program.” In addition, the statute provides that TANF federal funds may be used for component services, supportive services, and benefits previously allowable under Title IV-A, Aid to Families with Dependent Children (AFDC), or Title IV-F, Job Opportunities and Basic Skills Training (JOBS) as of September 30, 1995.

The current TANF State Plan for Texas covers allowable service offerings under TANF, including the allowable prior offerings authorized under AFDC/JOBS, with the following statement from page 1: “Texas reserves the right to use TANF funds to provide services consistent with the four purposes of the TANF program as specified in Section 260.20 of TANF regulations, or as allowed under the Texas IV-A or IV-F state plan in effect on September 30, 1995, as clarified by the state's 1997 plan amendment.”

The State's 1997 TANF State Plan demonstrated the interrelationship between the prior allowable AFDC/JOBS offerings, the Achieving Change for Texans (ACT) welfare reform waiver, and the provisions of House Bill 1863, 74<sup>th</sup> Legislature that set the statutory provisions for welfare reform in Texas.

This attachment lists examples of services, activities, benefits, and supports that would be allowable under each of the four TANF purposes as well as prior AFDC/JOBS offerings.

**TANF PURPOSE 1:** To provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.

The Texas Department of Human Services (DHS) is the state agency with primary responsibility to provide TANF "assistance". Most services, activities, functions, and supports for workforce activities contemplated by Local Workforce Development Boards (LWDBs) are not considered "assistance", as the TANF Final Rule defines "assistance" more narrowly than the proposed regulations. The chart in Attachment 1 details what is included or excluded from "assistance".

LWDBs should be aware that there are very few federal TANF program requirements and restrictions relating to clients receiving services, functions, activities, benefits, and supports not considered "assistance". For example, time limits, work requirements, and requirements to cooperate with child support collection only apply to clients receiving "assistance".

LWDBs may find it advantageous to refrain from using TANF to fund costs that could be deemed "assistance" to avoid:

- notifying clients of the receipt or denial of assistance;
- the administrative burden of developing and maintaining a formal TANF eligibility determination system separate from that operated by DHS. Note: Costs of

determining eligibility for assistance are considered administrative under TANF, subject to the cap);

- the need to report assistance to DHS for inclusion in the recipient's official case record and in federal case-level reports to track receipt and months of assistance;
- participating in hearings when clients dispute the termination of assistance or the expiration of the federal or state time limits for receipt of assistance.

Services under this purpose must be provided only to “needy” families and an income eligibility determination is required. Under current state law and the current TANF State Plan, the DHS rules on eligibility determination for cash assistance are covered. Eligibility for assistance beyond that provided by DHS is not covered.

Note: There are special treatments of "assistance" and "cash assistance" using Welfare-to-Work (WtW) grant funds. See WD Letter 22-99, issued February 18, 1999 for more information.

**TANF PURPOSE 2:** To end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.

This is the purpose under which most services, activities, functions, and supports for workforce activities are deemed allowable. The following gives examples of various allowable uses of TANF funds to promote job preparation, work, and marriage.

Services under this purpose must be provided only to "needy" families, and an income eligibility determination is required, which must be described in the TANF State Plan. Under current state law, the Texas Workforce Commission (TWC) Choices Rules, Section 811.1 through 811.87, and the current TANF State Plan, TWC, LWDBs and their service contractors do not separately determine eligibility. Instead, they rely on the eligibility determination decisions of DHS by verifying eligibility information from DHS. Eligible client families include applicants for TANF referred by DHS, current recipients of TANF, and former recipients of TANF who have participated in the Choices program.

The following is a listing of the types of services allowable under this purpose.

- **Expand/Improve/Target Outreach**
  - Intensify outreach for two-parent families receiving TANF cash assistance.
  - Time outreach strategies for sanctioned clients to occur before they are again counted in the denominator for calculation of participation rates.
  - Provide early proactive outreach to parents anticipated to lose their "age of youngest child" work exemption. This exemption drops from age 4 to age 3 effective January 1, 2000; from age 3 to age 2 effective September 1, 2000; and from age 2 to age 1 effective September 1, 2001.
  - Develop and implement automated applications, models and other analytical tools to identify target groups for outreach and profile the outreach levels necessary to achieve participation rates, employment entries and other performance targets.
  - Expand Choices outreach to TANF cash assistance recipients requesting or accessing workforce center services on their own, without specific referral.

- Use strategies and non-cash incentives to improve response rate and willingness to participate. Cost items such as snacks and nominal incentives like vouchers or gift certificates are allowable if reasonable, necessary, integral but subordinate, and support enhanced performance, work participation, and self-sufficiency.
  - Develop or expand outreach methods, such as home visits, coordinated immediate outreach with DHS Texas Works, additional integration with career center outreach, coordinated outreach with the Texas Department of Protective and Regulatory Services (DPRS) for TANF foster children transitioning from school and foster care to work and self-sufficiency, targeted outreach for victims of domestic violence in coordination with domestic violence shelter and service programs, etc.
  - Develop strategies to identify and contact unserved or underserved client groups.
  - Develop and implement exemplary, customer-friendly, and focused outreach systems.
- **Expand/Improve/Target Intake and Assessment**
    - Develop streamlined, customer-friendly, and individually-tailored intake, assessment, and service planning models.
    - Augment assessment by incorporating new systems, instruments, and tools.
    - Streamline or improve orientation and intake, such as the employability service planning process.
    - Offer each family a personal financial assessment demonstrating the progress toward self-sufficiency that may be expected from participation in work, including the cash assistance the family continues to receive from DHS after going to work under the new earned income disregard, and counseling on budgeting and money management.
    - Expand career exploration, aptitude, and interest assessments, such as purchasing the "Texas Cares" software.
    - Offer ongoing post-employment needs assessment aimed at confronting barriers, retaining employment, career development and advancement toward self-sufficiency.
    - Develop intake and orientation models appropriate for different client groups and service strategies, such as teens and newly-employed TANF clients receiving the earned income disregard.
- **Improve/Expand/Target Case Management**
    - Obtain consultation and technical assistance from TWC to develop and implement new case management models. An example would be paying the travel costs of TWC staff to provide technical assistance or to attend conferences. These must be paid directly by the LWDB to the TWC employee; it cannot be done as a reimbursement to TWC for an employee's travel.
    - Provide training and professional development opportunities to case management teams serving Choices clients in workforce centers.
    - Coordinate Choices case management with case management provided to TANF families by other service sources.

- Further integrate workforce center case management services. For example, TANF funds could be used for case management costs of TANF clients whose services are from Workforce Investment Act (WIA) funds.
  - Develop and implement additional automated applications and analysis tools for case managers.
  - Implement or augment quality assurance, incentive, and control systems for exemplary case management.
  - Implement individualized case management focused on the needs of each client family.
  - Intensify and lengthen post-employment case management to promote job retention and career advancement.
- **Expand/Augment/Improve Pre- and Post-Employment Service Offerings**
    - Expand job development with employers, especially using work subsidies as an incentive to defray employer costs or to encourage employers to increase hours of employment, wages, or benefits (avoid direct payments to clients to prevent treatment as assistance by DHS or income/employee relationship under Internal Revenue Service (IRS) rulings).
    - Provide subsidies to employers for wages and benefits paid to TANF employees (avoid direct payments to clients to prevent treatment as assistance by DHS or income/employee relationship under IRS rulings).
    - Provide subsidies to employers for bonuses paid to TANF employees to reward performance (avoid direct payments to clients to prevent treatment as assistance by DHS or income/employee relationship under IRS rulings).
    - Reimburse or pay employers for the costs incurred to train, supervise, coach and mentor TANF employees.
    - Provide seed money to help employers establish or expand employee assistance programs to meet the barriers faced by TANF and other employees.
    - Provide funding to employers or service providers to establish or expand worksite-based education and training.
    - Provide work-related incentives to clients to recognize and encourage their job search and other work participation, preferably in the form of vouchers and tangible goods and services useful to clients to avoid classification as "assistance." Examples of incentives include awarding personal planner/organizers or vouchers for makeovers or career clothing to clients who meet or exceed initial job contact commitments.
    - Provide supports to remove barriers to work search and job retention, such as transportation. One example would be partnering with a faith-based or community-based organization for a "wheels to work" project or providing vouchers for clients to repair their cars. To keep this from being classified as assistance, use vouchers or document that the support is to meet a crisis situation with non-recurring support of less than four months duration.
    - Augment work search or part-time employment with short-term skills development or basic education (stack components) to enhance participation and employability, such as computer literacy classes.
    - Provide computers, Internet access, and other software applications for TANF families to use to further their education, improve their children's educational opportunities, enhance their ability to function in the information technology arena, and improve communication and follow-up between case managers and client families. Computers could be loans, under a purchase plan, or a benefit

- awarded to client families for successful participation. These could also support microenterprise efforts.
- Establish microenterprise projects to help clients start their own businesses and be successful at self-employment.
  - Provide incentives and rewards to case management and service delivery staff or teams making exemplary contributions to achieving or exceeding participation rates and other performance targets.
  - Augment work search with job readiness activities.
  - Expand adult basic education and literacy offerings at the workplace, establish or expand learning labs with flexible operating schedules to meet the needs of clients seeking work or those already employed, or explore self-paced at-home programs.
  - Expand bilingual and English as a Second Language offerings or tailor them to meet specific employer or industry needs.
  - Combine TANF funds allocated to LWDBs with TANF funds awarded by the Texas Education Agency (TEA) to local adult education cooperatives to expand service offerings, improve access, serve additional client groups, and establish post-employment basic education and literacy services.
  - Pay or subsidize post-secondary training and education and vocational education to foster career advancement for newly-employed Choices clients to augment that generally available under other federal financial aid programs such as Carl Perkins or Pell grants. These offerings can be procured in traditional ways or combined and integrated with the WIA Individual Training Account (ITA) training provider certification and enrollment system.
  - Offer enhanced ancillary training and educational services to support career advancement and development for the TANF client, such as special community college programs tailored to help newly-employed TANF parents consider career alternatives or adjust to college and career.
  - Pay testing, licensing, and certification fees.
  - Issue vouchers for tools, uniforms, and other work supports needed by clients to obtain or advance in employment.
  - Pay for non-medical substance abuse counseling and treatment services or provide seed money to expand the availability of these services. TANF funds cannot be used to pay for medical services other than pre-pregnancy family planning. However, Medicaid is available for eligible current and former TANF recipients to cover medical substance abuse treatment services.
  - Establish Individual Development Accounts (IDAs) for clients to save for home purchases, starting businesses, or education and training.
  - Match client contributions to IDAs.
  - Assist families relocating to safer housing that is more convenient to work.

*Note: Although child care is an allowable service under the TANF statute and regulations, LWDBs must not use TANF funds for child care without prior written permission from TWC and a Master Board Contract amendment. TWC must then obtain the approval of the Governor's Office of Budget and Planning and the Legislative Budget Board before transferring funds between the adult public assistance recipient and early child care appropriations strategies.*

- **Contribute TANF's Share to the Integrated Workforce Investment System**
  - Contributions toward the cost of the provision of direct client services.

- Contributions to the integrated service delivery infrastructure, such as space rearrangement or minor remodeling, equipment acquisition, telephone and communication systems or automation hardware platforms and software applications to track client services.
- Contributions to service delivery management costs for TANF clients enrolled in WIA activities. Service delivery management costs are considered administrative costs subject to the cap under WIA. However, under TANF, service delivery management costs are considered program delivery cost not subject to the administrative cost cap.
- Contributions to establish and operate the ITA system for TANF needy families, even if the source of training funds is WIA.
- Contributions to LWDB administrative costs to improve the administration of TANF, especially integrating administration with other funding sources, such as paying part of the cost for accounting system enhancements.
- Purchasing or arranging staff development and training for LWDB members and staff.

**TANF PURPOSE 3:** To prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies.

The Texas Department of Health (TDH) has primary responsibility for the State’s family planning and abstinence programs, so the use of TANF funds by LWDBs should be aimed at augmenting, not duplicating, these services. In addition, TANF funds are appropriated to the Communities in School program for services to at-risk youth to encourage them to stay in school and expand their perception of available lifestyle choices through broad experiences and family-focused case management. LWDBs may consider efforts to further coordinate or expand these efforts to offer youth more options and interests to delay parenting. Other potential areas for expanded funding or coordination are the local school district programs for parenting or pregnant teens (PEP) and WIA youth activities.

Services provided under this purpose may be provided to both “needy” and “non-needy” families without a specific individual eligibility determination.

**TANF PURPOSE 4:** To encourage the formation and maintenance of two-parent families.

LWDBs contribute to this goal by expanding efforts to serve two-parent families receiving TANF cash assistance through improved participation. LWDBs may also:

- Offer family counseling and parenting skills.
- Use TANF funds for post-employment services to improve the self-sufficiency of two-parent families, and reduce the chances of their return to public assistance.
- Explore the use of TANF funds to serve noncustodial parents to improve their ability to provide support for their children and their involvement in their children’s lives.

Services provided under this purpose may be provided to both “needy” and “non-needy” families without a specific individual eligibility determination.

**Prior Service Offerings:** Under TANF/Choices some of the services listed below are not allowable. However, under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), services that were allowable as of September 30, 1995 under the Texas State Plan for Title IV-A or Title IV-F of the Social Security Act of the TANF State Plan continue to be allowable.

The following services are allowable:

- High School
- GED/High School Equivalent
- Basic and Remedial Education and English Proficiency
- Job Skills
- Job Readiness & Life Skills
- Job Development and Placement
- Job Search
- On-the-Job Training
- Vocational Education
- Postsecondary Education
- Transportation and Work-Related Expenses