



DEPARTMENT OF LABOR
AND
DEPARTMENT OF HEALTH AND HUMAN SERVICES



MAR 29 2000

The Honorable Tony Knowles
Governor of Alaska
Juneau, Alaska 99811-0001

Dear Governor Knowles:

We are writing to make you aware of an issue that affects local areas within your State making the transition from summer jobs programs under the Job Training Partnership Act (JTPA) to the provisions of the Workforce Investment Act of 1998 (WIA). WIA offers a comprehensive array of quality training and employment services to many of our Nation's most vulnerable low-income youth age 14 through 21, including those who are out-of-school, teen parents, and offenders. Programmatic changes authorized by the WIA are designed to help young people successfully transition into post-secondary education, careers, and adulthood.

This year every State and local area will transition from the requirements of JTPA to WIA's comprehensive services. WIA consolidates the JTPA Year-Round and Summer Jobs programs into one Youth Activities Formula Grant program providing localities the flexibility to develop the education and training programs that best meet the needs of youth in their area while preparing at-risk youth for postsecondary education or employment success. The summer of 2000 represents the first summer since 1964 where summer jobs for low-income youth are not authorized or funded as a separate program. In the short term, local areas, particularly urban areas, are faced with the challenge of transitioning to the requirements of the WIA and providing more comprehensive, better quality services while continuing to make summer employment opportunities available to disadvantaged youth.

We encourage Governors to use available resources to assist localities so that they can continue to provide good quality summer employment activities to disadvantaged youth. We have some suggestions on how, during this transition, Governors may help local communities effectively leverage resources at the State and local levels. For example, some localities anticipate a decrease in available funding as a result of the 15 percent State youth employment and training reserve. We are asking Governors to consider using these funds and other appropriate funds to increase funding for areas with high concentrations of eligible youth.


We also suggest that Governors and local communities explore the use of two additional funding sources. The recent eligibility changes for the Welfare-to-Work (WtW) program mean more youth now may qualify

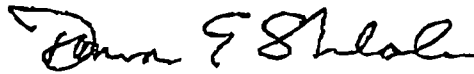
under these new eligibility criteria for WtW-funded services, including summer employment opportunities. Guidance on these eligibility changes will be available through the DOL web site. States also have considerable flexibility under TANF to help meet the needs of low-income families (including youth) in ways that are consistent with the statutory purposes of TANF. In some States and local communities, TANF resources are being made available for youth development and related support services. We understand that the State of Indiana, for example, plans to use a portion of its TANF high performance bonus to fund one-time competitive grants to workforce investment boards across Indiana for summer jobs programs. Of course, this and all other uses of TANF funds for youth development efforts will need to meet all applicable TANF requirements. For this reason, NHS will be posting on its web site specific guidance on the use of TANF resources for summer youth programs.

Governors, working in partnership with local officials, also can take a leadership role to further private sector involvement in cooperative and creative ways to develop summer jobs for youth. A private sector jobs campaign offers considerable promise for raising summer jobs enrollment levels this summer, especially with our strong economy.

Thank you in advance for help in ensuring that we have a very successful first summer under the Workforce Investment Act.

Sincerely,


Secretary of Labor


Secretary of Health and Human
Services

THE WHITE HOUSE**Office of the Vice President****For Immediate Release**
March 28, 2000**Contact:**
(202) 456-7035**VICE PRESIDENT GORE ANNOUNCES \$40 MILLION IN SUPPLEMENTAL FUNDS
TO PROVIDE LOW-INCOME YOUTH WITH SUMMER JOBS**

I am pleased that we are sending to Congress a \$40 million supplement to the FY 2000 budget for youth activities that would provide summer jobs and other opportunities to more than 24,000 low-income youth in fifty cities across this nation. These resources will support many of our local communities as they transition to the requirements of the Workforce Investment Act, helping local areas continue vital education and training programs, like the summer jobs program. I have worked tirelessly, along with many other leaders, to help ensure we do not leave kids behind as we go through this transition period.

I am also pleased that Secretary Alexis Herman and Secretary Donna Shalala will send a letter to our nation's governors encouraging them to consider finding ways to partner with local elected officials in their states to assist low-income youth in our nation's communities. The Secretaries will ask the governors to consider using a portion of WIA monies, Welfare-to-Work resources and TANF funds to help low-income young people.

This Administration's commitment to transforming and improving education and training programs for youth represents our ongoing dedication to ensuring that the youth in our country have a chance to achieve the American Dream. I look forward to continuing to work with state and local officials to create new opportunities that, working in partnership with the community and the private sector, will provide innovative job opportunities for at-risk young people across America.

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From HHS web-site

NEW!

Q: What factors should a State consider in determining how to use Federal TANF and State MOE funds to support summer jobs for youth?

A: Our publication, "Helping Families Achieve Self-Sufficiency, A Guide on Funding Services for Children and Families through the TANF Program," provides a systematic approach for a State to use in determining how it might use Federal TANF and State Maintenance of Effort (MOE) funds. The following discussion is a brief explanation of the steps that a State should take when evaluating a proposal to initiate a program, such as summer jobs for youth. Please refer to the aforementioned document for a fuller explanation. This document is available online, in PDF and HTML formats (see <http://www.acf.dhhs.gov/programs/ofa/funds2.pdf> or <http://www.acf.dhhs.gov/programs/ofa/funds2.htm>).

Assuming that a State is considering the use of Federal TANF or MOE funds for a summer jobs program, its first step would be to identify how this program meets a purpose of the TANF statute. For example, a program that covers a youth's wages in a subsidized public or private sector job could be associated with purpose one of the TANF statute -- providing assistance so that children in needy families may live at home -- or with purpose two (for teens with children) -- reducing dependency among needy parents through work and job preparation.

Given that the summer jobs program achieves a TANF purpose, the State would then determine whether or not the benefits (i.e., the wage subsidies in this case) constitute **"assistance"** as defined under the Federal regulations at 45 CFR 260.31. Items falling under **"assistance"** are subject to a number of requirements, including work, time limits, child support assignment, and data reporting. However, wage subsidies do not constitute assistance under our regulatory definition. Thus, the State faces fewer administrative and programmatic requirements in providing these benefits.

The third step for the State would be to establish eligibility criteria, including a definition of **"needy"** (generally in the form of income and/or resource standards) for the receipt of summer jobs program benefits. This step derives from the language in purpose one and two of the statute.

A fourth step is for the State to decide how to fund the summer jobs for low-income youth program. There are two potential sources under the TANF funding provisions: Federal TANF and State MOE funds. The use of State MOE funds for the program requires that any expenditure be made on behalf of **"eligible families."** The term **"eligible families"** means that the family must include a child living with a custodial parent or other adult caretaker relative (or a pregnant woman) and be financially needy as discussed in step three. Federal TANF funds can likewise be used to provide summer jobs for youth in **"eligible/needy families."** (Note: Federal TANF funds may also be used to help a **"needy"** youth that is not a member of an **"eligible/needy family"** - a **"needy"** non-custodial teen parent. Services provided to such persons can only be in the form of benefits that do not constitute **"assistance"**.)

The fifth and final step would be for the State to consider the requirements, limitations, and restrictions that apply to the selected activities or services. For Federal TANF funds, it is important to consider certain cost principles derived from appropriations law and OMB circulars (see pages 26 through 29 of our guidance). Some of the Federal grant rules that should be considered in the formulation of a summer jobs for low-income youth program include:

- A State may not use Federal TANF funds to satisfy a cost-sharing or matching requirement of another Federal program unless specifically authorized by Federal law. During consideration of a summer jobs program, a State would ask itself if such a program is funded by another Federal program for which there is a cost-sharing or

matching requirement. If the answer is yes, the State could not use Federal TANF funds to meet this cost-sharing or matching requirement. To date, the only exception to the cost-sharing rule relates to the use of Federal TANF funds for the Job Access and Reverse Commute program administered by the Department of Transportation; this exception is statutorily based.

- In general, funds used to meet Federal cost-sharing requirements in other programs are not allowable as State MOE. Here too, a State would ask if such a program is funded by another Federal program and subject to a cost-sharing or matching requirement under that program. If the answer is yes, the State may not use the same State funds to meet the cost-sharing requirements for both the other program and TANF (i.e., the State MOE).
- However, a State may spend Federal TANF and/or MOE funds to supplement the services provided by other programs. If a State wishes to supplement a summer jobs for low-income youth program covered under a State WIA youth plan, it may use Federal TANF or State MOE funds to contract with the applicable workforce agency for additional services or summer jobs on behalf of needy, eligible families.

-end of Summer Youth Employment-



Digital Divide Activities:

Q: May a State use TANF funds to help needy families overcome the "digital divide" by providing access to computers and the Internet?

A: States have wide flexibility under TANF to fund innovative strategies designed to achieve one or more program purposes. Familiarity with computers and the Internet enhances employability for many jobs, and the Internet itself is a critical source of information about employment opportunities.

Thus, it is clear that a State could claim that such expenditures would be consistent with the second purpose of the TANF program: "to end the dependence of needy parents on government benefits by promoting job preparation, work and marriage." A State may use Federal TANF funds or State "maintenance of effort" (MOE) expenditures to purchase computers, provide training and cover the cost of Internet access for eligible, needy families.

States also decide the income and resource standards used to determine TANF eligibility and may set different criteria for different benefits or services. The criteria for helping families purchase computers and/or access the Internet could be broader than the criteria used for cash assistance. For example, a State could make computers and Internet access available to all families with incomes below 150 percent of the poverty line.

We need to point out one restriction on the use of TANF funds for computers or Internet access. Under the statute and final TANF rules, prior year funds can only be used for "assistance" – those benefits designed to meet the ongoing, basic needs of a family, such as food, clothing, shelter, utilities, etc. The purchase of computer hardware, software or Internet access does not appear to meet the definition of TANF assistance. Therefore, only current year TANF funds can be used for such expenditures. By spending prior year dollars on assistance, however, a State could free up current year funds for use on computers and Internet access. To benefit from current prices and discounts for bulk purchases, a State could contract for computers and Internet access and actually liquidate the current year obligation over the next two years.

Andrea Kane

04/12/2000 08:51 AM

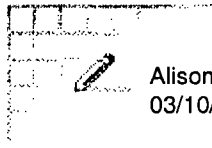
Record Type: Record

To: Heather H. Howard/OPD/EOP@EOP

cc:

Subject: re: TANF/Summer Jobs

----- Forwarded by Andrea Kane/OPD/EOP on 04/12/2000 08:50 AM -----



Alison Perkins-Cohen
03/10/2000 01:25:20 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc:

bcc:

Subject: re: TANF/Summer Jobs

This email is probably more information you wanted but following is the information on eligible youth requested and some thoughts in response to Emil and your discussion.

Workforce Investment Act Under WIA's Youth Activities Formula Grant Program (under which summer jobs falls) **an eligible youth is an individual who:**

- is 14 -21 years old;
- **is a low-income individual;** and
- is one or more of the following;
 - deficient in basic literacy skills;
 - a school dropout;
 - homeless, a runaway or foster child;
 - pregnant or a parent;
 - an offender;
 - an individual who requires additional assistance to complete an educational program or secure and hold employment.

A low-income individual is defined as an individual who:

- receives, or is a member of a family that receives, cash payments under a Federal, State, or local income based public assistance program;
- received an income, or is a member of a family that received a total family income, for the 6 month period prior to application for the program that, in relation to family size, does not exceed the higher of,
 - the poverty line; or
 - 70 percent of the lower living standard income level for an equivalent period;
- is a member of a household that receives or, in the 6 months prior to application for the program, is eligible to receive food stamps;

- qualifies as homeless;
- is a foster child on behalf of whom State or local government payments are made; or
- is a person with a disability whose income meets the requirements of the first 2 bullets but who is a member of a family whose income does not meet such requirements.

There is one exception to the above definition of eligible youth and that is that up to 5% of participants assisted under the Youth Activities program can be individuals who do not meet the minimum income criteria if they are dropouts; basic skills deficient; one or more grade level behind; pregnant or parenting; homeless or runaway; offenders; or face other serious barriers to employment as defined by the local board.

As for the State/Federal/local funds and supplanting issue that Emil and you are discussing, here is a better explanation of the situation. The summer jobs issue at hand involves both state and local dollars. While you are correct that the Mayors are arguing that there is a reduction in resources available for summer jobs - - their argument is not that there is a cut to Federal resources - - or if they are making that argument, it is completely erroneous. In fact, the Federal funding level in 2000 is the same as it was in 1999. Two of the key arguments that the mayors are making (that are relevant to your discussion with Emil) are as follows:

- WIA collapses JTPA's summer jobs and year round training programs into a single funding stream and the Mayors argue it requires more comprehensive services be provided to youth. As a result, the unit costs are higher and fewer youth can be served. This is a distortion of the situation. WIA does collapse the programs into a single funding stream and gives local governments the flexibility to determine how resources will be split between all the authorized activities under Youth Activities (one of which is summer jobs). DOL and we are predicting that locals will decide to place more youth in more comprehensive services and less in summer jobs - - this is the reason for the rise in unit costs (in other words, it is not as though summer jobs or the year round program will be more expensive than before, it is that more youth will be placed in the more costly year round program - - bringing up the average cost of the program). What the mayors are consistently forgetting is that while fewer youth will be served in the summer jobs program, more youth will be served in the year round program. So, Emil has a point - - by encouraging the use of TANF dollars for summer jobs, we are simply backfilling local decisions to take resources out of the summer program and put them in the year round program.
- WIA directs Governors to reserve 15% of the formula resources (for the Youth, Adult and Dislocated Workers programs) for statewide activities. The mayors argue that this results in a 15% reduction in summer jobs resources at the local level. It is unclear what the impact of this requirement will be. Under this requirement, there are a few required Statewide activities that States must undertake such as incentive grants to locals, providing a list of eligible training providers, technical assistance, evaluations - - though the statute leaves complete discretion to the State about how resources would be divided among these activities. One of the required activities is to provide additional assistance to local areas that have high concentrations of eligible youth - - this assistance could provide summer jobs. We have no idea to what extent governors will provide resources for summer jobs - - as you know, the Herman letter to Governors will encourage them to do so. I think we do have a bit of a policy concern here that a supplemental or use of TANF funds for summer will simply encourage Governors not to use their state reserve resources for summer - - however, we are kind of between a rock and a hard place on this. As to Emil's point, this 15% reserve is a new requirement, so there are no States who previously used their resources for summer jobs, but I concede that our actions may discourage some States who would have otherwise used these new resources for summer jobs from doing so. Again, I don't know what choice we have.

Let me know if you have any questions or want to discuss this further.

Andrea Kane

Andrea Kane

03/09/2000 05:56 PM

Record Type: Record

To: Alison Perkins-Cohen/OMB/EOP@EOP

cc:

Subject: re: TANF/Summer Jobs

Can you remind me what the eligibility is for summer youth under WIA (see issue below).

----- Forwarded by Andrea Kane/OPD/EOP on 03/09/2000 05:54 PM -----

Andrea Kane

03/09/2000 04:03 PM

Record Type: Record

To: eparker@acf.dhhs.gov

cc: alvin c collins <acollins@acf.dhhs.gov>, mack a storrs <mstorrs@acf.dhhs.gov>, Michele Ahern/OMB/EOP@EOP, Brian V. Kennedy/OPD/EOP@EOP

bcc: Records Management@EOP

Subject: re: TANF/Summer Jobs 

thanks - see my notes in CAPS below. Michele/Brian, do you have further thoughts?

Emil Parker <eparker@acf.dhhs.gov>



Emil Parker <eparker@acf.dhhs.gov>

03/09/2000 03:08:05 PM

Please respond to eparker@acf.dhhs.gov

Record Type: Record

To: Andrea Kane/OPD/EOP

cc: Alvin C Collins <acollins@acf.dhhs.gov>, Mack A Storrs <mstorrs@acf.dhhs.gov>

Subject: re: TANF/Summer Jobs

I'm afraid that we're not comfortable encouraging States to use their TANF funds to address summer youth employment. While there is great flexibility within the TANF program, as you know well TANF spending needs to be directly related to one of the four purposes. There is some question as to whether spending on summer employment for youth in non-needy families (while laudable overall) fits within one of those four purposes.

IT WAS NEVER ANYONE'S INTENT TO ENCOURAGE USE IN WAYS THAT ARE INCONSISTENT W/ TANF PURPOSES. I'M NOT UP ON THE LATEST SUMMER YOUTH ELIGIBILITY CRITERIA, BUT I BELIEVE THE VAST MAJORITY OF KIDS ARE ECONOMICALLY DISADVANTAGED. IS THE AMBIGUITY AROUND USES UNDER PURPOSE 3?

In addition, we remain concerned about supplantation of State and local funds with Federal dollars. For example, we would not necessarily want to encourage a State that previously invested State dollars in summer youth employment programs to replace that contribution with Federal TANF funds.

NO DISAGREEMENT HERE. BUT, THE REASON THIS ISSUE HAS ARISEN IS BECAUSE SOME COMMUNITIES ANTICIPATE A LOSS OF *FEDERAL* FUNDS. I DON'T KNOW HOW OFTEN STATES HAVE INVESTED IN SUMMER YOUTH - IT IS PRIMARILY A LOCAL EFFORT

Our preference at this point would be to post a Q and A regarding use of TANF funds for summer youth employment on the OFA web site with relatively little fanfare.

WOULD THIS PRECLUDE REFERENCING THE FORTHCOMING Q&A IN THE LETTER?

We prefer not to send more extensive guidance on this issue to States (or to post guidance more extensive than a Q and A or two on the web).

UNLESS I'M MISSING SOMETHING, THE COMBINATION OF EXISTING TANF SPENDING GUIDE AND A Q&A OR TWO COULD BE SUFFICIENT IF THEY INCLUDED THE KEY POINTS AND COULD BE DONE QUICKLY.

We need to see the DOL letter before we can determine whether the approach taken there is consistent with our aforementioned view.

Thanks.

----- Original Text -----

From: <Andrea_Kane@opd.eop.gov>, on 3/9/00 9:20 AM:

Emil, I knew there was one thing I forgot to ask about when we talked yesterday ... what's status on guidance re: using TANF for summer jobs? As you may have heard by now, DOL is working on a letter -- probably for joint secretarial signature -- that references TANF as one source; I haven't seen a draft but expect one will come over soon. IGA is coordinating, working closely with OMB. Assuming the letter just makes a general reference to encouraging states to use the flexibility available under TANF to address summer youth employment, it will of course beg the question about how the funds can (and cannot) be used, which is where having some somewhat more specific, consistent guidance would fit in. Otherwise ACF is likely to get a lot of individual calls from states and communities. The guidance wouldn't necessarily need to be attached to the letter, but perhaps the letter could refer them to the TANF spending guide and say that more specific guidance is forthcoming very shortly and will be posted on your web site.