Digital Divide -- TANF

Cynthia A. Rice 01/11/2000 01:44:17 PM

DIG DIVIDE —
TANF

Record Type: Record

To: Eric P. Liu/OPD/EOP@EOP

cc: Anna Richter/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP
Subject: Using TANF to bridge the digital divide

FYI: Commerce reported back that Gilmore's folks would like official guidance from HHS on how TANF can be used to bridge the digital divide, so Andrea's asked HHS to prepare it. HHS has not yet agreed to do so, but we expect they will be comfortable preparing something that follows the talking points they helped draft (below). Would anything else we're doing on ditigal divide dictate any particular timing?

---------------------- Forwarded by Cynthia A. Rice/OPD/EOP on 01/11/2000 01:39 PM ---------------------------

Andrea Kane [redacted]

Record Type: Record

To: MStreett@doc.gov @ inet

cc: See the distribution list at the bottom of this message
Subject: TANF/digital divide talking points

Here are the talking points you requested. The 1st point is the basic answer you'd want to give verbally. The others provide more detailed information in response to some of the more technical issues raised in Governor Gilmore's proposal. Feel freel to call or page me if you have any questions. I'll be in the office most of the day Saturday.

DIGITAL1210.do

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Using Welfare Reform Funds for Access to Computers and the Internet

December 10, 1999

- The Administration shares the goal of bridging the digital divide by helping low income families gain access to computers and to the internet. At the same time, the President has joined with Governors in urging Congress to honor its bipartisan commitment to welfare reform by opposing efforts to divert Temporary Assistance for Needy Families (TANF) block grant funds for purposes unrelated to TANF. States have considerable flexibility under the existing TANF law and regulations to use TANF funds to help low-income families gain access to computers and the internet as long as such expenditures are consistent with the purposes of TANF. Therefore, we do not support legislative or regulatory changes.

- There is nothing in the TANF statute that prohibits a State from using Federal TANF funds or state Maintenance of Effort dollars to purchase computers or cover the cost of internet access for needy families, provided that these expenditures are for families eligible for such services through the program. States are free to define who is an eligible family.

- A strong argument can be made that such expenditures would be consistent with purpose two of the TANF program (see Background for other purposes): "end the dependence of needy families on government benefits by promoting job preparation, work and marriage." As noted in Governor Gilmore's paper, critical information about employment opportunities can be obtained through the Internet. In addition, familiarity with computers and the Internet enhances employability.

- The financial eligibility criteria for these services could be different from (e.g., broader than) the criteria for TANF cash assistance. For example, even if only families with incomes below $400 per month are eligible for cash assistance under TANF in a particular State, that State could make computers and Internet access available to low-income working families with income below 150 percent of the poverty line to help them succeed in the workforce or avoid going on welfare.

- Unobligated TANF funds could be used for these purposes, provided they were used in the same year in which they were awarded. Prior year TANF funds can only be used for TANF "assistance" – benefits designed to meet a family's ongoing basic needs (i.e., for food, clothing, shelter utilities, etc.). Purchase of hardware, software or Internet access does not appear to meet the definition of assistance.

- For example, in the third quarter of FY 2000 a State could use unobligated funds awarded during the first three-quarters of that year to purchase computers or subsidize Internet access for needy families. A State could not use unobligated FY 1997, 1998 or 1999 funds for that purpose. A State that is spending prior year dollars on assistance, however, could free up current year funds for use on computers and Internet access.

- Under the ACF regulatory definition, only dollars that represent binding commitments to spend should be classified as unliquidated obligations. Accordingly, unliquidated obligations should not be available for other purposes, including but not limited to purchase of hardware, software and installation. Dollars that are available would be considered unobligated under the regulatory definition.

BackgroundBackground

The four purposes of TANF are:

1) to provide assistance to needy families
2) to end the dependence of needy parents by promoting job preparation, work and marriage
3) to prevent and reduce out-of-wedlock pregnancies; and
4) to encourage the formation and maintenance of two-parent families

States receive TANF block grant funds each year, and may carry forward unobligated funds or unliquidated obligations from year to year.