

PHOTOCOPY
PRESERVATION

WELFARE -
~~BY~~ TANF rules

TANF Funds for Education and Fatherhood Initiatives

What flexibility do states have under current TANF laws and rules?

States have considerable flexibility to use both their *federal* TANF block grant funds and *state* Maintenance of Effort (MOE funds) in ways that are consistent with the four broad purposes of TANF.

| Purposes of TANF | Needy families -- as defined by State | All families |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------|
| <i>Federal TANF funds can be spent as marked; State MOE funds can be spent on same purposes but must be spent on eligible families.</i> | | |
| 1. To provide assistance to needy families | X | |
| 2. To end the dependence of needy parents by promoting job preparation, work, and marriage | X | |
| 3. To prevent and reduce out-of-wedlock pregnancies | | X |
| 4. To encourage the formation and maintenance of two-parent families | | X |

| Qualified activities for State MOE purposes | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| Cash assistance | X |
| Child Care | X |
| Educational activities to increase self-sufficiency, job training and work (except activities or services that the State makes generally available to its residents without cost and without regard to income) | X |
| Administrative costs up to 15% limit | X |
| Any other services or benefits reasonably calculated to accomplish a purpose of the TANF program. | X |

States have flexibility to define 'needy' and may set different eligibility rules for different benefits and services.

States must meet maintenance of effort requirement by continuing to spend *state* funds at 80% of the level spent in 1994 (75% if they meet the work participation rate requirements). State MOE funds must be spent on "qualified State expenditures", must exceed program spending in 1995, and must be spent on TANF eligible families. TANF eligible families: (1) include a child living with his or her custodial parent or other caretaker relative (or a pregnant woman) and (2) meet financial eligibility standards set by the state. So, under current law, MOE funds could not be spent on educational activities available to the general public.

It is not likely that any use of TANF funds for education or fatherhood activities would count as assistance and therefore such activities would not be subject to the time limits, work requirements, data collection, and child support assignment provisions of TANF.

HHS has clarified state flexibility regarding TANF spending in the final welfare reform rule and in TANF spending guidance.

Examples of how states could spend TANF funds on education within current rules

- States could use federal TANF funds or state MOE funds to provide education reasonably calculated to help prepare needy children or adults for work. For example, they could define eligibility for certain education services to include families qualify for the free and reduced school lunch program (up to 130% of poverty for free lunch, up to 185% of poverty for reduced lunch), children in Title I schools, or any family under 300% of poverty. Thus, through TANF, states could invest billions of dollars in training, education, and/or apprenticeship programs for needy school children or for their parents, based on the state's definition of needy.
- States could use federal TANF funds to help young people – regardless of income status -- stay in school, since there is a strong correlation between staying in school and lower teen pregnancy rates. HHS has said that special initiatives to keep teens in school are reasonably related to the third purpose of TANF – to reduce out-of-wedlock births. This could include school counselors and after school activities. [Would this cover investments in reduced class size, i.e. if lower teacher: student ratio helps children succeed in the classroom and therefore increases their chances of completing school??]
- States could use federal TANF funds or State MOE funds to increase the educational level of needy young fathers, for example by helping them stay in school, get a GED if they had dropped out of school, or obtain vocational skills training. This could be reasonably calculated to promote job preparation, work and marriage.
- States could use federal TANF funds to increase the educational level of any father to the extent this helped promote two parent families.
- States could use federal TANF or MOE funds to pay for ESL that will help needy families reduce dependence and go to work. This could be combined with life skills/civics education. [check on qualified immigrants]. This would help address the lengthy waiting lists for ESL services in some communities.
- States could use federal TANF or MOE funds to share with employers the cost of on-site education (such as literacy classes or ESL) that help needy adults or youth reduce dependence and promote work.
- States could use federal TANF or MOE funds to pay for education or job training activities at colleges and secondary and technical schools that promote advancement to higher paying jobs and self-sufficiency.

- States could use federal TANF or MOE funds to pay for pre-school or early childhood programs to help needy parents go to work.
- States could use federal TANF or MOE funds to pay for special education services and/or child care for children with special needs that help parents of disabled children go to work or succeed in their jobs[check??]

Examples of how states could spent TANF funds on fatherhood initiatives

- States could use federal TANF funds for a media campaign to promote responsible fatherhood that is reasonably calculated to reduce out-of-wedlock births or promote two-parent families.
- States can use Federal TANF funds or MOE funds for responsible fatherhood initiatives that will improve the capacity of needy fathers to provide financial and emotional support for their children
- States can provide parenting classes, premarital and marriage counseling, and mediation services for families regardless of income.
- States could use federal TANF funds to increase the educational level of any father to the extent this helped promote two parent families [need evidence of correlation between marriage and education level]
- States could use federal TANF funds to provide education, training, and parenting classes for fathers in prison or who are on probation or parole.

NOTE: in addition to flexibility to spend TANF funds on education and fatherhood initiatives, states have tremendous flexibility to use their TANF funds for a wide variety of other benefits and services to help needy families, as defined by the state, meet the purposes of TANF. These services include child care, transportation, non-medical substance abuse and mental health treatment, domestic violence services, housing assistance, and services that help individuals with disabilities go to work.

Options that would require a change a statutory change

1. Allow states who had achieved a certain amount of caseload reduction and made a persuasive case that they could not invest their remaining TANF funds in other appropriate services, to transfer a certain percent of federal TANF funds to education [would need to decide which programs]. This would be similar to a proposal floated by Kasich in March to let states transfer their TANF funds out for broad education programs including school construction or hiring more teachers. This proposal was greeted with concern by other Republicans including Archer, and Governor Thompson who was quoted in an AP story as saying “You’ve got to be n the realm of what’s good for the welfare clientele.” Once TANF funds are transferred, they are no longer subject to TANF rules and instead are subject to rules of

the program to which they are transferred. Currently, states can transfer up to 30% of their TANF funds to the Social Services Block Grant and Child Care Block Grant.

2. Allow states to count additional spending on education for poor children towards their MOE requirement.
3. Amend TANF law to allow states to use a certain amount or percent of federal TANF funds on education for poor children without transferring funds out of TANF. To the extent the spending would be identified for a specific purpose, this might afford some more ability to control the use the funds than simply transferring them out of TANF altogether. Representative Collins introduced a bill in February amending TANF to include school repair and construction and hiring of elementary and secondary public school teachers to the allowable uses of TANF funds [check status].

Issues

- Non-supplantation – would need to ensure that Federal TANF spending or State MOE spending didn't supplant current state or federal education spending. However, this would be very difficult to track and enforce. If the requirement for was for new spending, how would this be tracked given over \$250 billion in state and local education spending.
- Should we focus on education of children or adults? Could decide to focus on pre-school, after school, basic K-12, adult education, post-secondary, or any combination.
- Should Education spending with TANF funds only focus on poor children and/or adults?
- What should link be with caseload reduction? Need to be careful to avoid unintended consequences of encouraging states to reduce caseloads just to free up funds for education.
- Should state be required to submit a plan for how they use the education funds?
- To what extent do we want to limit education spending to Administration priorities?
- Should additional flexibility be tied to outcomes? For example, states could only use TANF funds for education if they agree to report cards and other items in our Title I reauthorization proposal.

BACKGROUND

How are states currently spending TANF funds on education?

Maine uses state MOE funds (in a Separate State Program) to assist up to 2,000 TANF-eligible parents to obtain a 2 or 4 year post-secondary education. Indiana uses state MOE funds to expand the Healthy Families program for TANF-eligible families.

Florida, Michigan, and Utah pay for post-employment education, training and necessary support services after people have left TANF. The California legislature provided TANF funds directly to community colleges to help welfare recipients pursue educational opportunities, including assistance with: child care, work/study employment, job development and placement for students and graduates, curriculum development and redesign to emphasize shorter-term programs. The Oklahoma Department of Human Services uses TANF funds for a contract with the State

Regents for Higher Education to provide vocational education to TANF recipients at two-year colleges.

How are states currently spending TANF funds on promoting responsible fatherhood?

A number of states use TANF funds to provide employment and training for low-income and unemployed fathers, typically non-custodial parents who owe child support. Florida and Indiana use TANF funds to provide 'mini-grants' to support community-based fatherhood initiatives. Georgia has reinvested TANF savings to expand public and private responsible fatherhood programs.

States are running a number of other fatherhood-related initiatives, which may not be funded by TANF, but could be. Florida, Delaware and Illinois provide parenting courses for men in prison. California has a statewide male involvement campaign. Illinois funds 10 male responsibility programs for males age 10-20 to encourage them to stay in school and make responsible choices, including abstinence. Illinois also operates a statewide paternity establishment program for non-custodial parents in prison.