Unspent Temporary Assistance for Needy Families (TANF) Funds in Numerous States Provide Opportunities for Purchases of Certain Types of Technology-Based Products

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As the result of a significant reduction in the number of welfare recipients after the 1996 Welfare To Work legislation was passed, huge amounts of TANF funds (referred to as TANF "surpluses") exist in virtually all states ranging from $1.1 billion in New York to smaller amounts in other states. While education and related programs were a "stepchild" to direct employment activities initially, Federal regulations published in 1999 provided much more flexibility in the use of TANF funds to serve a reduced number of welfare recipients. Among the 12 allowable activities for which states could allocate for programs and service providers are: job search and job readiness assistance; education and training directly related to employment for a recipient lacking a high school diploma or GED; and employment skills development services or GED prep for a recipient lacking a high school diploma or GED. The state has discretion in defining each category of activities and has to provide the Department of Health and Human Services with definitions as well as a description of any work activities required in separate state programs. The final regulations specifically include programs that can count as "work hours" and necessary participation rates. For example, vocational education can count toward a state's work participation rate for up to 12 months for any individual but for no more than 30% of the total hour caseload of that individual. Hence, service providers of such activities could purchase technology-based products such as remedial programs, GED prep, employability skills development and related products and be paid for such services using TANF dollars.

Recent rulings of the Department of Health and Human Services (DHHS) have resulted in greater flexibility in the use of TANF funds to serve youth if the activities support the overall purposes of the TANF program. Some of the allowable uses of TANF funds are provision of services to keep teens in schools, promote marriage, and reduce out-of-wedlock births and provide programs that "improve the motivation, performance and self-esteem of youth." State or even local welfare agencies can allocate TANF funds to youth employment development programs through interagency agreements or contracts in most cases without requiring state legislative action. However, in some states, such legislation or regulatory changes may be required. An article published in September 1999 by CLASP (which monitors TANF programs) provides several state examples, including: (a) $18 million in 1999 allocated in Illinois to Teen REACH which is a multifaceted program to promote good outcomes for youth in high-poverty communities; (b) an appropriation of $15 million over two years in Wisconsin to provide a variety of services to at-risk youth from homes with incomes which are significantly higher than the poverty level. Many states also provide youth development programs to reduce teenage pregnancy. The CLASP article concludes: "This is a great time to access TANF funds because most states have large surpluses of funds approved in past quarters….There have been moves by some in Congress to take back these unspent funds. HHS, the President, and concerned members of Congress have all urged states to spend the funds."

The funding formula and reporting requirements are complex and state priorities for TANF spending vary. However, because of the magnitude of "unobligated" TANF funds, they do represent a funding source which can be used by service providers to purchase certain technology-based products. Because of political sensitivities in each state requiring the use of such funds, one almost has to work with in-state representatives who are knowledgeable about the state program and are aware of state priorities and how to ensure TANF unspent funds are allocated to activities in such a way that products can be purchased using them. The FY 2000 basic TANF allocations, which are based upon a formula within the 1996 law, include California ($7 billion), New York ($2.4 billion), Florida ($560 million), Illinois ($585 million), Michigan ($775 million), Ohio ($728 million), and

Pennsylvania ($719 million). Among most of these states the range of unspent funds as a percent of TANF total funds available as of March 2000, was between 3% and 33%. On the other hand, in states with smaller total TANF FY 2000 allocations, the percentage of unspent funds was higher, such as Idaho 35%, Louisiana 29%, Mississippi 34%, Montana 26%, West Virginia 46% and Wyoming 64%. These estimates were made by the Center on Budget and Policy Priorities which monitors the TANF program and other welfare state programs. For a complete listing of these state by state allocations and background information on TANF go to www/CBPP.org.