

Frequently Asked Questions

Tapping TANF for Reproductive Health or Teen Parent Programs

Jodie Levin-Epstein

April 1999

Center for Law and Social Policy
CLASP

BACKGROUND

One of the goals of the Temporary Assistance for Needy Families (TANF) is the reduction of “out of wedlock” births among teens and adults of all incomes. The law also targets teen parents who are TANF recipients and seeks to encourage them to participate in school and live with adult supervision. In developing strategies to address these issues, states can tap TANF funds. Within the rules, there is considerable flexibility in how the TANF funds may be spent. This applies to the funds that states receive each year as well as funds that go unspent from one year to the next. Currently, states have not spent roughly \$3 billion in federal TANF funds.

The Department of Health and Human Services (HHS) issued final TANF rules in April 1999. The final regulations provide “breathtaking flexibility” as one senior HHS official described them at a briefing. These rules go into effect October 1, 1999 and until then states are able to pursue policies within a reasonable interpretation of the law.

States are being encouraged to identify pressing needs faced by low income families and to use TANF funds to address those needs. For example, state legislators have been advised by their association, the National Conference of State Legislatures to tap TANF now:

“States risk losing some of the federal block grant if they do not spend it now. Both Congress and the White House have raised the possibility of reducing TANF block grants... Even though cutting TANF would violate the arrangement built into the program, federal officials are likely to think hard about it this session, particularly if states continue to have substantial amounts not spent.”

Similarly, Congresswoman Nancy Johnson [R-CN], the chair of the House Subcommittee responsible for welfare wrote in March to the nation’s Governors urging them to invest in “fruitful ways” so that “more disadvantaged parents get the help they need to achieve independence.” Johnson closes with this admonition to Governors:

“The time is rapidly approaching when it will not be possible to protect these funds unless states begin to demonstrate that all the funds can be productively employed. Spend the money.”

The following FAQ is designed to address common questions about how TANF might be tapped to prevent unintended pregnancy throughout a state as well as to meet the special needs of teen parents. The FAQ is based on CLASP's understanding of the TANF statute and final regulations. Even though final regulations are published, questions may arise. Therefore, proponents of using TANF for a pregnancy prevention effort and/or for a teen parent intervention should engage key community players in identifying unmet needs in the state and in determining whether TANF appears to be the best funding stream available. Then, legal advice within the state should weigh available HHS guidance and decide whether investment through TANF is reasonable. This FAQ will be updated on CLASP's web page [www.CLASP.org] as further guidance is issued.

For additional information please also see these and future CLASP publications posted at www.CLASP.org or available by contacting CLASP Publications:

- # **Tapping TANF: When and How Welfare Funds Can Support Reproductive Health or Teen Parent Initiatives...** an issue brief with state examples of tapping TANF. April '99
- # **The TANF Funding Stream: When and How Welfare Funds Can Support Reproductive Health or Teen Parent Initiatives...**a fact sheet excerpted from **Tapping TANF**. April '99
- # **State Spending Opportunities and Requirements in Light of the TANF Caseload Decline** ...an overview of how the caseload decline and TANF/ state expenditure rules present a range of new spending opportunities. February '99
- # **Spend or Transfer, Federal or State: Considerations in Using TANF and TANF-Related Dollars for Child Care...**a summary of the different options available to states in using TANF and Welfare to Work Funds to pay for child care. January '98
- # **The TANF Maintenance of Effort Requirement...**a description of the flexibility and restrictions attached to the funds states must spend of their own money to gain their full TANF allotment. December '98

Relevant HHS materials can be found at: www.acf.dhhs.gov.

OVERVIEW

Can federal and state welfare funds be spent on pregnancy prevention and/or teen parent programs? Yes. Both the federal TANF dollars and state funds may be spent for these purposes. The state dollars are referred to as “MOE” or state maintenance of effort funds. Both sources of funds can be spent on pregnancy prevention for any age person and on teen parent programs but different rules apply to each and determine more precisely *who* and *what* the funds may be spent on.

Do TANF rules protect against supplantation of state funds with federal funds? No. The ability to tap federal TANF funds for new uses like family planning and teen pregnancy prevention can be seen as advantageous to these programs. However, this new flexibility also opens up the possibility that a state might try to substitute the federal TANF funds for the state funds-- “supplanting” the state funds. Note that only *new* program spending (above the level in 1995) , can be claimed as MOE except that *all* spending for programs that used to be part of the former AFDC, JOBS, Emergency Assistance, or certain child care programs (See 45 C.F.R.§ 263.5) can count.

What Topics Does this FAQ Cover? The material that follows addresses:

- ! Federal TANF Funding Rules
 - ▶ Which TANF Purposes support pregnancy prevention?
 - ▶ Which TANF Purposes support teen parent programs?
- ! State MOE Funding Rules

FEDERAL TANF FUNDING RULES

Does the law define what federal TANF funds may be spent on? Yes, broadly. The law defines the goals that may be supported with TANF funds. The law does not define programmatic strategies to reach those goals. Specifically, the law allows federal TANF funds to pay for anything that was previously authorized or that is “reasonably calculated” to achieve the four purposes defined in the law; the few explicit prohibitions are listed in the next question in this FAQ. The TANF purposes are to:

- “(1) provide assistance to needy families so that the children may be cared for in their homes or in the homes of relatives;
- (2) end the dependency of needy parents on government benefits by promoting job preparation, work, and marriage;
- (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- (4) encourage the formation and maintenance of two-parent families.”

These are sometimes referred to as Purpose 1, Purpose 2, etc. Program administrators should be clear about which Purpose best supports their program.

Is there anything that Federal TANF can not pay for? Yes. The principal restrictions in the law prohibit federal TANF funds from being spent on:

- # medical services (except for pre-pregnancy family planning - see below);
- # *assistance* to minor teen parents (under age 18) who are not participating in a school/training program;
- # *assistance* to minor teen parents (under age 18) who are not living in an approved living arrangement;
- # *assistance* to a minor absent from the home for a minimum period set by the state (between 30 and 180 days);
- # *assistance* to certain immigrants; and,
- # *assistance* to families which have received 60 months of TANF assistance, cumulatively (although states may exempt up to 20% of the caseload).

Note that most of the restrictions on federal TANF funds apply to *assistance* (cash or cash like support). This means that *services* and other non-*assistance* may be provided.

Does the law limit help to those who get welfare checks? No. The law expects federal funds to be spent on welfare recipients and allows for funds to be spent on others. Besides recipients who actually get cash grants (welfare checks), funds may be spent on those who are eligible for grants

but not receiving them. The law also allows those who are not eligible for cash grants but are “needy” to get help through TANF. Purpose 1 is directed at “needy families” and Purpose 2 is limited to “needy parents”. This means that pregnancy prevention programs or teen parent programs need not be limited to TANF cash recipients. In some situations, funds also may be spent on those who do not meet the definition of “needy.” While the law allows funds to be spent on non-needy families (Purpose 3 and Purpose 4), spending welfare funds on the financially comfortable means fewer available dollars for low-income families. In CLASP’s view it is better to use TANF funds to meet the urgent needs of low-income families; other funding sources should be tapped for those who are financially comfortable. For example, a state may believe that a universal program (e.g. universal home-visiting) is more effective than a program that exclusively targets low-income families. For funding a universal home-visiting program, CLASP recommends TANF funds be used to support the low income families and a more appropriate funding stream support the economically comfortable families.

What is a “needy” family? The state decides. Needy families include TANF recipients and those eligible for TANF. Each state sets its own income guidelines for eligibility for TANF. It is also possible for the State to have a broader definition of needy than the level set for cash grants. For example, the State could say that needy families are all those under 200% of poverty (the same as might be used in Medicaid) but limit cash aid to those at 80% of poverty. Further, the State can set different levels for different supports; for example, the State could allow TANF to pay for child care for needy families up to 110% of poverty and provide specialized employer incentives for needy families up to 125% of poverty.

If someone is helped with federal TANF funds does that person automatically become a welfare recipient who is subject to the 60 month life-time-limit? No. It depends on *what* kind of help the person gets. TANF requirements, i.e. the 60 month life-time limit on assistance, work requirements, and child support cooperation are triggered when an individual receives *assistance*. The final regulations define assistance to include “cash, payments, vouchers, and other forms of benefits designed to meet a family’s ongoing basic needs (i.e. for food, clothing shelter, utilities, household goods, personal care items, and general incidental expenses)” [45CFR 260.31]. In other words, if someone gets a TANF cash grant that is considered *assistance* which triggers the TANF requirements. The final regulations also define what is excluded from *assistance*: among these items are work subsidies, refundable earned income tax credits, supportive services for the employed such as child care and transportation, and other services such as counseling, case management and peer support.

In this FAQ, instead of the terms “assistance” and “non-assistance” (which is a more accurate distinction between the two categories) we use the terms “**assistance**” and “**services**” (which is a more “user-friendly” distinction). The short-hand term of *services* is used even though it can include certain types of cash payments.

Are pregnancy prevention programs considered “assistance”? That depends. Whether the program offers *assistance* is determined by the program’s activities. Pregnancy prevention information and awareness campaigns would not be considered *assistance*. In contrast, some pregnancy prevention programs include a cash incentive such as a “dollar a day” to reward individuals who do not become pregnant while participating in the program. This on-going cash payment would likely be viewed as *assistance* and would typically trigger the three basic TANF requirements: time-limit, work, and child support. Note that if a teenager without a child participated in a cash incentive program and that teenager child lived in a family in which no adult received TANF (e.g. a working poor family that does not receive any TANF grant or where the teen is a “child-only” TANF case), the time-limit and work requirements would not apply. This is because these two requirements apply only when an adult in a family receives TANF assistance. However, the child support requirement would be triggered for the entire family because of the “dollar a day” program. (Note that a program might structure its dollar a day initiative to resemble an Individual Development Account which determines how the funds may be spent; an IDA is not considered *assistance*).

Is Purpose 1 limited to “assistance” to needy families? No. The language in Purpose 1 uses the term *assistance* but the final regulations make clear that expenditures on programs which seek to keep children in their homes or in the homes of relatives are not limited by the TANF regulatory definition of *assistance*. Were Purpose 1 limited in this way, it would mean that programs which seek to help needy families stay together could only provide cash or cash-like assistance. The rules make clear that *services* such as counseling may be provided.

Is Purpose 2 limited to needy parents? Probably not. The wording of Purpose 2 might suggest that programs designed to promote work, job preparation and marriage can only be provided to needy parents and not to needy youth. However, since such programs might prevent needy youth from becoming needy parents, CLASP believes a reasonable interpretation of the statute would support such a TANF expenditure. This could be relevant in states that want to tap TANF to fund youth education and training programs as part of a strategy to prevent teen pregnancy. These services also could be justified under Purpose 3.

If only part of a program matches a TANF Purpose can TANF funds still be used? Yes, for the component that fits with the TANF Purpose. Other funds should be used for the part of the program that clearly does not fit with any TANF purpose. For example, a teen parent home visiting program might be designed to prevent a subsequent pregnancy. It is clear that federal TANF funds may be spent on this aspect of the home visiting program. However, the program could also include a component that provides referral and treatment services for elderly members of the household - because of a programmatic belief that the home visiting program should address the needs of all members of a household from the baby to the great grandparents. Services

for the elderly do not appear to readily fit with any TANF purpose. In this scenario, the program could tap TANF to pay for the pregnancy prevention activities and use other funds to pay for services for elderly family members. A program might contend that all of its components are integrally linked to achieving teen pregnancy prevention but a fiscally conservative approach would utilize TANF to support activities clearly related to the Purposes and alternative funding streams for the “grey” areas.

Can family planning services be provided with federal TANF funds? Yes. Significantly, the federal law prohibits the use of TANF for medical services with one explicit exemption – it allows for “pre-pregnancy family planning services.”

Does receiving family planning trigger federal TANF requirements like the time-limit? No. The final regulations indirectly indicate that family planning is to be treated as a *service*. This is most clear in the Preamble which notes a set of “non assistance” benefits including “pre-pregnancy family planning services, teen parenting programs, youth and family counseling or support services...” [Federal Register/Vol.64, No.69/p. 17820].

What activities are considered ‘pre-pregnancy’ family planning services? Not defined. Neither the federal TANF law nor the HHS proposed regulations define the term. What did Congress intend be included? At a minimum, it appears Congress intended that medically related prevention services be included - those types of activities that might be provided by a clinician. This seems reasonable because the reference to pre-pregnancy prevention occurs in the context of medical services. It also may include other activities leading up to effective clinical services - staff training, customer outreach, referral etc. A state has broad discretion in developing its own reasonable definition in the absence of a federal rule.

Can federal TANF funds be used to pay for contraceptives? Yes. By establishing in law that TANF may be spent on “pre-pregnancy” family planning as the only allowable medical service, Congress intended that TANF could be used to provide those medical services needed to avoid a pregnancy. While the statute does not further define “pre-pregnancy family planning *services*,” common usage of “family planning” invariably includes contraceptive services. Therefore, it would appear that contraceptives could be paid for through TANF as a *service*.

Must the TANF agency directly contract for the family planning services? No. For example, the TANF agency could subcontract with the health department for the purpose of allocating expenditures related to family planning.

Can federal TANF funds be used to expand the Title X family planning program? Unclear. Since TANF funds can clearly be used for family planning services it would seem reasonable to expand the number of people served by existing federally funded programs if the state considers the program is effective. However, federal guidance (OMB Circular A-87;

www.whitehouse.gov/WH/EOP/OMB/html/circular.html) indicates that funds from one federal program cannot be used to overcome a shortfall in another federally funded program. How HHS interprets this and related law is not resolved.

Can federal TANF funds be transferred to other programs that don't have time limits?

Yes. Federal TANF funds can be transferred into two other block grant programs; when that happens, the rules of those block grants, rather than TANF rules, apply. The Social Services Block Grant and the Child Care Block Grant may, together receive up to 30% of TANF funds in accordance with a prescribed allocation. However, these funds can only be transferred during the year in which they are awarded.

Can federal TANF funds be used to expand Title XX (Social Services Block Grant) family planning services? Yes. States can transfer 10% of TANF funds to SSBG. Thus, through TANF, Congress explicitly allows the expansion of SSBG activities in a state - without any prohibitions regarding which SSBG activities may be augmented. The only restriction is that the transferred TANF funds must be spent on families with incomes below 200% of the federal poverty level. Thus, even with the regulatory "greyness" created by federal guidance (OMB Circular A-87), a state should be on strong ground if it expands SSBG family planning services.

Can federal TANF funds be used to try and win the federal bonus for reducing non-marital births? Yes. The 1996 law created the "Bonus to Reward Decrease in Illegitimacy" in which \$20 million is awarded each year (FY 99-02) to the top 5 states with the greatest decrease in non-marital births (each state must also achieve a decrease in abortions). Tapping TANF for this purpose is a logical step for states who are attempting to secure the bonus funds. States which win the bonus funds are required to spend those funds in ways that fit the TANF Purposes.

▶ **Which Purpose should the state identify as supporting a Pregnancy Prevention initiative?**

To use TANF funds, a pregnancy prevention project needs to promote a TANF purpose. [Note that a Purpose defines the TANF goal -- it does not determine local program design.] Other considerations also should be weighed at the same time as the Purpose is identified. The following list of common and emerging pregnancy prevention initiatives seeks to identify:

- # which Purpose might best support the entire initiative *or* part of the initiative;
- # whether the activity might reasonably be labeled "assistance" *or* "service";
- # whether the Purpose allows anyone to benefit from TANF funds *or* is limited to particular groups of people.

Some common and emerging pregnancy prevention initiatives:

- # **Community media and education campaigns** on avoiding unintended pregnancy (e.g. radio public service announcements/billboard campaigns/community presentations). This *service* to the community best fits with Purpose 3 and also could be viewed as supporting Purpose 4. Since both of these purposes are not restricted to “needy” families, a media campaign or education program which serves the broad community is not inappropriate as a way to reach individuals who are at risk of a non-marital birth. A community campaign is not limited to particular messages; while the goal of Purpose 3 is the reduction of “out of wedlock” pregnancies, the campaign need not share the language of the statute--it only must share the goal. If the community education program seeks to help two parent families (married or unmarried) stay together by allowing the couple to plan family size, then the education program neatly fits with Purpose 4.

- # **Target group pregnancy prevention education** (e.g. programs directed at groups at high risk of unintended pregnancy). This *service* could provide information to groups such as youth who are wards of the state and living in foster care. Wards of the state have a high teen birth rate, many of which are non-marital. While wards of the state are supported through the child welfare system, a pregnancy prevention program to try and delay a first birth could tap TANF funds. Purpose 3 is a reasonable fit. Child support education for young students has been held in some communities. The goal of child support education is to reduce the incidence of non-marital births by making youth aware of the economic consequences of fatherhood. This, and other male involvement efforts might fit with Purpose 3 or Purpose 4.

- # **Peer education** (e.g. programs in which a group of a certain age is trained to provide pregnancy prevention information to a similar age group). Those who receive the education from peers, receive a *service* that could fit with Purpose 3. In addition, if the peers who provide the service are “needy parents” then the work these peers undertake might fit with the Purpose 2 goal of promoting job preparation and work.

- # **Home visiting** (e.g. nurse visitations regarding subsequent pregnancy) is a *service* which varies depending on the type of home visiting strategy. Some home visiting approaches exclusively focus on child development, others promote economic self-sufficiency through employment and/or seek to address subsequent pregnancy. Some models of home visiting have demonstrated they achieve certain TANF goals. Depending on the thrust of the program, Purpose 1, Purpose 2 (limited to the “needy”), Purpose 3, or Purpose 4 could be cited in support of some or all of the program’s costs.

- # **Teen community service** (e.g. teen volunteering possibly coupled with class work) is a *service* offered to teens. Several studies of programs (Quantum Opportunities Program; Teen Outreach Program) which include community service indicate that it may play a role in delaying sexual activity or childbearing. Therefore, Purpose 3 fits with one possible outcome of community service.
- # **Teen cash incentive** (e.g. cash bonuses for pregnancy avoidance) is *assistance* for a teen if it is offered on an on-going basis. When cash is provided on a one-time basis (e.g., upon the completion of the program) then it need not count as assistance. Note that *assistance* triggers the TANF time-limits and other TANF requirements. The cash incentive fits with Purpose 3 if the reward is for pregnancy avoidance; it could also fit with Purpose 4 if the program encourages two-parent families.
- # **College tuition** (e.g. tuition waivers for those who graduate high school) is a *service* that does not meet an on-going need. Some organizations view these educational incentives and investments as contributing to an individual's interest in delaying a first or subsequent birth. To the extent that the tuition is viewed as preventing a non-marital birth, it fits with Purpose 3.
- # **After-school recreation and enrichment** (e.g. a homework/cultural outings/sports program) is a *service* for participants. Sometimes these efforts are designed to keep youth busy and occupied and help them avoid unsupervised time. One concern with unsupervised time is that it is an ingredient that contributes to sexual activity. Thus, a program might contend that some or all of its activities fit with Purpose 3 and if it included instruction regarding the value of two parents raising a child, that could fit with Purpose 4.

► **Which Purpose should my state identify as supporting a Teen Parent program?**

To use TANF funds, a teen parent program needs to promote a TANF purpose. [Note that a Purpose defines the TANF goal -- it does not determine local program design.] Other considerations also should be weighed at the same time as the Purpose is identified. The following list of common and emerging teen parent initiatives seeks to identify:

- # which Purpose might best support the entire initiative *or* part of the initiative;
- # whether the activity might reasonably be labeled “assistance” *or* “service”;
- # whether the Purpose allows anyone to benefit from TANF funds *or* is limited to particular groups of people.

Teen parents are treated differently than adults who receive *assistance* and this distinction needs to be understood when considering whether to spend federal TANF

funds on teen parent initiatives such as those listed below. When an adult receives *assistance*, this triggers the TANF time-limit, work, and child support requirements. The time limit and work requirements apply only to older teen parents (18 year olds who are not full time students and 19 year olds) and to minor parents who are heads of household or married to a head of household. For all other minor parents, the receipt of TANF *assistance* does not trigger the time-limit or work requirement. The child support requirement is triggered for all groups. A state which is concerned about triggering the federal time limit and work requirements could support teen parents through a state-funded program (that could count for MOE) or could review its definition of "head of household", a term defined by the state.

Some common and emerging teen parent interventions:

- # **Second chance homes** (e.g. a home for young women and their children) provide *assistance* that pays for room and board. Second chance homes can also include *services* from on-site counselors and other staff. By enabling teen parents to live together with their children, TANF funds that are used to pay for the rent and food at the second chance home fit with Purpose 1. To the extent that the home offers programs or counseling that address work or marriage, these activities would fit with Purpose 2. Under TANF, a minor mother can not receive TANF unless she lives in approved arrangement. Communities frequently have no place for a minor mother to live if she needs to leave an abusive environment. Sometimes this means the state approves a less than satisfactory environment in order to permit the needy teen to receive a cash grant. Investments in second chance homes need not be limited to minor parents. Note that there is a prohibition on the use of TANF funds for the construction of buildings.

- # **Other supported living** (e.g. counseling targeted at parenting youth who have "aged out" of the child welfare system at age 18) is a *service*. Many former wards of the state become teen parents; about 60 percent give birth before age 22. Often, these young mothers seek TANF cash grants in order to support themselves and their children. It might be possible for some to avoid cash grants if they receive personal, job, or housing counseling services. Others might be able to avoid cash grants with other supports such as *assistance* with rent for their own apartment. The counseling services for these needy parents would fit with Purpose 2 while assistance with rent could fit with Purpose 1.

- # **School-based child care** (e.g. a day care center located at or near the teen parent's school) is considered *assistance* when provided to an individual who is not employed. Purpose 1 and Purpose 2 could be cited for those teen parents who are needy (not necessarily limited to teen parents receiving cash grants). In

order not to trigger TANF requirements, child care can be funded through a TANF fund transfer to the child care block grant. Note that a state can transfer up to 30% of its TANF block grant to the child care block grant (provided that the total amount transferred to the child care block grant and the social services block grant don't exceed 30%).

- # **Specialized case management** (e.g. a community based organization whose case managers are trained to work with teen parents) is a *service* for teen parents. If the case management for the teen parent includes activity related to job preparation, work, or marriage Purpose 2 could be cited. If a non-custodial parent is encouraged to become involved in parenting, Purpose 4 might be cited. If part of the case management addresses subsequent non-marital births, then Purpose 3 could be cited.
- # **Family literacy** (e.g. a learning program that teaches parents how to read, sometimes undertakes job readiness, and often focuses on child development) is *service*. For needy teen parents, a family literacy program that wants to tap TANF to promote job preparation, work, and marriage could cite Purpose 2 for support.
- # **Alternative educational programs** (e.g. an educational program either tailored for teen mothers or a tailored education program designed to meet particular needs not addressed in the standard educational system) provide a *service*. Activities such as tutoring, career workshops, or alternative vocational and transition to work programs could fit with Purpose 2 .
- # **Mentoring** (e.g. a one-on-one relationship with another individual designed to address a particular issue or designed to be general support) is a *service* for the individual. Some teen parent programs pair the teen with a woman who also gave birth as a teen. The goal of the mentoring effort could be to provide a general role model as a resource for the young mother; alternatively, the mentoring could specifically seek to help the teen learn parenting skills, basic job readiness skills, learn about the realities of successful marriages, etc. Depending on the mission of the mentoring program, it is possible some or all of it fits with Purpose 2, Purpose 3, or Purpose 4.

STATE MOE FUNDING RULES

Does a state have to spend state dollars to get the TANF block grant? Yes. In order to receive its full federal TANF block grant, a state must make expenditures of at least 75%-80% of the level it was spending in '94. The funds that states spend in order to draw down their allocation are called "Maintenance of Effort" [MOE] funds. To count as an MOE dollar, the state

dollar must be spent on allowable activities and individuals. Within those rules, states decide which state dollars count as MOE dollars.

Does MOE [maintenance of effort] mean that the state must maintain its funding level for teen pregnancy prevention and for teen parent programs? No. It only means that a state has to spend some level of state dollars on allowable activities -- state spending on family planning or teen pregnancy might never come into the picture because all of a state's MOE might come from spending state dollars on cash assistance and employment-related programs.

Note, also, that the ability to tap federal TANF for these kinds of activities opens up the possibility that a state might try to substitute the federal TANF funds for the state funds. This is called "supplanting" state funds with federal funds. Supplantation means that if the state had spent \$100 million of state funds on a teen pregnancy prevention program last year but uses \$100 million in TANF in place of the state funds this year, the program has not gained anything. In other words the federal TANF funds are not "supplementing" state funds, merely replacing them. Using federal TANF funds to supplant state funding is not illegal, but it raises some serious issues. Among the questions are: will the state dollars automatically return if TANF funds "dry up" in the future?; have the state funds been reallocated to other related programs?; or, have the state funds been reallocated to other worthy programs? At a minimum, proponents who work to get TANF support for teen parent programs or pregnancy prevention initiatives need to be aware that gaining TANF may be only part of the fiscal picture - the other part is whether state funds will be lost.

Does the law define who MOE funds may be spent on? Yes. To qualify towards MOE, the state funds must be spent on "eligible families." Eligible families are those with a child living with a parent or adult relative who:

- # would be eligible except for TANF's time limit provisions or immigrant restrictions;
- # who are defined as "needy" under state income standards for cash grants; or
- # who are defined as "needy" under state income standards for services and benefits that differ from the cash grant standard.

In other words, MOE, can serve needy families -- whether or not they receive cash grants -- *plus* those who have hit the timelimit or are immigrants restricted by the 1996 law.

Is there a difference between TANF and MOE regarding *who* funds may be spent on? Yes. MOE is restricted to TANF "eligible" families meaning they must meet the income criteria set for TANF; in contrast, TANF is not necessarily limited to "needy parents" or "needy families" [for Purposes 3 and 4]. However, MOE can be used to provide *assistance* to groups that are prohibited from receiving TANF assistance, such as minor teen parents not living in adult-supervised settings.

Does the law define *what* MOE funds may be spent on? Yes, broadly. MOE may be spent on:

- # cash assistance

- # child care assistance
- # educational activities designed to increase self-sufficiency, job training, and work (this excludes general educational expenditures)
- # other activities reasonably calculated to accomplish the TANF Purposes
- # administrative costs - not to exceed 15%

The TANF regulations also require that MOE spending meet one of the purposes of TANF. MOE may be spent on many of the same activities as under federal TANF. Notably, MOE can also be used for medical services that meet a TANF purpose. TANF funds, in contrast, can not be used for medical services except for “pre-pregnancy family planning.”

Can MOE be used to support teen parent programs? Yes. MOE can be used to support teen parent programs and this is a particularly good way to serve those teen parents who are denied federal TANF-- not because their income is too high but because of some other reason such as their family has reached the time-limit, they are an immigrant restricted from TANF, or they have failed to meet a TANF requirement such as the school/training requirement for minor parents. The state may believe these young mothers should get basic education and or training skills and MOE can be spent to provide such services.

Do the TANF time-limits, work and child support requirements attach to MOE? That depends. Bookkeeping and state policy determine whether the clock ticks and other TANF requirements attach. MOE funds can be co-mingled with TANF funds, they can be in the same account but be segregated within the account, or they can be completely separate from TANF funds. If they are separate, then TANF requirements do not apply. A state might wish to develop an education/training program for 18 and 19 year old teen parents without those young parents being subject to work requirements and time-limits. To accomplish this, a segregated MOE program could be established.

Can MOE be used to support pregnancy prevention? Yes. MOE can be used to support pregnancy prevention programs and it is a particularly good way to serve those who are denied federal TANF-- not because their income is too high but because of some other reason such as their family has reached the time-limit, they are an immigrant restricted from TANF, or they have failed to meet a TANF requirement.

Questions? If you can't find an answer to your question in the CLASP publications on this topic or if you have suggestions, recommendations, or experiences you would like to share, please contact Jodie Levin-Epstein or Marie Cohen of CLASP: Jodie@CLASP.org; MCohen@CLASP.org.

