

March 22, 2007

SUBJECT: Use of Federal E&T Funds to Serve Individuals in State Programs Funded With TANF MOE Funds.

TO: Program Directors
All Regions

The purpose of this memorandum is to clarify a situation that has arisen in which a State agency is using Federal funds to provide Food Stamp Employment and Training (E&T) Program services to individuals receiving cash assistance funded by expenditures of State funds that count toward meeting the State's Temporary Assistance for Needy Families (TANF) maintenance-of-effort (MOE) requirements.

Unless the State agency is specifically authorized by Federal regulations to do so, the use of Federal E&T funds in such situations is prohibited. Section 6(d)(4)(K) of the Food Stamp Act limits a State agency's use of Federal E&T funds to provide services to individuals receiving benefits under a State program funded under title IV-A of the Social Security Act to the amount of funds the State agency used in fiscal year (FY) 1995 to provide service to individuals receiving benefits under title IV-A. Only four State agencies—Colorado, Utah, Vermont, and Wisconsin—are authorized under 7 CFR 273.7(d)(1)(ii)(H) to spend E&T funds on individuals who receive title IV-A assistance.

As provided under TANF provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), States are subject to a cost-sharing—or MOE—requirement. Title IV-A allows expenditures “in all State programs” to count as TANF MOE when spent on “eligible families.” There are three different types of program configurations under title IV-A: 1) TANF programs funded by expenditures of Federal grant funds or by co-mingling State funds and Federal grant funds; 2) TANF programs where Federal grant and State funds are segregated; and 3) programs outside of TANF and funded by expenditures of State funds, but counting toward meeting the State's MOE requirements. These expenditures must meet the statutory requirements for “qualified State expenditures,” including the requirement that they are made on behalf of a family that is eligible under TANF or that would be eligible for TANF except for the fact that the family had exceeded its 60-month assistance time limit.

Thus, if a State agency has established a program to provide assistance to such eligible families using State funds, the limitation under section 6(d)(4)(K) relating to “individuals receiving benefits under a State program funded under title IV-A of the Social Security Act” applies to it if the State uses these funds to meet its TANF MOE. If, however, the State funds do not count toward its TANF MOE, the section 6(d)(4)(K) limitation does not apply.

Program Directors
Page 2

Please notify your State agencies of this clarification and work with them to ensure that they are meeting the statutory and regulatory limitations on serving recipients of title IV–A assistance. If you have any questions, please contact Micheal Atwell at 703–305–2449.

/s/

Arthur T. Foley
Director
Program Development Division