

## **ALLOWABLE ACTIVITIES QUESTIONS**

### **AA1: What are the allowable Welfare-to-Work (WtW) activities?**

The WtW allowable activities are listed at 20 CFR 645.220. Grantees may use WtW funds for the following activities:

- (a) Job readiness activities, subject to the contracting/vouchering requirements for Local Boards, at 20 CFR 645.221;
- (b) Up to six calendar months of pre-employment vocational educational training or job training;
- (c) Employment activities consisting of any of the following:
  - (1) Community service programs;
  - (2) Work experience programs;
  - (3) Job creation through public or private sector employment wage subsidies; and
  - (4) On-the-job training;
- (d) Job placement services, subject to the contracting/vouchering requirements for Local Boards, at 20 CFR 645.221;
- (e) Post-employment services which are provided after an individual is placed in one of the employment activities, or in any other subsidized or unsubsidized job, subject to the contracting/vouchering requirements for Local Boards, at 20 CFR 645.221. Post-employment services include such services as:
  - (1) Basic educational skills training;
  - (2) Occupational skills training;
  - (3) English as a second language training; and
  - (4) Mentoring.
- (f) Job retention services and support services that are provided after an individual is placed in a job readiness activity, in vocational education or job training, in one of the employment activities, or in any other subsidized or unsubsidized job. WtW participants who are enrolled in WIA activities may also receive job retention and support services funded with WtW monies while they are participating in WIA activities. Job retention and support services can be provided with WtW funds only if they are not otherwise available to the participant. Job retention and support services include such services as:
  - (1) Transportation assistance;
  - (2) Substance abuse treatment (except that WtW funds may not be used to provide medical treatment);
  - (3) Child care assistance;
  - (4) Emergency or short term housing assistance; and
  - (5) Other supportive services.
- (g) Individual development accounts that are established in accordance with Section 404(h) of the Social Security Act.
- (h) Outreach, recruitment, intake, assessment, eligibility determination, development of an individualized service strategy, and case management may be incorporated in the design of any of the allowable activities listed above.

## **REVISED**

*Please note that this Question and Answer replaces and supersedes all guidance previously provided in former WtW Allowable Activities Question and Answers #AA1, #AA2a, and #AA2b.*

### **AA2: Can local Workforce Investment Boards (Local Boards) provide WtW job readiness, job placement, and post-employment services directly?**

No, in most cases. Sections 403(a)(5)(C)(i)(IV) and 403(a)(5)(C)(i)(V) of the Social Security Act, as originally enacted, required that job readiness, job placement, and post-employment services be provided through contracts or vouchers with public or private providers. This requirement is incorporated at 20 CFR 645.220 of the WtW regulations, and for Local Boards, was not changed by recent WtW Amendments. Section 803 of Title VIII of the Welfare-to-Work and Child Support Amendments of 1999 ("WtW 1999 Amendments") amended Sections 403(a)(5)(C)(i)(IV) and 403(a)(5)(C)(i)(V) of the Social Security Act to allow entities other than Private Industry Councils (PICs) and Local Boards to provide job readiness, job placement, and post-employment services directly, without the use of contracts or vouchers. However, the WtW 1999 Amendments retained the prohibition against PICs and Local Boards providing these specific services directly. The original intent of this prohibition in the Social Security Act, which is supported by the retention of the prohibition which remains in the WtW 1999 Amendments, was to have PICs and Local Boards focus on strategic planning and oversight responsibilities, rather than on the direct delivery of services.

While Local Boards may not, in the vast majority of cases, provide job readiness, job placement, and post-employment services directly, the WtW law and regulations do permit Local Boards to provide other WtW services directly (such as pre-employment vocational educational training or job training, community service or work experience programs; job creation through public or private sector employment wage subsidies; on-the-job training; and job retention or support services if such services are not otherwise available).

The enactment of the Workforce Investment Act of 1998 (WIA) strengthened the emphasis on the role of the Local Board as the "board of directors" of the local area. It was intended that this role would free Local Boards from the day-to-day functioning of the local workforce system and allow the Local Boards to focus on strategic planning, policy development and oversight of the system. Thus, system-wide limits on the direct provision of services by Local Boards were implemented, with certain very limited exceptions. In keeping with their strategic planning, policy development and oversight responsibilities, Local Boards may only provide core and intensive services under Title I of WIA with the agreement of the chief elected official (CEO) and the Governor. Local Boards may only provide training services funded by Title I of WIA if they obtain a waiver from the Governor. Details on these restrictions are outlined in section 117(f) of WIA and 20 CFR 661.310. Further information is available on the WIA Questions and Answers page at <http://usworkforce.org/asp/qanda.asp>.

The WIA restrictions on Local Boards' roles as direct service providers have, in part, caused significant

changes in the overall workforce delivery system. Primarily, local boards set policy and provide program service oversight in a One-Stop system. Local Boards and One-Stop partners, including Welfare-to-Work, develop and execute agreements in the form of Memoranda of Understanding (MOUs), stipulating, in part, what services will be provided within a local area. The Local Board also selects One-Stop operators which are responsible for administering the One-Stop Centers. The One-Stop operator's role, specified in an agreement with the Local Board, may range from simply coordinating service providers within the center to being the primary provider of services within the center, to coordinating activities throughout the One-Stop system.

One way in which a Local Board may meet its responsibility to provide for job readiness, job placement, and post-employment services is to contract with the local One-Stop operator where the One-Stop operator is itself a service provider. The Local Board, as the policy-setting board for the WIA program and the WtW grant recipient, may enter into an agreement or amend an existing agreement with the designated One-Stop operator to provide WtW job readiness, job placement, and post-employment services through the One-Stop center. The agreement must also be described in the MOU for the WtW program. If the One-Stop operator is selected through a competitive process, the procurement announcement must specify the requirement to provide these WtW services. If the requirement to provide WtW services is not part of the procurement specifications, it may be difficult to amend the contract to add new duties without either incurring considerable cost or possibly, triggering a requirement for new competition. In all situations, States and local entities must act in accordance with their own procurement procedures, as long as these procedures meet the minimum Federal requirements in 29 CFR Parts 95 or 97.

The Department recognizes, however, that there are exceptional situations which may necessitate that Local Boards have the ability to provide WtW job readiness, job placement, and post-employment services directly. Local Boards may only provide these services directly on a limited exception, case-by-case basis. Local Boards are urged to consult with appropriate State and Department staff to ensure that their direct provision of these services is indeed reasonable and necessary.

Exceptional situations which may require that a Local Board provide WtW job readiness, job placement, and post-employment services directly may include:

1. The job readiness, job placement, or post-employment service activity is an inextricable component of one of the participant's other allowable WtW activities. For example, an employer may wish to hire participants who have successfully completed a community service or work experience activity operated by the Local Board. In this example, it would be unreasonable to require the Local Board to contract out for a participant's job placement when the participant successfully completed a community service or work experience activity, as the completion of that component is inextricably linked with the employer's wish to hire the participant. In this scenario, the participant's job placement is an inextricable component of his/her work experience or community service activity, and the Local Board would be able to directly place this participant. Please note, however, that this exception to the contracting and vouchering requirement applies on a participant and/or activity basis, not on an overall WtW program basis. That is, if the Local Board has a participant who is job-ready, without first

needing a work experience or community service activity, the Local Board would have to utilize a contract or voucher for this participant's job placement. Please note, however, that the Department does not expect Local Boards to arrange individual placement contracts to accommodate these situations. Rather, the Department encourages Local Boards to have standing job placement contracts with providers who can accept and place these referrals as necessary.

2. The Local Board has attempted to meet the contract or voucher provision for job readiness, job placement, and post-employment services for WtW participants, but there are no other public or private entities in the area available and qualified to provide these services. This scenario may be most common in rural areas. Local Boards must first determine whether the local One-Stop operator is available to provide these services. If the Local Board can document that there are no other appropriate services providers within the local area, including the One-Stop operator, or that the service providers that operate in the local area are not qualified to provide these services, then the Local Board may be allowed to provide these services directly. In this situation, the Local Board should follow its applicable State and local procurement standards for full and open competition. The Local Board would only be able to provide services directly in this scenario if the Local Board's own procurement standards permit it to do so after having exhausted all other competitive contracting or vouchering options.

Again, the Department expects that the exceptional circumstances described above will occur infrequently and that the vast majority of Local Boards will not be providing any WtW or WIA services directly. Local Boards that believe that their situations necessitate limited exceptions to the requirement to provide all job readiness, job placement, and post-employment services through contracts or vouchers should seek appropriate State and Departmental guidance before beginning to provide such services directly. Improper implementation of this limited exception allowance could result in audit findings and/or disallowed costs.

*The WtW Final Rule and Interim Final Rule provided relief to those Local Boards which may unintentionally have violated the contract/voucher requirement because of a misunderstanding of DOL guidance. However, Local Boards were required to come into compliance with the requirement to provide job readiness, job placement, and post-employment services by contract or voucher by February 12, 2001, the original effective date of the WtW Final Rule and Interim Final Rule.*

The WtW Final Rule and Interim Final Rule, which was published in the Federal register on January 11, 2001, is available on the Internet at [http://wtw.doleta.gov/documents/wtw\\_regs1\\_01.txt](http://wtw.doleta.gov/documents/wtw_regs1_01.txt) (text format) and [http://wtw.doleta.gov/documents/wtw\\_regs1\\_01.pdf](http://wtw.doleta.gov/documents/wtw_regs1_01.pdf) (PDF format).

**AA3: What are the requirements of the 50% hold-back on contracts and vouchers for unsubsidized job placement? How does the 50% hold-back provision apply to contracts and vouchers which include other WtW services in addition to unsubsidized job placement services?**

20 CFR 645.230(a)(3) requires that all contracts and vouchers for unsubsidized job placement services must include a provision to require that at least one-half of the payment occur after an eligible individual placed into the workforce has remained in the workforce for six months.

Additionally, grantees are advised that the 50% hold-back requirement also applies to all contracts and vouchers which include job readiness services, pre-employment vocational educational or job training, post-employment services, and/or job retention and support services in addition to unsubsidized job placement services. Ideally, a contract for unsubsidized placement which also includes one or more of these other services should be structured so that the portion allocable to the unsubsidized placement activities can be “separated out,” with 50% of that portion being paid at the time of the placement, and the remaining 50% of that portion being paid after the participant is retained for six months. If the grantee does not have the capacity to separate and hold back only the portion of the contractual payment allocable to the unsubsidized placement activities, the grantee could choose to hold back 50% of the entire payment amount (i.e., choose not to separate the payment amounts associated with the other services and the unsubsidized placement activities) until the participant has been retained for six months. This would meet the requirements of the 50% hold-back provision in the WtW statute and regulations, but might be a less feasible arrangement for contractors.

The 50% hold-back requirement does not apply to contracts and vouchers which include community service, work experience, job creation, or on-the-job training services (i.e., those employment activities listed at 20 CFR 645.220(c)) in addition to unsubsidized job placement services, as these employment activities are considered inextricably linked to the ultimate goal of unsubsidized placement.

We acknowledge that the Department’s previous guidance on the application of the 50% hold-back provision has not been entirely clear. In particular, the December 2000 publication of revised Q&A AA1, which referenced the 50% hold-back as applying to all multi-service contracts, caused significant confusion, and may have caused some operating entities to immediately begin renegotiating existing contracts and vouchers and/or modifying their procurement policies in order to come into compliance with this policy. We hope that the publication of this Q&A AA3 significantly clarifies the application of the 50% hold-back in a number of contracting/vouchering scenarios.

We are **not** requiring that existing contracts or vouchers be immediately renegotiated to come into compliance with this clarified 50% hold-back requirement. *However, all new and renewed contracts and vouchers entered into after the publication date of the TEGl which issues these Questions and Answers must be in compliance with the terms of the 50% hold-back provision as outlined above.*

**AA4: Can the Governor’s 15% funds [funds that may be retained at the State level in accordance with 20 CFR 645.410(b)] be used only for special projects that appear likely to help long-term welfare recipients enter unsubsidized employment?**

No, these funds are not limited to use for special projects. Allowable uses for the Governor’s 15%

funds include: (1) the costs of allowable activities at 20 CFR 645.220; (2) the costs of administration of the WtW program; and (3) the costs of information technology -- computer hardware and software -- needed for monitoring or tracking.

**AA5: May the Governor's 15% funds be distributed by States to Local Boards (or alternate administrative entities) as incentives (e.g., for exceptional performance in serving the target population or for promising to contribute a substantial portion of the State's required match)?**

Yes, as long as such funds distributed to Local Boards are used to pay for the allowable costs of WtW activities.

**AA6: May WtW funds be used for capacity building?**

WtW funds may be expended for capacity-building activities. Capacity-building activities can be either programmatic or administrative in function, and must be charged to the WtW program accordingly. WtW grantees must determine whether the capacity-building activity is administrative in function and not related to the direct provision of WtW activities, or is related to the direct provision of WtW activities and therefore programmatic in function. Functions identified as administrative in nature are listed in detail at 20 CFR 645.235(c).

For example, if a WtW grantee obtains case management training for its staff, the capacity-building costs should be charged as program costs because the training is considered to be for the direct provision of WtW services to participants. However, if a grantee's fiscal staff attends a symposium to learn about financial and cash management principles, because financial and cash management is defined as an administrative function (see 20 CFR 645.235(c)), the costs incurred for providing this capacity-building activity must be charged to administration.

Please refer to 20 CFR 645.235 and the preamble discussion at 66 Fed. Reg. 2697 (Jan. 11, 2001) for more complete information regarding the types of activities that are subject to the 15% administrative cost limit on WtW grants.

**AA7: Can WtW funds be used for building classrooms?**

No. Construction and purchase of buildings are not allowable costs per the WtW regulations at 20 CFR 645.230(e).

**AA8: May WtW funds be used to pay for medical services? What is the definition of "medical services?" May WtW funds be used for drug testing?**

As indicated in the Preamble to the WtW Final Regulations (66 Fed. Reg. 2695, Jan. 11, 2001), Section 408(a)(6)(A) of the Social Security Act, which prohibits the use of any TANF funds for medical services, also applies to WtW funds.

Services performed by a member of the medical profession are considered medical services. However, services performed by those not in the medical profession, such as counselors, technicians, social workers and psychologists, and services not provided in a hospital or clinic, including 24-hour care programs, may be considered non-medical.

Consequently, WtW funds may be used for drug testing, but only where existing resources are not otherwise available to the participant, and only if the drug testing is not a medical service as defined above. Additionally, as discussed in the WtW Regulations at 20 CFR 645.220(f)(2), WtW funds may be used for substance abuse treatment services to the extent that such services are not medical and are not otherwise available to the participant. In many, but not all, instances, the treatment of alcohol and drug abuse involves not just “medical services,” but also other kinds of social and support services, as well. Allowing States to use Federal WtW funds for substance abuse treatment is programmatically sound, as it addresses the need of a particular target group and may help clients make successful transitions to work. States and localities are encouraged to look at the range of services available in their area and differentiate between medical and non-medical services.

WtW funds may also be used to pay for medical equipment such as eyeglasses, hearing aids, and prostheses for eligible WtW participants to make them more job-ready. As long as the medical services involved, such as eye examinations, rendered by medical professionals, are paid for under some other funding source, the items themselves may be purchased for participants as supportive services provided other funds are not available, and provided the participant is otherwise eligible to receive supportive services. Such items must be directly related to obtaining and/or retaining employment for the participant.

Please note that the prohibition against the provision of medical services applies to **all** Federal WtW funds. States may, however, use their own funds or other funds to provide these services as long as they do not commingle State and Federal funds. Medicare and Medicaid funds may provide another source of funding for medical substance abuse treatment.

**AA9: May WtW funds be used to pay medical expenses that are not covered by Medicaid? May WtW funds be used to pay for health insurance for working WtW participants who do not have Medicaid or any other health insurance?**

No, WtW funds may not be used to pay for medical expenses that are not covered by Medicaid. As indicated in the Preamble to the WtW Final Regulations (66 Fed. Reg. 2695, Jan. 11, 2001, page 2695), Section 408(a)(6)(A) of the Social Security Act, which prohibits the use of any TANF funds for medical services, also applies to WtW funds. This prohibition applies to all WtW funds, and to all programmatic scenarios.

Similarly, WtW may not be used to pay for health insurance for working WtW participants who do not have Medicaid or any other health insurance. We consider health insurance premiums to be a medical service subject to the Section 408 prohibition, and therefore, they are not allowable. This interpretation is consistent with how TANF interprets the Section 408 provision with regard to health insurance.

DHHS's Administration for Children and Families has made available on their web site a publication entitled, "Supporting Families in Transition: A Guide to Expanding Health Coverage in the Post-Welfare Reform World." The web site address is <http://www.acf.dhhs.gov/news/welfare/welfare.htm>. This publication describes a program directed at maintaining health coverage for those who leave TANF assistance and for other low-income families. The publication states that, "States must provide extended Medicaid benefits ('transitional Medicaid') to families who, because of hours of work or income from employment (or loss of the earned income disregard), lose their eligibility for Medicaid under the Section 1931 group."

PLEASE NOTE: There is no longer an "automatic link" between eligibility for cash assistance (TANF) and eligibility for Medicaid. Individuals and families not receiving TANF for various reasons (have not applied, diverted from TANF, no longer eligible due to increased income as a result of working, etc.) MAY be eligible for transitional Medicaid. States have their own guidelines for the program, which may be a valuable resource for WtW participants entering the workforce. Grantees should ensure that staff working with WtW participants are aware of this source of health insurance coverage and how individuals may apply in their State.

**AA10: Is transportation of a WtW participant to a drug treatment facility an allowable cost?**

Yes, if the transportation services are not otherwise available to the participant.

**AA11: If unavailable from other sources, can participants begin receiving job retention and support services at the point of their enrollment in the WtW program? If not, what WtW activities do participants need to be involved in in order to receive job retention and support services? Is there a minimum number of hours per week WtW participants must be involved in WtW activities in order to qualify for job retention and/or support services?**

According to the WtW regulations at 20 CFR 645.220(f), job retention and support services can be provided as soon as a participant is placed in an allowable WtW activity, including job readiness activities, pre-employment vocational educational training or job training, one of the employment activities at 20 CFR 645.220(c), or in any other subsidized or unsubsidized job, whichever comes first. Prior to enrollment in WtW allowable activities, job retention and support services cannot be provided. WtW participants who are enrolled in WIA activities may also receive WtW-funded job retention and support services while they are participating in WIA activities. There is not a required minimum number of hours per week of participation in other WtW activities in order for participants to receive job retention and support services.

**AA12: Can WtW formula and competitive funds be used in individual development accounts (IDAs)? Can Local Boards and competitive grantees contribute WtW funds for matching purposes in an IDA?**

Yes, WtW funds may be used for IDAs. IDAs must be established and operated in accordance with Section 404(h) of the Social Security Act and all DHHS regulations. Other asset-building accounts, similar to IDAs but not established under section 404(h), may be used for purposes in addition to those authorized for section 404(h) IDAs (such as automobile purchase), and are discussed in Allowable Activities Question and Answer AA21.

Section 403(a)(5)(C)(v)(I) of the Social Security Act provides that WtW funds may be used under a State program to fund IDAs. An IDA is an account established by or on behalf of a TANF recipient to enable the recipient to accumulate funds for one of the “qualified purposes,” i.e., post-secondary educational expenses, first home purchase, or business capitalization. The account must be a trust, created or organized in the U.S., and funds may be withdrawn only for a qualified purpose.

The IDA is funded through periodic individual contributions, which must be from earned income as defined in section 911(d)(2) of the Internal Revenue Code, and through matching funds by a “qualified entity.” Section 404(h)(3)(B) of the Social Security Act defines “qualified entity” as either a 501(c)(3) non-profit organization or a state or local government agency acting in cooperation with such a non-profit.

A WtW grantee may participate in the State IDA program, but must conform to the requirements stated above.

If the WtW grantee is organized as a 501(c)(3) non-profit, it may use WtW grant funds to match individual contributions.

If the WtW grantee is not a 501(c)(3) non-profit, WtW funds can be used for matching IDA funds, by way of other qualified entities which have contracted with the WtW grantee to operate a WtW program.

Finally, if the WtW grantee is treated as a state or local government agency, then it may match IDA contributions in cooperation with a 501(c)(3) non-profit.

For more information on IDAs, see the final TANF regulations at 45 CFR 263.20.

For additional guidance on the contribution of WtW funds to other asset-building accounts not established under section 404(h), which may be used for purposes in addition to those authorized for section 404(h), please see Allowable Activities Question and Answer AA21.

### **AA13: May WtW funds be used to provide cash payments to participants?**

Yes, in the three carefully defined situations described below, WtW funded supportive services and IDA contributions may be made in the form of cash payments. Subsections (a), (b) and (c) below describe the specific conditions under which WtW-funded cash payments to participants are allowable.

***(a) Matching payments for Individual Development Accounts (IDAs) or other asset-building accounts***

WtW grantees may use their grant funds to match contributions made to a participant's IDA or other IDA-type asset-building account. Such cash payments are not made directly to the participant, but are made to the account on behalf of the participant. Contributions to IDAs established in accordance with section 404(h) of the Social Security Act must conform to the requirements at 45 CFR 263.20 of the TANF regulations. Contributions made to other IDA-type asset-building accounts established under the state TANF program, similar to IDAs but not established under section 404(h), must be consistent with the purposes of the WtW program. For additional information on contributing WtW funds to IDAs, please also see Q&A AA12. For additional requirements relating to the contribution of WtW funds to other IDA-type asset-building accounts, please see Q&A AA21.

***(b) Training support payments to participants engaged in pre-employment vocational educational training, pre-employment job training, and/or post-employment services***

Entities operating WtW projects may use WtW funds to provide up to six calendar months of pre-employment vocational education or job training, and to provide unlimited post-employment services, as appropriate. These pre- and post-employment services may include, but are not limited to, basic educational skills training, occupational skills training, English as a second language training, and mentoring.

WtW participants engaged in pre- or post-employment education and training activities may be provided with a training support payment that is tied to their participation in those activities. This may be an hourly payment. This policy reflects the fact that certain participants (such as noncustodial parents who are not receiving TANF assistance, and others) may need some additional support, either while participating in stand-alone pre-employment education and training activities, or while participating in part-time post-employment activities concurrent with part-time subsidized or unsubsidized employment activities.

Program operators must be mindful of their responsibilities under minimum wage and other workplace laws when providing these payments. In many situations, it appears that participants engaged in such education and training, particularly on a pre-employment basis, could be considered trainees for the time spent in those activities, rather than as employees. Where a participant is a bona fide trainee, the hours spent in pre- or post employment training and education would not need to be compensated under the Fair Labor Standards Act (FLSA). A training support payment equal to or above the minimum wage level may be paid if the grantee desires, but again, such support payments would not be subject to FLSA requirements if the participant is not an employee. Because the application of workplace law requirements vary according to individual circumstances, grantees using WtW funds to provide training subsidies to participants should confirm that appropriate payments according to the situation are being made by:

- Consulting guidance provided in the publication *How Workplace Laws Apply to Welfare Recipients* (revised February 1999), available on the DOL web site at <http://www.dol.gov/asp/w2w/welfare.htm>, and/or
- Contacting the appropriate regional U.S. Department of Labor Wage and Hour Specialist (also identified at the end of the above-mentioned publication).

The parameters of any grantees training support payment system must be articulated in written policies issued by the grantee.

Operating entities providing training support payments to TANF recipients should be aware that such subsidies would likely be considered “WtW cash assistance” under TANF, and thus would count against participants’ durational time limits for receiving TANF cash benefits. Operating entities should check with the TANF agency in the State to find out how such training subsidies affect the amount and distribution of participants’ TANF grants. For additional information on what WtW services constitute WtW cash assistance for the purposes of TANF time limits, please see the preamble discussion of 20 CFR 645.120 of the WtW regulations at 66 Fed. Reg. 2690, 2692, in addition to Q&A E3.

***(c) Retention-related work support payments for participants who have been placed in unsubsidized employment***

WtW funds may be used to provide retention-related work support payments to participants who have been placed in unsubsidized employment. The decision to allow the use of WtW funds in this manner is based upon a recent Department of Health and Human Services (DHHS) TANF interpretation that permits cash supportive service payments under specific circumstances.

Some states, with the approval of the DHHS, have allowed the implementation of supplemental work support payments. These payments, using TANF funds, provide monthly cash support (limited in both amount and duration) to individuals who agree to continue to maintain employment while gaining experience and improving their earning potential. TANF funds used for this purpose must conform to specific criteria set by the state assuring continuous work, and to other stipulations, such as voluntary termination from the benefits portion of the TANF case. DHHS does not consider these supplemental work support payments as TANF assistance, but rather as a “support service” under the exception in 45 CFR 260.31(b)(3) of the TANF regulations. Since they are not considered “TANF assistance,” such supplemental work support payments do not count against an individual’s durational time limit for receiving TANF cash benefits. In order to clearly distinguish a work support payment from an income support payment (which is considered TANF assistance), states which have implemented such a program have had to explain, through the state TANF plan amendment process, and through written policies, what the monthly payment represents.

In order to be congruent with DHHS’ interpretation on this matter, the Department has now determined that it will also allow WtW funds to be used for supplemental work support payments which are linked to participants’ retention and career advancement. To distinguish work support payments from the non-

cash employment incentives described in Q&A AA14, WtW envisions these payments to be cash resources provided over a longer period of time in order for the participant to purchase the services and products necessary to retain a job until a pattern of progressive wage gains begins to supplant these payments. For instance, such payments could enable a newly employed participant to cover the costs of uniforms, meals at work, tools for the job, transportation-related costs, or other immediate needs that arise in connection with employment. Such job retention/support service payments will be excluded from DHHS= definition of “WtW cash assistance,” and thus will not count against participants= durational time limits for receiving TANF cash benefits. The Department of Labor will not require state WtW plan or competitive grant document modifications in order to implement a WtW-funded work support payment program. However, states and competitive grantees wishing to use WtW funds for this purpose must develop and articulate criteria and conditions under which such payments will be made, and must document these in their official written policy. In developing this policy, states and competitive grantees should refer to the job retention/support service guidelines that are provided in Q&A AA36. We expect that the official written policy will identify the circumstances under which work support payments will be allowable and appropriate (not otherwise available) and what constitutes reasonableness when covering the costs of this support service. The policy should articulate parameters such as the probable duration of payments, dollar amounts, hours worked per week, and whether, in mirroring TANF, states and competitive grantees will require participants to voluntarily terminate receipt of TANF benefits in order to qualify for WtW-funded work support payments.

*Please note that this Q&A does not rescind the prohibition against using WtW funds to provide participants with direct cash incentives. For additional information on this prohibition, please see Q&A AA14. For information about the definitions of the terms TANF assistance and “WtW cash assistance” as they apply to the TANF and WtW programs, please see Q&A E3, the preamble to the WtW regulations (66 Fed. Reg. 2690, pages 2692 and 2693 (Jan. 11, 2001)), and the regulations themselves at 20 CFR 645.212(d). In addition, please see the TANF regulations at 45 CFR 260.31, with particular attention to 260.31(b)(3) and 260.32, as well as the applicable preamble language at 64 Fed. Reg. 17754-17763. For information about allowable WtW job retention and supportive services, please refer to the regulations at 20 CFR 645.220(f). In addition, please see Q&A AA36 for further discussion on determining the appropriateness and allowability of using WtW funds for job retention and support services.*

**AA14: May WtW funds be used to provide participants with direct cash incentives?**

No, WtW participants may not receive direct cash incentives under the WtW grant. *Please note that although that The Department of Labor now allows the provision of retention-related work support payments to participants who have been placed in unsubsidized employment, this does not change the prohibition from providing direct cash incentives. WtW grantees may, however, provide participants with employment-related incentives only in the form of increased wages or non-cash job retention/support services, such as make-overs (haircuts, manicures, etc.) or new clothing. In an effort to distinguish such non-cash incentives from the retention-related work support payments described in Q&A AA13(c) that provide needed cash support service payments to cover ongoing,*

anticipated work-related expenses, these employment-related incentives would not be based on need, would be short term and more episodic in nature, and would most effectively be used to acknowledge or reward discrete accomplishments, milestones reached or exemplary job performance. In addition, unlike work support payments, these incentives are not designed to eventually be replaced by wages. The types of non-cash incentives an operating entity decides to award participants should be related to obtaining or retaining subsidized or unsubsidized employment.

For information about the specific conditions under which retention-related work support payments may be made, please see Q&A AA13.

*Please note that the provision of WtW-funded cash incentives to employers is also prohibited.* For information on more appropriate employer incentives, please see Q&A AA15.

**AA15: Can a WtW grantee provide employers cash incentives with WtW funds?**

No, WtW funds may not be used to provide employers with cash incentives. Employers can be reimbursed for the cost of hiring and training a WtW participant through OJT or job creation through a public or private wage subsidy. Additionally, grantees may educate employers about the availability of the WtW and Work Opportunity Tax Credits. However, cash incentives to employers are not an allowable cost under WtW.

**AA16: Can I provide skills training to participants prior to placing them in employment activities?**

Yes. As indicated in the WtW regulations (20 CFR 645.220(b)), participants may engage in up to six calendar months of vocational educational training or job training before their participation in one of the WtW employment activities (community service, work experience, job creation through public or private sector employment wage subsidies, or on-the-job training) or an unsubsidized job.

**AA17: What is the relationship between WtW, the One-Stop system, and WIA programs?**

Section 645.430 of the WtW regulations addresses the relationship between WtW programs, the One-Stop system, and WIA-funded programs. As provided in the WIA regulations at 20 CFR 663.620, the local WtW formula grant program operator is a required partner in the One-Stop system. 20 CFR part 662 describes the roles of such partners in the One-Stop system, and the roles of WtW formula grant program operators in particular. A Memorandum of Understanding (MOU) that meets the requirements of 20 CFR 662.300 must be developed between the Local Board and the WtW program. It must contain provisions related to the services to be provided through the One-Stop system and methods for referring individuals between the One-Stop operator and the partner WtW program.

WtW participants may also participate in WIA programs and, through appropriate linkages and referrals, these individuals will have access to a broader range of activities and services through the cooperation of the WtW and WIA programs in the One-Stop system. For example, WtW participants

who are also determined eligible for WIA, and who need occupational skills training, may be referred through the One-Stop system to receive WIA training. These participants are also eligible to receive services available under WtW, such as transportation and child care while participating in the WIA activity. WIA participants who are determined to be eligible for WtW may also be served by the WtW programs through cooperation with the WIA programs in the One-Stop system. For example, WIA participants who are also determined eligible for WtW may be referred to the WtW program for job placement and other WtW assistance.

In general, there are no Federal regulations that prevent a WtW program from using multiple funding sources to effectively serve WtW program participants as long as the participants are eligible and enrolled in all of the programs providing such services.

**AA18: How do the rules in WIA governing on-the-job training (OJT) affect OJT provided under WtW?**

“On-the-job training” is not defined under WtW. As indicated in the Preamble to the WtW Final Rule, (66 Fed. Reg. 2695 (Jan. 11, 2001), we have allowed States and localities the flexibility to develop definitions that fit their circumstances. However, if the grantee has established rules for other programs, such as restrictions on wages or time limits, these policies should be taken into consideration when designing an OJT activity under WtW. In establishing OJT contracts, grantees should rely on the Local Board and WIA service providers and their experience with employers in implementing effective OJT arrangements resulting in long-term employment. For additional information on State and local governance roles with regard to establishing policies, interpretations, guidelines, and definitions, please see section 645.125 of the WtW regulations.

**AA19: Can a service paid for with WtW funds for use by WtW clients be used by the general public (i.e., bus service)?**

Yes. However, use of such services by individuals who are not eligible for WtW must be supported or off-set by non-WtW funds. Further, the funds received (in fares, etc.) are considered program income and must be reported as such.

**AA20: Clarify the difference between work experience and community service?**

States usually define these terms. WtW competitive grantees, while not bound by State definitions of these terms, applied for their grants in conjunction with local entities. Therefore, definitions used by a competitive grantee should be consistent, or at least not in conflict with, those used by the local WtW formula program, as well as with the terms of the competitive grant. For additional information on State and local governance roles in establishing policies, interpretations, guidelines, and definitions, please see section 645.125 of the WtW regulations.

**AA21: How can WtW funds be used to pay for transportation and transportation-related services? Have there been any changes in DOL policies on allowable uses of WtW funds for**

**transportation related expenses? Can WtW funds be used to buy automobiles for individual participants? Can WtW funds be contributed for asset-building accounts established for car purchases for a WtW participant?**

***a. How can WtW funds be used to pay for transportation and transportation-related services?***

Transportation services can be provided to WtW participants where such expenses are necessary for the participant to retain their job and not otherwise available to the participants. Allowable transportation services cover a broad range, including but not limited to the following examples:

- passes, tokens or vouchers to ride public transportation or taxis.
- support of extension of transit services or bus lines to serve a given business or residential area.

Note: WtW funds cannot be used to pay outstanding tickets or fines for WtW participants. For more guidance on how WtW and TANF funds can be used to pay for transportation services, please consult the joint guidance on this topic, issued by the Departments of Labor, Transportation, and Health and Human Services, which can be found at <http://wtw.doleta.gov/documents/tegltein/13-99.htm>.

***b. Have there been any changes in DOL policies on allowable uses of WtW funds for transportation related expenses?***

Yes. In the past, one-time only transportation-related services such as car registration, insurance, repair, etc. were allowable as supportive services and could be paid for with WtW funds if such expenses were necessary for the participant to retain their job and were not otherwise available to the participant. As described below, we have recently revised this policy.

At the beginning of the program, we were intentionally conservative in our scope of allowable transportation-related supportive services because of our understanding of the availability of TANF funds for these services, the more limited amount of Welfare-to-Work funds available (in comparison to TANF), and what we perceived could be a very costly, long-term supportive service if not limited. We have since determined, based on knowledge gleaned from the first three years of the program, that these transportation related services are vitally important to the job placement, retention and advancement success of WtW participants; a critical component to the operating entities' array of services; and that in many circumstances, the one-time only expenditure limitation was too prescriptive and not practical.

Since the Department continues to believe that States and locals are in the best position to develop policies that fit their individual circumstances, we are lifting the one-time only expenditure rule regarding transportation related costs in favor of allowing the development of State and local policy regarding the extent to which these supportive services are available to the participant. However, when developing the policy, States and local areas must adhere to the following criteria:

- The cost of the supportive service is reasonable. To comply with this requirement, WtW would expect the State to attach reasonable expenditure limits to these services (e.g., a

maximum dollar limit per participant, a maximum dollar limit per participant over a discreet period of time, a maximum number of service requests per participant, etc.).

- The supportive service is necessary to the participant becoming self-sufficient, and is necessary to fulfilling the objectives and purposes of the grant.
- The cost of this supportive service is not prohibited by the Act, the regulations, the OMB circulars or DOL policy.
- The supportive service is closely related to the participant becoming job ready, or obtaining or retaining employment.
- The particular supportive service is not otherwise available to the participant.
- The supportive service cost is in accordance with the operating entity's overall policies regarding supportive service expenditures.

Please note that this change in WtW policy is prospective from the date of this TEGL, and supercedes the assurance regarding the one-time expenditure limit that was signed by the State signatory authority and is contained in the official WtW formula grant file.

***c. Can WtW program operators use WtW funds to buy automobiles for individual participants?***

No. Department of Labor policy dictates that WtW programs cannot be used to purchase a car for an individual participant. Purchase of cars or vans for the WtW program to use in providing transportation for participants is an allowable cost, as long as the program operator follows appropriate procurement procedures (e.g., competitive grantees must obtain prior approval from the ETA Grant Officer). Under TANF, car purchase for an individual may be allowable, depending on State laws and other policies.

***d. Can WtW funds be contributed for asset-building accounts established for car purchases for a WtW participant?***

As described in part (c) of this question and answer, the Department's policy on the purchase of cars is that it is generally not considered an appropriate transportation cost for purposes of the WtW program.

However, we have recently determined that WtW funds may be used to contribute to certain asset-building accounts established under a State's TANF program that are used to save for a car.

Under WtW and TANF, Individual Development Accounts (IDAs) are authorized for certain purposes in section 404(h) of the Social Security Act. Additionally, the Department of Health and Human Service has recently issued guidance about the establishment of other asset-building accounts, similar to IDAs but not established under section 404(h), which may be used for purposes in addition to those authorized for section 404(h) IDAs. Under this guidance, TANF funds may be used to contribute to

these IDA-type asset building accounts used for the purpose of purchasing automobiles. DHHS has issued a Q & A on this subject which may be helpful to WtW entities contemplating using IDAs towards the purchase of automobiles. This information may be found as Q&A No. 5 at <http://www.acf.dhhs.gov/programs/ofa/polquest/idas.htm>.

Based on this HHS guidance, we have reconsidered our policy against using WtW transportation assistance for the purchase of automobiles, and are adjusting the policy to permit operating entities to use WtW funds in these IDA-type asset-building accounts established for car purchases when the purpose is consistent with the purposes of the WtW program. Because transportation is very often a vital need to enable a WtW participant to obtain and retain a job, the purchase of a car through the structured savings of one of these IDA-type asset-building accounts is consistent with the purposes of WtW. Participants and the WtW program (and often the TANF agency) must be contributing towards the purchase of the car to help the participant obtain and retain employment. State and local operating entities may determine the purpose for the savings, the appropriate match rate and other conditions under which it will match savings.

It is important to note that only funds in an IDA account under section 404(h) are disregarded in determining benefits under Federal law [404(h)(4) of the Act]. Thus, operating entities are cautioned that funds in an IDA-type asset-building account in a program not established under Section 404 (h) may not necessarily be disregarded in determining Federal benefits in such programs as Food Stamps, and Medicaid. Therefore we recommend that WtW operating entities who wish to consider establishing an IDA-type asset-building program for the purchase of an automobile contact the State TANF and/or related benefit agencies to determine if there is already such a program in place in the State and what determination has or would be made about disregard of these funds for benefit purposes.

Additionally, State funds used to contribute to an IDA-type asset building program, as mentioned above, established for the purpose of purchasing an automobile, may be counted towards a State's WtW matching requirement.

Finally, grantees are still prohibited from using WtW funds for the outright purchase of or for down payments on automobiles for participants. Under TANF, a car purchase for an individual is allowed, in accordance with State laws and other policies.

Please see Q&A AA12 for an extended discussion about IDAs.

**AA22: Under WtW, is there a maximum time limit or funding amount for pre-employment services? Are we bound by the State's TANF policies on limits, i.e., length of allowable activities?**

Short-term, pre-employment vocational educational training and job training are limited to a maximum of six calendar months. For additional information on the six-month time limit for this activity, please see the discussion in the preamble to the WtW regulations (66 Fed. Reg. 2690, 2709 (January 11, 2001)), and the regulations at 20 CFR 645.220(b).

There is no maximum time limit or funding restriction for other pre-employment services under WtW. However, such services should be tied to an assessment of the services necessary for the individual to become self-sufficient. Further, WtW programs are not bound by TANF restrictions on the length of job readiness activities. Under TANF, there is a six-week time limit on job readiness activities, but that time limit does not apply to WtW funds. To the extent possible and appropriate, competitive grantees are encouraged to use the definitions and restrictions that are being used by their local administering agency under the WtW formula program.

**AA23: Job retention and supportive services, such as transportation, child care, substance abuse treatment, and emergency housing assistance, may be provided with WtW funds if those services are not otherwise available to the participant. Who determines whether services are “not otherwise available?”**

The grantee or service provider will make this determination according to their own written policy, and should set up procedures for documenting “not otherwise available” in participants’ files. For additional guidance on determining the appropriateness and allowability of particular job retention and support services, please see Q&A AA36.

**AA24: Can an individual who has been placed in unsubsidized employment through TANF (or any other program) receive post-employment and/or job retention/supportive services through WtW?**

Yes. However, the individual must meet the WtW eligibility requirements, and must be enrolled in the WtW program prior to receiving any WtW services. In determining eligibility for an individual, the grantee must determine that the individual meets the eligibility criteria at the time of enrollment into WtW.

For more detailed information about the WtW eligibility requirements, please refer to Question and Answers E1 (primary eligibility) and E2 (other eligibles) in the Eligibility section. Additionally, please refer to 20 CFR 645.212, and 645.213 of the WtW regulations (66 Fed. Reg. 2650 (Jan. 11, 2001)).

**AA25: If a competitive grant proposal did not include an allowable activity, such as IDAs, can the operating entity still provide those services/activities without modifying the grant?**

If the WtW competitive grant document does not specifically prohibit an activity that is an allowable activity under WtW, then a modification of the grant would not be necessary, except as dictated by the terms and conditions of the executed grant document, the WtW law and regulations, and the applicable Uniform Administrative Requirements for grant changes (29 CFR Part 95.25 for non-profit grantees and 29 CFR Part 97.30 for governmental entities).

**AA26: An individual is determined eligible, is enrolled in WtW, is assessed, and an individual service strategy is developed. Can this participant - who is being case-managed under WtW - be served by other funding streams? If yes, can this participant receive more than six**

**calendar months of pre-employment vocational educational training or job training, if the training is funded by other sources? Can this participant, at a later point, be provided with post-employment, job retention and/or supportive services supported with WtW funds?**

Yes. In general, the WtW regulations permit a WtW program to use multiple funding sources to effectively serve WtW program participants, as long as the participants are eligible for all of the programs providing such services. A WtW participant may receive services that are supported by other appropriate funding sources, such as WIA, TANF, etc. The WtW restriction does not limit the provision of more than six calendar months of pre-employment vocational educational training or job training, if this training is supported by another funding source. Nevertheless, in a situation of jointly-funded activities, where WtW funds are used to support post-employment, job retention and/or supportive services, all statutory and regulatory provisions continue to apply to the use of the WtW funds. This means that:

1. Local Boards must provide WtW-funded post-employment services through vouchers or contracts with public or private providers. Post-employment services may only be provided once the participant is placed in one of the prescribed employment activities or in any subsidized or unsubsidized job. - AND -
2. Job retention and supportive services funded through WtW can only be provided once the participant is placed in a job readiness activity, in pre-employment vocational educational training or job training, in one of the prescribed employment activities, or in any subsidized or unsubsidized job.

**AA27: How many hours must an individual work in an appropriate WtW employment?**

Neither the statute nor the regulations mandate a minimum amount of hours, weekly or otherwise, that an individual must work in a WtW employment activity or unsubsidized job. The related TANF program does set out provisions for work participation which are adapted by States, with variances. For instance, some States may mandate 20 or 25 hours of work activity per week in order for an individual to receive TANF benefits.

The WtW operating entity may choose to be consistent with the number of hours required by TANF in a particular State, but this is not mandatory. The WtW regulations at 645.220 set forth the allowable activities under WtW. Please note that post-employment activities, such as basic educational skills training, occupational skills training, and English as a second language can be provided only AFTER an individual is placed in an allowable employment activity or unsubsidized job. However, participants may receive up to six calendar months of vocational educational training or job training prior to beginning their participation in an employment activity. For further discussion of pre- and post-employment training, see the WtW regulations at 20 CFR 645.220(b) and 645.220(e).

**AA28: Are outreach and recruitment allowable activities under WtW? If yes, how would such costs be reported?**

Under the WtW regulations at 20 CFR 645.220(h), outreach and recruitment are allowable when specifically targeted to potentially eligible individuals or groups of individuals who would benefit from WtW services and who are likely to be long-term welfare recipients, noncustodial parents of minor children, TANF recipients with characteristics of long-term welfare dependence or barriers to self-sufficiency, 18-24 year-old former foster care recipients, and custodial parents with incomes below 100% of the poverty line. Outreach and recruitment efforts may include activities targeted specifically to groups of potentially eligible individuals, and may also include public program information campaigns, such as posters on public transportation or in welfare offices. Under the WtW regulations at 20 CFR 645.235(c), costs associated with outreach and recruitment activities are not administrative costs, and thus should be reported as program costs on the line item for “Federal Program Expenditures” for reporting purposes.

**AA29: Is evaluation an allowable cost under WtW?**

Yes. As long as the evaluation is directly tied to the assessment of the WtW programs performance against stated objectives, the effectiveness of WtW program activities, or WtW participant outcomes, evaluation costs are allowable program costs and are not counted against the 15% administrative cost limit. Research costs, unless specifically tied to a direct participant service to be provided in the course of the WtW grant, are not allowable under WtW as either administrative or program services costs.

**AA30: Can WtW funds be used for business loans, i.e., for participants to start their own businesses?**

Under the WtW regulations at 20 CFR 645.230(f), business start-up loans are not permissible. However, there are other ways to assist with entrepreneurship. Section 645.220(g) of the WtW regulations permits, “Individual development accounts which are established in accordance with the Act.” WtW funds may be used to contribute to an Individual Development Account (IDA) for an individual if the IDA is established in accordance with section 404(h) of the Social Security Act and all applicable DHHS regulations. IDAs have three purposes: (1) post-secondary educational expenses, (2) first home purchase, and (3) business capitalization. Business Capitalization is defined in the Act as “Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses.” Please note that not all States may choose to provide for IDAs. Further discussion on IDAs is contained in WtW Q&A # AA12. For more information on IDAs, also see the final TANF regulations at 45 CFR 263.20.

In addition, pre-employment vocational educational training or job training, or post-employment activities, could include training for WtW participants to start their own businesses. However, there is no provision under any of the allowable activities to include business start-up loans as an allowable cost.

As discussed above, IDAs may provide for business capitalization expenses, which are not loans.

**AA31: May WtW funds be used to pay fines that participants have incurred, for example, traffic fines?**

The Cost Principles issued by OMB as Circular A-87 for States, Local Governments, and Indian Tribal Governments, and Circular A-122 for Non-profit organizations, discuss Fines and Penalties as unallowable costs based on violations of or failure of a governmental unit to comply with, Federal, State, local, or Indian tribal laws and regulations. Although the Circulars do not explicitly address the payment of fines on behalf of participants, the Department advises grantees that this prohibition may, in fact, be applied to the payment of participant fines, resulting in future audit exceptions. Legal services and fees for driving tests are, however, allowable under WtW.

**AA32: Can WtW funds be used for the costs of expunging criminal records?**

Because legal services can be performed on behalf of participants as a support/job retention service, expunging criminal records can be a support/job retention service under WtW where not otherwise available.

**AA33: Can Individual Development Accounts (IDAs) be set up for or by noncustodial parents deemed eligible for WtW if this is not mentioned in the State TANF plan? Can IDAs be set up for the noncustodial parent's child?**

The WtW program allows IDAs to be established as an allowable WtW activity in accordance with section 404(h) of the Social Security Act. Section 404(h) of the Act provides in general that a State to which a grant is made under section 403 may use the grant to carry out a program to fund individual development accounts established by individuals eligible for assistance under the State program funded under SSA, Title IV-A. Noncustodial parents are considered eligible for assistance under the WtW program which is funded under this part. Therefore, IDAs may be established for such eligible noncustodial parents under either competitive or formula grants.

IDAs may be set up for a noncustodial parent's child if the child meets the eligibility criteria for WtW and/or TANF (e.g., they have their own case) and the purpose for which the IDA is set up is appropriate and in accordance with the Act's requirements (post-secondary education, purchase of a home, or business startup), and the grantee deems this to be an appropriate and reasonable use of WtW funds. It is expected that such instances would be limited.

**AA34: Can a youth under age 18 be eligible to receive services through WtW?**

Yes, as described below, youth under age 18 may be eligible to receive WtW services.

The legislative intent for the WtW program is to place long-term welfare recipients, TANF exhaustees, certain noncustodial parents and other disadvantaged individuals, (including individuals from 18 to 24

years of age who have been in foster care), into unsubsidized jobs that lead to wage gains and economic self-sufficiency. While WtW participants may receive up to six calendar months of pre-employment vocational educational or job training in accordance with 20 CFR 645.220(b), WtW is generally considered a “work first” program. The primary focus is to place individuals into a work activity as soon as possible, and concentrate resources on post-employment and job retention/supportive services to ensure that the individuals remain in the labor market with the support and skills development they need to achieve economic independence.

If a WtW grantee determines that the goals and structure of the WtW program are appropriate for assisting youth under the age of age 18 attain their educational and employment goals, such youth may be served by the grantee in two ways:

1. The youth himself/herself may be determined eligible for WtW, under 20 CFR 645.212 or 645.213 of the WtW regulations, and may be enrolled in and served by a WtW program; **or**
2. As part of a “whole family” approach, the youth may be served as the child of a parent who is himself/herself eligible for the WtW program under either the provisions at 20 CFR 645.212 or at 645.213 of the WtW regulations, and who is enrolled in and being served by a WtW program.

*In either scenario, WtW grantees must ensure that all funds expended to serve youth under age 18 are used only for those activities allowable under 20 CFR 645.220 of the WtW regulations.*

**AA35: Can WtW funds be used to help provide youth activities authorized under WIA (including summer employment opportunities) to disadvantaged youth?**

Yes, as described below, WtW funds may be used to help provide youth activities authorized under WIA (including summer employment opportunities) to disadvantaged youth.

To the extent that WIA youth activities (including summer employment opportunities) can be viewed as part of a continuum of out-of-school youth services with the goal of placing an individual into an unsubsidized job with potential for wage gains, and/or a better job, WtW funds may be used. WtW funds used to help provide such youth employment activities must, however:

(1)(a) serve those WIA participants who also qualify as eligible for the WtW program under 20 CFR 645.212 or 645.213 of the WtW regulations, **or**

(1)(b) as part of a “whole family” approach, serve those WIA participants who are the children of parents who are themselves eligible for the WtW program under either the provisions at 20 CFR 645.212 or at 645.213 of the WtW regulations, and who are enrolled in and being served by a WtW program, **and**

(2) be used only for those activities allowable under 20 CFR 645.220 of the WtW regulations.

**AA36: What guidelines can be used by an operating entity to determine if a particular job retention/supportive service would be an appropriate and allowable use of WtW funds?**

The following guidance is provided to assist operating entities in determining if a job retention/support service would be appropriate and allowable:

1. The cost of the supportive service is reasonable, is necessary to the participant becoming self-sufficient, and is necessary to fulfilling the objectives and purposes of the grant;
2. The cost of this supportive service is not prohibited by the Act, the regulations, the OMB circulars or DOL policy;
3. The supportive service is closely related to a participant becoming job ready, or obtaining or retaining employment;
4. The particular supportive service is not otherwise available to the participant; and
5. The supportive service cost is in accordance with the operating entity's policy covering support service expenditures.

Directly impacting decisions made about what supportive services are appropriate and allowable is the Social Security Act restriction at Section 408 (a)(6) which specifically bars the use of Federal TANF funds for medical services, which also applies to WtW funds. Additionally, when determining whether a supportive service is closely related to a participant becoming job ready or obtaining or retaining employment, the primary purpose of the WtW grants, which is to place and retain individuals in lasting unsubsidized employment, should be considered, as well as whether the supportive service enables the participant to participate in post-employment activities, as described at 20 CFR 645.220(e).