INTRODUCTION:

Transportation is one of the main challenges facing people making the transition from welfare to work. In some areas, there is a mismatch between where most entry-level and service sector jobs are located and where most welfare recipients live. Two-thirds of new jobs are in the suburbs, but three of four welfare recipients live in rural areas or central cities, with few recipients owning reliable cars. Many entry level jobs require evening or weekend hours in areas that are poorly served by existing transit routes or are not within a reasonable commute time. Many parents going to work also need transportation in order to access child care, which further complicates their work commute. The transportation barrier is magnified for low-income Americans living in rural counties, many of whom have no access to public transportation services.

Historically, the U.S. Departments of Health and Human Services (HHS) and Labor (DOL) have defined transportation in terms of the individual client. As a result, funds were used to directly reimburse clients for transportation costs rather than to develop and support transportation services necessary to meet their needs. When transportation services were provided, they were often not connected with the existing transportation systems. Welfare reform calls for a more systemic approach to break down the transportation barriers. For example, supporting and developing services such as connector services to mass transit, vanpools, sharing buses with elderly and youth programs, coordinating with existing human services transportation resources, employer provided transportation, or guaranteed ride home programs may be necessary to address the transportation problems for welfare recipients and other low income persons.

PURPOSE OF GUIDANCE:

HHS and DOL, in concert with the U.S. Department of Transportation (DOT), are working closely together in providing coordinated guidance to encourage States and communities to take full advantage of existing resources to develop seamless, integrated services addressing the transportation challenge of moving people from welfare to work. This guidance is intended to augment the current regulatory and statutory provisions.

The three agencies originally issued joint guidance on May 4, 1998. The guidance is now being reissued and revised to incorporate legislative changes since the initial issuance and to clarify issues that have come to our attention in the areas of the definition of “assistance” under TANF, data reporting, and appropriate cost principles.
AUTHORITY AND REFERENCES:


RESPONSE TO CHALLENGE:

It is essential for all Federal, State, and local entities to collaborate to ensure and maintain success in moving families from welfare to work. This collaboration will help to provide the right mix of transportation services necessary to meet the needs of welfare recipients as well as deliver the most efficient use of existing resources and services.

States should encourage local agencies to ensure that services provided to welfare recipients are developed in consultation with other appropriate agencies providing transportation services at the local level. In addition, in consultations with transportation providers to develop solutions to the challenges faced by welfare recipients, public agencies should be mindful of their obligations not to interfere with collective bargaining rights or agreements or to displace employees.

Communities without transportation resources or with a significant unmet need may wish to pursue transportation as a job creation opportunity. The skills involved in developing transportation systems, including driving, dispatching, and providing vehicle maintenance are extremely marketable and transferable skills.

PROMISING INITIATIVES:

Many States are already working to break down the transportation barriers for welfare recipients. For example, Kentucky has taken a comprehensive approach to providing coordinated transportation. Four cabinet offices -- Families and Children, Health Services, Workforce Development, and Transportation -- combined transportation resources to develop a new coordinated transportation system for all their participants. North Carolina and New Jersey are helping counties to bring together the transportation, social services, and employment programs to address client mobility needs and are identifying underutilized transportation resources -- including school buses -- for employment transportation. In Ventura County California, the local transit agency has extended its hours of service, re-routed some lines, and developed new service to some remote locations being used as work experience sites. These and many other examples are included in *Access To Jobs, A Guide to Innovative Practices in Welfare-to-Work Transportation* developed by DOT and the
Community Transportation Association of America. The guide features innovative transportation approaches to meet the needs of welfare recipients and other low income persons, as well as a list of available resources. It is available on the Internet at http://www.ctaa.org/welfare.

EXISTING RESOURCES:

In this section, we present three specific Federal funding sources that can be used to address the transportation needs of people moving from welfare to work: (1) the Temporary Assistance for Needy Families (TANF) block grant program administered by HHS, Administration for Children and Families (ACF); (2) the Welfare-to-Work (WtW) formula and competitive grant program administered by DOL, Employment and Training Administration; and (3) the Job Access and Reverse Commute grant program (Job Access) administered by DOT, Federal Transit Administration (FTA).

Both the TANF block grants established in PRWORA and the WtW grants authorized by the Balanced Budget Act of 1997 provide considerable flexibility to help States and communities provide transportation to individuals transitioning from welfare to work. We describe some of the ways in which States may use Federal TANF funds and WtW funds to provide transportation services. We also discuss some basic programmatic requirements and limitations regarding the use of TANF and WtW grant funds. States and other appropriate agencies providing transportation services need to be mindful of the requirements and limitations when planning transportation services that enable eligible individuals to attain and maintain employment.

The Job Access program provides funding for projects that develop transportation services to connect welfare recipients and other low income individuals to jobs and other employment-related services. This competitive grant program includes a cost sharing requirement. Because TANF and WtW funds may be used to meet the cost sharing requirement, we discuss the particular rules that must be considered when TANF or WtW funds are used in a cost sharing arrangement in the Job Access program. We also mention some other basic principles and standards for determining allowable costs pursuant to OMB Circular A-87. These cost principles apply to the use of TANF, WtW and Job Access funds.

We conclude by discussing other resources, not specifically addressed in this guidance, which could be used to fund transportation services for low-income families.

1. The Temporary Assistance for Needy Families (TANF) Program

TANF block grants to States total $16.5 billion annually through FY 2002. In addition, States must maintain their own spending at 80 percent of historic spending levels (or 75 percent if they meet the work participation rates). Guidance about State spending requirements, known as maintenance-of-effort (MOE), is contained in a January 31, 1997 policy announcement issued by the Office of Family Assistance. (For detailed guidance on this issue, refer to TANF-ACF-PA-97-1 and the Notice of Proposed Rulemaking (NPRM)
for TANF.) The policy announcement and the NPRM are available on the Internet at http://www.acf.dhhs.gov/news/welfare/. This guidance is subject to revision when HHS issues a final rule for TANF, which will replace the policy announcement and the NPRM.

State, local, and tribal TANF agencies, or private organizations providing services under contract with the TANF agency, may use TANF funds for a range of transportation services so long as the expenditure reasonably accomplishes a purpose of the TANF program, such as promoting job preparation and work. Work and responsibility are the cornerstones of the TANF program. Thus, it is critical that States involve appropriate State and local agencies (transportation, housing, child care), businesses, and community organizations to develop strategies and provide the supportive services that eligible individuals need to attain and maintain employment.

Program Purposes and Choices

The purposes of the TANF program as described in section 401 of the Social Security Act are as follows:

- provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- 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
- encourage the formation and maintenance of two-parent families.

To accomplish these purposes, the State TANF agency may use TANF funds to provide support services including child care and transportation. Some examples of the ways in which TANF funds can be utilized to provide necessary transportation services directly to TANF-eligible families or to fund services primarily benefiting eligible families, include, but are not limited to:

- reimbursement in whole or part to TANF-eligible individuals for work-related transportation expenses (e.g., mileage, gas, public transit fare, auto repairs/insurance, or a basic cash allowance for transportation needs);
- a contract for shuttles, buses, car pools, or other transportation services for TANF-eligible individuals;
- the purchase of vans/shuttles/minibuses by State or locale for the provision of transportation services to TANF-eligible individuals (refer to the discussion below
about the parameters on the use of TANF funds and cost allocation);

- the purchase of rider "slots," "passes," or vouchers on a public or private transit system;

- financial assistance in the form of loans to eligible individuals for the lease or purchase of a vehicle to travel to/from work or work-related activities;

- facilitating the donation and repair of previously owned or reconditioned vehicles to eligible families;

- as an alternative to ongoing assistance, one-time, short-term "diversion" payments can be made to assist individuals with transportation needs such as automobile repair/insurance to secure or maintain employment;

- payment of start-up or operating costs for new or expanded transportation services benefiting eligible families provided that such costs are necessary and reasonable, as well as allocated to cover only those costs associated with TANF-eligible individuals (refer to the discussion below about the parameters on the use of TANF funds and cost allocation);

- establishment of an Individual Development Account that a TANF-eligible individual could use to cover qualified business capitalization expenses to establish a transportation service such as a van, shuttle, or door-to-door transportation service (Section 404(h) of the Social Security Act);

- the transfer of TANF funds to the Social Services Block Grant (SSBG) to address the lack of transportation infrastructure in many rural and inner city areas; SSBG may be used to serve families and children up to 200 percent of the poverty level, allowing States to address the needs of the disadvantaged population with a blend of transportation services;

- payment of costs incurred by State, local, or tribal TANF agency staff involved singularly or with other agencies in the planning of transportation services for TANF-eligible individuals. These costs would be considered TANF administrative costs.

State MOE funds under the TANF program, or State funds separate from the TANF program that qualify under the MOE requirement, may also be used to assist TANF-eligible individuals in similar ways.

Many States are also easing restrictions that deter TANF-eligible recipients from owning cars. Some States are increasing the excluded value or discounting entirely the value of a motor vehicle in determining TANF eligibility. Such actions also promote access to job preparation and work.
Parameters on the Use of TANF Funds

In order to take advantage of resources provided through the TANF block grants, it is necessary to understand several key requirements of the statute related to eligible families, assistance, and time limits. First, Federal TANF funds, along with State MOE funds, must be spent on members of eligible TANF families in which the minor child resides with the family (or on individuals who are expecting a child). States define who is eligible for TANF.

Second, funds or services received by eligible families are generally labeled as "assistance." The term "assistance" has been defined in TANF-ACF-PA-97-1 to mean every form of support provided to families under TANF except for: (1) services that have no direct monetary value to an individual family and do not involve implicit or explicit income support; and (2) one-time, short term assistance (e.g., automobile repair to retain employment). The definition, with slight modification, was included in the ACF-proposed TANF rules published in the Federal Register on November 20, 1997. The comment period on the proposed rule closed February 18, 1998. ACF will issue a Final Rule with further guidance.

Under the current definition, transportation costs are differentiated into (1) items that have a direct monetary value to an individual family, such as a transit pass, which thus constitute “assistance,” and (2) those items which do not have a direct monetary value to an individual family and do not involve implicit or explicit income support, such as investment in the start-up or operating costs of a transportation service, which do not constitute “assistance.” If, for example, a TANF agency uses TANF funds to contract with a transportation provider for transportation services to and from places of employment, and the State pays the fare cost for the TANF family member, then only the value of the fare that the recipient would otherwise have to pay is “assistance.” Similarly, TANF funds used for such activities as planning transportation services or providing “brokerage” services (e.g., to manage the mobility needs of TANF recipients through a central coordination of local transportation programs) do not constitute “assistance” to the family.

State TANF agencies must also collect certain data on a monthly basis about families receiving TANF “assistance” and report that data on a quarterly basis. The data includes information regarding each type of assistance provided to family members under the State’s TANF program, including transportation assistance. Until ACF issues a Final Rule, States report the information on form ACF-198, Emergency TANF Data Report.

Third, Federal TANF assistance paid to a family counts toward the lifetime limit on the receipt of TANF benefits. Under the statute, Federal assistance can only be given to a family for a maximum period of 60 months, whether or not consecutive. However, the 60-month limit only applies when the adult or minor family member is the head of the

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1 WtW cash assistance received by a WtW participant who is a member of the TANF family also counts toward the Federal 60-month limit.
household or the spouse of the head of the household and receiving assistance. The minor must also be pregnant or a parent for the assistance to count toward the Federal time limit. This means that each month of Federal assistance received by these family members impacts the family's lifetime limit on the receipt of TANF benefits. States can set shorter limits or provide assistance past the 60-month limit with State funds. It is important that, when planning a transportation strategy to enable a TANF family member to travel to work, States assess the impact of such assistance on the family's time limit and advise the family of this impact.

In order to maximize resources and avoid duplication, TANF agencies are encouraged to coordinate with other transportation services. For example, the TANF agency may arrange with another agency or program to use the vans or buses of the other agency, share in the purchase of transportation services, or share in the costs of a Job Access project. TANF funds may also be used to contract for transit projects open to the general public, so long as the project benefits TANF families, is within the purposes of the TANF program, and TANF funds do not pay for non-TANF individuals. To the extent that non-TANF ridership and fare income increase, the arrangement may become less costly to the TANF program.

OMB Circular A-87 provides the requirement and basis for allocating costs that may be associated with more than one Federal program or non-Federal program. Refer to the Cost Principles section (item 4) for a fuller discussion of the cost allocation principles as well as other important cost principles pursuant to OMB Circular A-87.

It is also important to remember that TANF funds may not be used to match another Federal grant program unless such double matching is specifically authorized by the statute of the program (See Section 3 ahead for a more detailed discussion on how TANF funds may and may not be used as match for Job Access and Reverse Commute projects). Also, State expenditures may not count toward the MOE level if they were spent as a condition of receiving other Federal funds (Section 409(a)(7)(B)(iv)(IV) of the Social Security Act).

Finally, TANF funds may not be used to construct or purchase facilities or buildings. This restriction is based on the general rule that, in the absence of specific legislative authority, appropriated funds may not be used for the permanent improvement of property, including construction and purchase. For example, see the decision at 42 Comp. Gen. 480 (1960).

2. Welfare-to-Work Grants

The U.S. Department of Labor provides WtW grants to States and local communities

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2 There is an exception to the federal 60 month limit if a TANF funded transportation benefit under the Job Access program is the only assistance these family members receive in a given month. Refer to the discussion under the Job Access and Reverse Commute Grant program in item 3.

3 Section 404(k)(1)(A) of the Social Security Act expressly prohibits TANF funds from being used for construction in the Job Access and Reverse Commute grant program (discussed in item 3 ahead).
to create additional job opportunities for the hardest-to-employ TANF recipients. The grants total $3 billion for Fiscal Years 1998 and 1999. There are two kinds of grants: Formula Grants to States and Competitive Grants to local communities. Generally, WtW funds can be used for job readiness activities, employment activities, job placement, post-employment services, and job retention and supportive services -- including transportation assistance -- which are designed to move hard-to-employ welfare recipients into unsubsidized employment. The following outlines some key features of the WtW program:

Eligible Participants

WtW funds can only be spent on eligible participants. WtW participants are a targeted group of welfare recipients. This group includes those who have received welfare for at least 30 months or are within 12 months of hitting their time limit on receipt of TANF assistance, and who have barriers to employment, specifically defined by statute, related to education, work history, or substance abuse. Certain individuals who appear likely to become long-term recipients are also eligible, as are certain non-custodial parents. Eligibility criteria for the WtW program are described in the Interim Final Rule at 20 CFR 645.212 and 213.

Formula grants

Seventy-five percent of WtW funds (less small set-asides for specific statutory purposes) are available to States in amounts based on the statutory formula set forth in Section 403(a)(5)(A)(v) of the Social Security Act. States must provide one dollar of non-Federal matching funds for every two dollars of Federal WtW funds. States are required to pass through at least 85 percent of the money to local Private Industry Councils (PICs) (unless the Secretary of Labor approves a waiver to permit an alternate entity to administer funds in a particular area) and may retain up to 15 percent of the funds for Welfare-to-Work projects that focus on helping long-term welfare recipients enter unsubsidized employment. As part of their WtW Formula Grant Plan, States are required to describe strategies to promote and encourage coordination with the State Department of Transportation, Metropolitan Planning Organizations, transit operators and other transportation providers at the State and local levels. The portion of funds contributed to these efforts by non-Federal funding sources that go toward the service of WtW eligible individuals may be counted toward the State WtW match requirement.

Competitive grants

The remaining 25 percent of funds is available through competitive grants to local communities as described at Section 403(a)(5)(B) of the Social Security Act. The Department of Labor will award WtW competitive grants directly to political subdivisions (cities and counties) and PICs, as well as to private entities (such as community development corporations and community-based organizations, community action agencies, and other
public and private organizations) which apply in conjunction with a PIC or political subdivision. The Secretary of Labor will give special consideration to rural areas and cities with large concentrations of poverty. For the purposes of the competitive grants only, a public transit system may apply for a competitive grant as a private entity in conjunction with the local PIC or political subdivision. As part of their competitive grant proposal, applicants are asked to describe the coordination and contributions of local housing and transportation authorities, in addition to other organizations. Information on the competitive grants already awarded is available, and future solicitations for grant applications will be available, at the WtW internet site at http://wtw.doleta.gov.

Program Choices and Parameters

Because the WtW grants are part of the same subtitle of the Social Security Act as TANF, the broad purposes of the WtW program are the same as those outlined above for TANF. The Welfare-to-Work program is, however, more narrowly targeted to specifically provide transitional employment assistance to "move individuals into and keep individuals in lasting unsubsidized employment" by means of the six allowable activities listed in the statute (Section 403(a)(5)(C)(i) of the Social Security Act).

With a few exceptions, the allowable activities under WtW are similar to the activities permitted under TANF, and the same requirements discussed above apply to the WtW Grants program. These requirements include the cost principles set forth in OMB Circular A-87, as well as OMB Circular A-21, which applies to educational institutions; OMB Circular A-122, for non-profit organizations; 48 CFR Part 31 for commercial profit-making organizations; and 45 CFR Part 74 for hospitals, when applicable for competitive grants. The exceptions, with regard to transportation services, are:

- WtW funds can be used only for transportation services that are not otherwise available to the participant (refer to Section 403(a)(5)(C)(i)(VI) of the Social Security Act and 20 CFR 645.220(e));
- WtW funds can only be spent on transportation services for individuals participating in an allowable WtW activity.
- In addition to the general prohibitions on double match described above, the Social Security Act specifically prohibits the use of WtW grant funds, and State WtW matching funds, to fulfill match requirements under TANF or any other Federal law (Section 403(a)(5)(C)(vi) of the Social Security Act), except as provided in section 3037(h)(2)(B) of the Transportation Equity Act for the 21st Century (TEA-21) as amended by section 9009(w) (4) of the TEA-21 Restoration Act.
- Under WtW, up to 50% of matching funds may be in the form of third-party in-kind contributions.
Financial assistance, including loans or down payments, to eligible individuals for the lease or purchase of a vehicle to travel to/from work or work-related activities is not allowable under WtW.

PICs are expected to coordinate local community resources to provide transitional employment assistance (particularly supportive services such as child care and transportation) to the WtW eligible population. Local communities have considerable flexibility in how they use the WtW funds, but the Department of Labor encourages States to facilitate collaboration with local transportation organizations to help WtW participants reach their new job opportunities. States should also encourage local WtW service providers to work with transportation providers to develop employment opportunities for welfare recipients in transportation services, including appropriate self-employment opportunities.

3. Job Access and Reverse Commute Grant Program

On June 9, 1998, President Clinton signed Public Law 105-178, the Transportation Equity Act for the 21st century (TEA-21). Section 3037 of TEA-21 created the Job Access and Reverse Commute grant program. Funding is authorized at $150 million per year for FY 1999-2003, of which guaranteed funding starts at $50 million in FY 1999 and increases by $25 million each fiscal year. A total of $75 million is appropriated for FY 1999.

The Job Access and Reverse Commute grant program assists States and localities in developing flexible transportation services that connect welfare recipients and other low income persons to jobs and other employment-related services. Job Access projects are targeted at developing new or expanded transportation services such as shuttles, vanpools, new bus routes, connector services to mass transit, employer-provided transportation, and guaranteed ride home programs for welfare recipients and low income persons. Reverse Commute projects provide transportation services to suburban employment centers from urban, rural and other suburban locations for all populations. Up to $10 million of the annual funds may be used for Reverse Commute projects, with the remainder available for Job Access projects.

States, local governments, metropolitan planning and public transit agencies, tribal organizations, and non-profit organizations may apply for the competitive grants. Additional information on this grant program, including the solicitation for grant applications, can be found at the DOT web site at http://www.fta.dot.gov/wtw/.

The Job Access and Reverse Commute grant program is intended to establish a collaborative regional approach to job access challenges. All projects funded under this program must be the result of a collaborative planning process that includes transportation providers, agencies administering TANF and WtW funds, human services agencies, employers, metropolitan planning organizations, States, and affected communities and individuals. In addition, the program is expected to leverage other local funds that are eligible to be expended for transportation and encourage a coordinated approach to transportation
The Job Access and Reverse Commute grant program has a cost sharing requirement. Grant funds awarded for a project may not exceed 50 percent of the project’s total cost. However, section 3037(h)(2)(A)(ii) of TEA-21 as amended expressly allows funds from Federal programs (other than DOT) that may be expended for transportation activities to be used to help meet the local share of the cost. For example, in addition to local resources, Federal funds that may be used in cost sharing arrangements include the HOPE VI grants and other programs administered by the U.S. Department of Housing and Urban Development; Social Services Block Grants and TANF funds administered by HHS; and WtW grant funds administered by DOL.

The recipient of a Job Access or Reverse Commute grant needs to work with all parties sharing in the costs of the project to determine the allowable costs. This is particularly important whenever more than one Federal program expends funds toward the cost of Job Access or Reverse Commute projects.

Certain statutory limitations apply to TANF funds used in a cost sharing arrangement in the Job Access program. These limitations are found in section 403 of the Child Support Performance and Incentive Act of 1998, which added section 404(k) to the Social Security Act.

First, there are limits on how TANF funds may be used. These include:

- TANF funds must be used for new or expanded transportation services -- not for construction and not to subsidize current operating costs.
- TANF funds must supplement not supplant other State expenditures on transportation.
- The preponderance of the benefits derived from using TANF funds must accrue to current and former TANF recipients, noncustodial parents described in section 403(a)(5)(C)(ii)(II)(aa) or (bb) of the Social Security Act; and low-income individuals who are at risk of qualifying for TANF assistance.
- The transportation services provided with the help of TANF funds must promote the ability of the TANF recipients to engage in work activities (as defined in section 407(d) of the Social Security Act).

Similar restrictions may also apply to WtW.

Second, it is important to note that any Federal TANF funds expended for Job Access or Reverse Commute transportation projects do not constitute a transfer of funds to the Job Access and Reverse Commute grant program. Therefore, all applicable program requirements apply. For example, we previously mentioned (under the discussion of the services.
TANF program) that funds or services received by eligible families are generally defined as “assistance.” Various TANF programmatic requirements apply to families who receive federally funded TANF “assistance” (e.g., the Federal 60-month lifetime limit for the receipt of “assistance”; data reporting requirements).  

However, section 404(k)(3) of the Social Security Act as amended allows one important programmatic exception to TANF-funded transportation “assistance” provided to TANF recipients through a Job Access or Reverse Commute project where TANF funds are used as a match for such a project (e.g., rides on a new shuttle service to and from work provided through a Job Access project). If the transportation benefit is the only form of assistance provided to the individual for a month, then it is not considered “assistance” for purposes of applicable TANF programmatic requirements. For example, if the adult receiving the transportation benefit for a month is the head-of-household or the spouse of the head-of-household, and this is the only “assistance” the individual received for that month, then the month does not count toward the family’s 60-month time limit.

Finally, there is a limit on the amount of TANF funds that may be used in a cost sharing arrangement in the Job Access Program. The total amount of TANF funds that a State may use as match for the Job Access and Reverse Commute program during a fiscal year is computed as the difference between 30 percent of the State’s TANF grant amount and the amount that a State transfers to the Child Care Development Block Grant and the Social Services Block grant programs for the fiscal year.

4. Cost Principles

When planning for transportation services, States should refer to OMB Circular A-87 for guidance with respect to cost principles. OMB Circular A-87 describes the principles and standards for determining allowable costs incurred by State, local, and federally-recognized Indian tribal governments with respect to most Federal awards. The cost principles in OMB Circular A-87 are designed to ensure the fair and equitable expenditure of both Federal and State funds. OMB Circular A-87 is available through the Internet at http://www.whitehouse.gov/WH/EOP/OMB/html/circular.html.

The principles generally require that a Federal award must be used in compliance with all applicable Federal statutory and regulatory provisions; costs charged to a Federal award must be reasonable and necessary for operating the program; and the Federal award must not be used for general expenses required to carry out other responsibilities of a State or its subrecipients. In addition, funds from one federally-funded program cannot be used to overcome a shortfall in another federally-funded program. Thus for example, TANF funds cannot be used to remedy a deficit in another federally-funded program. This prohibition does not prevent State and local governments from shifting costs that are allowable under two or more Federal funding sources as long as those shifts are in accordance with existing

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4 See “parameters on the use of TANF funds,” under item 1, the TANF program.
Thus, it is more likely that TANF funds may be used in a Job Access project than a Reverse Commute project. This is further demonstrated by the limits placed on the use of TANF funds as a result of the Child Support Performance and Incentive Act of 1998 discussed earlier.
Employers at the industrial park agreed to provide jobs to low income individuals. The TANF agency and a local PIC agree to use Federal funds to match Job Access funds for this project. The new service will also be provided to the public i.e., it will include individuals not eligible for benefits under Job Access, TANF, or WtW.

This activity is reasonably calculated to meet a purpose of the TANF program. Therefore, TANF funds may be used to help pay for the costs of the project. However, in order to determine the amount of TANF funds to contribute to the project, the TANF agency needs to arrive at a reasonable estimate of the number of individuals from TANF families who will use the extended bus service. This estimate must be re-evaluated at least annually and adjusted prospectively because any future TANF funds used in the project must be based on a current estimate.

Then, following the cost principles articulated in OMB Circular A-87, the transit provider, TANF and WtW agencies will need to identify the direct and indirect costs of this project. A fair share of direct costs are assigned to each of the three parties putting money into the project (the recipient of the Job Access DOT grant funds, TANF agency, and PIC). The indirect costs must be allocated to each program using a procedure that accurately divides the allowable indirect costs in accordance with the benefits received by each party. The indirect costs and the method used to arrive at each party’s share would be included in the cost allocation plan.

Thus, States may expend Federal TANF and WtW grant funds to share in a portion of the cost of project(s). This means that the prohibition in section 403(a)(5)(C)(vi) of the Social Security Act against using Federal WtW grant funds or State WtW matching funds to fulfill match requirement under other Federal programs does not apply to WtW funds used for transportation services in Job Access or Reverse Commute projects. However, the prohibition under section 409(a)(7)(B)(iv)(IV) of the Social Security Act does apply. As a result, any State funds expended to meet the Job Access and Reverse Commute grant program cost sharing requirement do not count toward the State’s TANF MOE requirement.

5. Other Resources Available for Transportation

Although this guidance specifically identifies the opportunities to address transportation needs through TANF, WtW, and the Job Access funding, States should consider coordinating a broader range of resources to maximize the availability of transportation for those moving from welfare to work. A recent study (Building Mobility Partnerships, Community Transportation Association of America) identified 90 programs across 11 Federal departments and six independent Federal agencies which can be used to support community transportation efforts in planning, capital purchase and operating services. There are additional resources through State-specific and local funding sources as

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6 The exception to the prohibition in section 403(a)(5)(C)(vi) of the Social Security Act is provided in section 3037(h)(2)(B) of TEA-21 as amended by section 9009w of the TEA-21 Restoration Act.
well. These resources, appropriately coordinated, can result in significant transportation resources to enhance existing services or create new ones.

Transportation is an allowable support service under programs such as Social Services Block Grants, Community Services Block Grants, Medicaid, the Job Training Partnership Act, and title I of the Workforce Investment Act which not only replaces the Job Training Partnership Act but also establishes one stop delivery systems that include many of the other federally funded programs in the local area. Other ideas can be found in *Access To Jobs, A Guide to Innovative Practices in Welfare-to-Work Transportation*. States should encourage local agencies to use all available transportation services in their area to facilitate access to good jobs for low income Americans.