



Department of
Job and Family Services

Ted Strickland, Governor

Douglas E. Lumpkin, Director

Family Assistance Letter # 93A
OFFICE OF FAMILIES AND CHILDREN
May 18, 2010

To: Directors, County Departments of Job and Family Services

From: Trudie J. Bormann, Assistant Deputy Director
Family Assistance
Office of Families and Children

Subject: TANF Subsidized Summer Employment Program for Youth

We have received tremendous interest in the TANF Subsidized Summer Employment Program for Youth, which was first announced in Office of Families and Children Family Assistance Letter #93 issued on April 23, 2010, and is to begin June 1, 2010. In that letter we set forth the parameters of the program and explained the funds made available for the program and eligibility, allowable use and distribution of the funds.

With this letter we are providing more information about the reporting that is needed, a change to the amount of the wage that can be subsidized, clarification on the definition of "work subsidy" and when wages may count in benefit eligibility determinations, a list of frequently asked questions and the answers we have provided, and a list of participating counties.

What are the reporting requirements?

Attached to this letter are two reports county agencies must submit monthly. It is imperative that we receive both of these reports by the 15th of the month following the reporting month in order to track our match requirement and to track participation and expenditures for reporting back to the U.S. Department of Health and Human Services on the use of our TANF stimulus dollars.

Appendix A is the "TANF Subsidized Summer Employment Program for Youth Reporting Form." This report will capture participant data as well as wage and hour data. Please make sure your agency only reports subsidized wages on this report. This report is also intended to capture whether the county agency is using Prevention, Retention and Contingency (PRC) funds or other nonfederal, non-matched funds for direct supervision and training so that we can track the expenditures to ensure we are meeting the match

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requirement, and to prepare our final TANF stimulus application which is due September 1.

The report is due on the 15th of the month following the reporting month. The monthly report is to be sent to the Program-Policy@jfs.ohio.gov e-mailbox. **The first report will be due July 15, 2010.**

All documentation is to be kept in case files at the county agency. There are no requirements to enter documentation into CRIS-E. Subsidized employment program contracts, applications, eligibility determinations, expenditures, invoices, etc. shall be retained for auditing purposes.

How much in wages can the county subsidize?

In Family Assistance Letter #93, we set a limit for the wage subsidy at no higher than state minimum wage. Upon further consideration we are now increasing the wage limit to ten dollars an hour. In some instances, county agencies have indicated that in the past, they hired older participants as supervisors of younger participants, and at a higher wage. Because the state has a match requirement, and is using direct supervision and training costs of the employers to claim as the match, the TANF Subsidized Summer Employment Program for Youth allocation may not be used to pay for supervisors, even if they are youth participants. The county agency may use its PRC program funds, or may use other non-federal, non-matched funds, if it chooses, and must report these expenditures to the state.

Who must pay the wages to participants?

The TANF Subsidized Summer Employment Program for Youth is a different program than the Workforce Investment Act (WIA) Summer Youth Employment Program. One of the key distinctions is who pays the wage to the youth. In the WIA summer youth programs, the wages were paid by the agency, not the employer.

Because the TANF dollars we received from the American Recovery and Reinvestment Act (ARRA) are to be spent on "work subsidies" the federal Department of Health and Human Services (HHS) has made it very clear that only wages paid by the employer or a third party can be funded with these funds. In HHS TANF Program Instruction 2010-01, HHS defined "subsidized employment" (the term used by the ARRA) to mean "work subsidies," and that "[c]onsistent with the definition at 45 CFR 260.31(b)(2) and at 45 CFR 286.10(b)(2), work subsidies means payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training." A county agency paying the youth directly, rather than reimbursing the employers who would pay wages to the youth, does not meet the federal definition of "work subsidies."

Do the wages of participants count as income for public assistance programs?

On March 26, 2010, the U.S. Department of Agriculture, Food and Nutrition Service (FNS) issued guidance that stated that income received from TANF-funded subsidized employment programs should be treated as earned income in determining food assistance eligibility and benefits. Because of this clarification, the Office of Families and Children

has asked for further clarification regarding whether income received from the TANF Subsidized Summer Employment Program for Youth can be treated differently, because the program is more similar to the Workforce Investment Act summer youth employment program than to traditional subsidized employment. We have not yet received an answer from FNS on this question. As a result, at this time, pursuant to rule 5101:4-4-19 of the Ohio Administrative Code, income received from the TANF Subsidized Summer Employment Program for Youth is considered countable earned income for the food assistance program, except for those food assistance participants 17 years old or younger who are enrolled in secondary school.

Likewise, pursuant to rule 5101:1-23-20 (D)(1)(c) of the Ohio Administrative Code, earnings received from participation in the TANF Subsidized Summer Employment Program for Youth are countable in determining Ohio Works First eligibility and level of benefits when the participant is a minor parent or does not meet the definition of a minor child. Income received from the program by non-parent minors who meet the definition of a minor child (because the minor is either under 18 years of age, or is age 18 and attending high school full time) is excluded from the determination of Ohio Works First eligibility for the family.

Must employers report the wages for purposes of unemployment compensation?

The ODJFS Office of Unemployment Compensation has stated that under Section 4141.5.05 of the Ohio Administrative Code, employers are not required to report the wages paid to youth as part of the TANF Subsidized Summer Employment Program for Youth. Employers should not include the youth or the youth's wages on their quarterly unemployment compensation reports. So long as the youth is not included on the wage reports, the weeks and wages should not count towards any other employment that the youth might have for the purpose of a claim.

According to the ODJFS Office of Unemployment Compensation, if employers report the wages paid to youth under this program, the employer will run the risk that those wages may be included in a benefit claim. The result would be a negative impact on that employer's contribution payment and rate. A reimbursing nonprofit employer would be required to reimburse the state for any benefits paid to the youth.

For specific questions concerning unemployment compensation, a county agency may contact James Durbin, Assistant Chief, Contribution Section, Bureau of UC Tax at 614-644-3709 or at james.durbin@jfs.ohio.gov

Is a county agency required to engage in competitive bidding to do a third party contract?

Any questions concerning procurement and contacting should be referred to the ODJFS Fiscal Supervisor assigned to your agency or to the Technical Assistance Section in the Office of Fiscal and Monitoring Services, Bureau of County Finance and Technical Assistance. Several options may exist for a county agency concerning selection of partnering agencies.

For further guidance on procurement, please refer to the Fiscal Administrative Procedure Manual under Local Administration: The Manual can be accessed at: <http://emanuals.odjfs.state.oh.us/emanuals/> Under Local Administration - click on Fiscal Administrative Procedure Manuals: Fiscal Administrative Procedure Letter (FAPL) 2; OCS rule 5101:9-4-07.

Questions & Answers

We have received many questions on the TANF Subsidized Summer Employment Program for Youth. A listing of frequently asked questions and our responses is attached to this letter as Appendix B. For your convenience, we have separated them into categories – (1) contract/procurement/fiscal; (2) employment/unemployment compensation/layoffs; (3) use of funds; (4) program eligibility; and (5) reporting.

Have you provided us with your county agency point of contact and your PRC plan amendments?

Our office still does not have a primary point of contact for all counties concerning this program. If your agency has not already, please designate a primary point of contact for your agency. Please include name, phone number, and email address and send the information and PRC plan amendments to the Program-Policy@jfs.ohio.gov e-mailbox.

What attachments are included with this letter?

Appendix A – TANF Subsidized Summer Employment Program for Youth Reporting Form

Appendix B – Frequently Asked Questions

Appendix C – List of Participating Counties

For further information, please feel free to contact Matthew Cunningham either by email at matthew.cunningham@jfs.ohio.gov or phone at 614-644-1296.

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