



Lisa R. Collier,
CPA, CFE, CIDA,
State Auditor

Temporary Assistance for Needy Families Efficiency Audit

November 1, 2022

Members of the Legislative Audit Committee:

Texas Government Code, Section 531.005522, directed the State Auditor's Office to select an external auditor to conduct an efficiency audit of the Temporary Assistance for Needy Families (TANF) program. The State Auditor's Office contracted with Public Consulting Group (PCG) to conduct the audit.

For purposes of this report and in accordance with Texas Government Code, Section 531.005522, an efficiency audit is defined as an investigation of the implementation and administration of the federal TANF program and the state temporary assistance and support services program to examine fiscal management, efficiency of the use of resources, and the effectiveness of state efforts in achieving the goals of the TANF program.

PCG reviewed all 19 programs included in the TANF State Plan, which are administered by the Health and Human Services Commission, Department of Family and Protective Services, Texas Education Agency, and the Texas Workforce Commission.

Overall, PCG concluded that all TANF programs served one of the four TANF purposes, with the majority of TANF funds spent to keep needy children in their own home or the home of relatives. PCG also concluded that the State operated TANF programs efficiently and effectively, with little duplication and lean budgets. However, PCG reported that no agency provided oversight or strategic visioning for TANF. In addition, PCG identified 24 specific findings across the four TANF agencies. Those findings related to federal and intra-agency reporting errors, oversight and monitoring, compliance with TANF requirements, and calculation of the State's required share of TANF spending. PCG's full report is presented in Attachment 1.

Each agency provided management responses, which are presented in Attachments 2 through 5. Overall, the agencies agreed to implement PCG's recommendations. However, the Department of Family and Protective Services disagreed with certain recommendations, to which PCG provided follow-up comments (see Attachment 3).

Sincerely,

Lisa R. Collier

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

 Robert E. Johnson
Building
1501 N. Congress Avenue
Austin, Texas 78701

 P.O. Box 12067
Austin, Texas 78711-2067

 Phone:
(512) 936-9500

 Fax:
(512) 936-9400

 Internet:
www.sao.texas.gov

Members of the Legislative Audit Committee

November 1, 2022

Page 2

[Attachment 1](#) – PCG’s Audit Report

[Attachment 2](#) – Health and Human Services Commission’s Response

[Attachment 3](#) – Department of Family and Protective Services’ Response and PCG’s Follow-up
Comments

[Attachment 4](#) – Texas Education Agency’s Response

[Attachment 5](#) – Texas Workforce Commission’s Response

cc: The Honorable Greg Abbott, Governor
The Honorable Lois Kolkhorst, Chair, Senate Committee on Health and Human Services
The Honorable James Frank, Chair, House Committee on Human Services
Ms. Cecile Erwin Young, Executive Commissioner, Health and Human Services Commission
Ms. Jaime Masters, Commissioner, Department of Family and Protective Services
Mr. Jerry McGinty, Director, Legislative Budget Board
Mr. Mike Morath, Commissioner of Education, Texas Education Agency
Mr. Ed Serna, Executive Director, Texas Workforce Commission
Members of the Texas Workforce Commission

Attachment 1

*Texas Temporary Assistance for Needy Families (TANF)
Efficiency Audit for State Fiscal Years 2018 - 2021*

Public Consulting Group

Texas Temporary Assistance for Needy Families (TANF) Efficiency Audit

State Fiscal Years 2018 - 2021



PUBLIC
CONSULTING GROUP

TABLE OF CONTENTS

Executive Summary	1
Introduction	9
TANF Overview.....	13
Texas TANF Program	22
Health and Human Services Commission	38
Basic Cash and State Temporary Assistance and Support Services Programs	45
Early Childhood Intervention.....	55
HHSC TANF Program Management Costs	62
Alternatives to Abortion.....	66
Healthy Marriages Program	78
Department of Family and Protective Services	87
Emergency Assistance	97
DFPS TANF Program Management Costs.....	111
Texas Nurse Family Partnership	113
Relative and Other Designated Caregiver Program	120
Family-Based Safety Services Program	127
Texas Education Agency	134
Prekindergarten	140
Communities in Schools	153
TEA TANF Program Management Costs	158
Amachi Program	161
Texas Workforce Commission	163
Choices Employment and Training Program	170
Adult Education and Literacy	180
In-School and After-School Youth Development Initiatives	188
Non-Custodial Parents Choices.....	196
Subsidized Employment	201
Foster Youth Transition Centers.....	208
Self-Sufficiency Fund Program	215
TWC TANF Program Management Costs	220
Child Care	228
Texas Disability Navigator Initiative	229

EXECUTIVE SUMMARY

The Texas State Auditor’s Office (SAO) contracted with Public Consulting Group (PCG) to conduct an efficiency audit of the state’s Temporary Assistance for Needy Families (TANF) and state temporary assistance and supportive services program. The SAO was mandated to contract with an outside agency to conduct this audit through Section 531.005522 of the Texas Government Code. A high-level overview of the audit is provided below.

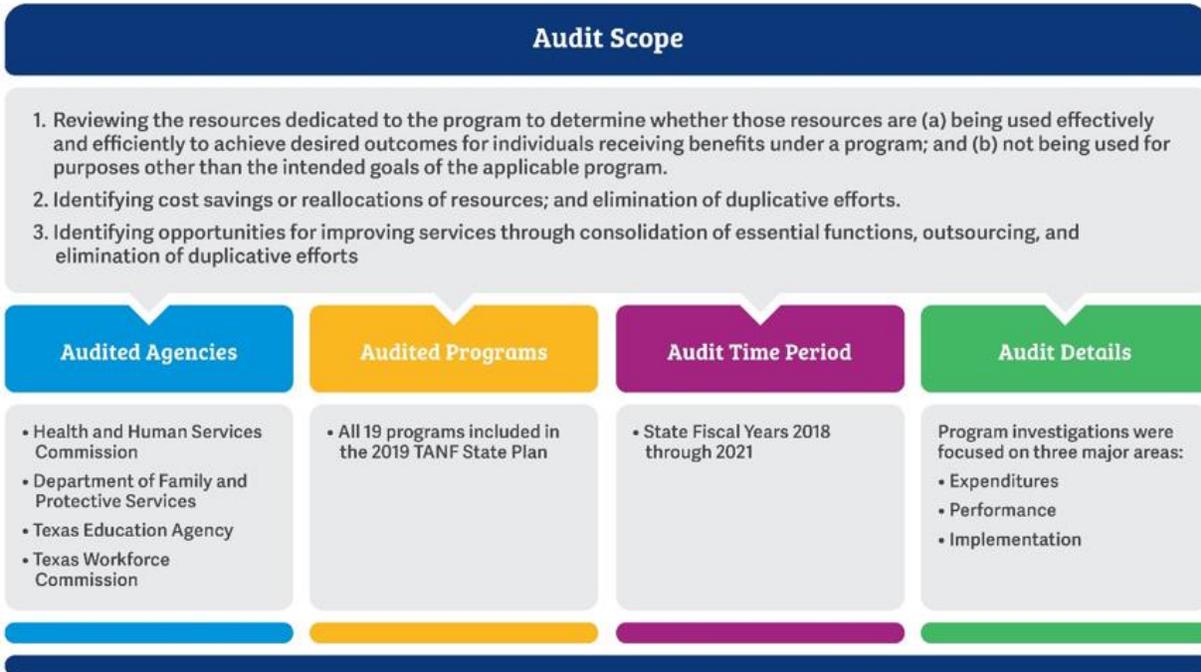


FIGURE 1: TANF EFFICIENCY AUDIT OVERVIEW

Throughout this report we will refer to spending in terms of both State Fiscal Year (SFY) and Federal Fiscal Year (FFY), depending on the source data. TANF expenditures are reported annually to the federal Administration for Children and Families (ACF) on a Federal Fiscal Year basis. State Fiscal Years run September to August while Federal Fiscal Years are October to September.

TANF IN TEXAS

Texas’s annual TANF block grant is \$484,652,105. This is the eighth largest TANF award in the nation. Texas additionally received an average of \$56 million in the TANF Contingency Fund each of the four years covered in this audit. A state is eligible to access the Contingency Fund if it meets certain criteria and is found “needy” based on its unemployment rate or its caseload in the Supplemental Nutrition Assistance Program (SNAP). Contingency funds are federal funds paid on top of the TANF block grant.

One of the advantages of the TANF’s block grant structure is that it gives states significant flexibility in how to design their TANF program. The program need not only consist of monthly cash payments to families with low-income. Rather, the state can offer a variety of programs geared towards children, families, and older youth.

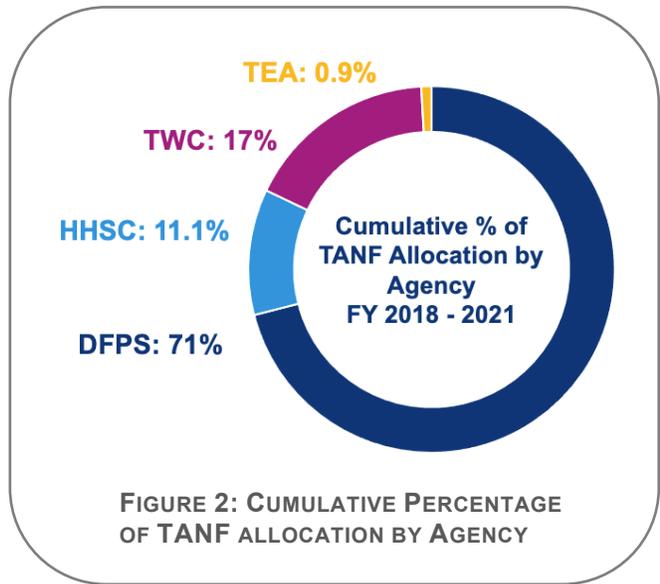
Texas established a broad TANF landscape that provided funding to more than 20 different programs. During the period of the audit, Texas supported thousands of individuals to access nurse visiting

programs, adult education and literacy programs, subsidized employment, and in- and after-school programs.

The Texas Legislature appropriated the block grant to four state agencies:



An average of 71% of the TANF funds were allocated to DFPS. TEA was allocated the smallest amount of TANF, with less than 1% of the block grant going to this agency on average each year.¹



¹ Allocations were provided by HHSC. The document provided only referenced the term Fiscal Year.

TANF EXPENDITURES

States report spending in the TANF program on a quarterly basis using the ACF-196R.² According to the ACF-196Rs provided by HHSC, between Federal Fiscal Year 2018 and 2021, **Texas spent a total of \$1,910,211,368 in federal TANF, an average of \$477,552,842 per year.**³ The cumulative breakdown of expenditures by ACF-196R categories for all of Texas is provided in the chart below.

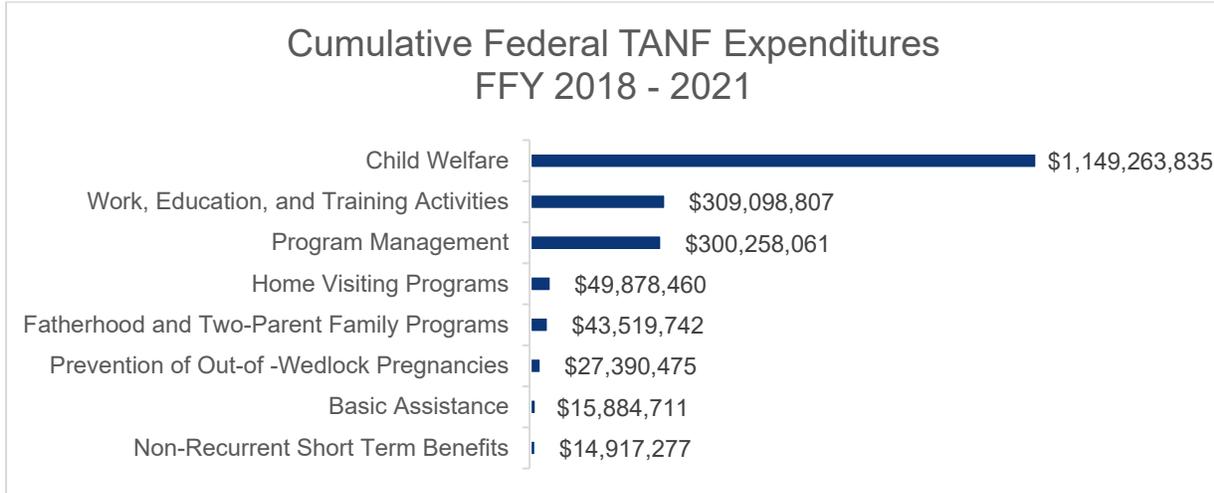


FIGURE 3: CUMULATIVE FEDERAL TANF EXPENDITURES BY ACF-196R CATEGORY

TANF MAINTENANCE OF EFFORT (MOE) REQUIREMENT

The TANF program requires that a state spend a minimum amount of its own state funds for TANF and TANF-related activities; this is called Maintenance of Effort (MOE). A state must spend state dollars equal to at least 80% of what it had spent in FFY 1994 on the Aid to Families with Dependent Children (AFDC) and Jobs Opportunity and Basic Skills (JOBS) programs. If a state meets the work participation rate (WPR) requirement, the MOE requirement is reduced to 75%. Texas' 75% annual MOE requirement is \$235,725,754.

Texas not only met its basic MOE requirement, but it also met the additional spending requirements to keep its full allocation of the Contingency Fund. Including the MOE required to keep the Contingency Fund, Texas had to spend an average of \$347,912,828 in state expenditures annually.

Over 85% of Texas' TANF MOE was comprised of TEA expenditures for the prekindergarten program. The remainder consisted of spending from HHSC and TWC.

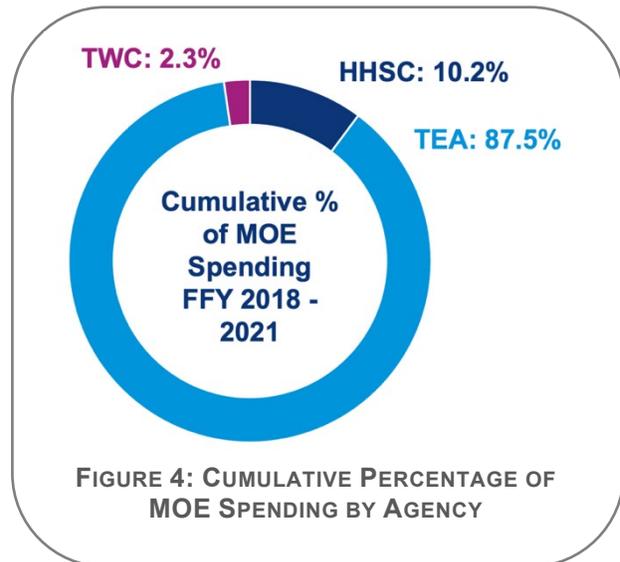


FIGURE 4: CUMULATIVE PERCENTAGE OF MOE SPENDING BY AGENCY

² The formal name for the ACF-196R is the State Financial Report.

³ Includes only those expenditures reported in Column A and Column D on the ACF-196R.

TANF STRATEGY AND OVERSIGHT

From the federal perspective, HHSC is the cognizant agency for the TANF program in Texas; however, it has no authority over the other three agencies, including oversight or monitoring. Through this audit, we identified that no single agency provided oversight and strategic visioning for Texas' TANF funding and MOE requirements. This was true not only at the state-level but within each individual agency. This led to inaccurate reporting on both how TANF funds were used as well as how MOE expenditures were calculated.

USE OF TANF RESOURCES FOR THE INTENDED GOALS OF THE APPLICABLE PROGRAM

The audit did not uncover any apparent misuse of TANF funds. All programs funded with TANF or TANF MOE fell under one of the four TANF purposes. With the exception of HHSC's Alternatives to Abortion program, each program was correctly classified under the correct TANF Purpose.

The federal TANF law, included in Chapter IV of the Social Security Act, outlines four purposes that govern the TANF program:⁴

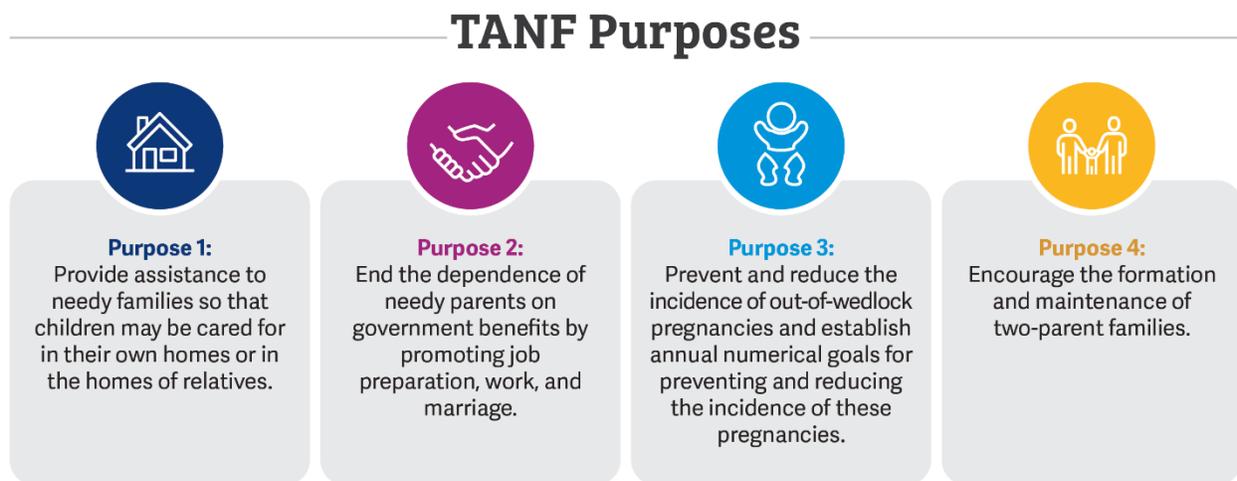
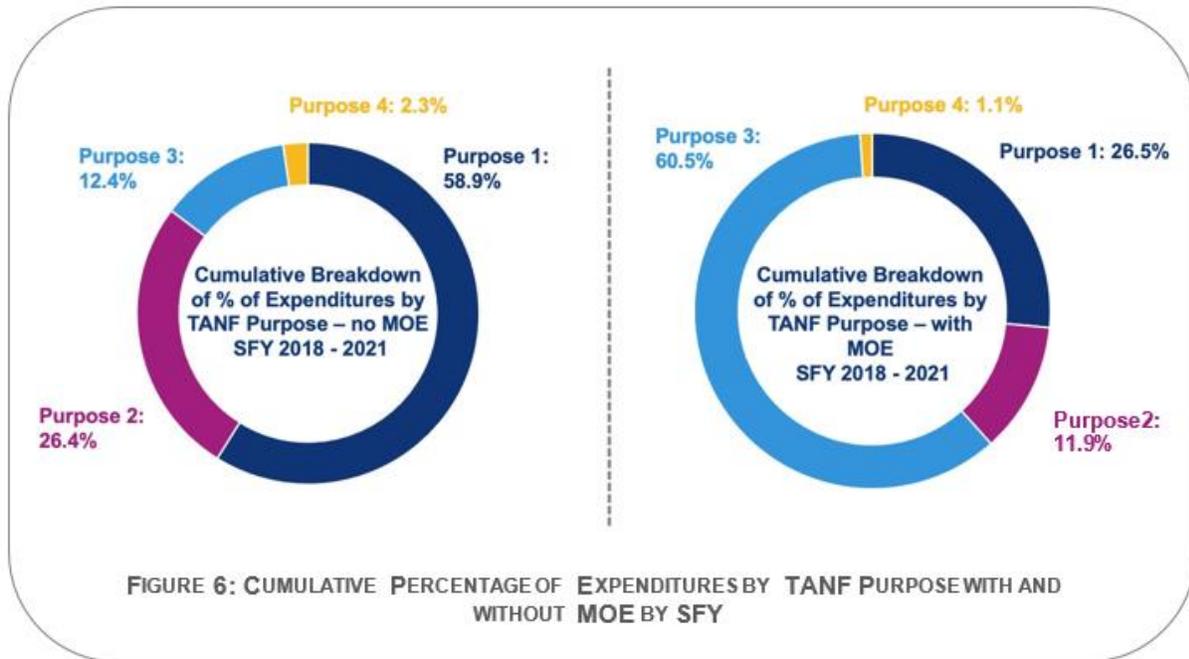


FIGURE 5: FOUR PURPOSES OF TANF

We looked specifically at how Texas used its TANF based on the four TANF purposes. As a whole, the state focused heavily on using its federal TANF dollars on achieving Purpose 1, which is to keep needy children in their own home or the home of relatives. More than 58.9% of expenditures were spent to achieve this goal.

When the state spending on TANF MOE is added to show the full investment in the TANF program, the breakdown of spending between the four purposes shifted. When federal and state dollars are considered together, 60% of spending is on programs that meet TANF Purpose 3, preventing and reducing the incidence of out-of-wedlock pregnancies.

⁴ Section 401 of the Social Security Act. Retrieved from: https://www.ssa.gov/OP_Home/ssact/title04/0401.htm



EFFICIENT AND EFFECTIVE USE OF TANF RESOURCES

One focus of the TANF Efficiency Audit was to assess if the resources allocated to the program were used effectively and efficiently. Our review of the 19 different programs identified only one program that was duplicative of other TANF funded programs. Overarchingly, the programs were operated efficiently and effectively, with little duplication and often very lean budgets.

It was difficult to answer if the larger TANF block grant was effectively used. Federally, there is no measure for assessing effectiveness of the program against the four purposes that govern it. The only measure federally is for performance against the WPR, which is specific to the welfare-to-work component of the program.⁵ During the course of the audit, Texas' target WPR was 0%.

Similar to the federal level, in Texas, no one agency or person had established a sort of north star or guiding vision for the TANF program against which we could measure effectiveness. As a result, each agency and program operated independently and for its own purposes. To try to answer the question, we looked for documentation that spoke to the intent behind the TANF program.

The TANF program is promulgated in Chapter 31 of the Texas Human Resources Code. This chapter discusses the importance of work in its opening paragraph, stating that the priority of the basic cash program is to serve "adult recipients of or unemployed applicants for the financial assistance and services

⁵ Texas' welfare-to-work program is administered by TWC and is the TANF Choices program.

in finding and retaining a job.”⁶ The 2019 TANF State Plan discusses the use of a diversion program that focuses on work by “diverting those Texans who can remain self-reliant with immediate assistance”.⁷

The implementation of the broader TANF program, across the four agencies allocated TANF, did not align with what was established in Chapter 31 of the Texas Human Resources Code. We would expect to see more funding allocated to TWC, whose sole mission is to “oversee and provid[e] workforce development services to employers and job seekers of Texas.”⁸ This agency received on average 17% of the TANF block grant. Instead, we found that over 71% of the allocation was to DFPS, whose programs were focused on keeping needy children in their own home or the home of relatives.

TANF CARRY OVER

In trying to answer the question if TANF resources were used efficiently and effectively, we also looked at how much of the block grant was spent. TANF block grant dollars can be carried over from year to year.

There is no Federal time limit for spending carried over funds, however the funds must be spent on achieving one of the four TANF purposes.⁹ This policy can lead to states establishing a so-called “rainy day fund,” where they accumulate a large amount of older TANF dollars.

The carry over amount in Federal Fiscal Year 2021 was \$176,120,382 and this amount may have included some of the carry over from previous years.

SUMMARY OF AUDIT RESULTS

Throughout this report, we describe each of the programs funded by TANF or TANF MOE and answer questions related to whether the program met a TANF purpose, served eligible families, and that the TANF allowable portion of the program was calculated accurately.

For each agency and program, we identified a number of findings and observations that should be considered and resolved moving forward. Findings and observations are defined as:



Finding

There is evidence that the agency acted in a way that was not consistent with or adhering to federal TANF regulations.



Observation

There is evidence that the agency may have been at risk for not adhering to federal TANF regulations. This evidence may have demonstrated that the agency could be cited for a finding in the future. In some instances, an observation is made because there was not enough documented evidence to confirm that the agency was not complying with federal TANF regulations.

AUDIT FINDINGS

A total of 24 findings were identified through the course of the audit. We additionally identified 13 observations. We have summarized the findings into broader themes to provide a more simplified view of the areas where improvements both can and must be made.

The topics listed below do not match 1:1 with the findings and observations listed throughout the report as those contain more detail. This table is informational only and agencies are not required to respond to the observations contained within it.

⁶ Texas Human Resources Code, Chapter 31. Retrieved from: <https://statutes.capitol.texas.gov/Docs/HR/htm/HR.31.htm>

⁷ Texas 2019 TANF State Plan. Retrieved from: <https://www.hhs.texas.gov/sites/default/files/documents/laws-regulations/reports-presentations/2021/tanf-state-plan-oct-2019.pdf>

⁸ TWC purpose. Retrieved from: <https://www.twc.texas.gov/about-texas-workforce>

⁹ Administration for Children and Families (ACF). (2010). TANF-ACF-PI-2010-04 (Use of Federal TANF Carry-Over funds for any allowable TANF benefits, service, or activity). Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pi-2010-04-use-federal-tanf-carry-over-funds-any-allowable-tanf>

TANF EFFICIENCY AUDIT FINDINGS AND OBSERVATIONS BY TOPIC AND AGENCY



Finding



Observation

	Topic	HHSC	DFPS	TEA	TWC
General TANF Administration	HHSC should act in a manner that is consistent with being the cognizant agency for the TANF program.				
	HHSC should notify the other state agencies if they are spending regular TANF or TANF Contingency Fund dollars so that the other agencies can correctly report their expenditures.				
	HHSC should adhere to the Texas Human Resources Code requirements for healthy marriages programs.				
	A single entity should be responsible for knowing the entire portfolio of TANF and MOE programs and where those programs should be reported on the ACF-196R.				
	The TANF State Plan should be reviewed regularly to confirm all program descriptions are up to date and programs no longer funded by TANF or TANF MOE are removed.				
Federal Reporting	DFPS, TEA, and TWC should review how they report TANF spending and only report expenditures that occurred during the FFY on the ACF-19R forms.				
	All agencies should confirm that programs are reported on the correct line on the ACF-196R.				
	TWC and TEA should ensure that the data reported on the ACF-204 is correct.				
	HHSC and DFPS should confirm that program expenditures are correctly categorized as TANF assistance or non-assistance. Assistance spending must be correctly accounted for on the ACF-199 report.				
TANF Spending	TEA should comply with the TANF MOE new spending test and account for program expenditures in 1995.				
	HHSC should confirm that TANF eligible spending has occurred before using TANF funds to pay grant recipients.				

	Topic	HHSC	DFPS	TEA	TWC
Internal State Reporting	DFPS, TEA, and TWC should ensure that the ACF-196R expenditures reported to HHSC are accurate and reported on the correct line.				
TANF Allowability	HHSC should review each program annually to confirm that the correct TANF Purpose – and all associated rules – are being applied.				
	DFPS should confirm which services were included in the approved 1997 Title IV-A State Plan amendment under TANF prior law.				
	TEA and TWC should update their methodologies for calculating the portion of expenditures that benefit TANF or TANF MOE eligible families, including using regional or local level data where available.				
	TEA should review enrollment in its pre-kindergarten program annually to confirm it is not universally available, which would render the program ineligible to be reported as TANF MOE.			 	
	DFPS should review its Cost Allocation Plans to confirm that expenditures claimed to TANF are also allocated to other benefitting programs.				
	HHSC should confirm that administrative costs related to medical services are not paid for with TANF.				
	HHSC should confirm that it is in compliance with federal rules, such as notifying subcontractors when they receive federal funds and ensuring compliance with Charitable Choice.				

TANF Efficiency Audit



PUBLIC
CONSULTING GROUP

INTRODUCTION

AUDIT BACKGROUND

Texas Government Code, Section § 531.005522 requires that the Texas State Auditor’s Office (SAO) select an external auditor to conduct an independent efficiency audit for the Temporary Assistance for Needy Families (TANF) and state temporary assistance and supportive services program. The SAO contracted with Public Consulting Group (PCG) to perform this audit. Texas Government Code, Section § 531.005522 established the scope and areas of investigation for the audit. The Legislative Budget Board (LBB) specifically identified the agencies, programs, and details for the audit. These aspects are outlined below:

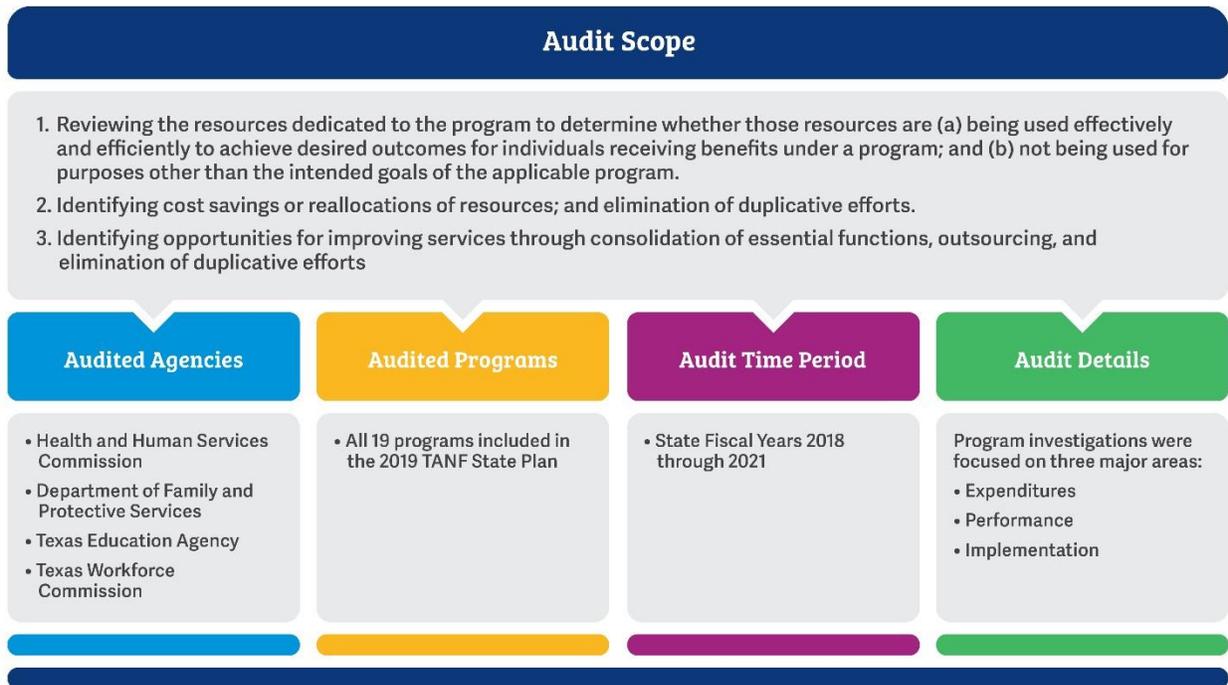


FIGURE 1: TANF EFFICIENCY AUDIT OVERVIEW

The programs included in the 2019 TANF State Plan are listed in the graphic to the right:

FIGURE 2:
 2019 TANF PROGRAMS
 Throughout



Throughout this report we will refer to spending in terms of both State Fiscal Year (SFY) and Federal Fiscal Year (FFY), depending on the source data. TANF expenditures are reported annually to the federal Administration for Children and Families (ACF) on a Federal Fiscal Year basis. State Fiscal Years run September to August while Federal Fiscal Years are October to September.

METHODOLOGY

As part of this audit, PCG utilized various methods to gather information about the Texas TANF programs, including the services delivered, the people served, and challenges for implementation. We additionally gathered and analyzed data on expenditures and the cost per person of delivering the program. More details about compilation and analysis of this information is included below:¹⁰



FIGURE 3: COMPILATION OF INTERVIEWS AND DOCUMENTS REVIEWED

EXPENDITURE REVIEW METHODOLOGY

The scope of the audit included an examination of the resources dedicated to the program, specifically by exploring the different Methods of Finance (MOF) that were used to pay for program services.¹¹ This required a review of the expenditures for each program as reported within Texas' Centralized Accounting and Payroll/Personnel System (CAPPS).

Most TANF programs had a variety of different MOFs. For easier comparison within this report, PCG grouped the various MOFs into five different categories:

¹⁰ Public Assistance Cost Allocation Plans (PACAP) are developed by all state public assistance agencies. These plans outline how administrative costs (both direct and indirect) will be charged to Federal awards (see <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/appendix-Appendix%20VI%20to%20Part%20200> for more information). The acronym ACF stands for the Administration for Children and Families, which is TANF's federal agency. Information about the specific reports identified in this graphic are covered in the [Federal Reporting Requirements for TANF](#) section.

¹¹ The scope of the audit included only those programs listed in the 2019 TANF State Plan. However, the audit covered expenditures in State Fiscal Year 2018. This included programs that received TANF funding or whose expenditures were counted as TANF MOE but that were not included in the 2019 TANF State Plan.

TANF	Other Federal Expenditures	General Revenue	General Revenue for TANF MOE	All Other Expenditures
All expenditures listed with Assistance Listing Number (ALN) 93.558	All expenditures that had an ALN ¹²	All expenditures that were under the General Revenue Method of Finance. Included expenditures that were used to meet federally required match or MOE. Excluded General Revenue Fund 759.	All expenditures from General Revenue Fund 759: General Revenue for TANF MOE	Any other expenditure or source of funding. Includes sources like interagency contracts, appropriated receipts, and license plate funds

Each agency provided their expenditures for the General Appropriations Act (GAA) strategies and sub-strategies under which its TANF programs fell. This was a challenging effort for the agencies given that they do not think in terms of GAA strategies when administering the program. It also proved challenging in terms of identifying the correct expenditures to analyze. Agencies juggle a variety of time periods for their expenditures: Appropriation Years, Grant Years, State Fiscal Years, and Federal Fiscal Years.

The expenditures reported by the agencies and used throughout this report were for the State Fiscal Year and included any expenditure that was incurred from September 1 through August 31, regardless of the associated Grant or Appropriation Year.

Each state is also required to report its expenditures for the TANF block grant to the Administration for Children and Families (ACF), its federal agency. This is done using the ACF-196R, TANF's main financial report. As such, we included a review of the ACF-196R in our audit. Expenditures reported on the ACF-196R were incurred from October 1 through September 30, regardless of the associated Grant Year.

Due to the difference in the State and Federal Fiscal Year, there was some variance between the two sets of data.

FINDINGS AND OBSERVATIONS

Throughout this report, we describe each of the programs funded by TANF or TANF MOE and answer questions related to whether the program met a TANF purpose, served eligible families, and that the TANF allowable portion of the program was calculated accurately.

For each agency and program, we identified a number of findings and observations that should be considered and resolved moving forward. Findings and observations are defined as:



Finding

There is evidence that the agency acted in a way that was not consistent with or adhering to federal TANF regulations.



Observation

There is evidence that the agency may have been at risk for not adhering to federal TANF regulations. This evidence may have demonstrated that the agency could be cited for a finding in the future. In some instances, an observation is made because there was not enough documented evidence to confirm that the agency was not complying with federal TANF regulations.

¹² During the audit period, the term CFDA was used in financial documentation to identify federal awards. CFDA's are now called Assistance Listing Numbers (ALNs). See <https://eca.state.gov/organizational-funding/applying-grant/assistance-listings> for more information.

REPORT LAYOUT

This audit report is laid out according to the requirements within the scope. To satisfy the requirements, we created a program summary for each of the programs listed in the 2019 TANF State Plan.¹³ Each program summary contains the following required information:

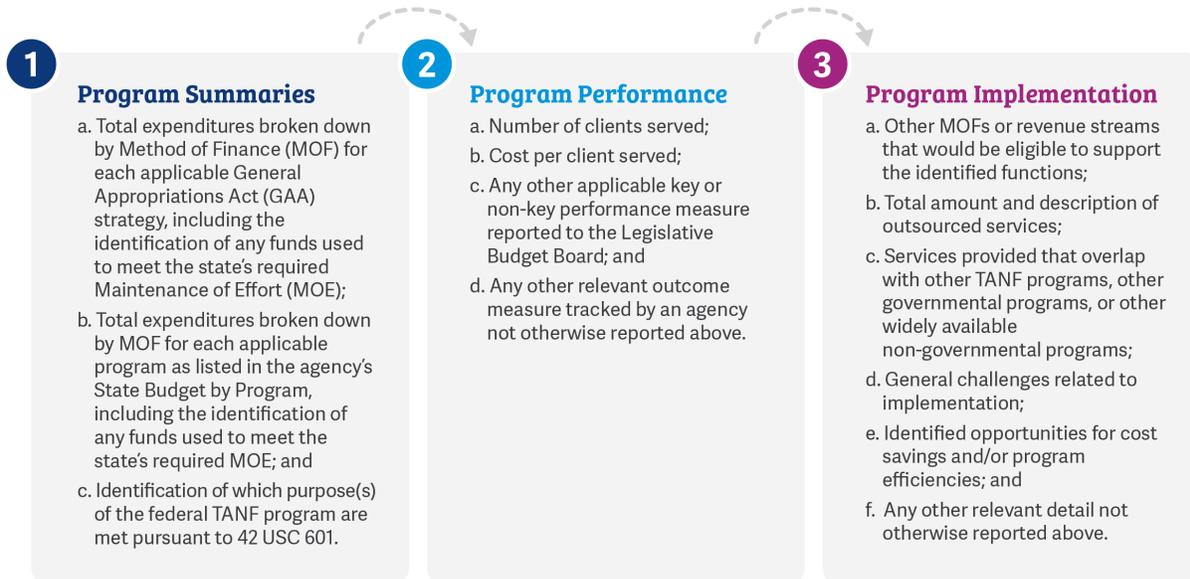


FIGURE 4: INFORMATION COVERED IN PROGRAM SUMMARIES

REPORT ORGANIZATION

The report is divided into seven sections, which include the following pieces of information. Findings and Observations are included throughout the report in the appropriate section.

Audit Background	Overview of the scope of this audit and the methodology used.
TANF Overview	Information on the federal TANF program, including how states can use their TANF funds and the Maintenance of Effort (MOE) requirement.
TANF In Texas	Details about Texas' TANF program, including appropriation of funds, expenditures, Texas' strategy and oversight of the TANF program. Also discusses the efficient and effective use of TANF resources and if the resources were used to achieve the program goals.
HHSC	Overview of TANF within HHSC and program summaries for all TANF programs operated by the agency.
DFPS	Overview of TANF within DFPS and program summaries for all TANF programs operated by the agency.
TWC	Overview of TANF within TWC and program summaries for all TANF programs operated by the agency.
TEA	Overview of TANF within TEA and program summaries for all TANF programs operated by the agency.

FIGURE 5: TANF EFFICIENCY AUDIT REPORT ORGANIZATION

¹³ PCG created an additional program summary for the Choices Employment and Training program as it was Texas' welfare-to-work program. Nearly all of the programs or initiatives listed under TWC were a part of the Choices GAA strategy. PCG also created two program summaries for the two programs that were classified as training and employment assistance for low-income families.

TANF OVERVIEW

TANF is the country's public assistance program, providing cash assistance and employment services to low-income families. The federal funding is provided to states in the form of a block grant, which gives significant flexibility to states to fund a broad array of programs aimed at breaking the cycle of poverty. The program is overseen by the Administration for Children and Families (ACF), which is a division of the U.S. Department of Health and Human Services. The block grant's Assistance Listing Number (ALN) is 93.558.

The TANF block grant was created in the 1996 welfare reform law: the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) (P.L. 104-193).

The law outlines four goals or purposes that govern the TANF program:¹⁴



FIGURE 1: TANF PURPOSES

These four purposes are the cornerstones of the TANF program, and all programs funded with federal TANF dollars or counted as Maintenance of Effort (MOE) must be reasonably calculated to achieve at least one purpose.

All states must operate a monthly cash assistance program where families with low income receive a monthly cash payment. States have nearly complete discretion in designing this program. States also use their TANF block to fund (either fully or partially) a variety of other programs that meet one of the four purposes. TANF is designed to be a flexible program. Since the TANF program started in 1996, a broad array of programs have been determined to meet TANF purpose.

¹⁴ 45 CFR 260.20. Retrieved from:
<https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260/subpartA/section-260.20>

USE OF TANF FUNDS

The block grant nature of the TANF program gives state's a great deal of flexibility and discretion in program design. However, there are established requirements and guidance around when and how a state may use its TANF funds. This audit assessed all programs that received TANF funding to determine if the TANF funds were used appropriately. There are five overarching questions that we explored in this assessment.

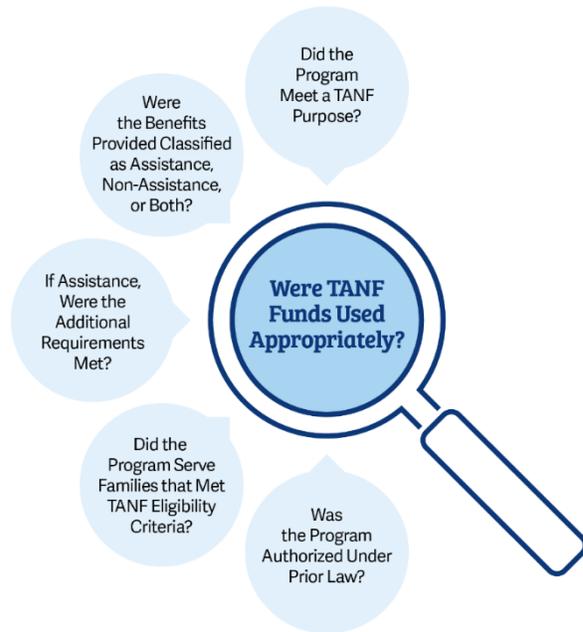


FIGURE 2: ASSESSMENT FACTORS TO DETERMINE IF TANF FUNDS WERE SPENT

DID THE PROGRAM MEET A TANF PURPOSE?

45 CFR § 263.11 specifies that TANF funds must be spent on a program that is reasonably designed to meet one of TANF's four purposes. A program may meet more than one purpose.

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

TANF benefits are classified as either assistance or non-assistance.

Assistance expenditures are defined as: "...cash payments, vouchers and other forms of benefits designed to meet a family's on-going basic needs, i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses."¹⁵

There are seven exceptions from the definition of assistance.¹⁶ These exceptions make up the non-assistance classification. They are shown in the graphic below.

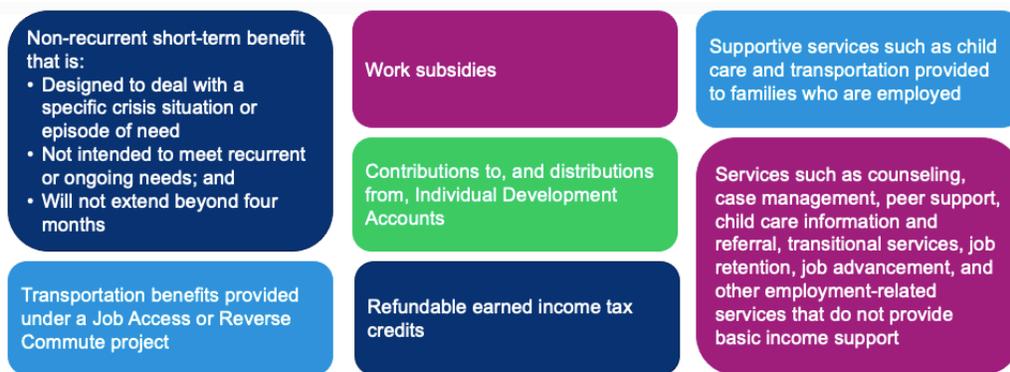


FIGURE 3: TANF ASSISTANCE EXCEPTIONS

¹⁵ 45 CFR 260.31(3)(b)(2): What does the term "assistance" mean. Retrieved from: <https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260/subpart-A/section-260.31>

¹⁶ Ibid.

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET?

Programs that provide TANF assistance have additional requirements that must be met. These are:

			
Time Limits	Child Support	Work Participation Requirements	Data Collection
Adult(s) are limited to sixty months of federal TANF benefits in a lifetime. A state may set stricter time limits.	The parent must assign any child support collected to the state.	The work-eligible parent(s) must be counted as part of the state's work participation rate.	Certain data elements must be collected and reported on the ACF-199 report.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA?

There are specific individual or family eligibility criteria that must be considered when determining if a benefit or service can be paid for with federal TANF dollars. The criteria changes based on the TANF Purpose and are outlined in the table below.

TABLE 11 – TANF ELIGIBILITY CRITERIA BY PURPOSE

Criteria	Purpose 1	Purpose 2	Purpose 3	Purpose 4
Have a child in the home	✓	✓		
Is needy (income under the limit established by the state)	✓	✓		
Is United States Citizen or eligible non-citizen	✓	If considered a federal public benefit	If considered a federal public benefit	If considered a federal public benefit

While the TANF program's overarching goals are related to serving low-income families, TANF regulations specifically allow federal funding spent on Purposes 3 and 4 to benefit non-needy families.¹⁷

Federal Public Benefit

The classification of a program or benefit as a federal public benefit must be considered when determining if federal TANF funding may be used. This is because PRWORA restricted federal public benefits to citizens and qualified non-citizens. The exception for this requirement is for programs which are not federal public benefits or claimed as separate state programs.

8 USC § 1611(c)(1) defines a federal public benefit as:

- (A) any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and
- (B) any retirement, welfare, health, disability, public or assisted housing, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which

¹⁷ Administration for Children and Families. (2013). Q&A: Use of Funds. <https://www.acf.hhs.gov/ofa/faq/q-use-funds?page=all>

payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States.

Attorney General Order 2049-96 provides a list of exceptions from the citizenship requirement.¹⁸ In general, the Order excludes citizenship verification when the program or service is necessary for life and safety, is delivered by non-profit agencies, or the benefit is not contingent on the recipient's income or resources.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW?

§ 404(a)(2) of the Social Security Act allows a state to spend federal TANF funds for specific activities that were previously authorized based on an approved Title IV-A or IV-F plan.¹⁹ This plan had to have been in effect as of either September 30, 1995, or August 21, 1996, at the state's option. In order to use TANF funds, the state must provide the same services, using the same criteria, and for the same duration of time as what was contained in the approved plan. Additionally, the State's plan had to comply with the applicable former Aid to Families with Dependent Children (AFDC) statute and regulations, which were promulgated at 45 CFR § 233.110.²⁰

MOE REQUIREMENTS

The TANF program requires that a state spend a minimum amount of its own state funds for TANF and TANF-related activities; this is called Maintenance of Effort (MOE). A state must spend state dollars equal to at least 80% of what it had spent in FFY 1994 on the AFDC and Jobs Opportunity and Basic Skills (JOBS) program. If a state meets the work participation rate (WPR) requirement, the MOE requirement is reduced to 75%. Texas' 75% annual MOE is \$235,725,754.

A state may only count eligible expenditures towards its TANF MOE. There are three questions to determine if an expenditure is eligible to be counted as TANF MOE.

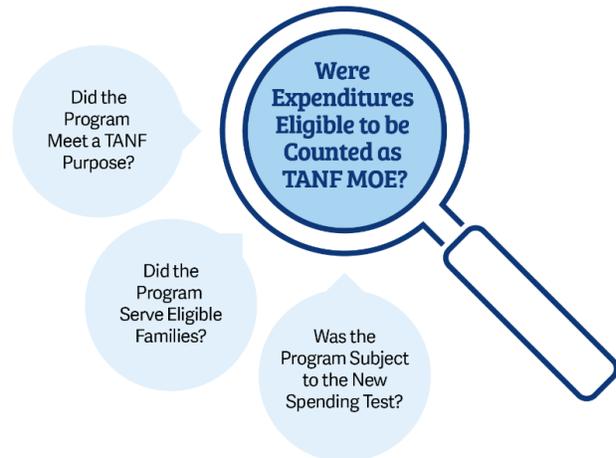


FIGURE 4: ASSESSMENT FACTORS TO DETERMINE IF EXPENDITURES MEET TANF MOE REQUIREMENTS

DID THE PROGRAM MEET A TANF PURPOSE?

45 CFR § 263.2 specifies that TANF funds must be spent on a program that is reasonably designed to meet one of TANF's four purposes. A program may meet more than one purposes.

DID THE PROGRAM SERVE ELIGIBLE FAMILIES?

TANF MOE expenditures must be made on "eligible families," which are defined at 45 CFR § 263.2(b). An eligible family must be comprised of the following:

¹⁸ Department of Justice. (1996). Specifications of Community Programs Necessary for Protection of Life or Safety Under Welfare Reform Legislation. Retrieved from: <https://www.justice.gov/archive/opd/agorderf.htm>

¹⁹ Administration for Children and Families. (2013). Q&A: Use of Funds. Retrieved from: <https://www.acf.hhs.gov/ofa/faq/q-use-funds>

²⁰ 45 CFR 233.110. Retrieved from: <https://www.govinfo.gov/content/pkg/CFR-1997-title45-vol2/pdf/CFR-1997-title45-vol2-sec233-120.pdf>

		
Citizenship	Child in Home	Neediness
Citizens or eligible non-citizens	A child living with their parent or an adult caretaker relative	Financially eligible based on income and resources

WAS THE PROGRAM SUBJECT TO THE NEW SPENDING TEST?

45 CFR § 263.5(b) limits a state’s ability to count certain state expenditures towards its MOE. Specifically, a state is limited in counting the expenditures for certain programs that existed in fiscal year 1995 to the eligible amount that exceeds the fiscal year 1995 expenditures. This is referred to as the “new spending test.”

The intent behind the MOE requirement was to ensure that a state maintains its own financial commitment to needy families. Federal TANF regulations at 45 CFR § 263.5(a) specifically discusses what expenditures may be counted by a state for a program that was operating in Federal Fiscal Year 1995.

TABLE 2 – NEW SPENDING REQUIREMENTS

Date of Program Operation	Authorized and Allowable under AFDC or related program?	What expenditures count
Operated in Federal Fiscal Year 1995	Yes	All state or local expenditures as long as the spending meets one of the purposes of TANF and is spent on eligible families
Operated in Federal Fiscal Year 1995	No	Only the amount of TANF MOE eligible spending that exceeds the total Federal Fiscal Year 1995 level of expenditures
Implemented in Federal Fiscal Year 1996 or after	N/A	All state or local expenditures as long as the spending meets one of the purposes of TANF and is spent on eligible families

ACF provided guidance on the application of the “new spending test”. It specifically states that a program that was in operation in 1995 may not be considered “new” if its central purpose is the same today as it was in 1995. It lists examples of changes that do not trigger the ability of the state to include the full and total expenditures as MOE.²¹ These include name changes, funding level, and other changes that did not alter the central function or purpose of the program.

²¹ Administration for Children and Families. (2016). TANF-ACF-PI-2016-04 (Guidance on the application of the “new spending test”). Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pi-2016-04-guidance-application-new-spending-test>

TRANSFERS

States can transfer up to 30% of its TANF block grant each Federal Fiscal Year to other federal funding sources. The benefit of the transfer is that the dollars transferred lose their TANF spending requirements. Instead, the funds must be spent according to the rules of the receiving program.

The two sources to which TANF can be transferred and the amounts that can be transferred are described in the table below.

TABLE 3 – AVAILABLE PROGRAMS FOR TANF TRANSFER AND ALLOWABLE AMOUNTS

Program	Total Amount Allowed to be Transferred
Social Services Block Grant program (SSBG)	Up to 10%
Child Care Development Fund (CCDF)	The difference between what is transferred to SSBG and 30%

The transferred amounts are subtracted from the TANF block grant to calculate the adjusted TANF block grant:

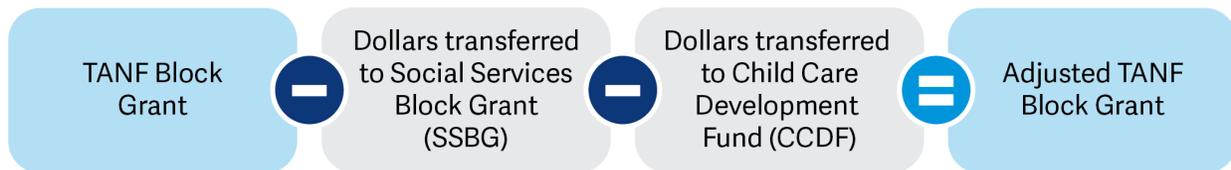


FIGURE 5: CALCULATION OF THE ADJUSTED TANF BLOCK GRANT

TANF CONTINGENCY FUND

A state is eligible to access the TANF Contingency Fund if it meets certain criteria and is found “needy” based on its unemployment rate or its caseload in the Supplemental Nutrition Assistance Program (SNAP). Contingency funds are federal funds paid on top of the TANF block grant. The funds are paid in advance and state must demonstrate by the end of the Federal Fiscal Year that they have met the spending requirements to keep the funds.

To keep the Contingency Fund, a state must:

1. Expend the entire contingency award within the Federal Fiscal Year
2. Spend qualified state expenditures above the 100% TANF MOE requirement
3. Spend its own matching TANF funds (reported as additional TANF MOE spending, and subject to all the TANF MOE rules).

The adjusted TANF MOE amount is determined using the state’s applicable Federal Medical Assistance Percentage (FMAP) for the Federal Fiscal Year in which the funds were awarded.²² The methodology for calculating the Total TANF MOE (or the amount required for Texas to keep the Contingency Fund) is shown in the graphic below.

²² Office of the Assistance Secretary for Planning and Evaluation. Federal Medical Assistance Percentages or Federal Financial Participation in State Assistance Expenditures (FMAP). Retrieved from: <https://aspe.hhs.gov/federal-medical-assistance-percentages-or-federal-financial-participation-state-assistance>

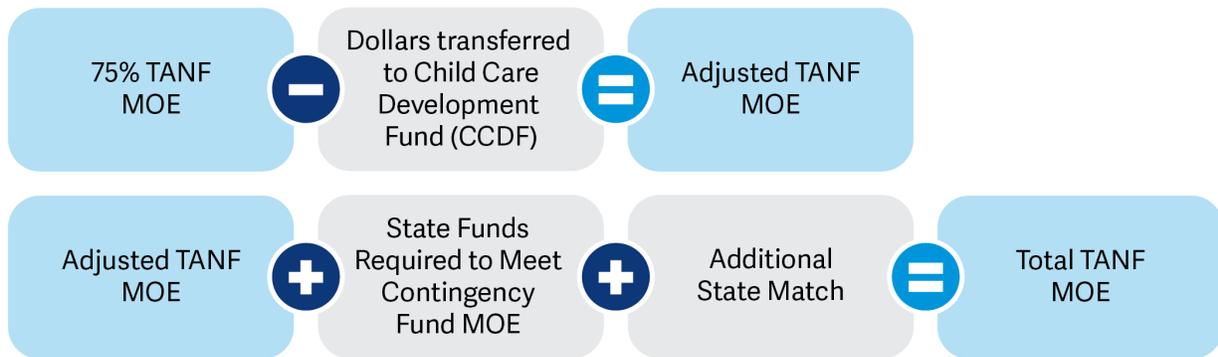


FIGURE 6: CALCULATION OF TOTAL MOE REQUIRED TO KEEP THE TANF CONTINGENCY FUND

The table below shows the annual total TANF MOE required for Texas to keep the Contingency Fund:

TABLE 4 – TEXAS TANF MOE REQUIREMENT CALCULATION

	FFY 2018	FFY 2019	FFY 2020	FFY 2021
75% TANF MOE	\$235,725,754	\$235,725,754	\$235,725,754	\$235,725,754
Required Total TANF MOE to keep the Contingency Fund	\$357,249,233	\$353,643,427	\$346,026,492	\$334,732,158

ADMINISTRATIVE COSTS

States can use TANF to pay for administrative and systems costs. How a state should report its administrative costs is based on if the cost is directly associated with providing the program service. 45 CFR § 263.0(b) defines an administrative cost as one that is necessary for the proper administration of the TANF program.²³ Administrative costs include the costs of providing program services, such as salaries and benefits of staff performing administrative and coordination functions. If the cost is not directly related to providing the program service, it must be reported in the Program Management section of the ACF-196R, specifically on Line 22a: Administrative Costs.

Example 1: A group of DFPS staff attend a training on domestic violence so that they may understand how best to serve children with that lived experience. The training is being offered to all DFPS staff. The training does not directly benefit the specific DFPS program paid for with TANF. The staff's time at this training may be allocated to TANF using an appropriate allocation method and reported on Line 22a.

²³ 45 CFR 263.0 What definitions apply to this part? Retrieved from: <https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-263>

In contrast, an expenditure that is directly related to providing program services should be reported as a program cost and reported on the same line as the other program costs.

Example 2: A different group of DFPS staff who only work with children who are receiving TANF through the Relative and Other Designated Caretaker (RODC) program receive new tablets to use with those children. The cost of these tablets is considered program costs and may be charged on the same line as the associated RODC costs.

This distinction is important because a state may only spend up to 15% of its adjusted TANF award on administrative costs.²⁴

It is important that the agency accurately categorizes expenditures as either program or administrative so that only true administrative costs are counted towards the 15% cap. Additionally, it is important that any costs related to systems be correctly reported in Line 22c as this line does not count against the 15% administrative cap.

All four agencies used TANF to pay for some portion of administrative and system costs (collectively referred to as program management). Several agencies and programs reported that their own administrative costs could not exceed 15% of their total expenditures. While this may be a good rule of thumb, the 15% cap is for the state's total administrative expenditures, not for each individual agency or program.

A review of the ACF-196Rs for each of the years in the audit showed that Texas did not exceed the 15% administrative cap.

PROGRAM MANAGEMENT COSTS BY AGENCY

During the audit period, Texas used TANF to pay for \$138,047,674 in program management costs. Over 80% of all program management costs were for DFPS, which accounted for \$111,016,830 of the cumulative expenditures. The table below shows the breakdown of program management costs by agency for each of the four years in the audit. These expenditures were reported by each of the agencies.

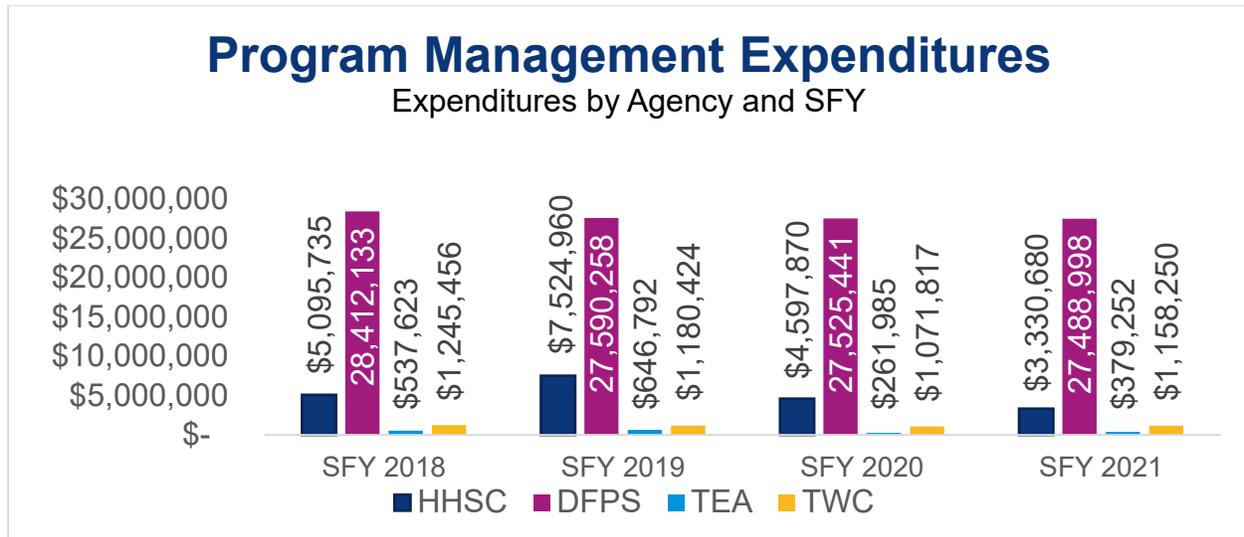


FIGURE 7: PROGRAM MANAGEMENT EXPENDITURES BY AGENCY AND SFY

²⁴ 45 CFR 263.13(a)(i) Is there a limit on the amount of Federal TANF funds that a State may spend on administrative costs? Retrieved from: <https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-263>

FEDERAL REPORTING REQUIREMENTS FOR TANF

There are multiple federal reporting requirements for the TANF program. There are three main reports that a state must submit to ACF.

TABLE 5 – REQUIRED REPORTS FOR THE TANF PROGRAM

Report	Purpose of the Report	What is Reported	Frequency of Submission
ACF-196R²⁵	Document expenditures for the TANF program by category.	<ul style="list-style-type: none"> TANF transfers to CCDF and SSBG TANF and MOE expenditures by type of expenditure (federal, state, etc.) and by category of expenditures (16 options) TANF carry over Part 2 narrative description for specific lines 	Quarterly and annually Submit each grant year being spent within the federal fiscal year
ACF-204²⁶	Document expenditures and persons served for each program that the state claims as MOE.	<ul style="list-style-type: none"> Description of the program Total expenditures for the program Total expenditures being used as MOE Number of families served under the program with MOE funds 	Annually
ACF-199²⁷	Provide data to verify that the state TANF program is meeting required TANF work participation rates	<ul style="list-style-type: none"> Families receiving assistance under TANF Families who are no longer receiving assistance under TANF Monthly caseload counts 	Quarterly

The data reported on the ACF-199 is influenced by how data is reported on the ACF-196R. Expenditures that are reported as assistance on the ACF-196R must be reported on the ACF-199 and influences the state's work participation rate. Expenditures that are reported incorrectly on the ACF-196R as non-assistance will not be counted on the ACF-199; therefore, families receiving those benefits may be incorrectly excluded when calculating the state's work participation rate.

²⁵ Administration for Children and Families. (2015). Instructions for Completion of State TANF Financial Report Form ACF-196R. Retrieved from: https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

²⁶ Administration for Children and Families. (n/d). Form ACF-204: Electronic Submission of Annual Report on TANF Program and State Maintenance-of-Effort Program. Retrieved from: <https://www.acf.hhs.gov/ofa/programs/tanf/reporting-instructions>

²⁷ Administration for Children and Families. (n/d). Form ACF-199 and Form ACF-209: TANF and SSP-MOE Data Reports. Retrieved from: https://www.acf.hhs.gov/sites/default/files/documents/ofa/tanf_data_reports_tan_ssp_instructions_definitions.pdf

TANF GRANT YEARS

TANF block grant funds are awarded for a particular year – referred to as a Grant Year (GY). ACF has not provided any type of guidance or regulations speaking to the order in which a state should spend its TANF grants, if it has multiple Grant Years open. If multiple Grant Years are spent in a single Federal Fiscal Year, the state must report on its spending from all Grant Years within that single 12-month period.

TIMING FOR REPORTING EXPENDITURES ON THE ACF-196R

When completing the ACF-196R, the state need only report its expenditures that are incurred in that Federal Fiscal Year (October 1 to September 30). If the state incurred expenditures using funding from multiple Grant Years, it must report its expenditures for each Grant Year.

Example 1: Agency incurs expenditures in Federal Fiscal Year 2021 using only Grant Year 2021 Funds

Date of Expenditure	Grant Year	Incurred in FFY 21?	ACF-196R Report
10/5/2019	2019	No	Not Included
10/5/2020	2021	Yes	GY 2021 in FFY 21
5/1/2021	2021	Yes	GY 2021 in FFY 21

Example 2: Agency incurs expenditures in Federal Fiscal Year 2021 using Grant Year 2020 and Grant Year 2021 Funds

Date of Expenditure	Grant Year	Incurred in FFY 21?	ACF-196R Report
10/5/2019	2019	No	Not Included
10/5/2020	2021	Yes	GY 2021 in FFY 21
5/1/2021	2020	Yes	GY 2020 in FFY 21

When a state is spending out of multiple grant years, it can make tracking and reporting expenditure more complicated and increase the potential for incorrect reporting. This is intensified by the fact that a state must report its spending of TANF every quarter and once annually by Grant Year and Federal Year.

TEXAS TANF PROGRAM

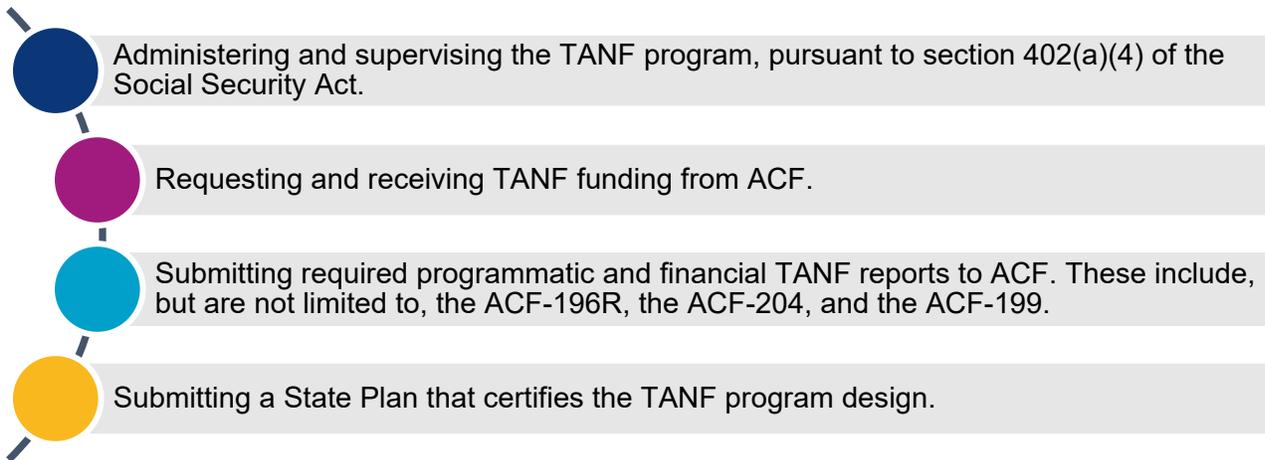
The TANF program is made up of three pieces:

1. Monthly basic cash payment
2. Programs that receive TANF funding
3. Programs whose expenditures are counted towards the state's Maintenance of Effort (MOE) requirement.

This section of the report discusses the operation and make-up of the TANF program in Texas.

COGNIZANT AGENCY

HHSC is the cognizant state agency for the TANF program. Examples of their responsibilities in this role include, but are not limited to:



Only HHSC is legally able to draw down the TANF block grant from ACF. As such, HHSC is considered the recipient of the Federal TANF grant. There are specific requirements placed on HHSC as a recipient of the Federal grant, particularly when they further award or pass through the Federal award to other agencies, including as TWC, DFPS, and TEA. The rules governing Federal grant recipients and subrecipients are outlined in 2 CFR § 200. This include, but are not limited to:

- **2 CFR § 200.331 Subrecipient and contractor determinations:** Specifically outlines the requirements on a non-Federal agency that receives a Federal award, as a recipient, subrecipient, or a contractor. Since HHSC is the cognizant agency, they are considered the recipient of the award. Federally, any other agency is considered a subrecipient.
- **2 CFR § 200.211 Information contained in a Federal award:** Establishes requirements for agencies that grant Federal awards to other agencies. This regulation specifies that when a federal award is granted, there must be a notice provided to the receiving agency that includes specific information as well as cover general terms and conditions of the award. A letter's terms and conditions must include the national policy requirements that are laid out in statutory, executive order, other Presidential declarations, or regulatory requirements.
- **2 CFR § 200.300 Statutory and national policy requirements:** Requires that the awarding agency "manage and administer the Federal award in a manner so as to ensure that Federal funding is expended and associated programs are implemented in full accordance with the U.S. Constitution, Federal Law, and public policy requirements... The Federal awarding agency must communicate to the non-Federal entity all relevant public policy requirements, including those in

general appropriations provisions, and incorporate them either directly or by reference in the terms and conditions of the Federal award.”

- **2 CFR § 200.332 Requirements for pass-through entities:** Outlines the specific requirements for awardees of federal grants who act as a pass-through. This requirement states that the pass-through agency notify the subcontractor(s) of the award, specifically so that the subcontractor understands how to use the Federal award in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
- **2 CFR § 200.329 Monitoring and reporting program performance:** Mandates that the non-Federal agency provide oversight of the award supported activities. This includes monitoring activities to ensure that the applicable federal requirements are being met. This monitoring extends to each program, function, or activity.

HHSC reported that while it is the cognizant agency for TANF, it has no authority over the other three agencies. Rather, its role is that of advisor, if requested. It can provide advice when an agency stands up a new program funded with TANF and needs information on how to ensure the program complies with applicable rules.



Finding

HHSC reported that it did not act in a manner that complied with the regulations outlined in 2 CFR § 200, specifically for the TANF program. As the recipient of the TANF award, they were required to follow any rule that speaks to recipient responsibilities. These rules require that HHSC manage and administer the Federal award in a way that allows the funding to be spent according to applicable federal rules. This includes verifying that another agency is spending its TANF allocation according to the federal TANF regulations and taking appropriate action, as needed, when TANF regulations are not being followed.

It is recommended that HHSC act in a way that demonstrates compliance with the regulations outlined in 2 CFR § 200.

ALLOCATION OF TANF FUNDS IN TEXAS

Texas’ annual TANF block grant is \$484,652,105. Each year, Texas transfers some of its block grant to the Social Services Block Grant (SSBG). This is shown in the table below.

TABLE 1 – TEXAS TANF ALLOCATIONS BY FFY

	FFY 2018	FFY 2019	FFY 2020	FFY 2021
TANF Block Grant	\$484,652,105	\$484,652,105	\$484,652,105	\$484,652,105
Transferred to CCDF	-\$0	-\$0	-\$0	-\$0
Transferred to SSBG	-\$30,897,792	-\$31,268,006	-\$31,668,073	-\$31,663,704
Adjusted TANF Block Grant	\$453,754,313	\$453,384,099	\$452,984,032	\$452,988,401

In the agency budgets, the TANF block grant was identified as a Method of Finance (MOF) with ALN 93.558.

Texas additionally received the Contingency Fund for each of the four years in the audit. This fund is not considered part of the regular TANF block grant or the adjusted TANF block grant. It is also not identified

as a specific MOF. The amount of the Contingency Fund for each of the four years of the audit is provided below:

TABLE 2 – TEXAS TANF CONTINGENCY FUND APPROPRIATION BY FFY

	FFY 2018	FFY 2019	FFY 2020	FFY 2021
TANF Contingency Fund	\$53,943,842	\$56,168,314	\$57,735,591	\$57,735,591

TANF CARRY OVER

Texas did not fully spend down its TANF block grant each year. TANF regulations allow a state to carry over any unspent TANF funds from year to year. **There is no Federal time limit for spending carried over funds, however the funds must be spent on achieving one of the four TANF purposes.**²⁸ This policy can lead to states establishing a so-called “rainy day fund,” where they accumulate a large amount of older TANF dollars.

A state may spend its carry over from any previous Federal Fiscal Year in any future Federal Fiscal Year. For example, in Federal Fiscal Year 2020, a state may spend its carry over from Grant Year 2018 even if it has carry over funds from both Grant Year 2018 and Grant Year 2019. In Texas, the carry over funds are not identified as their own MOF.

The table below shows the amount of TANF Texas carried over each Federal Fiscal Year. The carry over amount is not cumulative – the amount from 2018 does not get added to 2019 and so forth. The amount instead is reflective of what is left over at the end of the Federal Fiscal Year from both the current Grant Year block grant and any previous Grant Years that have not been spent down.

TABLE 3 – TANF CARRY OVER BY FFY

	FFY 2018 ²⁹	FFY 2019	FFY 2020	FFY 2021
Carryover	\$98,864,968	\$177,608,295	\$241,324,347	\$176,120,382

The carry over amount in Federal Fiscal Year 2021 was \$176,120,382 and this amount may have included some of the carry over from previous years.

Use of Carry Over

Both HHSC and TWC had the largest balances of TANF unspent at the end of each State Fiscal Year. HHSC spent only a third of its allocation while TWC routinely had a carryover of 10%. These balances could have been spent by the agencies in the next year or they could have become available funds for other agencies. HHSC reported that balances were reallocated based on requests from the other agencies, as needed.

HHSC described the process it used to spend down the carry over. This included reviewing incoming expenditures to see if carry over funds could be used. If they could, HHSC would use those funds to pay the expenditure, thereby allowing the state to save current year funds. The concern with this process is that HHSC could be starting an inadvertent cycle of having a carry over balance in each new year since the state may not end up spending down its full current year allocation.

²⁸ Administration for Children and Families. (2010). TANF-ACF-PI-2010-04 (Use of Federal TANF Carry-Over funds for any allowable TANF benefits, service, or activity). Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pi-2010-04-use-federal-tanf-carry-over-funds-any-allowable-tanf>

²⁹ Federal Fiscal Year 2018 carry over balance reported by ACF was \$123,458,777. Retrieved from: <https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2018>

Agency allocations are determined by the Texas legislature during the biennial budget process. Cumulatively, 71% of the TANF block grant was allocated to DFPS. TEA was allocated the smallest amount of TANF, with less than 1% of the funds going to this agency on average.

The annual allocations are provided in the table below.

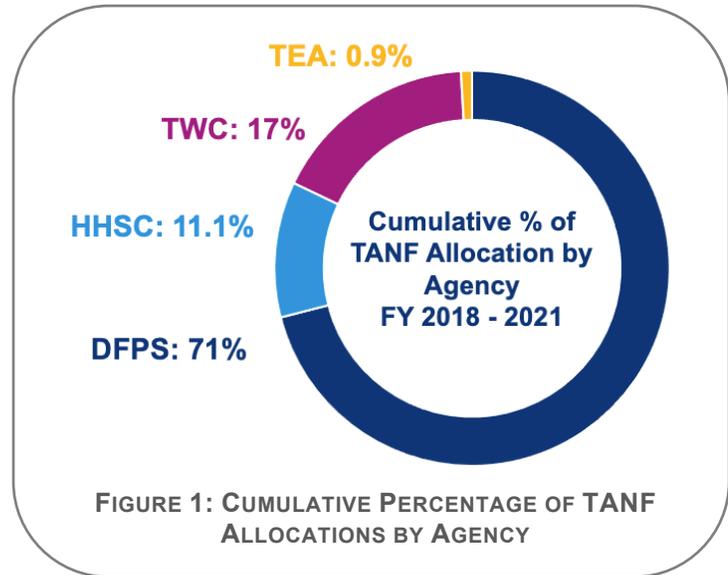


TABLE 4 –TANF ALLOCATIONS BY AGENCY AND FFY

Year	HHSC	DFPS	TWC	TEA
FY 2018	\$62,065,722	\$393,598,858	\$95,752,477	\$4,667,001
FY 2019	\$58,274,892	\$395,441,503	\$94,136,184	\$4,633,228
FY 2020	\$64,815,962	\$402,179,856	\$95,613,447	\$4,926,875
FY 2021	\$64,896,725	\$401,910,212	\$95,610,827	\$4,926,875

The Contingency Fund was not identified as a separate allocation in the agency Operating Budget. The allocation documentation provided by HHSC did not list the Contingency Fund as a separate allocation. These funds were used only to pay for DFPS services.

TANF SPENDING IN TEXAS

Between Federal Fiscal Year 2018 and Federal Fiscal Year 2021, Texas was awarded \$1,938,608,420 in TANF block grant funds. It was awarded another \$225,583,338 in Contingency Funds. In total, during this time period, Texas received \$2,164,191,758 in TANF funds.

According to the ACF-196Rs provided by HHSC, Texas spent a total of \$1,910,211,368 in federal TANF. This was an average of \$477,552,842.³⁰ The breakdown of the cumulative spending is shown in the chart below, broken into the assigned ACF-196R categories.

³⁰ Includes only those expenditures reported in Column A and Column D.

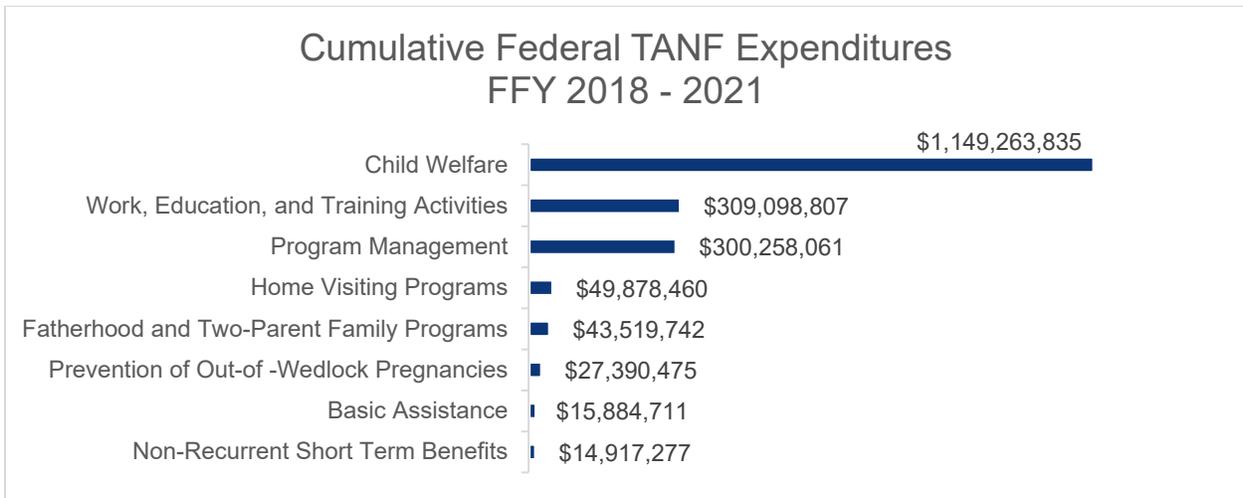


FIGURE 2: CUMULATIVE FEDERAL TANF EXPENDITURES BY ACF-196R CATEGORY

The table below shows the annual spending for each of these categories:

TABLE 5 –FEDERAL TANF EXPENDITURES BY ACF-196R CATEGORY AND FFY

Agency	FFY 2018	FFY 2019	FFY 2020	FFY 2021
Basic Assistance	\$4,912,686	\$4,128,676	\$6,843,349	\$0
Child Welfare	\$240,425,085	\$222,265,895	\$302,686,143	\$383,886,712
Work, Education, and Training Activities	\$79,625,604	\$78,765,985	\$79,926,759	\$70,780,459
Prevention of Out-of-Wedlock Pregnancies	\$6,893,981	\$6,892,432	\$6,899,053	\$6,705,009
Fatherhood and Two-Parent Family Programs	\$14,707,360	\$10,771,471	\$9,654,161	\$8,386,750
Non-Recurrent Short-Term Benefits	\$3,712,799	\$5,518,649	\$4,250,924	\$1,434,905
Home Visiting Programs	\$6,276,635	\$17,963,177	\$13,366,835	\$12,271,813
Program Management	\$33,297,804	\$116,743,731	\$68,010,235	\$82,206,291

COMPARING EXPENDITURES REPORTED FOR THE AUDIT TO THE ACF-196R

The scope of the audit included reporting on the expenditures at both the General Appropriations Act (GAA) Strategy and the TANF program level. States are required to report their TANF expenditures using the ACF-196R. It is used by ACF to determine how much money a state is spending on the program.

PCG included a review of the ACF-196R expenditures against the expenditures reported by the agencies for the GAA strategies. Our review and comparison is detailed in the graphic below.³¹

³¹ Federal Fiscal Year 2021 was not available at the time of this audit.

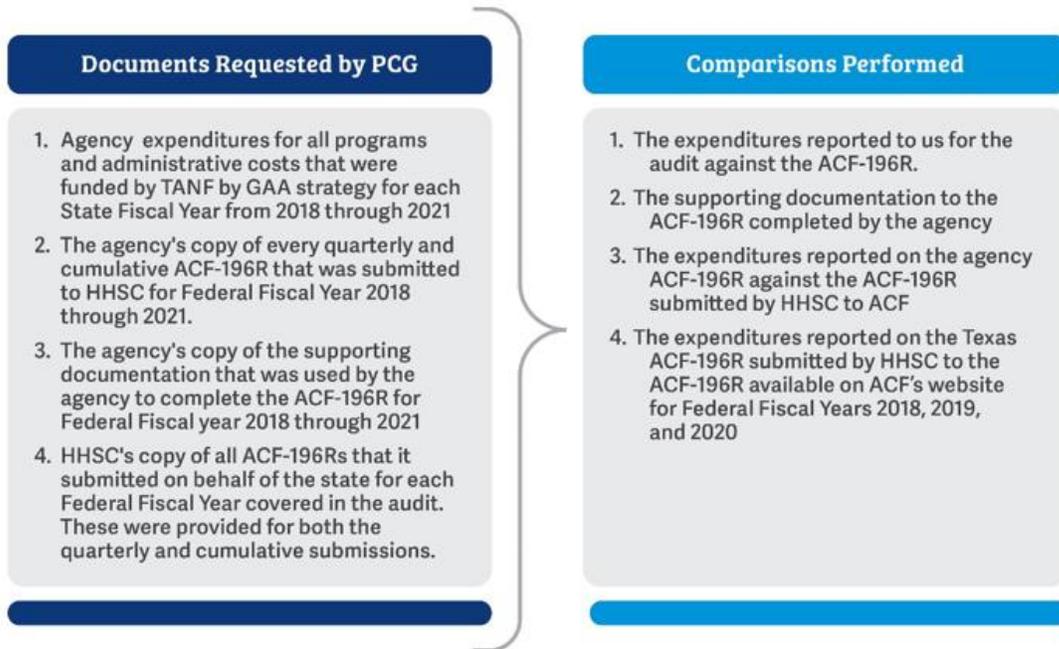


FIGURE 3: REVIEW AND COMPARISON PROCESS FOR TANF EXPENDITURES

In this review, we were unable to successfully match all of the documents to each other at a program, agency, or state level. Further, no agency was able to trace its expenditures from its original accounting system up to the federal report.

Several reasons for why this may have occurred are discussed below; however, it is not an inclusive list.

Agency Completion of the ACF-196R

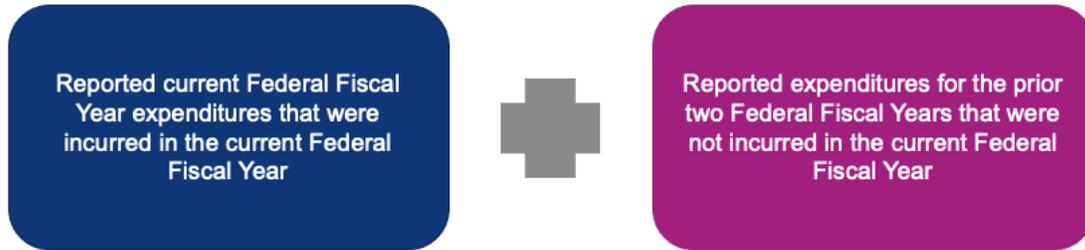
HHSC mandated that each agency, except for its own, complete its own ACF-196R for all open Grant Years in the Federal Fiscal Year. This must be done for each quarter as well as annually for the cumulative report. This requirement resulted in each agency submitting 15 ACF-196R reports each Federal Fiscal Year.

DFPS and TEA indicated that they were using funds from the Grant Year that matched the Federal Fiscal Year to pay for their expenditures (e.g., Grant Year 2021 funds in Federal Fiscal Year 2021). TWC indicated and provided supporting documentation that it uses multiple Grant Years in a single Federal Fiscal Year.



FIGURE 4: BREAKDOWN OF ACF-196RS SUBMITTED BY DFPS, TWC, AND TEA

We identified that the other agencies were unnecessarily re-submitting to HHSC what they previously reported for the prior Grant Years. As a result, the agencies were incorrectly reporting their expenditures in the annual ACF-196R report, effectively tripling their expenditures. This is because they:



The incorrect annual expenditures were not reported by HHSC in the state ACF-196R that HHSC submitted to ACF.

To better help the reader understand what happened, we have provided a table showing what TWC reported in Federal Fiscal Year 2021 on its ACF-196Rs to HHSC for its expenditures. TWC's TANF allocation for Federal Fiscal Year 2021 was \$95,610,827.

TABLE 6 – TWC FFY 2021 ACF-196R EXPENDITURES

ACF-196R Line	FFY 2021 Grant Year 2019	FFY 2021 Grant Year 2020	FFY 2021 Grant Year 2021	Total
9a. Subsidized Employment	\$3,033,902	\$2,131,706	\$458,543	\$5,624,151
9b. Education and Training	\$6,368,652	\$4,921,194	\$2,828,592	\$14,118,438
9c. Additional Work Activities	\$67,783,357	\$68,109,652	\$43,605,394	\$179,498,403
10. Work Supports	\$2,342,242	\$1,391,741	\$307,247	\$4,041,230
Total	\$79,528,153	\$76,554,293	\$47,199,776	\$203,282,222

We also identified that there were differences between what the agency submitted to HHSC and what HHSC submitted to ACF in its roll up of the combined ACF-196R for the state. HHSC reported that it did not change any data provided to it from the agencies on the ACF-196R. It would clarify data that appeared incorrect but it would not change the data.

Using the same data from TWC in the table above, we compared what TWC submitted to HHSC both cumulatively as well as for Grant Year 2021 in Federal Fiscal Year 2021 against what HHSC submitted to ACF for Federal Fiscal Year 2021.

TABLE 7 – COMPARISON BETWEEN TWC AND HHSC FFY 2021 ACF-196R SUBMISSIONS

ACF-196R Line	TWC FFY 2021 Grant Year 2021	TWC FFY 21 All Grant Years	HHSC Submission to ACF FFY 2021
9a. Subsidized Employment	\$458,543	\$5,624,151	\$889,123
9b. Education and Training	\$2,828,592	\$14,118,438	\$5,856,153
9c. Additional Work Activities	\$43,605,394	\$179,498,403	\$63,361,724
10. Work Supports	\$307,247	\$4,041,230	\$621,341
Total	\$47,199,776	\$203,282,222	\$70,728,341

While the above examples are from TWC, similar reporting patterns existed at TEA and DFPS.

TEXAS FISCAL RULES AND COMPLETION OF THE ACF-196R

Texas has several fiscal rules that are relevant to this audit report.

Appropriation Time Limits

Texas State financial rules give an agency three years to spend their appropriation. For example, funds appropriated in Appropriation Year 2020 may be spent in State Fiscal Years 2020, 2021, and 2022. The State financial rule that limits an agency to spend their appropriation within three years is stricter than the Federal TANF rules, which have no time limit for spending carry over funds.

During the audit, several agencies discussed the time limits associated with spending their TANF appropriation. Specifically, they reported that the appropriation needed to be spent within the state mandated three-year period.

The Legislative Budget Board (LBB) reported that they track utilization of Federal Funds at the end of each Appropriation Year to manage any unspent TANF grant funds. Through this tracking, the LBB is able to determine balances available for future appropriations. While the state agencies would lose access to the original appropriation authority at the end of the three-year period, the TANF grant funds are still available at the state level to be appropriated by the legislature in subsequent General Appropriations Acts. Agencies can then request spending authority for new and unspent grant funds, which would then be added to the future year's appropriation authority.

Timing between State and Federal Fiscal Years

The Texas State Fiscal Year is September through August whereas the Federal Fiscal Year is October through September. This one-month difference could result in a slight difference between the expenditures reported to us for the State Fiscal Year and those reported on the ACF-196R.

No agency was able to successfully trace their TANF expenditures. The expenditures reported to PCG for the audit did not match the supporting documentation for the ACF-196R, which did not match the submissions from the agencies to HHSC, which did not match the submissions from HHSC to ACF.

The four main issues identified are:

1. DFPS, TWC, and TEA did not complete their cumulative ACF-196R reports correctly. Specifically, the agencies provided prior Grant Year ACF-196Rs when they had reported that they had not spent money from prior Grant Year allocations. The exception was TWC, whose supporting documentation indicated it had spent prior grant year funds. However, even TWC's cumulative reports indicated far more in spending than what was ultimately reported by HHSC. For these three agencies, their resubmission of prior Grant Year expenditures resulted in inaccurate reporting of their expenditures. In speaking with the agencies, they reported that they were instructed to do this by HHSC.
2. In reviewing the ACF-196Rs submitted by HHSC to ACF, there are expenditures reported for prior Grant Years, particularly for DFPS. In speaking with HHSC, they reported that they will use prior Grant Year funds to pay for current year expenditures to spend down the carry over. It did not report that it notifies the agencies that this swap has occurred so that the agency can correctly complete the prior Grant Year ACF-196Rs.
3. The supporting documentation that was used to create compile the ACF-196R should have been very close to what was reported to PCG, with some variation allowed for the difference between the State and Federal Fiscal Year. This same documentation should have matched what was reported by the agency of their own ACF-196R that they submitted to HHSC.
4. The ACF-196R submitted by the agency should have matched the ACF-196R submitted by HHSC to ACF.



Finding

The following are recommended:

1. All agencies receive training on how to correctly pull together the required expenditures for the ACF-196R and the type of information that should be included in the supporting documentation to allow for traceability.
2. All agencies receive training on how to complete the ACF-196R, including when to report expenditures for previous Grant Years.
3. Texas establish formal processes and standards on the ACF-196R completion and submission process.
4. HHSC confirm with each agency the amount of prior Grant Year funds that are available to it to be spent.

MEETING THE MOE REQUIREMENT

Texas used expenditures from HHSC, TWC, and TEA to meet its MOE and Contingency Fund spending requirements. Over 85% of Texas' TANF MOE was comprised of TEA expenditures with the remainder made up of TWC and HHSC spending. DFPS contributed spending towards the MOE prior to the start of the audit period.

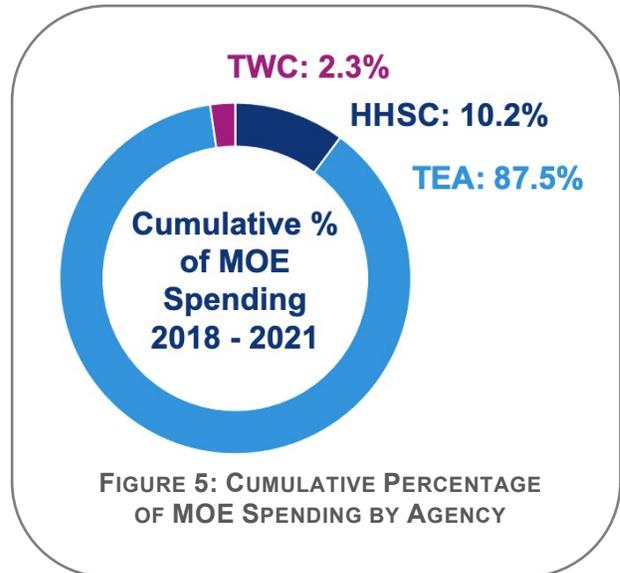
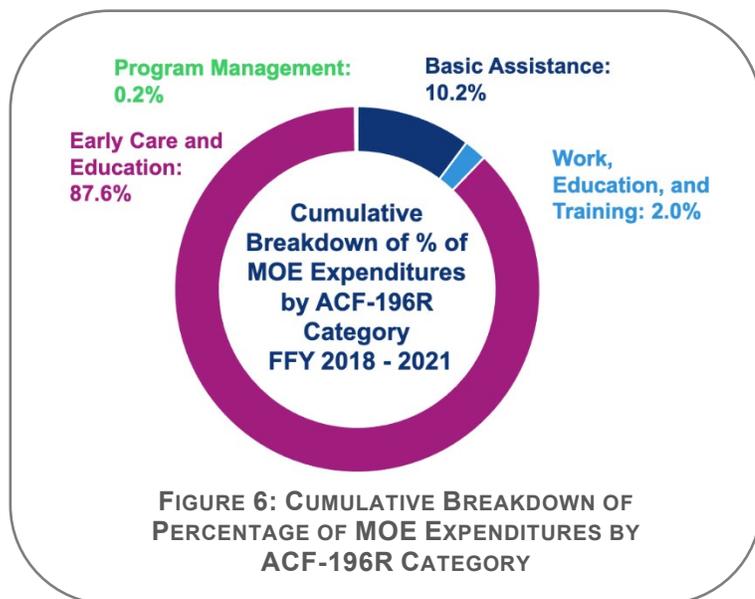


TABLE 8 –TANF MOE EXPENDITURES BY AGENCY AND FFY³²

Agency	FFY 2018	FFY 2019	FFY 2020	FFY 2021
HHSC	\$48,257,311	\$35,653,527	\$38,405,624	\$35,040,154
TWC	\$8,725,270	\$8,829,352	\$8,829,352	\$8,829,351
TEA	\$340,550,245	\$349,681,944	\$339,179,192	\$325,890,047
Total MOE Reported	\$397,532,826	\$394,164,823	\$386,414,168	\$369,759,552
Total MOE Required	\$357,249,233	\$353,643,427	\$346,026,492	\$334,732,158

Texas' TANF MOE contributions were focused in three ACF-196R categories, with some minor spending in an additional two. The largest category was early care and education, specifically with the prekindergarten program operated by TEA. This accounted for 87.6% of all MOE expenditures. The second largest category was spending towards the basic cash program with 10.2% of expenditures. The breakdown of expenditures by ACF-196R category is shown in the chart to the right. Non-recurrent short-term benefits were funded by some General Revenue; only 0.02% of all expenditures were from this category and they are omitted from the chart below.



³² Includes only those expenditures reported in Column B of the ACF-196R.

COMBINED TANF AND MOE EXPENDITURES

According to the ACF-196Rs provided by HHSC, over the course of the audit, Texas reported \$3,457,368,810 in total spending, both TANF and MOE. On average, the state spent \$864,342,202 to fund programs that served one of the four TANF purposes. The breakdown of the cumulative spending is shown in the chart below as broken into the assigned ACF-196R categories.³³

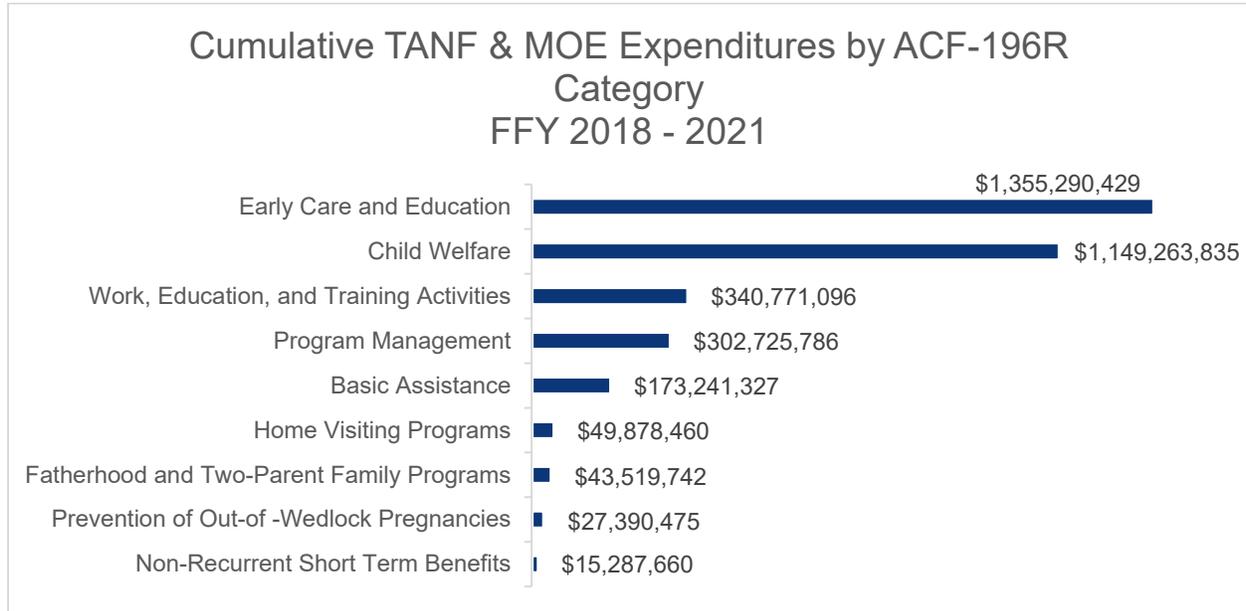


FIGURE 7: CUMULATIVE TANF AND MOE EXPENDITURES BY ACF-196R CATEGORY

The table below shows the annual spending for each of these categories:

TABLE 9 –ACF-196R TANF AND MOE EXPENDITURES BY CATEGORY BY FFY

Agency	FFY 2018	FFY 2019	FFY 2020	FFY 2021
Basic Assistance	\$53,169,997	\$39,782,203	\$45,248,973	\$35,040,154
Child Welfare	\$240,425,085	\$222,265,895	\$302,686,143	\$383,886,712
Work, Education, and Training Activities	\$87,558,824	\$86,543,192	\$87,860,181	\$78,808,899
Prevention of Out-of -Wedlock Pregnancies	\$6,893,981	\$6,892,432	\$6,899,053	\$6,705,009
Fatherhood and Two-Parent Family Programs	\$14,707,360	\$10,771,471	\$9,654,161	\$8,386,750
Non-Recurrent Short-Term Benefits	\$3,801,921	\$5,667,789	\$4,336,509	\$1,481,441
Home Visiting Programs	\$6,276,635	\$17,963,177	\$13,366,835	\$12,271,813
Early Care and Education	\$340,550,245	\$349,681,944	\$339,179,192	\$325,879,048
Program Management	\$33,297,804	\$117,646,736	\$68,820,580	\$82,960,666

³³ Includes all expenditures in Column A, Column B., and Column D. Texas reported no expenditures in Column C in any of the four Federal Fiscal Years covered by the audit.

TANF STRATEGY AND OVERSIGHT

There is no single agency that provides training, monitoring, and strategic visioning for Texas' TANF funding and MOE requirements. This is true not only at the state-level but within each individual agency. This has led to errors in both how TANF funds are being used as well as how MOE expenditures are being calculated.



A single entity should be responsible for knowing the entire portfolio of TANF and MOE programs and where those programs should be reported on the ACF-196R.

Observation

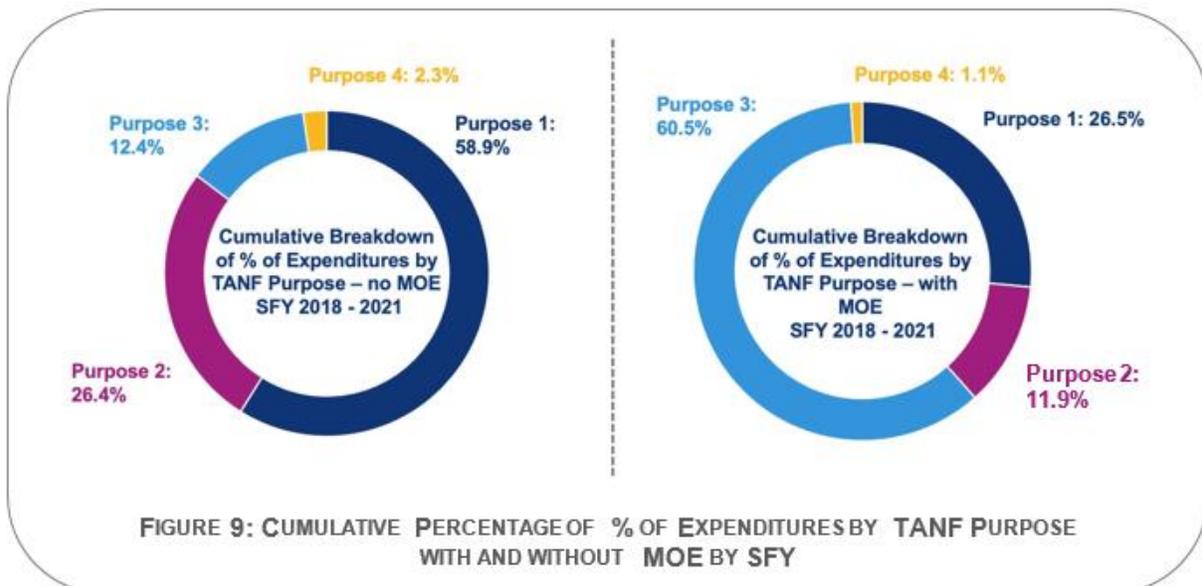
OVERSIGHT – ELIGIBLE SPENDING

TANF federal regulations at 45 CFR § 263.13 and § 263.3 specify how a state may use its TANF and the kinds of expenditures that can count towards a state's MOE expenditures. Adherence to these regulations was left up to each individual agency, and sometimes to the individual program.

Agencies and program staff demonstrated varying levels of knowledge on when TANF could be used for program expenses and the criteria for when expenditures could be counted toward the state's MOE. This variation paired with no formal process for monitoring and verifying expenditures put the state at risk for misspending TANF funds and potentially including ineligible expenditures toward the state's MOE requirements.

OVERSIGHT – STATE PLAN

HHSC is responsible for submitting the TANF State Plan to ACF. Texas currently submits its State Plan every three years. The plan includes descriptions of all programs that use TANF funding, including details on eligibility criteria. It also includes descriptions on programs that Texas uses to meet its MOE.



HHSC collects program information from the other state agencies to create the State Plan. This data is collected every three years when the plan is being updated. There are no processes in place for the other

state agencies to inform HHSC of program changes that need to be reflected in the state plan and to verify that these changes are allowable under TANF.

ANSWERS TO THE AUDIT SCOPE

This section specifically provides answers to the questions asked in the scope of the audit at a state level. These include:

1. Reviewing the resources dedicated to the program to determine whether those resources are (a) being used effectively and efficiently to achieve desired outcomes for individuals receiving benefits under a program; and (b) not being used for purposes other than the intended goals of the applicable program.
2. Identifying cost savings or reallocations of resources; and elimination of duplicative efforts.
3. Identifying opportunities for improving services through consolidation of essential functions, outsourcing, and elimination of duplicative efforts.

SPENDING BY TANF PURPOSE

A state must spend its TANF block grant or MOE expenditures on programs that meet one of TANF's four purposes:

When only considering federal TANF expenditures, the expenditures reported by the different agencies show that Texas focused heavily on using its TANF block grant and TANF MOE expenditures to fund Purpose 1 programs. These programs were designed to help keep needy children in their own home or the home of relatives. Nearly 60% of expenditures were spent to achieve this goal, as shown in the charts below.

If the MOE expenditures for the prekindergarten program are considered, there is a large swing where slightly more than 60% of expenditures were spent to achieve TANF Purpose 3, preventing or reducing the incidence of out-of-wedlock pregnancies. PCG used the expenditures reported by the agencies for the charts below.

USE OF TANF RESOURCES FOR THE INTENDED GOALS OF THE APPLICABLE PROGRAM

The audit did not uncover any apparent misuse of TANF to achieve any of the individual program's intended goals. The goals of the program as reported in interviews with PCG aligned with the services and population served by the program.

Additionally, all programs funded with TANF fell under one of the four TANF purposes. With the exception of HHSC's Alternatives to Abortion program, each program was classified under the correct purpose.

EFFICIENT AND EFFECTIVE USE OF TANF RESOURCES

One focus of the TANF Efficiency Audit was to assess if the resources allocated to the program were used effectively and efficiently. Our review of the 19 different programs identified only one program that was duplicative of other TANF funded programs and very few that were similar to programs that were operated throughout the state. Overarchingly, the programs were operated efficiently, with little duplication and often very lean budgets.

Effective Use of TANF Funds

It was difficult to answer if the larger TANF block grant was effectively used. Federally, there is no measure for assessing effectiveness of the program against the four purposes. The only measure

federally is for performance against the work participation rate (WPR), which is specific to the welfare-to-work component of the program.³⁴ During the course of the audit, Texas' target WPR was 0%.

Similar to the federal level, in Texas, no one agency or person had established a sort of north star or guiding vision for the TANF program against which we could measure effectiveness. As a result, each agency and program operated independently and for its own purposes. To try to answer the question, we looked for documentation that spoke to the intent behind the TANF program.

The TANF program is promulgated in Chapter 31 of the Texas Human Resources Code. This chapter discusses the importance of work in its opening paragraph, stating that the priority of the basic cash program is to serve "adult recipients of or unemployed applicants for the financial assistance and services in finding and retaining a job."³⁵ The 2019 TANF State Plan discusses the use of a diversion program that focuses on work by "diverting those Texans who can remain self-reliant with immediately assistance".³⁶

The implementation of the broader TANF program, across the four agencies allocated TANF, did not align with what was established in Chapter 31 of the Texas Human Resources Code. We would expect to see more funding allocated to TWC, whose sole mission is to "oversee and provid[e] workforce development services to employers and job seekers of Texas."³⁷ This agency received on average 17% of the TANF block grant. Instead, we found that over 71% of the allocation was to DFPS, whose programs were focused on keeping needy children in their own home or the home of relatives.

COST SAVINGS OR REALLOCATIONS OF RESOURCES AND ELIMINATION OF DUPLICATIVE EFFORTS

During the course of the audit, we identified no reallocation of resources that would better fund the programs within the Texas TANF program. For some programs, we identified additional funding sources that may be available to the agency to fund the program. We also identified that for several programs, including many within TWC, the agency could allocate additional TANF funds to support the program if those funds were available.

The only notable duplication of services was within the Alternatives to Abortion (A2A). This program provides a variety of services to pregnant women, newborns, and parents. Duplication was found in the following programs that are also funded with TANF:

- The Nurse Family Partnership Program at HHSC provides services to first-time parents with low incomes to support the pregnant woman and the unborn baby. These services can continue for up to 24 months after the child is born. The goals for the program include:
 - Improve pregnancy outcomes by helping women access resources to alter their health-related behaviors, including reduction of smoking, alcohol consumption, and illicit drug use;
 - Improve child health and development by helping parents to provide more responsible and competent care for their children, using available community resources; and
 - Reduce the incidence of child abuse and neglect.
- The Early Childhood Intervention Program at HHSC offers services to children from birth to age three when the child has a disability or a developmental delay. Depending on the health of the child, services may be more appropriate under ECI compared to A2A.
- TWC offers a variety of workforce development programs that are geared towards helping an adult get training and employment. The programs offered by TWC may be a better fit to satisfy

³⁴ Texas' welfare-to-work program is administered by TWC and is the TANF Choices program.

³⁵ Texas Human Resources Code, Chapter 31. Retrieved from:

<https://statutes.capitol.texas.gov/Docs/HR/htm/HR.31.htm>

³⁶ Texas 2019 TANF State Plan. Retrieved from: <https://www.hhs.texas.gov/sites/default/files/documents/laws-regulations/reports-presentations/2021/tanf-state-plan-oct-2019.pdf>

³⁷ TWC purpose. Retrieved from: <https://www.twc.texas.gov/about-texas-workforce>

A2A third focus, which is to improve families' economic self-sufficiency by helping parents continue their education and secure employment.

OPPORTUNITIES FOR IMPROVING SERVICES THROUGH CONSOLIDATION OF ESSENTIAL FUNCTIONS, OUTSOURCING, AND ELIMINATION OF DUPLICATIVE EFFORTS.

Outside of those discussed above for the A2A program, we identified no service improvements that could be made as a result of consolidation or outsourcing. Most services were already outsourced to service providers located within the community. The exception to this was case management services and some direct services provided by Child Protective Services (CPS) staff within DFPS. Agencies have worked towards more effective and efficient service delivery as a result of shrinking budgets, which have been happening nationally over the past several decades.

If anything, this audit identified successful programs whose TANF budget could be increased to provide more services that would support the state in helping individuals with low incomes move off of government assistance and into economic prosperity. This includes a variety of programs within TWC as well as the Early Childhood Intervention program.

Health and Human Services Commission

Agency Report



PUBLIC
CONSULTING GROUP

HEALTH AND HUMAN SERVICES COMMISSION

The Texas Health and Human Services Commission (HHSC) oversees programs that help families with medical coverage, food, safety, and disaster services. It is the largest agency in Texas, and its programs touch the lives of over seven million Texans each month.

HHSC TANF PROGRAMS

HHSC operated multiple TANF funded programs during the audit period. This included the more traditional basic cash program that provides a monthly cash benefit to families with low incomes. Texas also operated a separate solely state funded cash program for its two-parent families. The state temporary assistance and supportive services program is identical to the traditional TANF basic cash assistance program except that it is solely state funded and not reported on the ACF-196R as TANF MOE.

The Alternatives to Abortion program was appropriated TANF during the course of the audit, but as of State Fiscal Year 2022, it is no longer funded with TANF.

The table below provides a brief description of programs of the TANF funded programs and the state temporary assistance and supportive services program organized by cumulative TANF expenditures between State Fiscal Year (SFY) 2018 and 2021. It also includes program management, which are the indirect costs associated with the TANF funded programs.

TABLE 1 – HHSC TANF FUNDED PROGRAMS

Program	Program Description	Cumulative TANF Expenditures SFY 2018-2021	Average Cost Per Client
Basic Cash Program	The basic cash program provides a monthly financial payment and services to families with dependent children. It consists of recurring monthly payments as well as a variety of one-time payments that can either help a family avoid joining the TANF program or to help supplement a TANF recipients benefit.	\$20,528,385 (TANF) \$157,356,616 (TANF MOE)	\$194 ³⁸
Early Childhood Intervention	The Early Childhood Intervention Program provides services to families with a child that has a developmental delay or a disability. The goal of the program is to support the family and help them learn how to help their child learn and grow.	\$45,775,808	\$402
Program Management	Program management costs include both administrative and systems costs associated with the TANF program. These costs are indirectly related to the TANF program and are allocated based on the agency's public assistance cost allocation plan (PACAP).	\$20,981,176	N/A

³⁸ Basic cash program and state temporary assistance and supportive services program costs are the average grant paid per family.

Program	Program Description	Cumulative TANF Expenditures SFY 2018-2021	Average Cost Per Client
Alternatives to Abortion (A2A)	The Alternatives to Abortion program helps reduce abortions, improve pregnancy outcomes, and improve child health and development. It additionally helps improve families economic self-sufficiency.	\$11,236,678	\$297
State Temporary Assistance and Supportive Services Program³⁹	The state temporary assistance and supportive services program is identical to the TANF basic cash program except that it serves only two-parent families and household residing in minimum service counties, as defined by TWC. It is solely state funded, receiving no federal TANF and not contributing to the state's TANF MOE.	\$8,617,786 (General Revenue)	\$301
Healthy Marriages Program	The Healthy Marriages Program is an online clearinghouse for marriage and relationship education skill programs throughout Texas. The goal for the clearinghouse is to connect engaged or married couples with marriage and relationship programs that will support the couple in building the skills needed to support a healthy marriage.	\$395,642	\$4.30

TANF ALLOCATION

HHSC's average TANF allocation was \$62,513,325 per year. The chart below shows the annual allocation by fiscal year.⁴⁰

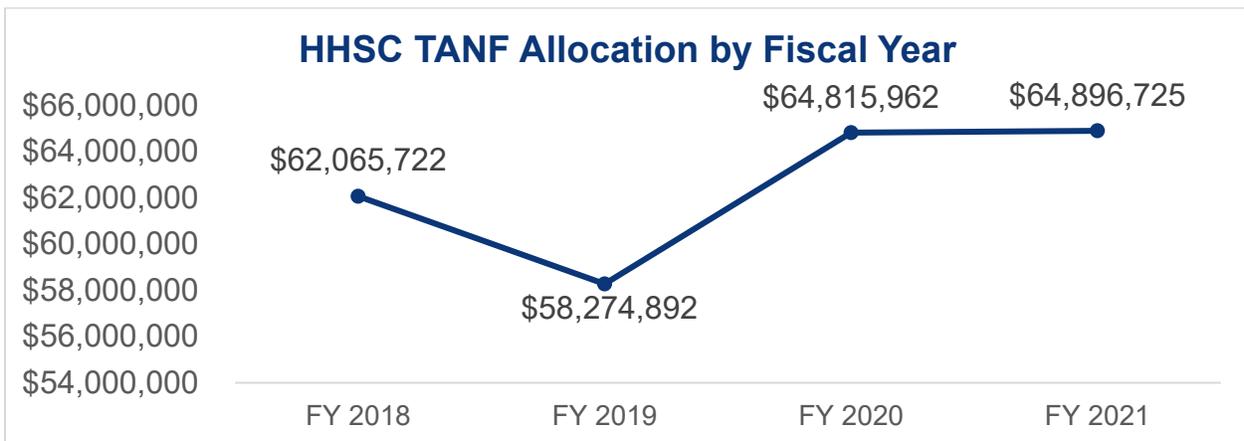


FIGURE 1: HHSC TANF ALLOCATION BY FY

³⁹ Details about the state temporary assistance and supportive services program are combined in the basic cash program summary.

⁴⁰ Based on allocation document provided by HHSC. Allocations are based on a Fiscal Year, there is no specification on federal or state.

TANF EXPENDITURES

Between 2018 and 2021, HHSC spent \$98,485,758 in TANF, an average of \$24,621,439 per year.

The majority of spending was in the Early Childhood Intervention program, with 46.4% of the total expenditure. The percentage of expenditures spent across HHSC programs is shown in the chart to the right.

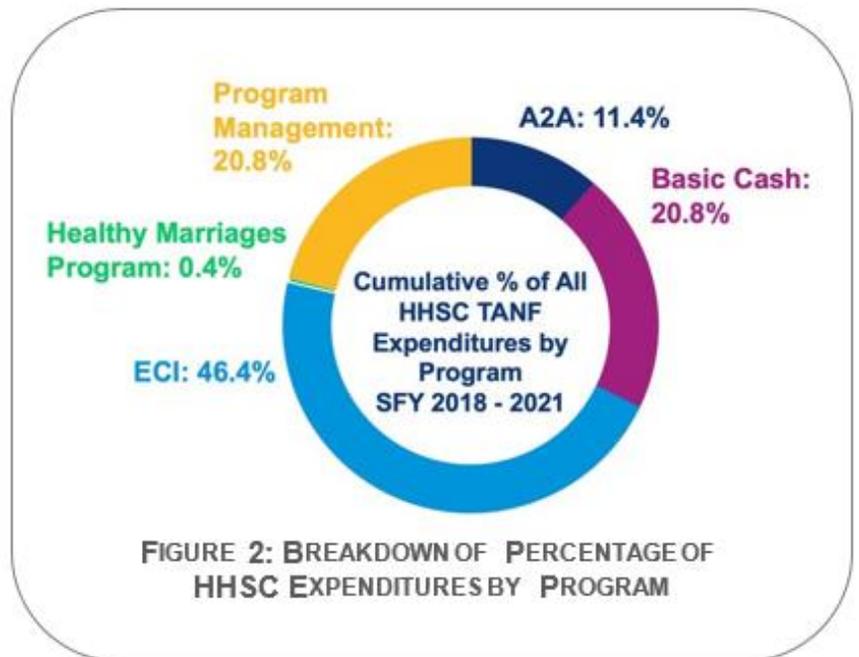


FIGURE 2: BREAKDOWN OF PERCENTAGE OF HHSC EXPENDITURES BY PROGRAM

SPENDING BY TANF PURPOSE

The majority of HHSC's federal TANF expenditures were spent on programs designed to achieve TANF Purpose 3. When considering HHSC's TANF MOE spending, this shifted dramatically to Purpose 1. The charts below show the breakdown by TANF Purpose, both with and without the MOE contributions.

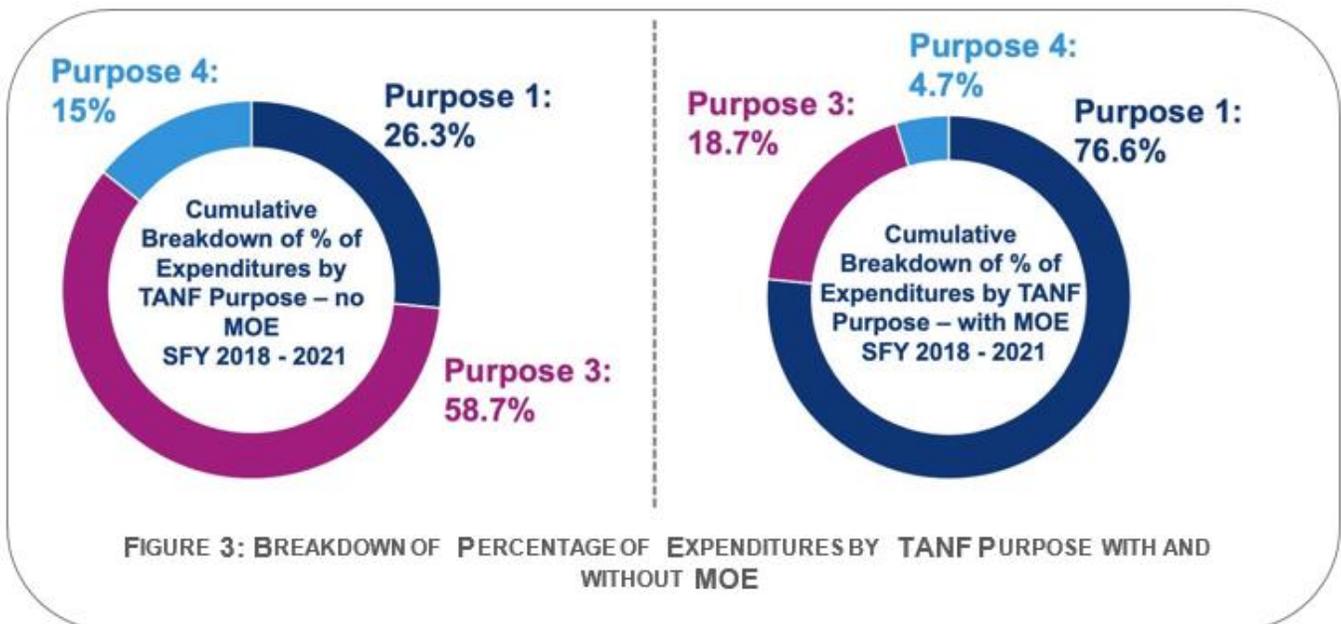


FIGURE 3: BREAKDOWN OF PERCENTAGE OF EXPENDITURES BY TANF PURPOSE WITH AND WITHOUT MOE

TANF MAINTENANCE OF EFFORT (MOE) SPENDING

HHSC contributed an average of \$39,339,154 to the state's TANF MOE requirement, roughly 10%. MOE spending came directly from General Revenue spent on the TANF basic cash assistance program. Texas moved over the latter two years in the audit to paying for the vast majority of the cash payments using General Revenue. This is a common strategy from states as that spending automatically meets the TANF MOE spending requirements.

The chart below shows the amount of TANF MOE spending for each Federal Fiscal Year (FFY).

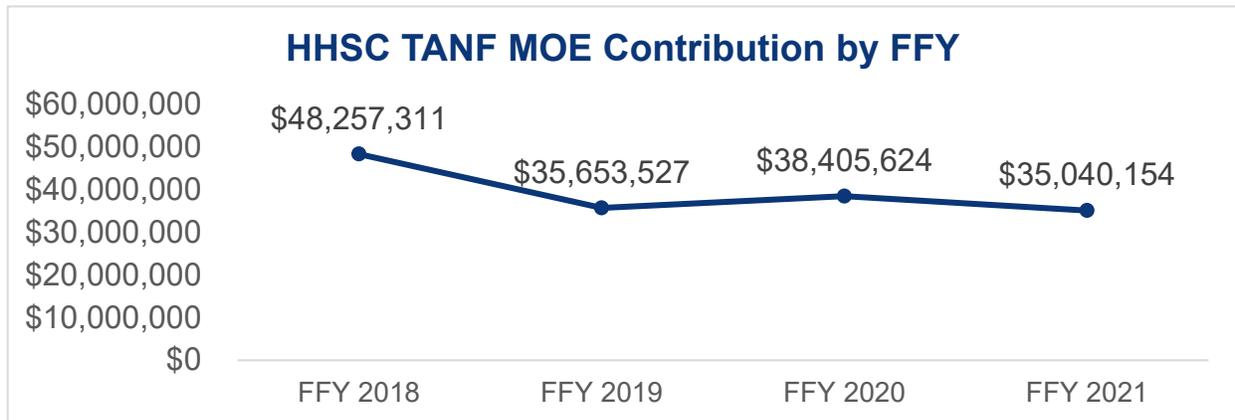


FIGURE 4: HHSC TANF MOE CONTRIBUTION BY FFY

HHSC FINDINGS AND OBSERVATIONS

The following section contains all audit findings for HHSC. Audit findings include a recommendation on how HHSC can resolve the finding. HHSC is responsible for responding to each recommendation. As a note, no recommendations are provided for the Alternatives to Abortion program because that program no longer receives TANF funding.

The section also contains observations that were made through the audit. HHSC is not responsible for responding to an observation, but we encourage HHSC to consider the observation.

AGENCY LEVEL FINDINGS

There were no findings or observations permeating the entire agency. Any findings and observations were specific to the program and can be addressed by HHSC at that level.

HHSC PROGRAM LEVEL FINDINGS

Early Childhood Intervention



Finding

ECI expenditures were incorrectly reported on Line 22a on the ACF-196R. They should have been reported on Line 16. It is recommended that HHSC adjust how it reports the expenditures. HHSC reported that it had changed its reporting effective in August 2022.

**Observation**

ECI reported that it had not been part of DARS for many years. As it is likely that the cost for providing ECI services has increased since this time, the DARS TANF rate may no longer be an accurate representation of the actual costs for providing the services.

Program Management**Observation**

HHSC allocated TANF to sub-strategy 11.1.1.4 which was specifically for the Medical Services Division. This Division carried out activities that are specific to coordinating and implementing surveillance utilization review of hospitals, nursing facilities and acute care services.

HHSC reported that the TANF funds were allocated to the larger GAA strategy 11.1.1, which provides a variety of services for all parts of HHSC. Any allocation of funds to sub-strategies are done through internal reporting mechanisms solely. It also reported that the TANF expenditures allocated to this sub-strategy should have been allocated to a different, more appropriate sub-strategy and that they will work on their reporting process to ensure that this happens in the future.

Basic Cash Program

There were no findings or observations for the basic cash program.

Alternatives to Abortion**Finding**

Based on A2A's payment model, there was a significant risk that A2A misused TANF funds to pay for ineligible persons and ineligible services at the start of the Federal Fiscal Year. For example, the program had no income requirement, which was required for Purpose 1 and 2 programs. Additionally, certain services, such as formula, could not be paid for with TANF if the provision of the service lasted for more than four months.

**Finding**

Not all Request for Application (RFA) responses provided by A2A for the contracted partners adequately addressed the charitable choice provision. As such, A2A was at risk for being out of compliance with the provision while the program was appropriated TANF.

**Finding**

A2A failed to comply with the provisions within 2 CFR § 200.211, 2 CFR § 200.300, and 2 § CFR 200.332.

HHSC misclassified the A2A program during the period of the audit. It classified the program as falling under Purpose 4. This misclassification of the program resulted in errors, including:

1. Failure to treat the ongoing provision of formula as assistance. Formula could be provided for up to 36-months, and it is also considered a form of food. For both of these reasons, formula would fall under TANF Purpose 1 and be classified as assistance.
2. Failure to establish income eligibility for needy families. HHSC should have established income eligibility standards for families who received services that fell under TANF Purpose 1 and TANF Purpose 2.

How the services should have been classified is outlined in the table below.



Finding

TABLE 2 – A2A SERVICE AND TANF PURPOSE CLASSIFICATION

A2A Service	Appropriate Purpose
Reduce abortions and improve pregnancy outcomes by helping women practice sound health-related behaviors and improve prenatal nutrition;	Purpose 3 except for maternal housing, which should be classified under Purpose 1
Improve child health and development by helping parents provide responsible and competent care for their children; and	Purpose 3 except for formula and maternal housing, which should be classified under Purpose 1
Improve families' economic self-sufficiency by helping parents continue their education and secure employment.	Purpose 2

Expenditures for A2A were incorrectly reported on the ACF-196R because HHSC categorized the program as a Purpose 4 program. The expenditures for Purpose 4 programs need to be reported on Line 19: Fatherhood and Two-Parent Family Formation and Maintenance Program.



Finding

However, since the A2A program should have been classified as meeting TANF Purpose 1, Purpose 2, and Purpose 3, the expenditures that fell under each of the goals would have needed to be reported across a variety of lines. This is particularly important for those services that should have been classified as assistance and would have been subject to the additional TANF requirements, such as data collection and being subject to the work participation requirements.

Healthy Marriages Program



Finding

HHSC did not follow Texas Human Resources Code Chapter 31 § 31.015 as it is intended. The current Healthy Marriages Program did not provide any type of service or benefit.

It is recommended that HHSC come into compliance by establishing a Healthy Marriage Development Program.

**Finding**

HHSC did not follow Texas Human Resources Code Chapter 31 § 31.018. HHSC did not allocate the mandatory 1% of the TANF block grant to fund the Healthy Marriage Development Program or the Healthy Marriages and Strong Families Grant Program. The minimum allocation for these programs was \$4,846,521.05. The annual allocation for the Healthy Marriages Program was \$89,911. This is less than what is required with the Human Services Code.

It is recommended that HHSC come into compliance by allocating the minimum requirement to both the Healthy Marriage Development Program or the Healthy Marriages and Strong Families Grant Program.

BASIC CASH AND STATE TEMPORARY ASSISTANCE AND SUPPORT SERVICES PROGRAMS

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

The TANF basic cash program consists of monthly financial assistance and supportive services to families with dependent children. It follows the applicable federal rules that govern the program, pursuant to Chapter IV-A of the Social Security Act § 402. The program is codified in Chapter 31 of the Texas Human Resources Code.

In addition to the basic cash program, Texas also offers a one-time TANF payment. The one-time TANF payment (OT-TANF) is a payment issued in lieu of ongoing monthly TANF payments, with the family then prohibited from receiving TANF cash assistance for 12-months. This one-time payment is viewed as an alternative to ongoing payments, allowing the state to divert families who can stay self-reliant with that immediate assistance. Both the monthly and one-time financial assistance payments are intended to support the dependent child.

TANF ELIGIBILITY CRITERIA

Eligibility for TANF centers around a child. To be eligible for TANF, there must be an eligible child(ren) in the home. The child must be living with a specified relative in that relative's place of residence. Relatives include:

- Father or mother, including "step" relationship.
- Grandfather or Grandmother, including "step" relationship, extended to degree of "great-great-great".
- Brother or sister, including "step" relationship.
- Uncle or Aunt, extended to degree of "great-great."
- Niece or Nephew, extended to degree of "great-great."
- First cousin, extended to degree of once removed.

Additional criteria include:

1. The relative must have "day-to-day care" and "care and control" of the child.
2. Assistance can be provided to a needy and otherwise eligible 18-year-old child who is a full-time student in a secondary school or in the equivalent level of vocational or technical training, and who may reasonably be expected to complete the program before reaching age 19.
3. Unmarried minor parents can receive TANF if they live with a parent, legal guardian, or other adult relative. In certain instances, the minor parent may reside elsewhere and receive TANF if there is good cause.
4. A child may be temporarily absent from the home for no more than 180 consecutive days.

TEXAS SPECIFIC TANF REQUIREMENTS

Texas has established additional state conditions and requirements for the TANF program. These include:

1. A TANF participant may be required to participate in a work subsidy component in which the employee's TANF or Supplemental Nutrition Assistance Program (SNAP) benefits are used to pay a subsidy to an employer who agrees to hire the recipient.
2. A household is ineligible for TANF if they transfer a countable resource for less than its fair market value within three months of applying for TANF or any time after they are certified.
3. Adult TANF applicants must attend the Workforce Orientation offered by TWC prior to being certified for TANF.
4. All adult TANF applicants, including payees, must sign a Personal Responsibility Agreement (Agreement). The Agreement outlines the TANF applicant's responsibilities. Failure to sign or comply with the requirements will result in a denial or case closure, respectively.

TIME LIMITS

Texas limits the receipt of financial assistance and transitional benefits based on the adult's education level or work experience. An adult is limited to anywhere from 12 to 36 months of financial assistance and 12 months of transitional assistance.⁴¹ These time limits are stricter than the federal maximum, which is 60 months.

The time limits and how they are assigned are outlined in the table below.

TABLE 1 – TIME LIMITS FOR TEXAS TANF BASIC CASH PROGRAM

Time Limit	Education		Work Experience
12 months financial assistance and 12 months transitional assistance	A high school diploma, a GED, or a certificate or degree from a two-year or four-year institution of higher education or technical or vocational school	or	Recent work experience of 18 months or more
24 months for financial assistance and 12 months for transitional assistance	Completed three years of high school	or	Recent work experience of not less than six months or more than 18 months
36 months for financial assistance and 12 months for transitional assistance	Completed less than three years of high school	or	Less than six months of work experience

When a TANF recipient's state time limits expire, the state imposes a five-year freeze-out for the adult. Benefits will continue being issued for the children.

⁴¹ Human Resources Code Chapter 31, Section 31.0065. Time-Limited Benefits.

SUPPLEMENTAL PAYMENTS

In addition to the monthly cash assistance program and OT-TANF, there are two supplemental or one-time TANF payments that a household may receive.

1. Qualifying caretakers who are the primary caretakers are eligible for a supplemental One-Time TANF payment not to exceed \$1,000. To be eligible, the caretaker must be:
 - a. Twenty-five years of age or older
 - b. The grandparent, aunt, uncle, sister, or brother of the dependent child
 - c. Be the primary caretaker of the dependent child
 - d. Have a family income that is at or below 200% of the FPL
 - e. Have resources below the resource limit
2. An annual \$30 supplement is paid for each TANF certified child prior to the start of the school year to assist the household in purchasing school-related items.

STATE TEMPORARY ASSISTANCE AND SUPPORTIVE SERVICES PROGRAM

Texas has been operating the state temporary assistance and supportive services program since October 1, 2007. This program is codified in Chapter 34 of the Texas Human Resources Code.

The state temporary assistance and supportive services program is only available to the following:

1. Two-parent families; or
2. Persons residing in minimum service counties, as defined by the Texas Workforce Commission.

All adults must register with the Texas Workforce Commission's employment services program or participate in TWC's Choices program.

Texas pays for the state temporary assistance and supportive services program using General Revenue. No expenditures for the program are counted toward the state's TANF MOE requirement. As such, there is no requirement for Texas to report any caseload data for the families in this program or to include the families in the state's work participation rate. This is a common strategy used by states so that they do not need to juggle the more difficult two-parent work participation rate requirement.

It is substantively identical to the TANF program in Texas Human Resources Code Chapter 31, except for the populations served and how it is funded.

SPENDING STRATEGY FOR TANF AND THE STATE TEMPORARY ASSISTANCE AND SUPPORTIVE SERVICES PROGRAM

Texas used three different appropriations to pay for the TANF basic cash assistance program and state temporary assistance and supportive services program. These are shown in the table below.

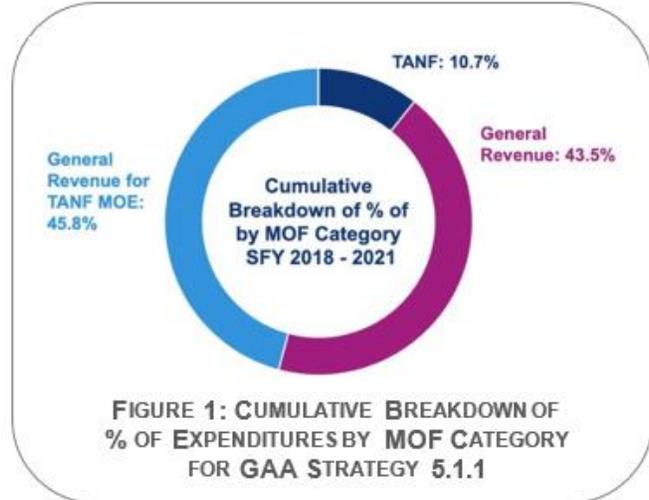
TABLE 2 – STATE AND FEDERAL SPENDING FOR TEXAS TANF PROGRAMS AND PAYMENTS

Payment	Federal TANF	General Revenue MOE for TANF	General Revenue
Monthly TANF financial assistance (basic cash)	Yes	Yes	Yes
One-time TANF Payment (OT-TANF)	Yes		
One-time \$30 payment	Yes		
One-time grandparent grants	Yes		
State temporary assistance and supportive services			Yes

EXPENDITURES BY GAA STRATEGY

The broader TANF basic cash program, including the state temporary assistance and supportive services program, fell under General Appropriations Act (GAA) Strategy 5.1.1. The TANF Method of Finance (MOF) accounted for 10.7% of total expenditures across the four years of the audit period.

GAA Strategy 5.1.1	
Goal 5: Encourage Self-Sufficiency	
Objective 1: Financial and Other Assistance	
Strategy 1: TANF (Cash Assistance) Grants	



The table below details the expenditures for the GAA strategy broken out by all MOFs for each of the four audit years.³⁸ Expenditures were provided by HHSC.³⁹

Table 3 – GAA Strategy 5.1.1 Expenditures by MOF and SFY

SFY	TANF Expenditures	General Revenue Expenditures	GR for TANF MOE Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$2,703,974	\$2,079,519	\$48,942,177	\$53,725,670	5.0%
2019	\$6,934,954	\$1,701,423	\$39,006,440	\$47,642,817	14.6%
2020	\$9,209,707	\$40,121,297	\$0	\$49,331,004	18.7%
2021	\$1,679,750	\$39,453,708	\$0	\$41,133,458	4.1%

As the table above indicates, Texas spent over \$40,000,000 in General Revenue in SFY 2018 and 2019 to count toward its TANF MOE. Beginning in SFY 2020, Texas shifted from paying for the TANF program with primarily state dollars.

It is not abnormal for a state to spend small amounts of their TANF block grant on the basic cash assistance payment. Many states choose to spend their own state funds on basic cash assistance because it automatically counts toward the state’s MOE. This frees up their federal TANF to be spent on other programs that serve eligible persons.

EXPENDITURES BY PROGRAM

The basic cash payments, supplemental payments, and the state temporary assistance and support services program were all sub-strategies of GAA strategy 5.1.1. The expenditures for the five sub-strategies are provided below. Expenditures were provided by HHSC.

³⁸ An agency may use General Revenue Fund 0001 or General Revenue Fund 759 (MOE for TANF) for its TANF MOE. HHSC stopped using General Revenue Fund 759 (MOE for TANF) starting in State Fiscal Year 2020, moving instead to using General Revenue Fund 0001 for its obligation.

³⁹ HHSC reported several negative expenditures for GAA strategy 5.1.1. These negatives were removed and counted as \$0.

GAA SUB-STRATEGY 5.1.1.1: TANF BASIC

The TANF Basic GAA sub-strategy represented the monthly ongoing basic cash payment. The table below shows the total expenditures for the sub-strategy.

TABLE 4 – GAA SUB-STRATEGY 5.1.1.1 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	General Revenue Expenditures	GR for TANF MOE Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$1,919,974	\$0	\$48,942,177	\$50,862,151	3.8%
2019	\$5,430,394	\$0	\$39,006,440	\$44,436,834	12.2%
2020	\$7,593,557	\$37,898,482	\$0	\$45,492,039	16.7%
2021	\$126,000	\$36,839,679	\$0	\$36,965,679	0.4%

GAA SUB-STRATEGY 5.1.1.2: TANF STATE PROGRAM (STATE TEMPORARY ASSISTANCE AND SUPPORTIVE SERVICES PROGRAM)

GAA Sub-strategy 5.1.1.2: TANF State Program represented the expenditures for the state temporary assistance and supportive services program. The table below shows the total expenditures for the sub-strategy.

TABLE 5 – GAA SUB-STRATEGY 5.1.1.2 EXPENDITURES BY MOF AND SFY

SFY	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$2,079,519	\$2,079,519	0%
2019	\$1,701,423	\$1,701,423	0%
2020	\$2,222,815	\$2,222,815	0%
2021	\$2,614,029	\$2,614,029	0%

GAA SUB-STRATEGY 5.1.1.3, 5.1.1.4, AND 5.1.1.5: TANF ONE-TIME PAYMENTS

GAA sub-strategies 5.1.1.3, 5.1.1.4, and 5.1.1.5 represented the three one-time payments offered by HHSC. These included:

- GAA sub-strategy 5.1.1.3: TANF One-Time Payments
- GAA sub-strategy 5.1.1.4: TANF One-Time \$30 Payments
- GAA sub-strategy 5.1.1.5: TANF One-Time Grandparents Payments

All three GAA sub-strategies were funded solely by TANF. Due to their similarity in being one-time payments and that they were only funded by TANF, the expenditures have been combined into a single table below.

TABLE 6 – GAA SUB-STRATEGY 5.1.1.3, 5.1.1.4, AND 5.1.1.5 EXPENDITURES BY MOF AND SFY

SFY	5.1.1.3 One-Time TANF Expenditures	5.1.1.4 One Time \$30 Payment Expenditures	5.1.1.5 One-Time Grandparents Grant Expenditures	Total Expenditures
2018	\$185,000	\$0	\$599,000	\$784,000
2019	\$160,000	\$841,560	\$503,000	\$1,504,560
2020	\$90,000	\$1,227,150	\$299,000	\$1,616,150
2021	\$8,000	\$1,431,750	\$114,000	\$1,553,750

FEDERAL REPORTING

HHSC correctly reported expenditures for all of the TANF basic cash assistance programs on the ACF-196R under Line 6a: Basic Assistance (excluding Relative Foster Care Maintenance Payments and Adoption and Guardianship Subsidies) and Line 15: Non-Recurrent Short-Term Benefits.

A comparison between Line 6a on the ACF-196R (basic assistance payments) and the expenditures for GAA sub-strategy 5.1.1.1 reported by HHSC were slightly different. This difference is shown in the table below. The expenditures for GAA sub-strategies 5.1.1.3. through 5.1.1.5 were reported on Line 15, which included additional expenditures from other agencies. The specific amounts reported on the ACF-196R for these sub-strategies could not be specifically teased out.

TABLE 7 – COMPARISON OF LINE 6A HHSC ACF-196R AND EXPENDITURES REPORTED BY HHSC BY FY

FY	ACF-196R Expenditures (FFY)	HHSC Reported Expenditures (SFY)
2018	\$1,918,957	\$1,919,974
2019	\$4,128,676	\$5,430,394
2020	\$6,843,349	\$7,593,557
2021	\$0	\$126,000

WERE TANF FUNDS USED APPROPRIATELY AND MOE EXPENDITURES CORRECTLY CALCULATED?

The following section discusses if TANF funds were appropriately used and if expenditures are correctly calculated for MOE. This section only discusses the TANF program and not the state temporary assistance and supportive services program. The latter is excluded because it is solely state funded, and no expenditures were counted towards the state's TANF MOE, and the program was not funded with TANF.

DID THE PROGRAM MEET A TANF PURPOSE? (TANF AND MOE)

YES NO

TANF basic cash payments and supplemental one-time payments such as those designed for children going to school and caregivers met TANF Purpose 1, which is to provide assistance to needy families so that children may remain in their homes. By providing parents with a monthly cash payment, a child was more likely to remain in the home. As such, the TANF payments were allowable under TANF Purpose 1.

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH (TANF)?

ASSISTANCE NON-ASSISTANCE BOTH

TANF basic cash payments are a recurring cash payment that was designed to meet a family's ongoing needs. As such, they clearly fit into the definition of assistance for the TANF program.

The one-time payments were all forms of non-assistance. They met a one-time, specific need (e.g., helping a parent purchase supplies for a child to go back to school).

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET?

YES NO

HHSC correctly reported these programs on the assistance lines of the ACF-196R.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA (TANF) OR WERE ELIGIBLE FAMILIES (MOE)?

YES NO

All families receiving TANF must have met the state and federal eligibility criteria for the TANF program. This also meant that the individuals met the eligible families requirement for TANF MOE.

Process for Verifying Individual Eligibility

All individuals participating in all of the five GAA sub-strategies had met the TANF eligibility criteria.

WAS THE PROGRAM SUBJECT TO THE NEW SPENDING TEST (MOE ONLY) OR ELIGIBLE UNDER PRIOR LAW (TANF)?

YES NO N/A

The TANF basic cash assistance program itself was not subject to either of these.

B. PROGRAM PERFORMANCE

COST PER FAMILY SERVED

All TANF cash payments are designed to serve a family. HHSC provides data on its website that shows the number of TANF cases, recipients, and payments made statewide. PCG used this data to determine the average number of families served for each State Fiscal Year as well as the average grants.

TABLE 8 & FIGURE 2– GAA SUB-STRATEGY 5.1.1.1 BASIC CASH PROGRAM AVERAGE GRANT AMOUNT BY SFY⁴⁴

SFY	Clients Served	Total Expenditures	Average Grant
2018	21,947	\$50,862,151	\$184
2019	19,196	\$44,436,834	\$186
2020	17,729	\$45,492,039	\$196
2021	13,947	\$35,697,783	\$210



TABLE 9 & FIGURE 3– GAA SUB-STRATEGY 5.1.1.2 STATE TEMPORARY ASSISTANCE AND SUPPORTIVE SERVICES PROGRAM AVERAGE GRANT AMOUNT BY SFY

SFY	Clients Served	Total Expenditures	Average Grant
2018	605	\$2,079,519	\$282
2019	516	\$1,701,423	\$283
2020	610	\$2,222,815	\$308
2021	648	\$2,614,029	\$330



⁴⁴ Clients served for tables 8, 9, 10, and 11 are the average number of cases for each State Fiscal Year. Average grant for tables 8 and 9 is the average grant for each State Fiscal Year.

TABLE 10 & FIGURE 4– GAA SUB-STRATEGY 5.1.1.3 ONE-TIME TANF PAYMENTS COST PER CLIENT SERVED BY SFY

PCG calculated the cost per client served by dividing the total OT TANF GAA sub-strategy by the average number of families served.

SFY	Clients Served	Total Expenditures	Cost per Client Served
2018	142	\$185,000	\$1,302
2019	120	\$160,000	\$1,333
2020	67	\$90,000	\$1,343
2021	11	\$8,000	\$727


TABLE 11 & FIGURE 5– GAA SUB-STRATEGY 5.1.1.4 ONE-TIME GRANDPARENTS GRANT COST PER CLIENT SERVED BY SFY

To calculate the cost per family served, PCG took the total expenditures for the program and divided it by the average number of families served.

SFY	Clients Served	Total Expenditures	Cost per Client Served
2018	47	\$599,000	\$12,744
2019	41	\$503,000	\$12,268
2020	25	\$299,000	\$11,960
2021	10	\$114,000	\$11,400



ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

HHSC had 10 key performance measures for the TANF (Cash Assistance) Grants GAA strategy. Five measures were only reported in SFY 2018 and 2019. The data are provided in the table below.

TABLE 12 – KEY PERFORMANCE MEASURE BY SFY

Measure	2018	2019	2020	2021
Average number of TANF BCA recipients per month	53,639	46,672	43,018	34,379
Average number of state two-parent cash assistance recipients per month	2,215	1,852	2,310	2,471
Average number of TANF one-time payments per month	143	118	Not reported	Not reported
Number of children receiving \$30 once a year grant	44,600	40,638	Not reported	Not reported
Average monthly number of TANF grandparent payments	47	39	Not reported	Not reported

Measure	2018	2019	2020	2021
Average number of TANF/state cash adults per month w state time limited benefits	2,633	2,211	Not reported	Not reported
Average number of TANF/state cash adults per month w/ fed time limited benefits	8,081	6,986	Not reported	Not reported
Average monthly grant: TANF BCA	\$75.00	\$76.69	\$80.92	\$85.74
Average monthly grant: State two-parent cash assistance program	\$77.00	\$79.14	\$82.12	\$87.38
Percent of TANF applications approved	12.29%	10.91%	Not reported	Not reported

ADDITIONAL RELEVANT OUTCOME MEASURE TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

HHSC tracked no additional relevant outcome measures.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

HHSC used the two primary MOFs available to pay for the TANF basic cash program, both the TANF block grant itself as well as General Revenue. The advantage to using General Revenue to fund the TANF basic cash assistance program is that those expenditures are eligible to count as TANF MOE. There are no additional MOFs or revenue streams that were identified through this audit to help pay for these programs.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

None of the expenditures for this program represented outsourced services.

SERVICE PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

The basic cash program is the core cash program in Texas. There were numerous programs throughout Texas both with state agencies as well as the local communities that support individuals and families with low incomes.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

PCG identified two challenges related to program implementation, discussed below.

APPLICATION PROCESSING

Texas had very low application approval rates in State Fiscal Years 2018 and 2019 - roughly 10% of all TANF applications were approved. One major contributor to this may have been that TANF applicants were required to attend a Workforce Orientation for Applicants (WOA) after their interview for TANF but

before their application was approved. In addition to negatively impacting applicants by adding additional steps to a complicated application process, this step could have caused re-work by HHSC staff if the family were to come back in and reapply.

SPENDING ON BASIC CASH

In the four years within the scope of this audit, Texas spent \$191,832,949 across all of its TANF sub-strategies, including the state temporary assistance and supportive services program. This averaged to \$47,958,237 per year. This placed Texas among the 15 states spending less than 10% of its block grant on basic cash payments.⁴⁵ The Center on Budget and Policy Priorities, a leading non-partisan research and policy institute in the field of TANF, reported that in Calendar Year 2019-2020, only 4 out of every 100 families living in poverty received TANF.⁴⁶ This is a decrease of 43 families from when TANF was implemented in 1995.

Throughout the period of time covered in this audit, there were conversations at the national level around reforming the TANF program. Part of this conversation stemmed from a welfare reform bill, introduced in 2019 that did not come out of the House committee.⁴⁷ These conversations included talk about requiring states to spend more of their TANF block grant on basic cash and limiting the state's abilities to use TANF for child welfare expenditures. Based on Texas' current allocations of the TANF block grant, should these changes become mandatory, the state will have a significant amount of work to complete to come into compliance.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

There were no identified opportunities for cost savings and/or program efficiencies identified in this audit.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There was no other relevant detail not otherwise reported.

⁴⁵ Azevedo-McCaffry, D., & Safawi, A. (2022). To Promote Equity, States Should Invest More TANF Dollars in Basic Assistance. Retrieved from: <https://www.cbpp.org/research/family-income-support/to-promote-equity-states-should-invest-more-tanf-dollars-in-basic>

⁴⁶ Center on Budget and Policy Priorities. (2022). State Fact Sheets: Trends in State TANF-to-Poverty Ratios. Retrieved from: https://www.cbpp.org/sites/default/files/atoms/files/tanf_trends_tx.pdf

⁴⁷ H.R. 1753 – Jobs and Opportunity with Benefits and Services for Success Act. Retrieved from: <https://www.congress.gov/bill/116th-congress/house-bill/1753?q=%7B%22search%22%3A%5B%22H.+Res.+311%22%5D%7D>

EARLY CHILDHOOD INTERVENTION

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

The Early Childhood Intervention (ECI) program has been operating since the early 1980's. It provides services to families with a child that has a developmental delay or a disability. Children must be between the age of birth to three. The goal of the program is to support the family and help them learn how to help their child learn and grow. ECI is viewed as a precursor to pre-school, helping children get prepared to go to school, if possible.

All children have their own unique service plan, which is developed by a group of providers at entry into the program. This plan is then updated every 6 months.

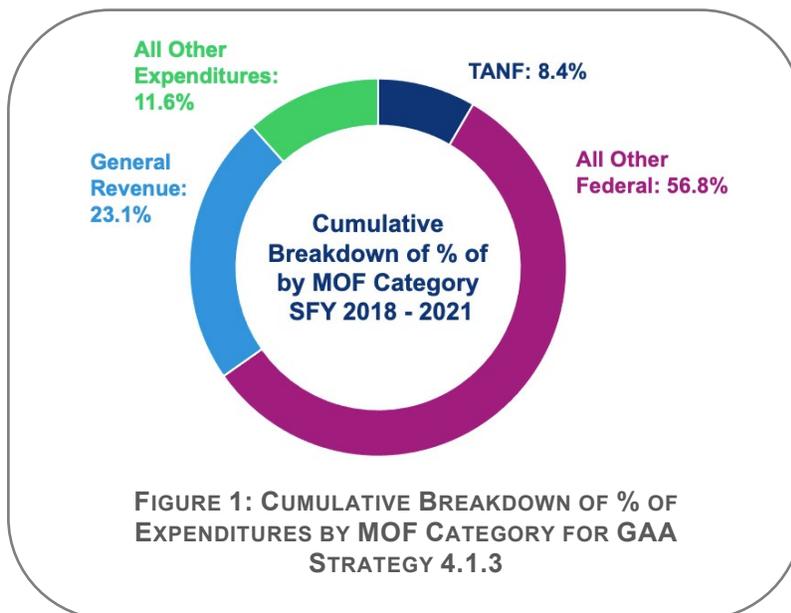
Children enter into the program in various ways. This includes direct outreach by the parent to ECI staff or the ECI providers. Medical providers, social services staff, and educational staff may also make a referral on behalf of the family.

EXPENDITURES BY GAA STRATEGY

The ECI program fell under General Appropriations Act (GAA) strategy 4.1.3.

The chart below details the expenditures for the GAA strategy broken out by Method of Finance (MOF) for each of the four audit years. TANF expenditures accounted for 8.4% of all spending.⁴⁸

GAA Strategy 4.1.3	
Goal 4: Additional Health-Related Services	
Objective 1: Provide Primary Health and Specialty Care	
Strategy 3: Early Childhood Intervention Services	



⁴⁸ Figure 1 total is less than 100% due to rounding.

The table below details the expenditures for GAA strategy 4.1.3 broken out by all MOFs for each of the four audit years. Expenditures were provided by HHSC.

TABLE 2 – GAA STRATEGY 4.1.3 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	All Other Federal Expenditures	General Revenue Expenditures	Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$11,720,901	\$50,703,176	\$21,231,500	\$18,742,280	\$102,397,857	11.4%
2019	\$13,242,583	\$78,721,824	\$30,408,810	\$18,900,452	\$141,273,669	9.4%
2020	\$13,782,172	\$88,384,816	\$37,648,145	\$10,063,511	\$149,878,644	9.2%
2021	\$7,030,152	\$90,932,032	\$36,335,251	\$15,454,438	\$149,751,873	4.7%

EXPENDITURES BY PROGRAM

The ECI program was its own GAA strategy and its own program. As such, the expenditures presented for the GAA strategy above also represent the expenditures for the program.

FEDERAL REPORTING

ECI's expenditures were reported on Line 22a: Administrative Costs of the ACF-196R. They should have been reported on Line 16: Supportive Services. The ACF-196R instructions state that Line 16 includes "services such as... health, mental health, substance abuse and disability services, housing counseling services, and other family supports."⁴⁹



Finding

ECI expenditures were incorrectly reported on Line 22a on the ACF-196R. They should have been reported on Line 16. It is recommended that HHSC adjust how it reports the expenditures. HHSC reported that it had changed its reporting effective in August 2022.

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately on the ECI program.

DID THE PROGRAM MEET A TANF PURPOSE?

YES

NO

ECI was allowable under TANF purpose 3, which is to prevent and reduce the incidence of out-of-wedlock pregnancies. ACF's Program Instruction (PI) 2005-01 clarifies that TANF funding and state expenditures can be used for pre-school, school readiness or early childhood education programs in certain instances and that these activities may fall under TANF Purpose 3 or Purpose 4.⁵⁰ Further in this

⁴⁹ Administration for Children and Families. (2015). Instructions for Completing of State TANF Financial Report Form ACF-196R. Retrieved from: https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

⁵⁰ Administration for Children and Families. (2005). TANF-ACF-PI-2005-01 (Funding Childhood Education, School Readiness, Kindergarten and Other Public Education Programs). Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pi-2005-01-funding-childhood-education-school-readiness-kindergarten>

PI, ACF describes how quality early childhood programs have been demonstrated to show improvements in disadvantaged children's school success and development.

“Over the past several decades, a fairly extensive body of research has demonstrated the positive effects of quality early childhood programs for disadvantaged children's school success, as well as their health, cognitive, social, and emotional development. Some additional long-term outcomes for disadvantaged children (reported primarily from one study) include less contact with the criminal justice system, higher earnings as adults, less reliance on social services as adults, and fewer out-of-wedlock births.”

Additionally, ACF specifies in its funding guide Helping Families Achieve Self-Sufficiency that: “Activities, benefits, or services that are reasonably calculated to accomplish a TANF purpose are those that directly lead to (or can be expected to lead to) achievement of a TANF purpose...This includes activities whose relationship to a purpose may not be obvious, but for which there is evidence that it achieves a purpose.”⁵¹

ECI was allowable under TANF Purpose 3 because the services were designed to help the health, cognitive, social, and emotional functioning of a child with a disability or developmental delay. ECI is akin to pre-Head Start in that its goal is to help children develop and prepare for the education system. ECI services are not included within Texas' free education system, which does not begin until a child is in first grade.

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

ASSISTANCE

NON-ASSISTANCE

While ECI provided services that would be classified as assistance, ECI only used TANF to pay for non-assistance services. Specifically, ECI used TANF to pay the following non-medical services:

- Nutrition counseling
- Service Coordination/Case Management

Services are considered non-assistance because they do not meet a family's on-going basic needs. More specifically, service coordination and case management are explicitly excluded from the definition of assistance.⁵² Nutrition services generally do not meet an on-going basic need. As such, these two ECI services were correctly classified as non-assistance and were allowable under TANF.

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET?

YES

NO

N/A

The ECI program's benefits were not considered assistance and therefore were not subject to the additional requirements.

⁵¹ Administration for Children and Families. (2000). Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. Retrieved from: <https://files.eric.ed.gov/fulltext/ED449307.pdf>

⁵² Administration for Children and Families. (2011). Q&A: Definition of Assistance. Retrieved from: <https://www.acf.hhs.gov/ofa/faq/q-definition-assistance>

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA? YES NO

Eligibility for the ECI program include:

- The child must be between birth and up to age 3
- The child must have a developmental/medical condition. This is defined as
 - A developmental delay of at least 25 percent that affects functioning in one or more areas of development, including cognitive, communication, motor, social-emotional, and adaptive/self-help;⁵³
 - A medically diagnosed condition that has a high probability of resulting in a developmental delay; or
 - An auditory or visual impairment as defined by the Texas Education Agency in 19 Texas Administrative Code (TAC) §89.1040.
- The child is a resident of Texas

There were no citizenship or income requirements for the program. TANF was only used to pay for services when the child is a citizen and has an income less than \$63,000 per year.

Given ECI's classification as a TANF Purpose 3 program, there were no income or citizenship requirements for participants.

Process for Verifying Eligible Expenditures

Providers entered all children and their services into TKIDS. They submitted an invoice each month documenting the services provided and to whom. State ECI staff matched the invoice with the child information in TKIDS to verify if the service was TANF eligible, if the child was a citizen, and if the household's income was less than \$63,000 per year.

If these three criteria were met, state ECI staff then calculated the cost of the service. This was done by multiplying the hours spent on the service by the TANF rate that was designated when ECI was part of the Department of Assistive and Rehabilitative Services (DARS). This dollar amount was then charged to the TANF allocation.

**Observation**

ECI reported that it had not been part of DARS for many years. As it is likely that the cost for providing ECI services has increased since this time, the DARS TANF rate may no longer be an accurate representation of the actual costs for providing the services.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW? YES NO N/A

ECI was not a part of the state's Title IV-A Emergency Assistance State Plan. As such it was not subject to the prior law requirements. Its expenditures were allowable based on meeting TANF Purpose 3.

⁵³ Current eligibility criteria requires that children must have a developmental delay of at least 33 percent if the child's only delay is in expressive language to qualify for services.

B. PROGRAM PERFORMANCE

COST PER CHILD SERVED

A client is defined as a child. ECI reported the average number of children served in comprehensive services by month along with the average monthly cost per child served as ABEST measures. ECI provided the total number of clients served each year for this report. These data are provided below.

TABLE 2 & FIGURE 2– COST PER CHILD SERVED BY SFY

SFY	Children Served	Average Number of Children Served in Comprehensive Services	Average Monthly Cost Per Child: Comprehensive Services State and Federal
2018	60,204	29,543	\$398
2019	59,234	31,396	\$385
2020	60,596	3,755	\$407
2021	57,485	3,932	\$417



ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

ECI reported on an additional six key performance measures in addition to the two measures discussed above. The measures and their data are provided in the table below.

TABLE 3 – KEY PERFORMANCE MEASURES BY SFY

SFY	2018	2019	2020	2021
Avg. monthly number of referrals to local programs	7,186	7,369	31,216	30,473
Avg. monthly number of children determined eligible for ECI services	2,913	2,700	6,609	7,297
Avg. monthly number of eligibility determinations completed	Not reported	Not reported	2,666	2,777
Avg. monthly number of children newly enrolled in ECI	Not reported	Not reported	2,577	2,625
Avg. monthly cost per child: comprehensive services/local	\$159.45	\$141.61	N/A	N/A
Average monthly number of hours of service delivered per child per month	2.82	2.76	2.4	2.35

The number of hours of service delivered per child varied between what was reported to the LBB and what was reported to PCG. HHSC reported that the variance may be the result of the finalization of data that can occur after the measures are first reported to the LBB at the end of the State Fiscal Year.

ADDITIONAL RELEVANT OUTCOME MEASURE TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

ECI must report specific measures to the Department of Education for the Program for Infants and Toddlers with Disabilities program, specifically Part C of the Individuals with Disabilities Education Act (IDEA). These data are provided in the appendix to this program summary.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

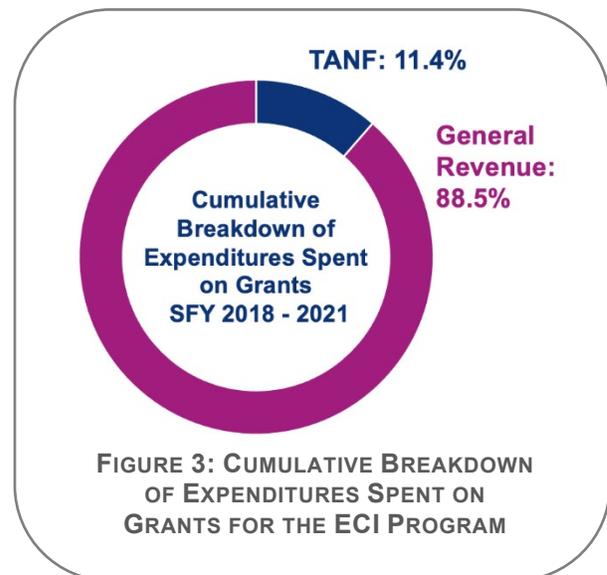
One potential option for ECI is to be allocated additional TANF so that it can expand the program. Expansion can be done in two areas:

1. Expanding the participants who can be funded with TANF because it is a TANF Purpose 3 program
2. Funding additional services within the current ECI service list that are eligible for TANF funding, such as counseling.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

ECI did not deliver services directly – they contracted with 41 different service providers or agencies throughout the state to deliver services. ECI providers were granted a specific allocation that was not broken out by the various funding sources. Instead, providers invoiced monthly and included all services provided for the previous month, less any third-party billing. ECI state staff entered information into the Texas Kids Intervention Data System (TKIDS), which determined the correct funding allocation. The contracts were cost reimbursement.

HHSC reported that ECI spends all of its TANF allocation on grants to contracted providers for outsourced services. No TANF was used to fund ECI positions within HHSC. This is supported by the backup to the ACF-196R, which classified the ECI expenditures as Grants-Community Svc Programs. On average, about 11% of all outsourced services were paid for with TANF funds.⁵⁴



The table below shows the amounts of expenditures associated with the grants Object of Expense in each of the four audit years. The difference in the total expenditures reported in this table and the expenditures reported in Table 1 are the administrative costs that were incurred at HHSC.

⁵⁴ Totals in figure do not total 100% due to rounding.

TABLE 4 – AMOUNTS OF EXPENDITURES SPENT ON GRANTS BY MOF AND SFY

SFY	TANF Expenditures Spent on Grants	Total Expenditures Spent on Grants ⁵⁵	TANF Expenditures Spent on Grants as % of all Expenditures Spent on Grants
2018	\$11,720,901	\$90,874,278	12.9%
2019	\$13,242,583	\$92,537,346	14.3%
2020	\$13,782,172	\$106,044,916	13.0%
2021	\$7,030,152	\$108,769,470	6.5%

SERVICE PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

ECI is the only service provider in Texas providing the services outlined in IDEA Part C. Its network is extensive – there are partners throughout all of Texas’ counties. There may be additional local, community-based providers who also provide similar types of services but that are not under IDEA Part C.

The Alternatives to Abortion (A2A) program also provided assistance to children up to their third birthday. These services are geared towards improving child health and development by helping parents provide responsible and competent care for their children. There is potential duplication between ECI and A2A depending on the health of the child, services may be more appropriate under ECI compared to A2A.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

Given that the program receives so much federal funding, it has established a solid foundation internally and with service providers. ECI has strong controls in place to monitor providers both programmatically and financially.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

There were no opportunities for cost savings and/or program efficiencies identified through this audit.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There is no additional relevant detail that has not been otherwise reported.

⁵⁵ Total expenditures includes TANF.

HHSC TANF PROGRAM MANAGEMENT COSTS

HHSC used TANF to pay for program management costs, which include both administrative and systems costs. These costs can be both directly and indirectly related to the provision of the program. Direct costs are reported on the same line as the program whereas indirect costs are reported on Line 22 of the ACF-196R. At the state agency budget level, these costs were included in both program specific General Appropriations Act (GAA) strategies as well as broader GAA strategies that applied to the entire agency. Indirect costs were allocated using the agency’s Public Assistance Cost Allocation Plan (PACAP).⁵⁶

The scope of the TANF Efficiency Audit included a review of the GAA strategies that had TANF as a MOF. For HHSC, this included six GAA strategies that were not directly related to the TANF programs identified in the 2019 TANF State Plan.

The scope did not include a detailed review of the agency’s PACAP. In a brief review of the PACAP as well as through interviews with agency staff, we determined that the use of TANF to pay for the activities contained with the six GAA strategies were allowable.

The expenditures for each of the GAA strategies are included to provide a more complete picture of TANF expenditures at the agency level.

EXPENDITURES ALL PROGRAM MANAGEMENT GAA STRATEGIES

Program management expenditures fell under six different GAA strategies:

- GAA strategy 9.1.1: Integrated Eligibility and Enrollment
- GAA strategy 9.3.1: TIERS and Eligibility Support Technology
- GAA strategy 11.1.1: Office of the Inspector General
- GAA strategy 12.1.1: HHSC System Supports
- GAA strategy 12.2.1: Central Program Support
- GAA strategy 12.2.2: Regional Program Support

TANF expenditures accounted for less than 1% of all expenditures in these strategies combined over the course of the audit period. This is shown in the chart to the right.

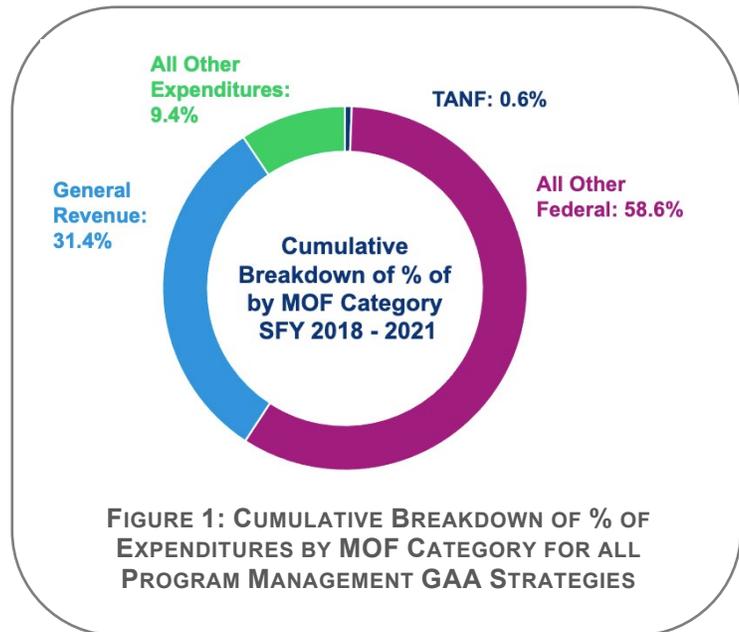


FIGURE 1: CUMULATIVE BREAKDOWN OF % OF EXPENDITURES BY MOF CATEGORY FOR ALL PROGRAM MANAGEMENT GAA STRATEGIES

⁵⁶ HHSC submits its PACAP annually. The United States Department of Health and Human Services had not approved any of PACAPs that were used during the audit period due to a backlog of approval on its side.

The table below shows the expenditures for all of the GAA strategies broken out by MOF for each of the four audit years.

TABLE 1 – ALL PROGRAM MANAGEMENT GAA STRATEGIES EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$5,485,595	\$448,195,236	\$245,315,662	\$80,899,624	\$779,896,117	0.7%
2019	\$7,524,960	\$498,186,135	\$258,544,492	\$62,402,733	\$826,658,320	0.9%
2020	\$4,597,870	\$459,257,646	\$260,164,678	\$79,293,971	\$803,314,165	0.6%
2021	\$3,372,751	\$473,715,785	\$243,932,721	\$78,059,009	\$799,080,266	0.4%

EXPENDITURES BY INDIVIDUAL GAA STRATEGY

The tables detail the expenditures for each GAA strategy broken out by MOF for each of the four audit years.

GAA STRATEGY 9.1.1. INTEGRATED ELIGIBILITY & ENROLLMENT

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$4,074,575	\$328,529,647	\$179,109,095	\$1,098,898	\$512,812,215	0.8%
2019	\$3,677,201	\$358,794,930	\$169,597,500	\$9,154,980	\$541,224,611	0.8%
2020	\$3,456,614	\$328,273,881	\$168,376,180	\$7,149,541	\$507,256,216	0.8%
2021	\$2,813,666	\$331,686,796	\$164,283,538	\$4,519,442	\$503,303,442	0.6%

GAA STRATEGY 9.3.1. TEXAS INTEGRATED ELIGIBILITY REDESIGN SYSTEM AND SUPPORTING TECHNOLOGY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$1,039,654	\$53,810,445	\$2,839,019	\$27,275,313	\$84,964,431	1.2%
2019	\$3,305,766	\$60,851,523	\$3,673,535	\$30,665,043	\$98,495,867	3.4%
2020	\$641,456	\$59,558,957	\$3,642,924	\$33,067,635	\$96,910,972	0.7%
2021	\$0	\$60,057,149	\$750,074	\$33,486,101	\$94,293,324	0.0%

GAA STRATEGY 11.1.1. OFFICE OF INSPECTOR GENERAL

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$0	\$23,581,625	\$15,995,790	\$9,700,792	\$49,278,207	0.0%
2019	\$127,962	\$24,093,615	\$19,630,935	\$2,965,637	\$46,818,149	0.3%
2020	\$66,230	\$15,462,751	\$16,660,579	\$1,831,441	\$34,021,001	0.2%
2021	\$129,937	\$14,279,219	\$14,217,422	\$1,379,413	\$30,005,991	0.4%

GAA STRATEGY 12.1.1. ENTERPRISE OVERSIGHT AND POLICY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$256,966	\$25,358,668	\$31,093,761	\$31,327,074	\$88,036,449	0.3%
2019	\$311,085	\$35,876,018	\$45,751,427	\$12,132,760	\$94,071,290	0.3%
2020	\$312,561	\$39,403,342	\$49,001,047	\$27,256,830	\$115,973,780	0.3%
2021	\$302,181	\$45,815,421	\$45,055,948	\$28,858,242	\$120,031,792	0.3%

GAA STRATEGY 12.2.1. INFORMATION TECHNOLOGY CAPITAL PROJECTS OVERSIGHT & PROGRAM SUPPORT

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$85,370	\$13,868,877	\$13,581,359	\$3,921,223	\$31,456,829	0.3%
2019	\$80,068	\$15,068,876	\$17,116,373	\$469,421	\$32,734,738	0.2%
2020	\$91,395	\$13,197,434	\$19,141,628	\$2,297,294	\$34,727,751	0.3%
2021	\$97,741	\$18,537,521	\$16,537,432	\$2,419,145	\$37,591,839	0.3%

GAA STRATEGY 12.2.2. PROGRAM SUPPORT, REGIONAL PROGRAM SUPPORT

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$29,030	\$3,045,974	\$2,696,638	\$7,576,324	\$13,347,966	0.2%
2019	\$22,878	\$3,501,173	\$2,774,722	\$7,014,892	\$13,313,665	0.2%
2020	\$29,614	\$3,361,281	\$3,342,320	\$7,691,230	\$14,424,445	0.2%
2021	\$29,226	\$3,339,679	\$3,088,307	\$7,396,666	\$13,853,878	0.2%

**Observation**

HHSC allocated TANF to sub-strategy 11.1.1.4 which was specifically for the Medical Services Division. This Division carried out activities that are specific to coordinating and implementing surveillance utilization review of hospitals, nursing facilities and acute care services.

HHSC reported that the TANF funds were allocated to the larger GAA strategy 11.1.1, which provides a variety of services for all parts of HHSC. Any allocation of funds to sub-strategies are done through internal reporting mechanisms solely. It also reported that the TANF expenditures allocated to this sub-strategy should have been allocated to a different, more appropriate sub-strategy and that they will work on their reporting process to ensure that this happens in the future.

ALTERNATIVES TO ABORTION

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

The Alternatives to Abortion (A2A) program was established in 2006. It is designed to:

1. Reduce abortions and improve pregnancy outcomes by helping women practice sound health-related behaviors and improve prenatal nutrition;
2. Improve child health and development by helping parents provide responsible and competent care for their children; and
3. Improve families' economic self-sufficiency by helping parents continue their education and secure employment.

To achieve its goals, A2A grants funds to a network of four contractors, who may further grant funds to subcontractors. Services provided by these A2A partners may include:

- Classes for mothers, fathers, and family members to improve self-sufficiency, how to have a healthy pregnancy, and parenting classes
- Non-medical goods to support the newborn, such as a car seat, diapers, and formula.
- Referrals to state and federal programs such as Medicaid and the Nurse Family Partnership
- Counseling and mentoring
- Housing and support services through maternity homes.

The duration of service delivery is dependent on the family composition:

1. Pregnant women and newborns may receive services through pregnancy and up to 36 months after the birth.
2. Adoptive parents may receive services up to two years after the adoption (regardless of child age).
3. Women following a miscarriage or loss of a child may receive services up to 90 days after the miscarriage/loss.

Between 2006 and 2009, A2A was solely appropriated TANF. Beginning with the 2010-2011 biennium, General Revenue was appropriated. Total appropriations for the program have grown by 1,498% between the 2006-2007 biennium and the 2020-2021 biennium.

Effective with the 2022-2023 biennium, A2A is no longer appropriated TANF and is only appropriated General Revenue.

EXPENDITURES BY GAA STRATEGY

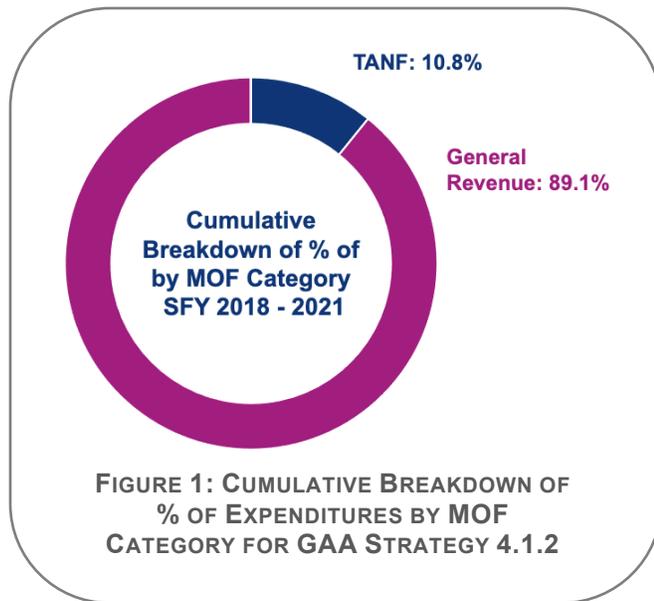
The A2A program fell under General Appropriations Act (GAA) strategy 4.1.2. Expenditures from the TANF Method of Finance (MOF) made up 10.8% of all expenditures cumulatively across the four year audit period. This is shown in the chart below. The chart excludes 0.1% in expenditures from other sources.

GAA Strategy 4.1.2

Goal 4: Additional Health-Related Services

Objective 1: Provide Primary Health and Specialty Care

Strategy 2: Alternatives to Abortion



The table below details the expenditures for the GAA strategy 4.1.2 by MOF for each of the four audit years. Expenditures were provided by HHSC.⁵⁷

TABLE 3 – GAA STRATEGY 4.1.2 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	General Revenue Expenditures	Other State Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$2,237,500	\$9,657,329	\$0	\$11,894,829	18.8%
2019	\$2,999,661	\$17,719,790	\$0	\$20,719,451	14.5%
2020	\$3,000,000	\$27,115,001	\$0	\$30,115,001	10.0%
2021	\$2,999,517	\$37,751,735	\$103,121	\$40,854,373	7.3%

EXPENDITURES BY PROGRAM

The A2A program was its own GAA strategy and its own program. As such, the expenditures presented for the GAA strategy above also represent the expenditures for the program.

⁵⁷ HHSC reported several negative expenditures for GAA strategy 4.1.2. These were removed and counted as \$0.

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately on the A2A program.

DID THE PROGRAM MEET A TANF PURPOSE?

YES NO

The Texas 2019 TANF State Plan states that Texas operates a pregnancy support program, which “promotes childbirth by providing pregnancy, adoption, and parenting support services to Texas women and men.” This program is A2A. The State Plan classifies the program as falling under TANF Purpose 4, which is to encourage the formation and maintenance of two-parent families. There was no evidence gathered during the audit that demonstrated how A2A services could be reasonably calculated to achieve Purpose 4.

HHSC provided documentation that this categorization was approved by ACF in the 2007 TANF State Plan. A review of the program description from the State Plan indicate that the design of the program may have changed between 2007 and the years within the scope of the audit. As such, the types of services and benefits provided were more expansive than those in 2007. Therefore, during the period of the audit, the program was more appropriate under TANF Purposes 1, 2, and 3. The reasons for this classification is detailed below.

TANF Purpose 1: Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives

Services provided by A2A partners may include:

- Housing and support services through maternity homes
- Non-medical goods to support the newborn, such as a car seat, diapers, and formula.

Housing services which are designed to support a pregnant mother or a newborn fall under TANF Purpose 1 because they ultimately allow the child to be cared for in their own home. A2A reported that no partner provided maternal housing during the audit.

Formula also falls under TANF Purpose 1 because formula is considered food. By providing food for a child, A2A was supporting the child to be cared for in their own home.

TANF Purpose 2: End the Dependence of Needy Parents on Government Benefits by Promoting Job Preparation, Work, and Marriage

A2A’s third goal to “Improve family’s economic self-sufficiency by helping parents continue their education and secure employment” best falls under TANF Purpose 2.

TANF Purpose 3 – Preventing and Reducing the Incidence of Out-of-Wedlock Pregnancies

The services provided under A2A’s first and second program goals fell more appropriately under TANF Purpose 3.

A2A’s first and second goal of improving pregnancy outcomes and improving child health are akin to home visiting programs, which:

- Promote good prenatal and infant care,
- Enhance child development,
- Provide counseling and information and link pregnant women or mothers with services.

- Encourage and provide family planning (e.g., spacing between births)
- Support mothers to increase avoidance of welfare dependency.⁵⁸

The second goal of A2A may also be loosely related to early childhood programs. ACF speaks directly to the allowability of early childhood programs in a 2005 PI:

“Over the past several decades, a fairly extensive body of research has demonstrated the positive effects of quality early childhood programs for disadvantaged children’s school success, as well as their health, cognitive, social and emotional development. Some additional long-term outcomes for disadvantaged children (reported primarily from one study) include less contact with the criminal justice system, higher earnings as adults, less reliance on social services as adults, and fewer out-of-wedlock births.”⁵⁹

Additional ACF guidance states that services for children and youth that are designed to support and enrich the development and improve the life-skills and educational attainment of children and youth are eligible under TANF.⁶⁰

The intent behind the A2A second goal is to improve child health and development, which could be reasonably calculated to accomplish TANF Purpose 3. This reasonable calculation is specifically discussed in ACF’s funding guide Helping Families Achieve Self-Sufficiency:

“Activities, benefits, or services that are reasonably calculated to accomplish a TANF purpose are those that directly lead to (or can be expected to lead to) achievement of a TANF purpose... This includes activities whose relationship to a purpose may not be obvious, but for which there is evidence that it achieves a purpose.”⁶¹

⁵⁸ Administration for Children and Families. (2015). Instructions for Completion of State TANF Financial Report Form ACF-196R. Line 21: Home Visiting Programs. Retrieved from;

https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

⁵⁹ Administration for Children and Families. (2005). TANF-ACF-PI-2005-01 (Funding Childhood Education, School Readiness, Kindergarten and Other Public Education Programs. Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pi-2005-01-funding-childhood-education-school-readiness-kindergarten>

⁶⁰ Administration for Children and Families. (2016). Federal TANF and State MOE Expenditures Summary by ACF-196R Spending Category. Retrieved from: <https://www.acf.hhs.gov/ofa/data/federal-tanf-and-state-moe-expenditures-summary-acf-196r-spending-category>

⁶¹ Administration for Children and Families. (2000). Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. Retrieved from: <https://files.eric.ed.gov/fulltext/ED449307.pdf>

HHSC misclassified the A2A program during the period of the audit. It classified the program as falling under Purpose 4. This misclassification of the program resulted in errors, including:

1. Failure to treat the ongoing provision of formula as assistance. Formula could be provided for up to 36-months, and it is also considered a form of food. For both of these reasons, formula would have fallen under TANF Purpose 1 and been classified as assistance.
2. Failure to establish income eligibility for needy families. HHSC should have established income eligibility standards for families who received services that fell under TANF Purpose 1 and TANF Purpose 2.

How the services should have been classified is outlined in the table below.



Finding

TABLE 2 – A2A SERVICE AND TANF PURPOSE CLASSIFICATION

A2A Service	Appropriate Purpose
Reduce abortions and improve pregnancy outcomes by helping women practice sound health-related behaviors and improve prenatal nutrition;	Purpose 3 except for maternal housing, which should be classified under Purpose 1
Improve child health and development by helping parents provide responsible and competent care for their children; and	Purpose 3 except for formula and maternal housing, which should be classified under Purpose 1
Improve families' economic self-sufficiency by helping parents continue their education and secure employment.	Purpose 2

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

ASSISTANCE

NON-ASSISTANCE

BOTH

A2A services and benefits were considered both assistance and non-assistance.

Assistance

Formula and maternal housing were considered assistance because they meet an ongoing basic need. While no maternal housing was provided during the audit period, A2A reported that formula was provided and that a family could receive it for the entire time in which they were eligible, which could be up to 36 months after the child was born. If the formula were provided only for four months with no additional formula provided after that, it could have been classified as non-assistance. However, if the formula was provided for more than four months, it would be considered assistance.

Additionally, the state could not pay for the first four months with TANF and then switch to General Revenue for ongoing formula. This is based on ACF guidance which specifies that “the continuation of similar benefits designed to address a specific crisis or episode of need provided beyond the initial four months of non-recurrent short-term benefit receipt... is not consistent with regulatory definition of non-recurrent, short-term benefits at 45 CFR § 260.31(b)(1).”⁶²

⁶² Administration for Children and Families. (2013). Q&A: Use of Funds. <https://www.acf.hhs.gov/ofa/faq/q-use-funds?page=all>

Non-Assistance

The majority of what was provided by A2A was services, such as counseling and mentoring. Services are classified as non-assistance because they do not meet a family's on-going needs. Additionally, A2A provided some material goods, such as car seats. These are non-assistance when the provision of the good will not extend beyond four months and is intended to deal with an immediate and specific episode of need. As such, many of the services provided by A2A providers were appropriately classified as non-assistance.

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET?

YES NO

The additional TANF requirements were not met for the individuals who received formula for longer than four months.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA?

YES NO PARTIALLY

The following individuals were eligible for A2A:

- Pregnant women for up to three years after the child's birth
- Clients who have suffered a miscarriage or loss of a child for 90 days after the miscarriage or loss
- Adoptive parents for up to two years post-adoption

A2A services were also available to the family of an eligible individual. In State Fiscal Year 2020, the definition of family was expanded to include the parent, legal guardian, or Adult Caregiver of a minor, if that minor is eligible for services.

There were no income requirements for a participant or their family. Participants must be legally present in the United States.

Child in the Home

In general, A2A services were provided to families with either an unborn child or a child that is between the ages of birth and three. However, services could also be provided to a family who had a miscarriage or lost a child. If the miscarry or deceased child was the only child in the home, that family would not be considered as having a child in the home according to TANF regulations. While this family was eligible to receive A2A services, the program could not pay for those services with TANF. A2A reported that they are unable to verify if any services were provided to a family who met this criterion without going into each individual case file across the four-year audit period.

Neediness

Programs that fall under TANF Purpose 1 or Purpose 2 are expressly for the needy, meaning that individuals who are served under these programs must meet the state's criteria of financial neediness. This is clearly expressed both in the Purpose themselves with the use of the term "needy" and further supported in ACF's Q&A: Use of Funds (2013):

Q1: May States help the non-needy with services that are consistent with TANF purpose one or two as long as those services fall outside the definition of assistance?

A1: No. The first two statutory purposes (related to caring for children in their own homes and ending dependence) are expressly for the needy. Therefore, the statute envisions that States would serve only the needy when they are conducting activities or providing benefits that are reasonably calculated to accomplish TANF purpose one or two. This means that States would have to develop and apply criteria of financial need in these cases. However, States may use

Federal TANF funds to help both the needy and the non-needy with benefits or services that are reasonably calculated to accomplish TANF purpose three or four (which relate to reducing out-of-wedlock pregnancies and the formation and maintenance of two-parent families). In serving the non-needy, States may use only segregated Federal TANF funds.⁶³

Expenditures spent on achieving A2A third goal should only have been funded with TANF when the services were delivered to needy families. The 2019 TANF State Plan is silent on an income limit for A2A. In order for A2As services to correctly fall under TANF Purpose 1 and Purpose 2, an income limit should have been established and documented in the State Plan. Individuals earning more than the established income limit could have been eligible for the program, but their services should not have been paid for with TANF funds.

A state may spend TANF on non-needy families under Purpose 3 only if the services provided do not constitute assistance. As discussed earlier, a participant was eligible to get both formula and maternal housing, which are considered assistance because they meet a person's ongoing needs. As assistance, these services were a better fit under TANF Purpose 1. Purpose 1 programs may only benefit needy families.

Relationship to the Child

Additionally, in State Fiscal Year 2020, A2A expanded the definition of who can receive services, which included an adult caregiver for a minor child. This is an adult who the parent has authorized to provide temporary care for the child. Employment services may only be funded with TANF when the individual receiving the service is a parent of a child. This is expressly stated in the Purpose itself.

PROCESS FOR VERIFYING ELIGIBLE EXPENDITURES

A2A reported that in the audit period it would pay invoices with the TANF allocation until it was spent down. After that A2A would use General Revenue. A2A would verify items such as ages, zip codes, etc. but there was no review of individual eligibility against the TANF eligibility criteria. There was no process in place between 2018 and 2021 to ensure that TANF funds were spent on TANF eligible individuals for Purpose 1 and Purpose 2 services.



Based on this payment model, there was a significant risk that A2A misused TANF funds to pay for ineligible persons and ineligible services at the start of the Federal Fiscal Year. For example, the program had no income requirement, which was required for Purpose 1 and 2 programs. Additionally, certain services, such as formula, could not be paid for with TANF if the provision of the service lasted for more than four months.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW?

YES NO N/A

A2A was established in 2006, which was after TANF was enacted. As such, it was not subject to the prior law provisions. A2A was eligible for TANF funding based as what was discussed above.

⁶³ Ibid.

FEDERAL REPORTING

A2A's expenditures were reported on the ACF-196R under Line 18: Prevention of Out-of-Wedlock Pregnancies.



Finding

Expenditures for A2A were incorrectly reported on the ACF-196R because HHSC categorized the program as a Purpose 4 program. The expenditures for Purpose 4 programs need to be reported on Line 19: Fatherhood and Two-Parent Family Formation and Maintenance Program.

However, since the A2A program should have been classified as meeting TANF Purpose 1, Purpose 2, and Purpose 3, the expenditures that fell under each of the goals would have needed to be reported across a variety of lines. This is particularly important for those services that should have been classified as assistance and would have been subject to the additional TANF requirements, such as data collection and being subject to the work participation requirements.

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

For A2A, a participant is defined as an individual who receives services. This may be a pregnant woman, a family member, a child, etc. A2A reported the number of clients as a key performance measure.

To calculate the cost per client served, PCG took the total expenditures for the program as reported by HHSC and divided it by the number of clients served reported for the ABEST measure.

TABLE 3 & FIGURE 2– COST PER CLIENT SERVED BY SFY

SFY	Clients Served	Total Expenditures	Cost per Client Served
2018	47,561	\$11,894,829	\$250
2019	64,679	\$20,719,451	\$320
2020	101,099	\$30,115,001	\$297
2021	126,533	\$40,854,373	\$322



ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

A2A had two key performance measures reported for ABEST. The data for these measures is reported below.

TABLE 4 – KEY PERFORMANCE MEASURES BY SFY

Measure	2018	2019	2020	2021
Number of persons receiving services as alternatives to abortion	47,561	64,679	101,099	126,533
Number of alternatives to abortion services provided	148,712	288,908	1,936,028	2,698,003

ADDITIONAL RELEVANT OUTCOME MEASURES TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

Starting in State Fiscal Year 2020, there were two additional A2A outcome measures assigned to service providers. These are reported to the Legislative Budget Board through the A2A annual report but not through ABEST. Two partners did not become contracted partners until State Fiscal Year 2021.

TABLE 5 – ADDITIONAL PERFORMANCE MEASURES BY SFY

Measure	Provider	SFY 2020	SFY 2021
At least 20% of A2A clients referred to the Texas Nurse Family Partnership successfully enroll in the program	Provider 1	21%	24%
	Provider 2	18%	12%
	Provider 3	N/A	5%
	Provider 4	N/A	100%
At least 20% of A2A clients referred to Medicaid successfully enroll in the program	Provider 1	25%	23%
	Provider 2	85%	63%
	Provider 3	N/A	25%
	Provider 4	N/A	56%

The A2A program provides an annual report to the Legislature each year. The level of data collected for the measures discussed in the sections above varied based on the year of the report. For example, the age range for program participants changed between 2019 and 2020. In some instances, the data reported in the annual report did not match the data that was reported in the ABEST measures. This may be related to how the data was collected and reported in the annual report.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

Texas could consider accessing Title X funds to support the first goal of the A2A program, specifically improving pregnancy outcomes. Title X Family Planning grantees can provide the following types of services:

- Discussion with clients about their reproductive life plan.
- Family planning methods and services for delaying or preventing pregnancy. This does not include abortion as a method of family planning.
- Pregnancy testing, and counseling in accordance with the Title X regulations.
- Services centered around preconception health and achieving pregnancy, which can include:
 - Basic infertility services;
 - Sexually transmitted infection (STI) prevention education, screening, and treatment;
 - HIV testing and referral for treatment when appropriate; and
 - Screening for substance use disorders and referral when appropriate to help reduce adverse pregnancy-related outcomes and improve individuals' reproductive health generally.⁶⁴

Workforce Innovation and Opportunity Act (WIOA) funds may be available to the A2A program for services that fall under A2A's third goal, which is to improve a family's economic self-sufficiency.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

A2A expenditures were a mixture of different Objects of Expenses, including personnel costs and grants (also known as outsourced services). A2A awarded grants to providers throughout the state to provide the services described earlier in this program summary. In 2018 and 2019, there were two providers. In 2020 and 2021, grants were provided to four providers. A2A used all of its TANF allocation to pay for outsourced services.

The table below shows the amounts of expenditures with the grants Object of Expense in each of the four audit years.

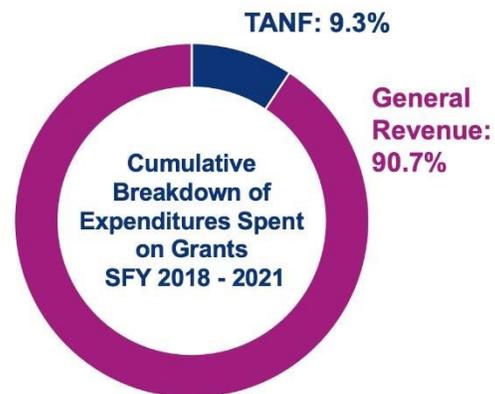


FIGURE 3: CUMULATIVE BREAKDOWN OF EXPENDITURES SPENT ON GRANTS FOR THE A2A PROGRAM

⁶⁴Office of Population Affairs. (n/d). About Title X Service Grants. Retrieved from: <https://opa.hhs.gov/grantprograms/title-x-service-grants/about-title-x-service-grants>

TABLE 6 – AMOUNTS OF EXPENDITURES SPENT ON GRANTS BY MOF AND SFY

SFY	TANF Expenditures Spent on Grants	General Revenue Expenditures Spent on Grants	Total Expenditures Spent on Grants	TANF Grant Expenditures as % of Total Grant Expenditures
2018	\$0.00	\$4,903,726	\$4,903,726	0.0%
2019	\$3,000,000	\$17,769,543	\$20,769,543	14.4%
2020	\$3,000,000	\$27,027,112	\$30,027,112	10.0%
2021	\$2,999,517	\$37,772,277	\$40,771,795	7.4%

SERVICE PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

Some A2A's services were duplicative of already operating programs that received TANF funding. Duplication was found in the following:

- The Nurse Family Partnership Program provides services to first-time parents with low incomes to support the pregnant woman and the unborn baby. These services can continue for up to 24 months after the child is born. The goals for the program include:
 - Improve pregnancy outcomes by helping women access resources to alter their health-related behaviors, including reduction of smoking, alcohol consumption, and illicit drug use;
 - Improve child health and development by helping parents to provide more responsible and competent care for their children, using available community resources; and
 - Reduce the incidence of child abuse and neglect.
- The Early Childhood Intervention Program offers services to children from birth to age three when the child has a disability or a developmental delay. Depending on the health of the child, services may be more appropriate under ECI compared to A2A.
- TWC offers a variety of workforce development programs which are geared towards helping an adult get training and employment. The programs offered by TWC may be a better fit to satisfy A2A third focus, which is to improve families' economic self-sufficiency by helping parents continue their education and secure employment.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

It is unclear if the A2A program received any guidance from TANF Subject Matter Experts when the program was first established. This type of guidance could have prevented or reduced the findings outlined within this report.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

A2A can identify specific services that only it provides and focus its allocation on providing those services. Program participants could be referred to the more appropriate agency when they are TANF eligible, which would tap into the TANF funding they are receiving and reduce the draw on the General Revenue for the A2A program. By focusing on those services that only it provides, A2A can better utilize its allocations in a more narrow and focused way.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

CHARITABLE CHOICE PROVISIONS

Some A2A subcontractors were religious organizations and therefore subject to the charitable choice provisions outlined in 45 CFR § 260.34. The charitable choice provision requires that no Federal TANF funds be expended on inherently religious activities and that if those activities are offered, they are offered separately from the programs and services which receive TANF funding. Any participation for program participants in the religious services must be voluntary.

A2A reported that all grantees must document in their Request for Applications (RFA) response how it will adhere to this provision. HHSC provided a copy of the RFA responses for all four subcontractors. Three subcontractors had religious affiliations and were subject to the charitable choice provision. Of the three, one outlined how it would adhere to the provision and another stated that it would provide training but no clear process for adherence. The third did not address the provision.



Finding

Not all RFA responses provided by A2A for the contracted partners adequately addressed the charitable choice provision. As such, A2A was at risk for being out of compliance with the provision while the program was appropriated TANF.

NOTIFICATION OF TANF AWARD

2 CFR § 200.211 establishes requirements for agencies that grant federal awards to other agencies. This regulation specifies that when a federal award is granted, there must be a notice provided to the receiving agency that includes specific information as well as cover general terms and conditions of the award. A letter's terms and conditions must include the national policy requirements that are laid out in statutory, executive order, other Presidential declarations, or regulatory requirements.

Awardees of federal grants who further award the grant to subcontractors must also notify the subcontractors of the award. This is outlined in 2 CFR § 200.332 Requirements for pass-through entities. It specifies that the notice must include: (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.

A2A reported that they did not notify their providers that they were receiving TANF funds. As a result, the providers did not know they were receiving TANF funds. They also would not have known about their responsibility to notify and monitor their subcontractors .



Finding

A2A failed to comply with the provisions within 2 CFR § 200.211, 2 CFR § 200.300, and 2 § CFR 200.332.

HEALTHY MARRIAGES PROGRAM

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

The Healthy Marriages Program is an online clearinghouse for marriage and relationship education skill programs throughout Texas. The goal for the clearinghouse is to connect engaged or married couples with marriage and relationship programs that will support the couple in building the skills needed to support a healthy marriage.

The clearinghouse is a website called *TwogetherinTexas*, which is maintained by a contractor hired by HHSC. Users can search the website for a list of the marriage education programs by zip code, city, or county.

The Healthy Marriages Program is staffed by one full-time HHSC employee. This employee is responsible for reviewing provider/agency applications to *Twogether in Texas* to verify that the provider/agency is eligible to be listed on the website. Provider eligibility is outlined in section 2.013 of the Texas Family Code.

While the types of services that the provider delivers may vary, all must provide a minimum 8-hour curriculum that is taught to the couple. The curriculum must meet the established criteria of the United States Department of Health and Human Services healthy marriage initiative, the National Healthy Marriage Resource Center, other criteria developed by the Health and Human Services Commissions, or another similar resource. Curricula must cover:

- Conflict management
- Communication skills
- The key components of a successful marriage

The services provided to the couple at a minimum include the above-mentioned curriculum. Additional services, including a longer curriculum, may be recommended by the provider in consultation with the couple. After completing the curriculum, the couple receives a certificate that they can use to get \$60 off of their marriage license fee and a waiver of the 72-hour waiting period.

HHSC does not provide any TANF funding to a provider nor cover any costs associated with participating in the curriculum for the couple.

EXPENDITURES BY GAA STRATEGY

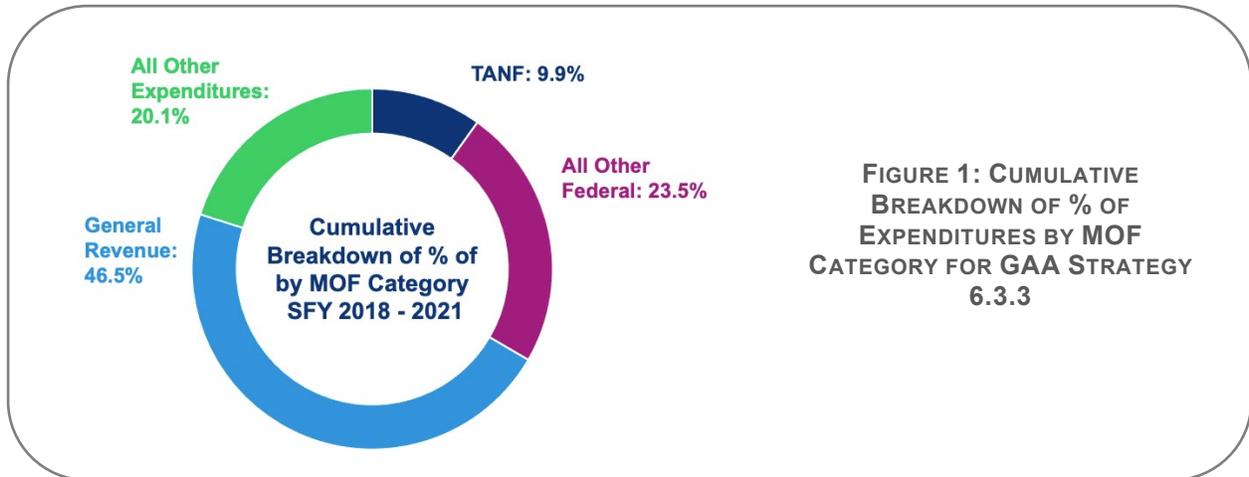
The Healthy Marriages Program was a sub-strategy under General Appropriations Act (GAA) strategy 6.3.3. Expenditures from the TANF Method of Finance (MOF) made up 9.9% of all expenditures across the four year audit period. This is shown in the graph below.

GAA Strategy 6.3.3

Goal 6: Community and Independent Living Services and Coordination

Objective 3: Community Advocacy and Supports

Strategy 3: Additional Advocacy Programs



The table below details the expenditures for the GAA strategy broken out by all MOFs for each of the four audit years. Expenditures were provided by HHSC.

TABLE 4 – GAA STRATEGY 6.3.3 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	All Other Federal Expenditures	General Revenue Expenditures	Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$87,531	\$516,592	\$508,970	\$797,764	\$1,910,857	4.6%
2019	\$110,191	\$251,906	\$527,056	\$0	\$889,153	12.4%
2020	\$87,790	\$165,724	\$388,823	\$41	\$642,378	13.7%
2021	\$110,130	\$1,677	\$422,297	\$0	\$534,104	20.6%

EXPENDITURES BY PROGRAM

The Healthy Marriages Program fell under GAA sub-strategy 6.3.3.1. The program's only MOF was TANF. Its expenditures are outlined in the table below.

TABLE 2 – GAA SUB-STRATEGY 6.3.3.1 HEALTHY MARRIAGES PROGRAM EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Total Expenditures
2018	\$87,531	\$87,531
2019	\$110,191	\$110,191
2020	\$87,790	\$87,790
2021	\$110,130	\$110,130

FEDERAL REPORTING

The expenditures for the Healthy Marriages Program were correctly reported on Line 19: Fatherhood and Two-Parent Family Formation and Maintenance on the ACF-196R.

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately on the Healthy Marriages Program.

DID THE PROGRAM MEET A TANF PURPOSE?

YES NO

The Healthy Marriages Program met TANF Purpose 4, which is to “Encourage the formation and maintenance of two-parent families. ACF guidance on the ACF-196R states that allowable activities may include marriage education, marriage, and relationship skills.... Public advertising campaigns on the value of marriage...”⁶⁵

Additional guidance by ACF through IM-2004-02 states that the allowable programs and activities include those that “promote awareness of the importance of healthy marriages and to support education and skills building services that could enhance the health and stability of marriages.

- Public advertising campaigns on the value of healthy marriages and on the skills necessary to building marital stability and health;
- Marriage and pre-marital education and relationship enhancement skills programs for married couples, engaged couples and couples considering marriage.
- Marriage enhancement and skills training for married couples.”⁶⁶

The TwogetherinTexas website was eligible as it served as a clearinghouse for individuals to access the types of services that are allowable under Purpose 4. Staff costs associated with monitoring the contract and verifying eligibility for providers to be listed on the website were also allowable.

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

ASSISTANCE NON-ASSISTANCE

This question is not relevant because the program did not provide a benefit or service.

IF ASSISTANCE, WERE ADDITIONAL REQUIREMENTS MET?

YES NO N/A

This question is not relevant because the program did not provide a benefit or service.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA?

YES NO N/A

This question is not relevant because the program did not directly provide a benefit to individuals.

⁶⁵ Administration for Children and Families. (2015). Instructions for Completion of State TANF Financial Report Form ACF-196R. Retrieved from; https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

⁶⁶ Administration for Children and Families. (2004). TANF-ACF-IM-2004-02 (General Policy and Guidance on How Federal TANF and State Maintenance-of-Effort (MOE) Funds can be used to Help States, Tribes, and Territories. Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-im-2004-02-general-policy-guidance-how-federal-tanf-and-state>

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW?

YES
 NO
 N/A

The Healthy Marriages Program was established after TANF's enactment and therefore not part of the state's Title IV-A Emergency Assistance State Plan. As such it is not subject to the prior law requirements. Its expenditures were allowable based on meeting TANF Purpose 4.

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

The Healthy Marriages Program did not deliver services or benefits directly to couples. However, the TogetherinTexas website tracked the number of individuals who completed the curriculum with an eligible provider. Between 2018 and 2021, 95,668 individuals completed the curriculum. There was a total of 20,900 providers during this same time period.

To calculate the cost per client served, PCG took the total expenditures for the program and divided it by the number of individuals who completed the curriculum as reported by Healthy Marriages Program staff.

TABLE 3 & FIGURE 2 – COST PER CLIENT SERVED BY SFY

SFY	Clients Served	Total Expenditures	Cost per Client Served
2018	27,586	\$87,531	\$3.17
2019	18,108	\$110,191	\$6.09
2020	25,714	\$87,790	\$3.41
2021	24,260	\$110,130	\$4.54



ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

There were no additional key or non-key performance measures reported to the Legislative Budget Board.

ADDITIONAL RELEVANT OUTCOME MEASURE TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

HMP tracked no additional relevant outcome measures.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

There are several additional MOFs that would be eligible to support the Healthy Marriages Program.⁶⁷

TABLE 4 – POTENTIAL FUNDING SOURCES FOR THE HEALTHY MARRIAGES PROGRAM

Funding Source	Clients Served
TANF	HHSC can use additional TANF to fund a variety of programs and services that fall under the Healthy Marriages Program umbrella. This might include releasing a competitive Request for Applications (RFA) where eligible individuals/programs can apply for TANF funding to support their program operations.
Title IV-B: Child Welfare Services	Title IV-B funds can be used to promote healthy marriages. While Title IV-B is funding for foster care and adoption services, states can use the funding source to fund healthy marriage and relationship education for parents whose children are at risk of being placed in foster care.
Title II: Child Abuse Prevention and Treatment Act	Title II of the Child Abuse Prevention and Treatment Act provides grants to communities for programs that focus on preventing child abuse and neglect. One of the stated purposes for which the grants can be used is to increase family stability. Evidence has shown that children are less likely to experience abuse when they are raised in a married-parent family.
Healthy Marriage & Responsible Fatherhood grant	ACF operates the Healthy Marriage & Responsible Fatherhood program, which provides grants, contracts, research, and evaluation, and additional activities that are geared toward strengthening families, building parenting skills, and improving family economic outcomes. These grants are available to states such that HHSC could apply for grant funding.
Title X: Family Planning	If Texas funds any family planning clinics with Title X, some of that funding could be used to provide information to patients about where they can go for information on strengthening their relationships.
Social Services Block Grant (SSBG)	The Social Services Block Grant is awarded to states to deliver social service programming. This programming is focused on reducing dependency on public assistance programs and promoting self-sufficiency.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

The program did not have any outsourced services. The program did contract with a company to develop and maintain the website.

SERVICES PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

The Healthy Marriages Program is not duplicative or overlapping of other programs. This is because the Healthy Marriages Program serves as a clearinghouse for providers to make themselves more visible and

⁶⁷ United States Congress Joint Economic Committee. (2022). Building a Happy Home: Marriage Education as a Tool to Strengthen Families. Retrieved from: <https://www.jec.senate.gov/public/index.cfm/republicans/2022/3/building-a-happy-home-marriage-education-as-a-tool-to-strengthen-families>

for potential participants to more easily locate an eligible program. HHSC itself does not provide or fund actual services of benefits.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

The major challenge for implementing this program is the small budget. Allocations only covered personnel and professional fees.

Program staff also mentioned that the program is limited by the statutes within the Texas Family Code. This limits potential expansion of the program in terms of who can provide the services and the types of services that can be provided.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

There are no identified opportunities for cost savings and/or program efficiencies. The program is required under Chapter 31 of the Texas Family Code. HHSC is currently using a minimum amount of TANF to fund the program, specifically for personnel costs for the one full-time staff person and for the website.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

HHSC can consider supporting currently approved providers in applying for grant funding from ACF for the Healthy Marriages & Responsible Fatherhood program when future Funding Opportunity Announcements (FOAs) are released.

Texas Human Resources Code Chapter 31 governs the TANF program. In this chapter, Texas has three statutory requirements relating to healthy marriages:

1. **Texas Human Resources Code § 31.015. Health Marriage Development Program:** This section mandates that HHSC develop and implement a healthy marriage development program for TANF recipients. The program is to consist of three parts:
 - a. Premarital counseling for engaged couples and marriage counseling for married couples
 - b. Physical fitness and active lifestyles and nutrition and cooking, including:
 - c. Parenting skills, including parenting skills for character development, academic success, and stepchildren.Participants in the program are eligible for a minimum of \$20 per month and a maximum of \$60 per month for their participation.
2. **Texas Human Resources Code § 31.017. Healthy Marriages and Strong Families Grant Program:** This section allows for HHSC to administer a grant program to agencies/programs that provide marriage education and which support health marriages or support strengthening families. The maximum grant is \$50,000.
3. **Texas Human Resources Code § 31.018. Marriage and Family Program Funding:** This section mandates that that HHSC spend a minimum of 1% of the TANF block grant during each State Fiscal Year to fund the Healthy Marriage Development Program (Texas Human Resources Code § 31.015) and Healthy Marriages and Strong Families Grant program (Texas Human Resources Code § 31.017). Ten percent of the fund can be spent on evaluation.

**Finding**

HHSC did not follow Texas Human Resources Code Chapter 31 § 31.015 as it is intended. The Healthy Marriages Program did not provide any type of service or benefit.

It is recommended that HHSC come into compliance by establishing a Healthy Marriage Development Program.

**Finding**

HHSC did not follow Texas Human Resources Code Chapter 31 § 31.018. HHSC did not allocate the mandatory 1% of the TANF block grant to fund the Healthy Marriage Development Program or the Healthy Marriages and Strong Families Grant Program. The minimum allocation for these programs is \$4,846,521.05. The annual allocation for the Healthy Marriages Program was \$98,911. This is less than what is required by the Texas Human Services Code.

It is recommended that HHSC come into compliance by allocating the minimum requirement to both the Healthy Marriage Development Program or the Healthy Marriages and Strong Families Grant Program.

APPENDIX A: ECI ANNUAL PERFORMANCE REPORT MEASURES FOR THE IDEA GRANT, PART C

The data reported by ECI to the Department of Education for the Program for Infants and Toddlers with Disabilities (Part C of the IDEA) are provided below. For this table, measure three is assessed across two different Summary Statements, SS1 and SS2.

	2018		2019		2020		2021	
1. % of infants and toddlers with IFSPs who received the early intervention services on their Individualized Family Service Plan (IFSP) in a timely manner (within 28 days of signing IFSP)	95.9%		95.76%		96%		96.4%	
2. % of infants and toddlers with IFSPs who primarily receive early intervention services in the home or in a community-based setting	99.3%		99.3%		99.1%		99.8%	
3. % of infants and toddlers with IFSPs who demonstrate improved	SS1	SS2	SS1	SS2	SS1	SS2	SS1	SS2
a. Positive social-emotional skills	72.3%	48.7%	71.7%	49.3%	69.5%	46.3%	66.5%	44.9%
b. Acquisition and use of knowledge and skills	78.4%	39.3%	78.2%	38%	77.1%	35.3%	73%	33.3%
c. Use of appropriate behaviors to meet their needs	80.4%	47.8%	79.5%	47.4%	77.5%	44.1%	75.4%	40.9%
4. % of families participating in Part C who report that early intervention services have helped the family								
a. Know their rights	87.91%		86.6%		85.1%		86.3%	
b. Effectively communicate their children’s needs	88.75%		88.1%		88.1%		88.8%	
c. Help their children develop and learn	89.98%		88.9%		88.2%		88.3%	
5. % of infants and toddlers birth to 1 with IFSPs compared to national data	1.01%		1.09%		1.16%		1.21%	
6. % of infants and toddlers birth to 3 with IFSPs compared to national data	2.14%		2.34%		2.52%		2.35%	
7. % of eligible infants and toddlers with IFSPs for whom an evaluation and assessment and an initial IFSP meeting were conducted within Part C’s 45-day timeline.	98.7%		98.8		99.1%		99.97%	
8. % of children exiting Part C who receive timely transition planning to support the child’s transition to preschool and other appropriate community services by their third birthday, including:								
a. IFSPs with transition steps and services	96.4%		98.5%		98.4%		96.89%	
b. Notification to LEA, if child is potentially eligible for part B	94.3%		96.1%		96.2%		91.30%	
c. Transition conference if child is potentially eligible for Part B	92.3%		93.6%		92.3%		90.70%	
9. % of hearing requests that went to resolution sessions that were resolved through resolution session settlement agreements	0%		0%		0%		0%	
10. % of mediations held that resulted in mediation agreements	0%		0%		0%		0%	
11.State Systemic Improvement Plan-Full report submission April 1, 206 SiMR: Texas Part C will substantially increase the rate of growth in infants and toddlers demonstrating positive social-emotional skills by .2% each year resulting in overall increase of 0.8% by the final year (FFY 2018)					TBD		66.50%	
Identification and timely correction of noncompliance on SFY 2014, as soon as possible but no later than one year from identification	100%		100%		100%		100%	

Department of Family and Protective Services

Agency Report

DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

The Texas Department of Family and Protective Services (DFPS) is responsible for helping keep children and adults safe from abuse, neglect, and exploitation. The agency achieves this goal by conducting investigations, providing services and referrals, and operating prevention programs.

DFPS TANF PROGRAMS

DFPS operated multiple TANF-funded programs during the audit period. Three of the programs were associated with traditional child protective functions, including services to support a child who was at-risk of being removed from the home or activities to help a child return to their home. It also included a program that provided payments to relatives and other caregivers who are caring for a child that has been placed in their care.

The table below provides a description for each program, the cumulative TANF or TANF Maintenance of Effort (MOE) expenditures for State Fiscal Years (SFY) 2018 through 2021, and the average cost per client.

TABLE 1 – DFPS TANF PROGRAMS

Program	Program Description	Cumulative TANF Expenditures SFY 2018-2021	Average Cost Per Client
Emergency Assistance	The Emergency Assistance program provides foster care and adoption assistance services to children who meet the eligibility criteria for the Aid to Families with Dependent Children (AFDC) program. The program includes the costs of the foster care daily rate, administrative expenditures, and the costs for client services provided to Emergency Assistance clients.	\$1,101,556,127	\$4,948 ⁶⁸
Program Management	Program management costs include both administrative and systems costs associated with the TANF program. These costs are indirectly related to the TANF program and are allocated based on the agency's Public Assistance Cost Allocation Plan (PACAP).	\$111,016,830	N/A
Texas Nurse Family Partnership	The Texas Nurse Family Partnership provides home visitation services to low-income, first-time parents and their children. The program helps first-time pregnant women beginning at their 28 th week of pregnancy and up through the child's second birthday.	\$49,062,197	\$3,948

⁶⁸ Average cost per participant was calculated by dividing the total expenditures for the three General Appropriations Act (GAA) strategies identified by DFPS by the total number of participants reported by DFPS.

Program	Program Description	Cumulative TANF Expenditures SFY 2018-2021	Average Cost Per Client
Relative and Other Designated Caregiver Program	The Relative and Other Designated Caregiver program provides a robust set of services dedicated to promoting stability for children in the conservatorship of DFPS. It additionally provides financial assistance through a monthly payment to eligible kinship caregivers.	\$43,684,406	\$1,739 (per child)
Family-Based Safety Services⁶⁹	The Family-Based Safety Services (FBSS) program is designed to maintain children safely in their homes or make it possible for children to return home. The goal is to strengthen the ability of families to protect their children and reduce threats to their safety. To accomplish this goal, the FBSS program provides a variety of services, such as evaluation and assessment, substance abuse treatment, and counseling.	\$0	\$N/A

TANF ALLOCATION

DFPS' average TANF allocation was \$398,282,607 per year.⁷⁰ Cumulatively, it received \$1,593,130,429. It had the largest allocations of all four agencies, accounting for 71% of the allocation statewide.

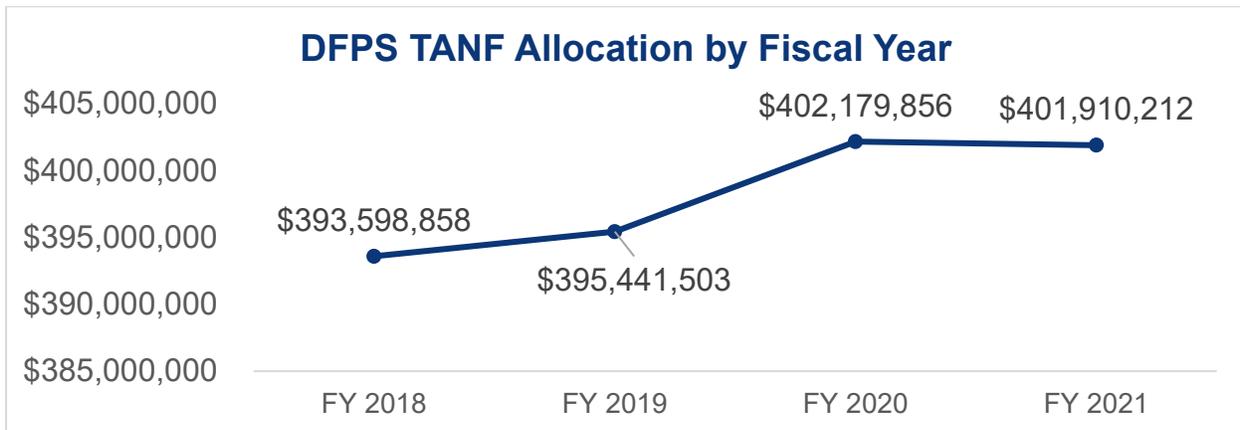


FIGURE 1: DFPS TANF ALLOCATION BY FY

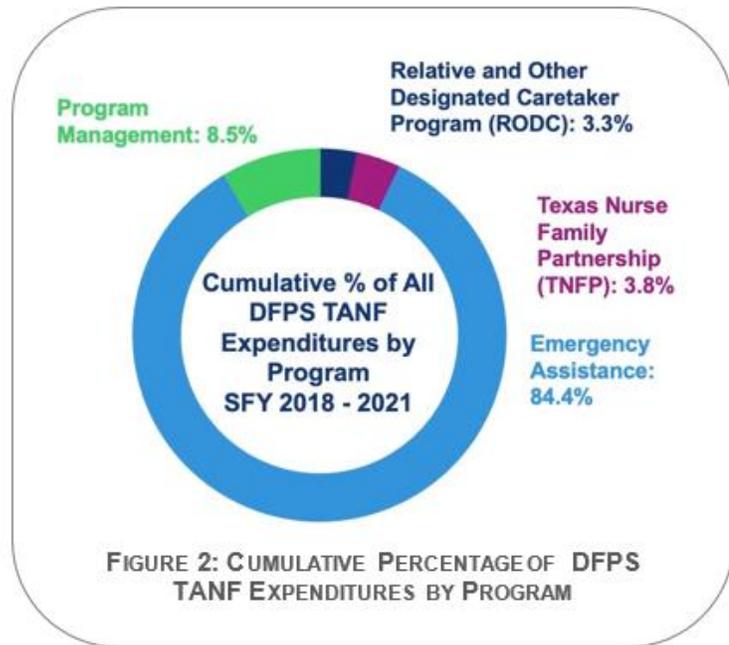
⁶⁹ DFPS does not consider FBSS a stand-alone TANF-funded program. It reported that FBSS is the name of the previous Aid to Families with Dependent Children (AFDC) Emergency Assistance program.

⁷⁰ Based on allocation document provided by HHSC. Allocations are based on a Fiscal Year; there is no specification on federal or state.

TANF EXPENDITURES

Between 2018 and 2021, DFPS spent \$1,305,319,559 in TANF, an average of \$326,329,890 per year. DFPS left about 18% of its allocation unspent every year.

The majority of spending was on Emergency Assistance services, with 84.4% of the total expenditures. Program management expenditures were the second highest area of spending. The percentage of expenditures spent across the DFPS programs is shown in the chart to the right.



AUTHORIZATION UNDER PRIOR LAW

Child welfare expenditures are allowable under TANF Purpose 1, which is to keep needy children in their own home or in the home of relatives. Additionally, a state can use TANF to pay for the services and activities it funded under its approved Title IV-A Aid to the Families with Dependent Children (AFDC) Emergency Assistance program or Title IV-F program. This is permitted under TANF’s “prior law” provision at 45 CFR § 263.11(2).⁷¹

This regulation specifies that a state may use Federal TANF funds “For which the State was authorized to use IV-A or IV-F funds under prior law, as in effect on September 30, 1995 (or, at the option of the State, August 21, 1996)”. A State must choose only one of the two dates. Guidance from ACF further clarifies that a state “must use the same eligibility criteria and same duration for the assistance and services contained in the approved plan.”⁷²

There is not much additional guidance or policy on prior law. The regulation itself speaks only to the use of TANF to pay for the services the State was authorized to pay for under the approved State Plan. One guidance published by the Administration for Children and Families (ACF) speaks to the 1995 new spending test for TANF Maintenance of Effort (MOE). The purpose of this clarification is to describe when a program is not considered new and thus the new spending test is applied. It is reasonable to consider the criteria outlined in this guidance when determining if a service is approved under law regulation.

The guidance states that:

“ACF considers a TANF MOE-funded program whose central purpose is the same as it was in FY 1995 not to be “new” for the purposes of the “new spending test.” This means that incidental changes, name changes, funding level, hours or operation, service additions, or other changes that do not alter the central function or purpose of a program do not trigger the ability of the state to include the total program expenditures as MOE. The state has the responsibility to demonstrate

⁷¹ Congressional Research Service. (2017). The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements. Retrieved from: <https://crsreports.congress.gov/product/pdf/RL/RL32748>

⁷² Administration for Children and Families. (2013). Q&A: Use of Funds. Question 32. Retrieved from: <https://www.acf.hhs.gov/ofa/faq/q-use-funds?page=all>

that a program is fundamentally “new” for the purposes of the new spending test. This means that if a program existed in FY 1995, a state must put forth a strong case that program is in fact a new program.”⁷³

For this criteria to be applied to prior law, we would look at if the program or service had any change that made it fundamentally different such that the service would not have been approved under the Title IV-A Emergency Assistance regulations.

If a service or program were not eligible under the prior law provisions, there is a high likelihood that it would be allowable under TANF. If TANF were used, the state would need to apply the TANF eligibility criteria for citizenship and income as well as consider the child’s placement when determining the length of time for which it could use TANF to pay for the service.

PRIOR LAW IN TEXAS

As discussed earlier, over 84% of TANF funds were used for Emergency Assistance, which were paid for under the prior law provisions for TANF. Texas’ 2019 TANF State Plan says that “DFPS provides any service for which the State previously was authorized to use IV-A or IV-F funds under prior law, as in effect on September 30, 1995, as clarified by the State’s 1997 plan amendment”. This same statement was included in Part 2 of the ACF-196Rs submitted by DFPS to HHSC and by HHSC to ACF in Federal Fiscal Years 2020 and 2021.⁷⁴

Services Contained in the Title IV-A Emergency Assistance State Plans

During the course of this audit, DFPS provided three versions of the Title IV-A Emergency Assistance State Plan, each with distinct services and distinct dates. DFPS also provided copies of communication between the Texas Department of Human Services (TDHS) and ACF about the changes to the Emergency Assistance program. These state plans and communications are detailed below.

1994 State Plan: The Title IV-A Emergency Assistance State Plan that was in effect on September 30, 1995, has an effective date of January 1, 1994 listed on the document. The plan included the following services:

TABLE 2 – 1994 TITLE IV-A EMERGENCY ASSISTANCE STATE PLAN APPROVED SERVICES

Service/Type of Assistance	1994 Title IV-A EA State Plan
Home or shelter care	X
Foster family care	X
Residential group care	X
Information and referrals	X
Case planning and case management	X
Counseling	X
Support activities to normalize family functioning	X
Health care and health maintenance activities	X

⁷³ Administration for Children and Families. (2016). TANF-ACF-PI-2016-04 (Guidance on the application of the “new spending test”). Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pi-2016-04-guidance-application-new-spending-test>

⁷⁴ The ACF-196Rs provided by HHSC for Federal Fiscal Years 2018 and 2019 did not include Part 2. The ACF-196Rs provided by DFPS for the same time period did include Part 2 and the statement.

1996 State Plan: The 1996 Title IV-A Emergency Assistance State Plan had an effective date of April 1, 1996, and an approval date of November 1, 1996. In this State Plan, Texas added three new services that could be provided to meet emergency situations:

TABLE 3 – 1996 TITLE IV-A EMERGENCY ASSISTANCE STATE PLAN APPROVED SERVICES

Service/Type of Assistance	1994 Title IV-A EA State Plan	1996 Title IV-A EA State Plan
Home or shelter care	X	X
Foster family care	X	X
Residential group care	X	X
Information and referrals	X	X
Case planning and case management	X	X
Counseling	X	X
Support activities to normalize family functioning	X	X
Health care and health maintenance activities	X	X
Legal Services		X
Educational Services		X
Other services that meet needs attributable to the emergency or unusual crisis situation		X

1997 State Plan Amendment: The 1997 Title IV-A Emergency Assistance State Plan (referred to by DFPS as an amendment) was effective September 1, 1997. DFPS provided both the amendment as well as a letter dated October 2, 1997, from TDHS to ACF. The letter states that Texas was making three modifications to the determination process for Emergency Assistance as well as adding a new program called Healthy Families. This amendment made two specific changes that impacted the services being delivered under the prior law provisions:

1. **Change 1: Removed the time limit mandated by the Emergency Assistance regulations.** Emergency Assistance benefits were limited to a 12-month period. The 1997 amendment removed the time-limit. The letter from ACF does not directly address if the removal of the time limit was approved; however, it can be read as an implicit approval of all parts of the amendment, which includes the time limit.
2. **Change 2: Addition of the Healthy Families Program.** The 1997 Amendment added the Healthy Families Program. The details on this program within the amendment are few – it states only that eligibility for the program included “families or prenatal or newborn infants that are at risk of child abuse or neglect or other poor childhood outcomes as determined by PRS or its designee.” This program was not operating during the audit period and no TANF was used to fund the program.

The most noticeable difference is that the list of services in the 1997 amendment does not match those that were listed in the 1996 State Plan. This comparison is shown in the table below.

TABLE 4 – COMPARISON BETWEEN 1994, 1996, AND 1997 TITLE IV-A EMERGENCY ASSISTANCE STATE PLANS APPROVED SERVICES

Service/Type of Assistance	1994 Title IV-A EA State Plan	1996 Title IV-A EA State Plan	1997 Title IV-A EA State Plan
Home or shelter care	X	X	X
Foster family care	X	X	X
Residential group care	X	X	X
Information and referrals	X	X	X
Case planning and case management	X	X	X
Counseling	X	X	X
Support activities to normalize family functioning	X	X	X
Health care and health maintenance activities	X	X	X
Legal Services		X	
Educational Services		X	
Other services that meet needs attributable to the emergency or unusual crisis situation		X	
Healthy Families			X

1998 Approval Letter: DFPS provided a letter from ACF to TDHS dated May 11, 1998. This letter stated that ACF had reviewed amendments to the TANF State Plan that were submitted on October 2, October 27, and December 15, 1997, and March 20, 1998. It further stated that:

“...the incorporated amendments, along with their final effective dates (as confirmed by telephone discussions with [Mr. Bost’s staff]), are as follows:

*Effective September 1, 1997 – TANF assistance of an emergency nature, as defined in the State’s TANF Plan, Section 3, will be administered through the Texas Department of Protective and Regulatory Services (DPRS). These emergency assistance services include information and referral, case management, counseling, and support activities and do not meet the definition of “assistance” under TANF.”

These documents and the communication with ACF inform the discussion of several DFPS programs currently funded by TANF and claimed on the ACF-196R as “authorized under prior law.”

Emergency Assistance Services During the Scope of the Audit

Since the 1997 Amendment, DFPS has added additional services that it reported under the auspices of the Emergency Assistance program. PCG compared the services listed in the 1994, 1996, and 1997 Title IV-A Emergency Assistance (EA) State Plan, the 2019 TANF State Plan, and the ACF-196R supporting documentation. The results of the comparison are listed in the table below.

TABLE 5 – COMPARISON OF SERVICES AND TYPES OF ASSISTANCE

Service/Type of Assistance	1994 & 1997 Title IV-A EA State Plan	1996 Title IV-A EA State Plan	2019 TANF State Plan	ACF-196R
Home or shelter care	X	X	X	X
Foster family care	X	X	X	X

Service/Type of Assistance	1994 & 1997 Title IV-A EA State Plan	1996 Title IV-A EA State Plan	2019 TANF State Plan	ACF-196R
Residential group care	X	X	X	X
Information and referrals	X	X	X	X
Case planning and case management	X	X	X	X
Counseling	X	X	X	X
Support activities to normalize family functioning	X	X	X	X
Health care and health maintenance activities	X	X	X	X
Healthy Families Program (added in 1997)	X			
Legal Services		X		
Educational Services		X		
Other services that meet needs attributable to the emergency or unusual crisis situation		X		
Time limited reunification services			X	X
In-home services			X	X
Substance abuse prevention/treatment services			X	X
Family-Based Safety Services				X
Family Group Decision Making				X
Child Safety and Runaway Prevention				X
Prevention and Early Intervention				X
Community-Based Care				X

During the audit period, DFPS reported expenditures for all of the services and activities listed in the table above as being authorized under prior law. However, more than half of the services were not included in the 1994 Title IV-A Emergency Assistance State Plan or 1997 amendment. Many of the programs listed, specifically those included in the ACF-196R column on this table, were not implemented by the agency until 1999 or later.

DFPS has made two cases for why the services included in the two right-hand columns of Table 5 are allowable under prior law.

Case 1: The services are all designed as “support activities to normalize family functioning” and the only change is the naming convention.

DFPS stated that substance abuse services are allowable because the services provided include an assessment of client needs, individual counseling, group counseling, case specific consultation, and

provision of information about the counseling, as needed for court, upon request of CPS. They said that these services are the equivalent of the services allowed under the Title IV-A Plan, specifically information and referral, case planning and case management, counseling, and support activities to normalize family functioning. They further state that because the services were provided to children who would have met the criteria for receiving services under the Title IV-A Plan, they are eligible services.

It also reported that additional services, such as in-home services, family group decision making, and time-limited reunification services are also allowable because they are simply new naming conventions. At the core, they describe services that are provided to Emergency Assistance eligible populations and they are made up of services such as counseling, case planning, case management, and activities such as concrete services which normalize family functioning.

PCG agrees that a new name for a service is not enough to make it fundamentally different from what was provided under AFDC. Rather, the question is if the services and programs provided by DFPS in 1994, 1996, and 1997 have undergone essential changes in their funding levels, service additions, central functions, or purposes. If they have, it would be reasonable to assert that the program or service is not what was delivered in 1994, 1996, and 1997 and therefore ineligible under prior.

Case 2: Any new service fell under the 1996 Title IV-A State Plan service of: “other services that meet needs attributable to the emergency or unusual crisis situation.”

DFPS has said that the services listed in the two right hand columns of Table 5 and that were created after 1996 are eligible under prior law because they are services that can meet an emergency or unusual crisis situation. Given that a child involved with DFPS is in some type of emergency or unusual crisis, the case being made implies that every service provided by the agency is serving an emergency or crisis and therefore eligible under prior law. As a result, **every** service DFPS pays for to benefit a child who is eligible under AFDC rules would be eligible to be paid for with TANF.

OVERALL CONCLUSIONS ON PRIOR LAW SERVICES

The State of Texas explicitly stated in the 2019 TANF State Plan and on the ACF-196Rs that it submitted to ACF during the audit period that it elected to use the Title IV-A Emergency Assistance State Plan that was in effect on September 30, 1995. It has a letter from ACF that Texas was approved to use its 1997 amendment.

The services discussed in the 1994 State Plan, the 1997 amendment, and the 1998 approval letter are the same. The services listed in the 1996 State Plan are not. Since the letter does not specify which State Plan was being amended in 1997 - the 1994 or 1996 Plan - it is unclear to PCG how or if the 1996 State Plan should be considered when determining what services are allowable under prior law in Texas.

Given this, we cannot definitively say that the services in the 1996 State Plan being charged to TANF were actually approved by ACF in 1998. We additionally cannot definitively say that ACF would approve DFPS' interpretation that the services offered today meet the spirit or intention of the TANF regulation at 45 CFR § 263.11(2). DFPS should consider working with HHSC and ACF to verify what services and programs can be paid for under the prior law regulations.



Observation

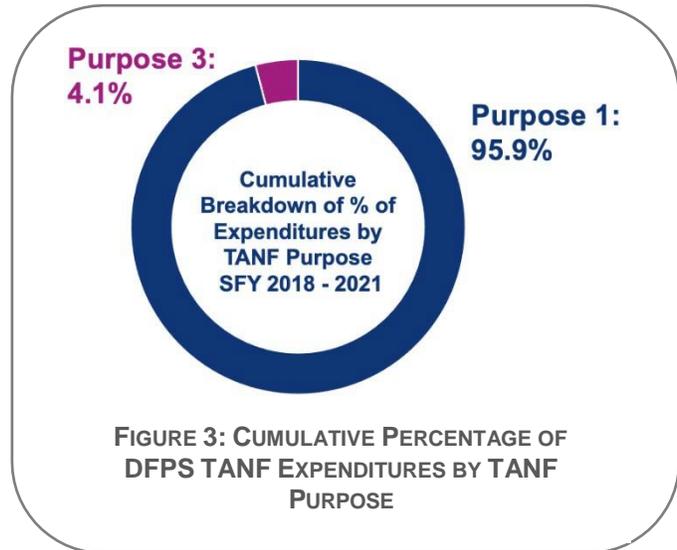
DFPS provided multiple documents to verify why the services and programs charged to TANF were allowable under law. The documentation provided was unclear and incomplete. Given this, we cannot definitively say that the services in the 1996 State Plan being charged to TANF were actually approved by ACF in 1998. We additionally cannot definitively say that ACF would approve of DFPS' interpretation that the services offered today meet the spirit or intention of the TANF regulation at 45 CFR § 263.11(2).

SPENDING BY PURPOSE

Over 95% of DFPS' TANF expenditures were spent on programs accomplishing TANF Purpose 1.⁷⁵ This is seen in the chart below and based on the expenditures reported by DFPS.

TANF MAINTENANCE OF EFFORT SPENDING

DFPS did not contribute any General Revenue spending towards the state's TANF Maintenance of Effort (MOE) during the years covered in this audit. The agency had contributed expenditures prior to State Fiscal Year 2018.



DFPS FINDINGS

AGENCY LEVEL FINDINGS



Observation

DFPS provided multiple documents to verify why the services and programs charged to TANF were allowable under law. The documentation provided was unclear and incomplete. Given this, we cannot definitively say that the services in the 1996 State Plan being charged to TANF were actually approved by ACF in 1998. We additionally cannot definitively say that ACF would approve of DFPS' interpretation that the services offered today meet the spirit or intention of the TANF regulation at 45 CFR § 263.11(2).

Federal Reporting

DFPS incorrectly reported previous year expenditures for all TANF funded programs. When submitting the annual ACF-196R to HHSC, DFPS submitted old expenditures that were incurred in previous years for the open TANF Grant Years. This gives the appearance that DFPS was spending triple what it actually spent.

PCG summed the ACF-196R quarterly reports submitted by DFPS and compared those totals against the ACF-196R submitted by HHSC to ACF as well as the expenditures reported by DFPS to PCG. There was variation across all three documents.

⁷⁵ Excludes program management expenditure.

An example for the Texas Nurse Family Partnership is provided below.

TABLE 6 – COMPARISON BETWEEN DFPS ACF-196R, HHSC ACF-196R, AND DFPS REPORTED EXPENDITURES BY SFY FOR THE TEXAS NURSE FAMILY PARTNERSHIP

SFY	DFPS Expenditures Reported to PCG (SFY)	DFPS Expenditures Reported on ACF-196R (FFY)	HHSC Reported Expenditures on ACF-196R (FFY)
2018	\$12,265,548	\$4,229,734	\$4,909,041
2019	\$12,265,549	\$10,418,926	\$17,963,177
2020	\$12,265,549	\$10,735,574	\$13,366,835
2021	\$12,265,549	\$10,741,836	\$12,271,813



Finding

DFPS did not complete its ACF-196R reports correctly. The agency provided prior Grant Year ACF-196Rs even though the agency reported it had not spent prior Grant Year funding. As such, the agency inaccurately reported its actual expenditures for the Fiscal Year. In reviewing the ACF-196Rs submitted by HHSC to ACF, prior Grant Year funding was reported as being used on lines that were only used by DFPS programs (namely Line 7a and 8a).

It is recommended that DFPS receive training on how to correctly complete the quarterly and cumulative ACF-196R. It is also recommended that DFPS be notified of when prior Grant Year funding is being allocated to DFPS expenditures so that DFPS can correct its records.

Cost Allocations

PCG briefly reviewed DFPS' Public Assistance Cost Allocation Plan (PACAP). In this review, we identified one area where the charge order for federal expenditures was different than what we expected. Specifically, the Residential Contracts section charges to TANF first and then to Title IV-E.



Observation

The Residential Contracts section of DFPS' PACAP indicates that the charge order for the program ID costs is TANF before any other programs. Most states will put Title IV-E as first in the charge order as this will maximize federal revenue coming into the state.

It is recommended that DFPS review the charge order for this specific program ID. DFPS acknowledged that this was not the correct cost charge order.

PROGRAM LEVEL FINDINGS

Emergency Assistance



Finding

DFPS did not report the TANF Contingency Fund expenditures on its ACF-196R to HHSC. DFPS reported that it was notified about the Contingency Fund in State Fiscal Year 2022. The requirements that were not followed include:

1. Contingency Fund spending must be reported in Column D. DFPS did not report any expenditures on its own ACF-196Rs in Column D.
2. When requesting a drawdown of funds from HHSC, DFPS should have explicitly requested either Contingency Fund or regular TANF so that it could correctly report the expenditures on the ACF-196R. During the audit period, all Contingency Fund expenditures were reported under Line 8a; however, there is no documentation to verify that the Contingency Funds were actually spent on prior law non-assistance benefits. DFPS reported that it had more non-assistance expenditures that would have been eligible under prior law than what was reported.

To come into compliance with this requirement, DFPS must be informed of its Contingency Fund allocation, how to request access to the funds, and how to report the allocation correctly on the ACF-196R. After this guidance is provided, it is recommended that DFPS update its ACF-196R processes to accurately report Contingency Fund spending, both in the correct column and on the right line. DFPS reported that it is working with HHSC on both reporting and draw down procedures.

Program Management

No findings or observations.

Texas Nurse Family Partnership

No findings or observations.

Relative and Other Designated Caretaker Program (RODC)



Finding

DFPS incorrectly reported the expenditures for RODC on the ACF-196R under Line 19. These expenditures should have been reported under Line 6b.

It is recommended that DFPS report the RODC expenditures on Line 6b on the ACF-196R.



Observation

Since DFPS was not reporting RODC payments as assistance, it is at risk for having not reported them to HHSC for the ACF-199 report.

Family Based Supportive Services

No findings or observations.

EMERGENCY ASSISTANCE

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

The Emergency Assistance program was established by Congress in 1980. Its goal was to provide adoption assistance, juvenile justice, and foster care for children who were eligible for the Aid to Families with Dependent Children (AFDC) program. States were required to create a State Plan that outlined the services and activities allowable in their program. This is referred to as the Title IV-A Emergency Assistance State Plan.

The Emergency Assistance program was eliminated with the enactment of TANF in 1996; however, a state can use TANF to provide the services and activities it funded under its Title IV-A Emergency Assistance program or Title IV-F program. This is permitted under TANF's "prior law" provision at 45 CFR § 263.11(2).⁷⁶

EMERGENCY ASSISTANCE ELIGIBILITY CRITERIA

The approved Emergency Assistance services paid for with TANF are subject to different eligibility criteria than those that are not approved. Any service authorized under the 1994 Title IV-A Emergency Assistance State Plan and funded with TANF is subject to the state's previous AFDC eligibility criteria, which would have been outlined in its AFDC State Plan. Additional criteria were included in the Title IV-A Emergency Assistance State Plan. Eligibility included, but was not limited to, the child's residency prior to the removal as well as if the child is considered needy.

Those services that were not approved in the Title IV-A Emergency Assistance State Plan would need to meet the TANF eligibility criteria in order to be funded with TANF. This is discussed in the *Were TANF Funds Used Appropriately* section of this document.

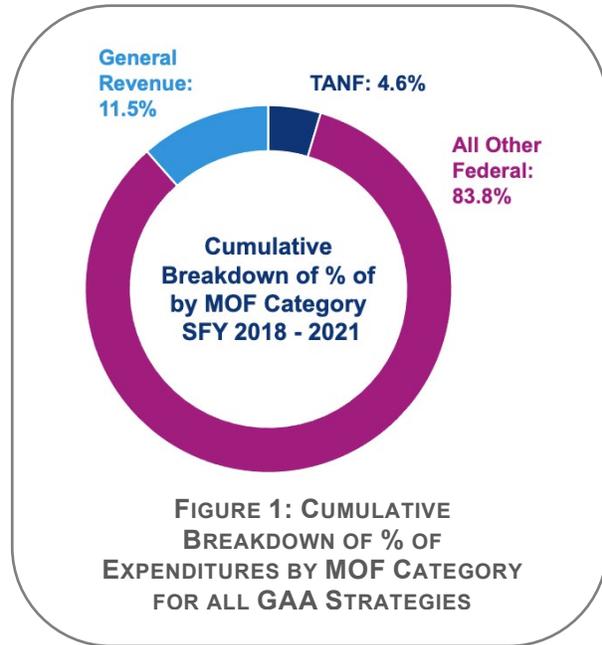
⁷⁶ Congressional Research Service. (2017). The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements. Retrieved from: <https://crsreports.congress.gov/product/pdf/RL/RL32748>

EXPENDITURES BY GAA STRATEGY

Emergency Assistance services fell under six different General Appropriations Act (GAA) strategies:

- GAA strategy A.1.1: Statewide Intake Services
- GAA strategy B.1.1: Provide Direct Delivery Staff for Child Protective Services
- GAA strategy B.1.2: Provide Program Support for Child Protective Services
- GAA strategy B.1.7: Substance Abuse Purchased Services
- GAA strategy B.1.8: Other Child Protective Services (CPS) Purchased Services
- GAA strategy B.1.9: Foster Care Payments

Combined, TANF paid for 4.6% of the expenditures associated with these six strategies. This is seen in the chart to the right. The majority of **TANF** expenditures were in GAA Strategy B.1.9 (57.4%).⁷⁷



The table below shows the totals for the six GAA strategies broken out by Method of Finance (MOF) and for each year in the audit.

TABLE 1 – ALL GAA STRATEGIES WITH EMERGENCY ASSISTANCE SERVICES EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$258,713,638	\$4,658,381,296	\$723,486,653	\$5,493,336	\$5,646,074,923	4.6%
2019	\$277,323,132	\$4,880,754,063	\$740,879,597	\$5,358,855	\$5,904,315,647	4.7%
2020	\$284,908,299	\$5,163,161,471	\$633,007,678	\$8,057,044	\$6,089,134,492	4.7%
2021	\$280,725,421	\$5,385,515,427	\$658,686,324	\$9,393,390	\$6,334,320,562	4.4%

EXPENDITURES FOR INDIVIDUAL GAA STRATEGIES

The tables below details the expenditures for the six GAA strategies, broken out by MOF for each of the four audit years. Data was provided by DFPS.

⁷⁷ Spending by GAA strategy chart does not equal 100% due to the omission of the expenditures for GAA strategy B.1.7 (0.1%).

TABLE 2 – GAA STRATEGY A.1.1 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$9,817,772	\$2,450,281	\$6,496,835	\$18,764,888	52.3%
2019	\$9,076,197	\$2,228,213	\$7,519,097	\$18,823,507	48.2%
2020	\$9,695,391	\$2,505,149	\$9,323,130	\$21,523,670	45.0%
2021	\$8,871,355	\$2,185,109	\$10,217,592	\$21,274,056	41.7%

TABLE 3 – GAA STRATEGY B.1.1 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$78,097,421	\$4,506,568,319	\$423,921,616	\$4,716,262	\$5,013,303,618	1.6%
2019	\$100,229,040	\$4,722,229,324	\$426,134,902	\$4,563,979	\$5,253,157,245	1.9%
2020	\$103,903,660	\$4,996,087,847	\$301,943,646	\$4,454,701	\$5,406,389,854	1.9%
2021	\$102,626,824	\$5,221,449,586	\$309,938,168	\$6,293,135	\$5,640,307,713	1.8%

TABLE 4 – GAA STRATEGY B.1.2 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$9,442,938	\$13,081,876	\$15,306,166	\$17,911	\$37,848,891	24.9%
2019	\$8,396,533	\$15,790,384	\$16,052,241	\$17,931	\$40,257,089	20.9%
2020	\$9,887,209	\$15,707,069	\$26,885,795	\$2,693,254	\$55,173,327	17.9%
2021	\$9,711,417	\$20,945,383	\$34,089,087	\$2,411,802	\$67,157,689	14.5%

TABLE 5 – GAA STRATEGY B.1.7 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$198,494	\$54,735	\$18,373,794	\$18,627,023	1.1%
2019	\$560,608	\$54,735	\$19,176,625	\$19,791,968	2.8%
2020	\$198,494	\$395,652	\$18,802,964	\$19,397,110	1.0%
2021	\$186,254	\$342,015	\$17,551,896	\$18,080,165	1.0%

TABLE 6 – GAA STRATEGY B.1.8 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$2,053,865	\$14,034,664	\$27,906,952	\$43,995,481	4.7%

2019	\$2,053,865	\$16,082,359	\$27,160,577	\$45,296,801	4.5%
2020	\$2,051,530	\$16,255,313	\$22,155,204	\$40,462,047	5.1%
2021	\$2,114,712	\$14,292,530	\$20,390,091	\$36,797,333	5.7%

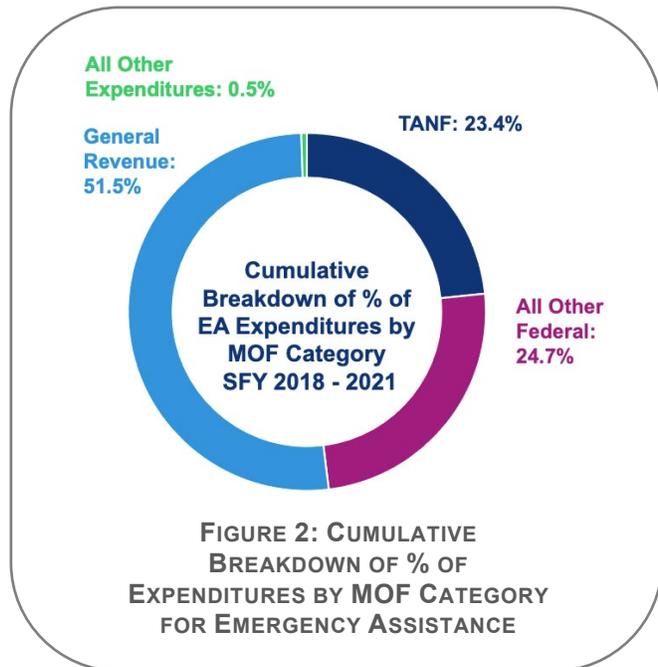
TABLE 7 – GAA STRATEGY B.1.9 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$159,103,148	\$122,191,421	\$231,481,290	\$759,163	\$513,535,022	31.0%
2019	\$157,006,889	\$124,369,048	\$244,836,155	\$776,945	\$526,989,037	29.8%
2020	\$159,172,015	\$132,210,441	\$253,896,939	\$909,089	\$546,188,484	29.1%
2021	\$157,214,859	\$126,300,804	\$266,499,490	\$688,453	\$550,703,606	28.5%

EXPENDITURES BY PROGRAM

The Emergency Assistance services (program) fell under the same six strategies listed above. Cumulatively, 23.4% of all Emergency Assistance services were funded by TANF during the audit period. This is seen in the chart to the right.⁷⁸

The table below isolates the Emergency Assistance program expenditures for the six GAA strategies combined, broken out by MOF for each year in the audit.


TABLE 8 – EMERGENCY ASSISTANCE EXPENDITURES FOR ALL GAA STRATEGIES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$258,662,352	\$202,538,979	\$661,712,887	\$5,356,876	\$1,128,271,094	22.9%
2019	\$277,260,368	\$205,653,691	\$677,893,581	\$5,233,855	\$1,166,041,495	23.8%
2020	\$284,908,339	\$362,097,071	\$531,752,984	\$5,244,428	\$1,184,002,822	24.1%
2021	\$280,725,067	\$390,540,206	\$551,765,402	\$6,876,976	\$1,229,907,651	22.8%

⁷⁸ Total in chart is more than 100% due to rounding.

EXPENDITURES FOR INDIVIDUAL GAA STRATEGIES

The tables below details the Emergency Assistance program expenditures for the six GAA strategies, broken out by MOF for each of the four audit years. Data was provided by DFPS.

TABLE 9 – GAA STRATEGY A.1.1 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$9,766,486	\$2,448,001	\$6,398,620	\$18,613,107	52.5%
2019	\$9,013,433	\$2,205,758	\$7,513,869	\$18,733,060	48.1%
2020	\$9,695,391	\$2,501,278	\$9,294,531	\$21,491,200	45.1%
2021	\$8,871,355	\$2,185,109	\$10,217,592	\$21,274,056	41.7%

TABLE 10 – GAA STRATEGY B.1.1 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$78,097,421	\$74,890,899	\$413,908,322	\$4,597,713	\$571,494,355	13.7%
2019	\$100,229,040	\$76,354,776	\$415,665,527	\$4,456,910	\$596,706,253	16.8%
2020	\$103,903,699	\$224,639,125	\$275,936,913	\$4,335,339	\$608,815,076	17.1%
2021	\$102,626,470	\$259,094,411	\$280,756,465	\$6,188,523	\$648,665,869	15.8%

TABLE 11 – GAA STRATEGY B.1.2 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$9,442,938	\$3,008,658	\$10,925,781	\$23,377,377	40.4%
2019	\$8,396,533	\$2,724,109	\$12,882,167	\$24,002,809	35.0%
2020	\$9,887,209	\$2,930,090	\$13,354,698	\$26,171,997	37.8%
2021	\$9,711,417	\$3,549,031	\$18,340,361	\$31,600,809	30.7%

TABLE 12 – GAA STRATEGY B.1.7 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$198,494	\$1,300,300	\$1,498,794	13.2%
2019	\$560,608	\$1,091,971	\$1,652,579	33.9%
2020	\$198,494	\$1,232,628	\$1,431,122	13.9%
2021	\$186,254	\$1,349,893	\$1,536,147	12.1%

TABLE 13 – GAA STRATEGY B.1.8 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$2,053,865	\$2,238,789	\$4,292,654	47.8%
2019	\$2,053,865	\$2,746,518	\$4,800,383	42.8%
2020	\$2,051,531	\$1,248,682	\$3,300,213	62.2%
2021	\$2,114,712	\$1,401,655	\$3,516,367	60.1%

TABLE 14 – GAA STRATEGY B.1.9 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$159,103,148	\$122,191,421	\$226,941,075	\$759,163	\$508,994,807	31.3%
2019	\$157,006,889	\$124,369,048	\$237,993,529	\$776,945	\$520,146,411	30.2%
2020	\$159,172,015	\$132,026,578	\$230,685,532	\$909,089	\$522,793,214	30.4%
2021	\$157,214,859	\$125,711,655	\$239,699,436	\$688,453	\$523,314,403	30.0%

FEDERAL REPORTING

DFPS reported its Emergency Assistance expenditures on the correct lines of the ACF-196R. The two lines used were:

- Line 7a: Assistance Authorized Solely Under Prior Law, Foster Care Payments.
- Line 8a: Non-Assistance Authorized Solely Under Prior Law, Child Welfare or Foster Care Services

Contingency Fund Reporting

The ACF-196R has different columns for regular TANF block grant spending (Column A) and Contingency Fund expenditures (Column D). It must also be drawn down separately as it is provided by ACF in separate federal sub-account from the regular TANF block grant. As such, states need to both separately draw it down and report their spending of those funds separately from the regular TANF block grant.

In the four years within the scope of the audit, DFPS did not report any Contingency Fund spending on its ACF-196R. However, 100% of the Contingency Fund expenditures were attributed to DFPS on the ACF-196R that HHSC submitted to ACF for all four years in the audit. DFPS reported it was not aware until this 2022 that it was being allocated the Contingency Fund or that the expenditures using that fund source were being attributed to Line 8a in the final submission to ACF. DFPS reported that HHSC had confirmed that “from the State’s perspective, claiming around the Contingency Funding is being tracked and submitted to the federal government correctly.”⁷⁹

We disagree with this statement given that there is no supporting documentation from either DFPS or HHSC that traced any expenditure to this line using this funding source. DFPS itself reported that while there is no documentation showing that the Contingency Funds were actually spent on non-assistance benefits authorized under prior law, it has shown that there’s sufficient TANF eligible expenditures that could be paid with the Contingency Fund. We do not disagree that there is sufficient spending by DFPS, however, an agency must be able to trace all expenditures paid for with TANF to ensure that the TANF dollars were spent appropriately.

⁷⁹ DFPS response to DFPS findings and observations draft report.

DFPS did not report the TANF Contingency Fund expenditures on its ACF-196R to HHSC. DFPS reported that it was notified about the Contingency Fund in State Fiscal Year 2022. The requirements that were not followed include:

1. Contingency Fund spending must be reported in Column D. DFPS did not report any expenditures on its own ACF-196Rs in Column D.
2. When requesting a drawdown of funds from HHSC, DFPS should have explicitly requested either Contingency Fund or regular TANF so that it could correctly report the expenditures on the ACF-196R. During the audit period, all Contingency Fund expenditures were reported under Line 8a; however, there is no documentation to verify that the Contingency Funds were actually spent on prior law non-assistance benefits. DFPS reported that it had more non-assistance expenditures that would have been eligible under prior law than what was reported.

**Finding**

To come into compliance with this requirement, DFPS must be informed of its Contingency Fund allocation, how to request access to the funds, and how to report the allocation correctly on the ACF-196R. After this guidance is provided, it is recommended that DFPS update its ACF-196R processes to accurately report Contingency Fund spending, both in the correct column and on the right line. DFPS reported that it is working with HHSC on both reporting and draw down procedures.

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately on Emergency Assistance services.

DID THE PROGRAM MEET A TANF PURPOSE?

YES **NO**

Child welfare services are allowable under TANF Purpose 1, which is to provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives. ACF's TANF funding guide speaks to allowable uses of TANF funding for child welfare. This includes collaborating "with the child welfare agency to identify and serve children in needy families who are at risk of abuse or neglect (e.g., Family counseling, vocational and educational counseling, and counseling directed at specific programs such as developmentally disabled needs."⁸⁰

Additionally, a state may use TANF on services that are authorized under prior law even if those services do not meet a TANF goal.

The services contained within the Title IV-A Emergency Assistance state plan are allowable under prior law and also under TANF Purpose 1, the state may decide if it wants to spend the TANF under the prior law provisions or the TANF purpose provisions. The two factors to consider are:

1. Duration of time that the services can be provided.
2. Individual eligibility factors to apply (AFDC or TANF).

⁸⁰ Administration for Children and Families. (2000). Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. Retrieved from: <https://files.eric.ed.gov/fulltext/ED449307.pdf>

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

ASSISTANCE NON-ASSISTANCE BOTH

The services included by DFPS in its 1994 and 1997 Title IV-A Emergency Assistance State Plan are a mixture of assistance and non-assistance.

The maintenance costs of the program are considered assistance because they cover the costs of room and board. These costs are associated with a child's ongoing needs.

DFPS's non-assistance Emergency Assistance expenditures include:

- 1) Any additional costs within in the foster care daily rate that were not classified as maintenance costs (such as administrative costs)
- 2) Administrative expenditures relating to the Emergency Assistance program, such as activities relating to child abuse/neglect risk assessment determination, and
- 3) Expenditures for client services provided to Emergency Assistance clients.

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET?

YES NO

DFPS reported expenditures as both assistance and non-assistance. DFPS also completed the ACF-199 for children and families who receive assistance and submitted it to HHSC to compile for the statewide ACF-199.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA?

YES NO PARTIALLY

As discussed in the program background, services that were included in the approved Title IV-A Emergency Assistance State Plan are subject to different eligibility criteria than those that were not. This section looks at the two criteria individually.

Emergency Assistance Eligibility Criteria

Any service authorized under the 1994 Title IV-A Emergency Assistance State Plan and funded with TANF was subject to the state's previous AFDC eligibility criteria, which would have been outlined in its AFDC State Plan. Eligibility included, but was not limited to, the child's residency prior to the removal as well as if the child is considered needy. DFPS reported that the Information Management Protecting Adults and Children in Texas (IMPACT) system has logic to determine if a child meets the AFDC Emergency Assistance eligibility criteria.

The 1997 Title IV-A Emergency Assistance State Plan amendment removed the time limit for which the agency could provide Emergency Assistance services. AFDC rules had limited Emergency Assistance to a twelve-month period with a mandatory new application once that period ended.

TANF Eligibility Criteria

Any service that is not allowed under prior law is subject to TANF eligibility criteria. TANF Purpose 1 explicitly limits services to needy children who are in their own homes or in the homes of relatives.

Neediness

To be eligible under Purpose 1, a child must meet the state's definition of neediness.

Living Arrangement

The length of time that a state can use TANF to pay for child welfare services is dependent on if the child is placed with a relative or not. ACF has published guidance stating that there are limited instances in which the services for a child removed from their home and placed with a non-relative can be paid for with TANF. It specifies that a state may only use “Federal TANF funds to provide “assistance” that addresses a child’s needs during a period of temporary absence”.⁸¹ The 2019 Texas TANF State Plan shows that Texas’ temporary absence policy was limited to 180 days.

The table below shows the length of time that TANF can be used to pay for child welfare services based on a child’s placement.

TABLE 15 – PLACEMENT TYPES AND LENGTH OF TIME TANF CAN BE USED FOR PAYMENT

Placement	Considered Temporarily Absent?	Length of Time TANF Can be Used
With a relative caregiver	No – they are living with a relative	Unlimited
With a non-relative caregiver	Yes – they are not living with a parent or a relative	180 days

Process for Verifying Eligible Expenditures

DFPS relied on logic programmed in IMPACT to correctly determine the appropriate stage or service for each child. The system then identified the appropriate funding source(s). When necessary, allocations were applied based on the agency’s Public Assistance Cost Allocation Plan (PACAP). Total expenditures were rolled up by program in a single query to be reported on the ACF-196R. Individual case workers were not responsible for verifying that the services were correctly categorized as being Emergency Assistance for their caseloads.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW?

YES NO PARTIALLY

Please see the discussion in the agency level overview.

⁸¹ Ibid.

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

Emergency Assistance services are intended to help a child. DFPS reported that the most accurate way to calculate the cost per client served was at a child level and based on their living arrangement:

1. In foster care
2. In conservatorship
3. In the home

To calculate the cost per client served, PCG divided the total TANF expenditures for the appropriate GAA strategy by the average number of Emergency Assistance eligible children each year.⁸²

TABLE 16 – COST PER CLIENT IN DFPS CONSERVATORSHIP FOR GAA STRATEGY B.1.7 AND B.1.8 BY SFY

SFY	Clients Served	Total TANF Expenditures	Cost per Client Served
2018	23,917	\$2,252,359	\$94
2019	21,616	\$2,614,473	\$121
2020	15,110	\$2,250,025	\$149
2021	21,276	\$2,300,966	\$108



TABLE 17 & FIGURE 4– COST PER CLIENT IN FOSTER CARE FOR GAA STRATEGY B.1.9 BY SFY

SFY	Clients Served	Total TANF Expenditures	Cost per Client Served
2018	12,144	\$159,103,148	\$13,101
2019	11,942	\$157,006,889	\$13,147
2020	7,990	\$159,172,015	\$19,921
2021	11,220	\$157,214,859	\$14,012



⁸² DFPS reported that the costs for the children who are in their own home are mixed in with the staffing costs allocated based on its PACAP and cannot be easily separated.

ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

There were several ABEST measures associated with the GAA strategies under which the Emergency Assistance services fell. Those measures that were related to Emergency Assistance are outlined in the table below

TABLE 18 – ADDITIONAL PERFORMANCE MEASURE BY SFY

SFY	2018	2019	2020	2021
Average # of Clients: Substance Abuse Purchased Services	18,159	19,002	Not Reported	Not Reported
Average Monthly Cost Per Client for Substance Abuse Purchased Services	\$85.63	\$87.87	Not Reported	Not Reported
Average Number of FPS-paid Days of Foster Care Per Month	509,510	509,760	Not Reported	Not Reported
Average Number of Children (FTE) Served in FPS-paid Foster Care Per Month	16,750	16,759	16,368	15,922
Average Monthly FPS Expenditures for Foster Care	\$42,996,210	\$42,999,154	Not Reported	Not Reported
Average Number of Monthly Copayments for Foster Care	887,479	835,356	Not Reported	Not Reported
Average Monthly FPS Payment Per Foster Child (FTE)	\$2,522	\$2,566	\$2,632	\$2,705
Number of Children in Paid Foster Care	15,996	16,779	30,910	28,967
Percent of Children (FTE) Served in CBC Foster Care	Not Reported	Not Reported	26%	29%

ADDITIONAL RELEVANT OUTCOME MEASURE TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

DFPS tracked no additional relevant outcome measures.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

DFPS used a variety of MOFs to pay for Emergency Assistance services, and there are no additional funding sources that we identified in the course of the audit.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

Emergency Assistance services were provided by DFPS staff as well as by outside agencies. DFPS did not provide a breakdown of the total amount spent on outsourced services.

SERVICES PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

There was no overlap or duplication identified through this audit.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

There were no general challenges related to program implementation identified through this audit.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

There were no opportunities for cost savings and/or program efficiencies identified through this audit.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There was no other relevant detail not otherwise reported.

DFPS TANF PROGRAM MANAGEMENT COSTS

DFPS used TANF to pay for program management costs, which include both administrative and systems costs. These costs can be both directly and indirectly related to the provision of the program. Direct costs are reported on the same line as the program whereas indirect costs are reported on Line 22 of the ACF-196R. At the state agency budget level, these costs were included in both program specific General Appropriations Act (GAA) strategies as well as broader GAA strategies that applied to the entire agency. Indirect costs were allocated using the agency’s Public Assistance Cost Allocation Plan (PACAP).⁸³

The scope of the TANF Efficiency Audit included a review of the GAA strategies that had TANF as a MOF. For DFPS, this included five GAA strategies that were not directly related to the TANF programs identified in the 2019 TANF State Plan.

The scope did not include a detailed review of the agency’s PACAP. In a brief review of the PACAP, we identified two pages in IMPACT that are 100% allocated to TANF: Child Risk Assessment and CPS Risk Assessment/Investigation. DFPS reported that these pages are used as part of investigating/assessing alleged abuse/neglect and in determining eligibility for Emergency Assistance. It further reported that the pages contain the functionality needed to determine/document eligibility needed to determine and document eligibility for Emergency Assistance.

Combined, our review and interviews with agency staff had led us to determine that use of TANF to pay for activities contained within the GAA strategies were allowable.

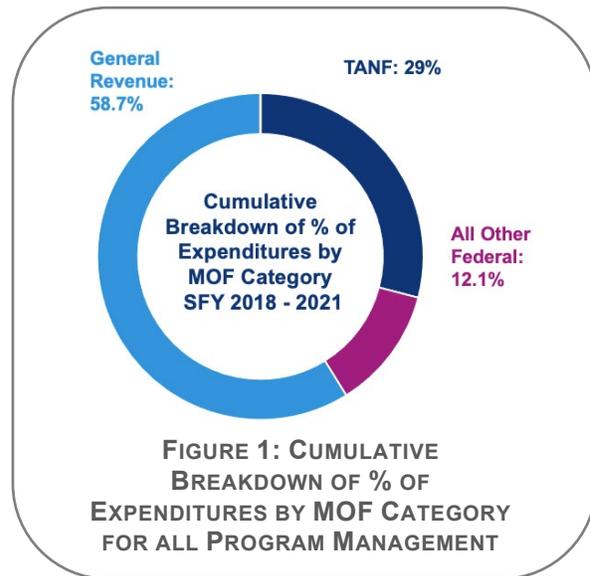
The expenditures for each of the GAA strategies are included to provide a more complete picture of TANF expenditures at the agency level.

EXPENDITURES ALL PROGRAM MANAGEMENT GAA STRATEGIES

Program management expenditures fell under five different GAA strategies:

- GAA strategy E.1.1: Central Administration
- GAA strategy E.1.2: Other Support Services
- GAA strategy E.1.3: Regional Administration
- GAA strategy E.1.4: IT Program Support
- GAA strategy F.1.1: Agency-wide Automated Systems (Capital Projects)

TANF expenditures accounted for nearly 30% of all expenditures in these five GAA strategies combined over the course of the audit period. This is shown in the chart above. The 0.2% of expenditures from other sources are excluded in the chart to the right.



⁸³ DFPS submits its PACAP annually. The United States Department of Health and Human Services had not approved any of PACAPs that were used during the audit period due to a backlog of approval on its side.

The table below shows the cumulative breakdown of expenditures for all five GAA strategies combined by MOF and for each year in the audit period. Expenditures were provided by DFPS.

TABLE 1 – ALL PROGRAM MANAGEMENT GAA STRATEGIES EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$28,412,133	\$10,531,505	\$44,967,252	\$443,227	\$84,354,117	33.7%
2019	\$27,590,258	\$12,325,589	\$62,558,048	\$392,292	\$102,866,187	26.8%
2020	\$27,525,441	\$11,314,383	\$52,245,153	\$7,499	\$91,092,476	30.2%
2021	\$27,488,998	\$12,192,162	\$64,960,397	\$0	\$104,641,557	26.3%

EXPENDITURES BY INDIVIDUAL GAA STRATEGY

The tables below detail the expenditures for each GAA strategy broken out by MOF for each of the four audit years.

GAA STRATEGY E.1.1 CENTRAL ADMINISTRATION

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$6,958,749	\$2,559,706	\$10,922,511	\$443,227	\$20,884,193	33.3%
2019	\$6,781,228	\$3,061,386	\$12,373,091	\$392,292	\$22,607,997	30.0%
2020	\$6,919,842	\$2,949,024	\$12,168,389	\$7,499	\$22,044,754	31.4%
2021	\$6,959,995	\$2,934,993	\$14,046,166	\$0	\$23,941,154	29.1%

GAA STRATEGY E.1.2 OTHER SUPPORT SERVICES

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$3,044,583	\$1,511,344	\$5,968,882	\$10,524,809	28.9%
2019	\$3,021,336	\$1,561,257	\$6,358,324	\$10,940,917	27.6%
2020	\$3,038,611	\$1,361,631	\$7,011,792	\$11,412,034	26.6%
2021	\$3,056,157	\$1,446,920	\$7,543,702	\$12,046,779	25.4%

GAA STRATEGY E.1.3 REGIONAL ADMINISTRATION

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$367,233	\$190,224	\$271,860	\$829,317	44.3%
2019	\$325,486	\$171,042	\$255,151	\$751,679	43.3%
2020	\$343,631	\$158,843	\$341,247	\$843,721	40.7%
2021	\$394,996	\$156,894	\$447,767	\$999,657	39.5%

GAA STRATEGY E.1.4 IT PROGRAM SUPPORT

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$11,258,362	\$4,125,839	\$12,611,816	\$27,996,017	40.2%
2019	\$10,508,997	\$4,602,253	\$22,156,372	\$37,267,622	28.2%
2020	\$11,884,530	\$4,919,494	\$19,442,508	\$36,246,532	32.8%
2021	\$11,717,441	\$4,854,992	\$22,320,769	\$38,893,202	30.1%

GAA STRATEGY F.1.1 AGENCY-WIDE AUTOMATED SYSTEMS CAPITAL PROJECTS

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$6,783,206	\$2,144,392	\$15,192,183	\$24,119,781	28.1%
2019	\$6,953,211	\$2,929,651	\$21,415,110	\$31,297,972	22.2%
2020	\$5,338,827	\$1,925,391	\$13,281,217	\$20,545,435	26.0%
2021	\$5,360,409	\$2,798,363	\$20,601,993	\$28,760,765	18.6%

TEXAS NURSE FAMILY PARTNERSHIP

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

DFPS provides nurse home visitation services to low-income, first-time parents and their children through the Texas Nurse-Family Partnership (TNFP). In the TNFP program, registered nurses with bachelor's degrees visit first-time pregnant women, beginning no later than the 28th week of their pregnancies. The nurse home visitor meets with the client on a regular basis, which can last up until the child's second birthday. Participation in the program is voluntary and visits typically occur in the client's home.

The program provides early parent support and education. TNFP strives to:

- Improve pregnancy outcomes by helping women access resources to alter their health-related behaviors, including reduction of smoking, alcohol consumption, and illicit drug use;
- Improve child health and development by helping parents to provide more responsible and competent care for their children, using available community resources;
- Reduce the incidence of child abuse and neglect; and
- Increase a family's economic self-sufficiency by helping the parents to develop a vision for their future, including helping the mother plan future pregnancies, assisting her to continue education, and helping her to find work.

EXPENDITURES BY GAA STRATEGY

TNFP fell under General Appropriations Act (GAA) strategy C.1.5. This strategy encompassed two different home visiting programs.

The chart and table below detail the percentage of expenditures for the GAA strategy by Method of Finance (MOF) for each of the four audit years. TANF expenditures accounted for 37.6% of all spending cumulatively. Expenditures were provided by DFPS.

GAA Strategy C.1.5	
Goal C: Prevention and Early Intervention Programs	
Objective 1: Provide Contracted Prevention and Early Intervention Programs	
Strategy 5: Maternal and Child Home Visiting Programs	

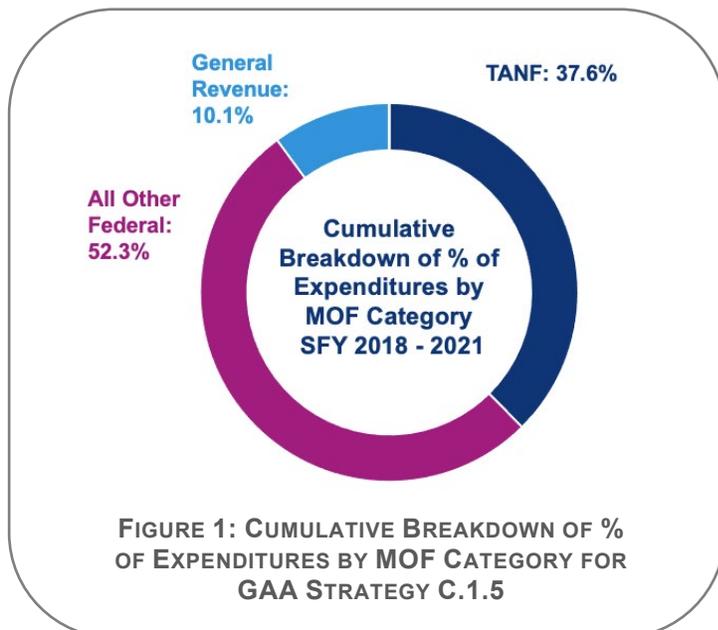


FIGURE 1: CUMULATIVE BREAKDOWN OF % OF EXPENDITURES BY MOF CATEGORY FOR GAA STRATEGY C.1.5

The table below details the expenditures for the GAA strategy broken out by MOF for each of the four audit years.

TABLE 1 – GAA STRATEGY C.1.5 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	All Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$12,265,549	\$16,218,790	\$1,164,819	\$29,649,158	41.4%
2019	\$12,265,549	\$17,537,278	\$3,218,090	\$33,020,917	37.1%
2020	\$12,265,549	\$17,168,501	\$4,261,512	\$33,695,562	36.4%
2021	\$12,265,550	\$17,292,945	\$4,559,178	\$34,117,673	36.0%

EXPENDITURES BY PROGRAM

TNFP was sub-strategy 2 within the above-mentioned GAA strategy. Its expenditures are only a portion of the total expenditures for the overall GAA strategy. The chart and table below summarizes the expenditures for the TNFP program only by MOF and SFY.

TABLE 2 – GAA SUB-STRATEGY C.1.5.2 TNFP EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	General Revenue Expenditures	Total Program Expenditures	TANF Expenditures as % of Total Program Expenditures
2018	\$12,265,549	\$616,916	\$12,882,465	95.2%
2019	\$12,265,549	\$2,232,239	\$14,497,788	84.6%
2020	\$12,265,549	\$3,509,475	\$15,775,024	77.8%
2021	\$12,265,550	\$3,752,678	\$16,018,228	76.6%

FEDERAL REPORTING

Expenditures for TNFP were correctly reported on the ACF-196R on Line 21: Home Visiting Programs.

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately on the TNFP.

DID THE PROGRAM MEET A TANF PURPOSE?

YES NO

TNFP fulfilled TANF Purpose 3, which is preventing and reducing out-of-wedlock pregnancies. ACF specifies in its funding guide Helping Families Achieve Self-Sufficiency that nurse visiting programs are allowable under TANF goal 3, stating, "Potential activities that would be reasonably calculated to accomplish [Goal 3] include...visiting nurse services."⁸⁴

Additional evidence supporting the allowability of TANF funds to be spent on nurse visiting programs can be found in ACF's instructions for completing the ACF-196R. These state that TANF may be spent on:

⁸⁴ Administration for Children and Families. (2000). Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. Retrieved from:

<https://files.eric.ed.gov/fulltext/ED449307.pdf>

Line 21: "Home Visiting Programs. Expenditures on programs where nurses, social workers, or other professionals/paraprofessionals provide services to families in their homes, including evaluating the families' circumstances; providing information and guidance around maternal health and child health and development; and connecting families to necessary resources and services"⁸⁵

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

ASSISTANCE

NON-ASSISTANCE

The services that TNFP offered included counseling, case management, family planning, and educational services. These were provided directly to the pregnant woman and her family. The program did not issue any direct cash benefits.

Services are considered non-assistance because they do not meet a family's on-going basic needs. More specifically, service coordination and case management are explicitly excluded from the definition of assistance.⁸⁶ As such, the services provided by NFP were correctly classified as non-assistance.

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET?

YES

NO

N/A

TNFP services were non-assistance and therefore had no additional requirements.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA?

YES

NO

As a Purpose 3 program, there are no TANF eligibility criteria to be met. However, the criteria for participating in the TFNP is outlined below:

- First-time pregnant woman
- Pregnant woman is not more than 29 weeks pregnant when they enroll in the program
- Have an income at or less than the monthly income established by Medicaid or the Women, Infants, and Children (WIC) program. The income limit for the program was determined by a cohort of grantees who receive TNFP funding from DFPS. This cohort collectively agreed to use Medicaid/WIC eligibility on TNFP.

There were no citizenship requirements to participate in the TNFP program.

Process for Verifying Eligible Expenditures

This program was eligible under TANF Purpose 3 and did not need to verify eligibility at an individual level.

⁸⁵ Administration for Children and Families. (2015). Instructions for Completion of State TANF Financial Report Form ACF-196R. Retrieved from; https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

⁸⁶ 45 CFR 260.31: What does the term assistance mean? Retrieved from: [https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31\(a\)](https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31(a))

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW?

YES NO N/A

TNFP was established in 2006. As such, this TANF rule is not applicable. The program was allowable for the reasons described above.

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

A client is defined as a pregnant woman. To calculate the cost per client served, PCG divided the total expenditures for the program by the number of clients served as reported by DFPS.

TABLE 3 & FIGURE 2– COST PER CLIENT SERVED BY SFY

SFY	Clients Served	Total Expenditures	Cost per Client Served
2018	3,293	\$12,882,465	\$3,912
2019	3,845	\$14,497,788	\$3,771
2020	3,791	\$15,775,024	\$4,161
2021	4,055	\$16,018,228	\$3,950



A secondary caregiver (spouse) and the baby or other child may also receive TFNP services. The number of enrollments for these other groups of individuals is provided in the table below. A baby must have been born to be counted as receiving services.

TABLE 3 – NUMBER OF SECONDARY CAREGIVER AND BABIES SERVED

SFY	Secondary Caregivers	Baby/Index Child ⁸⁷
2018	Not reported	2,586
2019	Not reported	2,892
2020	18	2,503
2021	11	2,485

⁸⁷ An index child/youth is the child or youth that makes the family eligible for services under a specific Prevention and Early Intervention (PEI) program. Some programs are designed to serve expecting parents. For TNFP, the index child is added once the infant is born. If an additional sibling is born while the parents are receiving home visiting services, then that new child can be added as an additional index child.

ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

TNFP began reporting on one key performance measure in SFY 2020. This data is reported in the table below.

TABLE 5 – NUMBER OF SECONDARY CAREGIVER AND BABIES SERVED

Measure	2020	2021
Average monthly number families served: Texas Nurse Family Partnership	2,125	2,321

ADDITIONAL RELEVANT OUTCOME MEASURE TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

DFPS tracked no additional relevant outcome measures.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

Although home visiting is not a covered benefit under Medicaid, various component services of home visiting models are Medicaid-covered services. For example, programs that incorporate case management services, or refer patients to Medicaid for enrollment may be able to receive Medicaid reimbursement for these activities. Many states that use Medicaid to support home visiting models have done so by including specific Medicaid-covered services in their state plans.⁸⁸

DFPS can also use funds from the Social Services Block Grant (SSBG). SSBG is awarded to states to deliver social service programming. This programming is focused on reducing dependency on public assistance programs and promoting self-sufficiency.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

TNFP expenditures are a mixture of different Objects of Expense, including grants (also referred to as outsourced services) and personnel costs. TNFP allocated 100% of the TANF funds to outsourced services, which were described in the program background.

SERVICES PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

The larger Prevention and Early Intervention (PEI) department within DFPS provides a suite of programs that are designed to serve families with young children. The programs are designed to provide different services, to children with different ages, and with different outcomes. Based on this, it is unlikely that there was an overlap in services.

⁸⁸ Health Resources and Services Administration. (2016). Coverage of Maternal, Infant, and Early Childhood Home Visiting Services. Retrieved from: <https://www.medicaid.gov/federal-policy-guidance/downloads/cib-03-02-16.pdf>

Additionally, while there are other home visiting programs available in the state, TNFP focuses specifically on providing nursing services to first-time mothers. It is unlikely that a mother would receive assistance from more than one type of home visiting program given that these programs operated with limited funding and would check the enrollment of the mother in other programs.

There was the potential for duplication of services between TNFP and HHSC's Alternatives to Abortion (A2A) program. A2A provided services to improve pregnancy outcomes by helping women practice sound health-related behaviors and improve prenatal nutrition. It also provided services to help with child health and development through the child's third birthday. Both programs help pregnant women and children up through a specific age. One way to reduce the potential for duplicative services is to have A2A refer first-time pregnant women with a certain income to TNFP. First-time pregnant women whose income is more than TNFP income or who are not pregnant with their first child could be served by A2A.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

There were no general challenges related to program implementation identified through this audit.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

There were no opportunities for cost savings and/or program efficiencies identified through this audit.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There was no other relevant detail not otherwise reported.

RELATIVE AND OTHER DESIGNATED CAREGIVER PROGRAM

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

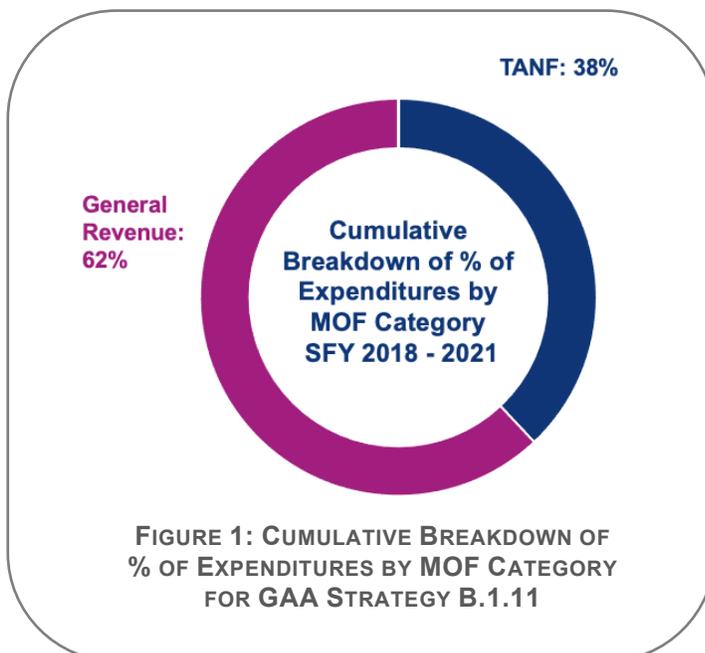
The Relative and Other Designated Caregiver (RODC) Program is a robust program that provides a variety of services. These services are dedicated to promoting stability for children in the conservatorship of DFPS. The program includes supportive services and limited financial assistance for eligible kinship caregivers who assume caregiving responsibility for children in DFPS conservatorship.

The RODC program changed its payment structure with the passage of House Bill 4 (85th Texas Regular Legislative Session). The Integration Payment and Annual Reimbursement was replaced by a monthly reimbursement payment. Currently, the rate is \$11.55 per day, per eligible child, and is paid to the kinship family monthly. Monthly reimbursement payments are time-limited and may be paid for up to 12 months. However, if DFPS determines there is good cause for an exception, payments may be made for up to an additional six months.

EXPENDITURES BY GAA STRATEGY

The RODC program fell under General Appropriations Act (GAA) strategy B.1.11.

The chart below details the percentage of expenditures for GAA strategy B.1.11 by Method of Finance (MOF) for each of the four audit years. TANF expenditures accounted for 38% of all spending cumulatively. Expenditures were provided by DFPS.



GAA Strategy B.1.11

Goal B: Protect Children through an Integrated Service Delivery System

Objective 1: Reduce Child Abuse/Neglect and Mitigate its Effects

Strategy 11: Relative Caregiver Monetary Assistance Payments

The table below details the expenditures for the GAA strategy broken out by MOF for each of the four audit years.

TABLE 1 – GAA STRATEGY B.1.11 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$15,771,678	\$18,713,620	\$34,485,298	45.7%
2019	\$10,767,588	\$17,897,892	\$28,665,480	37.6%
2020	\$8,687,406	\$17,415,868	\$26,103,274	33.3%
2021	\$8,457,734	\$16,701,726	\$25,159,460	33.6%

EXPENDITURES BY PROGRAM

The RODC program was both its own GAA strategy and its own program. As such, the expenditures presented for the GAA strategy above also represent the expenditures for the program.

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately on the RODC program.

DID THE PROGRAM MEET A TANF PURPOSE?

YES NO

RODC fulfilled TANF Purpose 1, which is to provide assistance to needy families so that children may remain in their homes.

ACF explicitly allows for the funding of child welfare services with TANF, directing states to use funds to “[p]rovide cash assistance to needy caretaker relatives... who can provide a safe place for a needy child to live and avoid his or her placement in foster care.”⁸⁹ It further clarifies “States may use Federal TANF or State MOE funds to provide ‘assistance’ that addresses a child’s needs during a period of temporary absence.”⁹⁰

Financial assistance to relatives caring for children who have been removed from their homes directly accomplishes TANF Purpose 1 by allowing the children to remain with kin. As such, RODC was allowable under TANF Purpose 1.

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

ASSISTANCE NON-ASSISTANCE

DFPS reported that it classified the RODC payments as non-recurrent short-term benefits due to the time-limited nature of the program. It further reported that while RODC payments can last for 12 months, it only used TANF to pay for the first four months of the program due to this classification.

⁸⁹ Administration for Children and Families. (2000). Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. Retrieved from: <https://files.eric.ed.gov/fulltext/ED449307.pdf>

⁹⁰ Administration for Children and Families. (2013). Q&A: Use of Funds. <https://www.acf.hhs.gov/ofa/faq/q-use-funds?page=all>

The RODC program did not meet the definition of short-term for the TANF program. The TANF program's definition of a short-term, non-recurring benefit is a benefit that is:

1. Designed to deal with a specific crisis situation or episode of need,
2. Not intended to meet recurrent or ongoing needs, and
3. Will not extend beyond four months.⁹¹

RODC benefits were clearly intended to meet a singular episode of need (the child's placement with the relative), were an ongoing payment (issued monthly), and length of the program is more than four months. As such, the payments should have been classified as assistance.

Additionally, that DFPS only used TANF to pay for the first four months in a 12 month program is not allowed by TANF regulations. ACF provided guidance in 2013 stating that "the continuation of similar benefits designed to address a specific crisis or episode of need provided beyond the initial four months of non-recurrent short-term benefit receipt... is not consistent with regulatory definition of non-recurrent, short-term benefits at 45 CFR § 260.31(b)(1)."⁹²

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET?

YES NO

The RODC payments were not reported on an assistance line on the ACF-196R. PCG did not review the DFPS ACF-199 to verify if the children and families who received a RODC payment were reported. This is because DFPS did not view them as assistance and would not have reported them on the ACF-199.

DFPS reported that during the time period covered by the audit, payments were only issued to relatives. This means that there were no work participation rate impacts because the adults would have been classified as a relative caretaker and not a work eligible adult.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA?

YES NO

To be eligible for RODC, caregivers must have:

- Completed an approved home assessment, signed the caregiver agreement, and completed basic kinship training (which includes an overview of the system as well as substance and sexual abuse information).
- Income within 300% of federal poverty level for their household size.

There were no citizenship requirements for the caregiver or the child. Citizenship requirements were not mandatory for RODC because it is exempt from the federal public benefit requirements under Attorney General Order 2409-96.

DFPS reported that the only criteria for limiting when TANF funds were used for a RODC payment was if the family's income was over \$63,000/year or if the family was comprised of non-citizens.

These criteria satisfy the requirements for TANF eligibility.

⁹¹ 45 CFR 260.31: What does the term assistance mean? Retrieved from: [https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31\(a\)](https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31(a))

⁹² See footnote 20.

Process for Verifying Eligible Expenditures

DFPS reported that TANF is only used to pay for those RODC payments to caregivers who were citizens and where the family's income was less than \$63,000 per year. This was determined using logic within the IMPACT system.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW?

YES NO N/A

RODC was established in 2006. As such, it was not included within the Title IV-A Emergency Assistance State Plan and not allowable under prior law. The program itself is allowable under the goals of TANF, and therefore this question is not applicable.

FEDERAL REPORTING

RODC program expenditures were reported on Line 19: Fatherhood and Two-Parent Family Formation and Maintenance Programs. This line should be used for programs that promote responsible fatherhood and/or encourage the formation and maintenance of two-parent families.

As the RODC program provided a monthly, ongoing financial payment to kin caregivers, the program expenditures more accurately fit under Line 6b: Relative Foster Care Maintenance Payments and Adoption and Guardianship Subsidies. The instructions for the ACF-196R state that this line includes basic assistance (which is defined as cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs) "provided on behalf of a child or children for whom the child welfare agency has legal placement and care responsibility and is living with a caretaker relative; or child or children living with legal guardians."⁹³



Finding

DFPS incorrectly reported the expenditures for RODC on the ACF-196R under Line 19. These expenditures should have been reported under Line 6b. These expenditures were not moved by HHSC to the correct line when HHSC submitted to report to ACF.

It is recommended that DFPS report the RODC expenditures on Line 6b on the ACF-196R.



Observation

Since DFPS was not reporting RODC payments as assistance, it was at risk for having not reported them to HHSC for the ACF-199 report.

⁹³ Ibid.

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

RODC services were intended to help both a child and the relative caregiver. To calculate the cost per client served, PCG took the total expenditures for the program as reported by DFPS and divided it by the number of children and families served.⁹⁴

TABLE 2 & FIGURE 2– COST PER CLIENT SERVED BY SFY

SFY	Clients Served	Total Expenditures	Cost per Client Served
2018	16,872	\$34,485,298	\$2,044
2019	17,643	\$28,665,480	\$1,625
2020	16,021	\$26,103,274	\$1,629
2021	15,147	\$25,159,460	\$1,661



TABLE 3 & FIGURE 3– COST PER FAMILY SERVED BY SFY

SFY	Families Served	Total Expenditures	Cost per Client Served
2018	9,822	\$34,485,297	\$3,511
2019	10,226	\$28,665,478	\$2,803
2020	9,343	\$26,103,273	\$2,794
2021	8,966	\$25,159,459	\$2,806



⁹⁴ CPS Purchased Services: Kinship Caregiver Monetary Assistance. Retrieved from: https://www.dfps.state.tx.us/About_DFPS/Data_Book/Child_Protective_Services/Purchased_Services/Kinship_Caregiver_Monetary_Assistance.asp

ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

RODC reported on four key performance measures. The data are provided in the table below.

TABLE 4 – KEY PERFORMANCE MEASURE BY SFY

SFY	2018	2019	2020	2021
Average Monthly Number of Children: Daily Caregiver Monetary Assistance Payments	8,546	7,225	6,555	6,297
Average Monthly Number of Post-Permanency Payments	Not reported	Not reported	148	116
Average monthly cost per child: Daily caregiver monetary assistance payment	\$309	\$339	\$321	\$324
Number of children receiving caregiver monetary assistance	16,874	17,249	Not reported	Not reported

ADDITIONAL RELEVANT OUTCOME MEASURES TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

DFPS had no additional relevant outcome measures for the program.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

The RODC payments would also qualify to be funded by the Social Services Block Grant (SSBG). SSBG is awarded to states to deliver social service programming. This programming is focused on reducing dependency on public assistance programs and promoting self-sufficiency.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

None of the expenditures for this program represented outsourced services.

SERVICES PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

None of the services provided by this program overlapped with other TANF programs, including the TANF basic cash program, other governmental programs, or other widely available non-governmental programs.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

There are no general challenges related to program implementation identified through this audit.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

There were no opportunities for cost savings and/or program efficiencies identified through this audit.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

DFPS reported that it only used TANF to pay for the first four months of the RODC payment period. The agency can use TANF to pay for all payments through both the initial 12-month period and the six-month extension period, if applicable. This is because the child is living with a relative, and there is no time limit for how long the agency can use TANF for the expenditures. The only limitation that would potentially stop the agency from using TANF would be if the child were to stop meeting the TANF eligibility criteria, such as turning 18 or being over income.

FAMILY-BASED SAFETY SERVICES PROGRAM

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

The Family-Based Safety Services (FBSS) program is designed to maintain children safely in their homes or make it possible for children to return home. The goal is to strengthen the ability of families to protect their children and reduce threats to their safety. To accomplish this goal, the FBSS program provides a variety of services, such as:

- Case management
- Evaluation and treatment, such as securing Medicaid coverage for the child.
- Substance use services
- Community referrals
- Time limited childcare, which is intended to help the parent go to work
- Other purchased client services, such as
 - Family counseling
 - Crisis intervention
 - Domestic violence intervention

DFPS provides these services to families who are at risk of having a child removed from the home and families with whom a child can be reunited.

FBSS AND EMERGENCY ASSISTANCE

The 2019 TANF State Plan clearly lists out Emergency Assistance and FBSS as two distinct programs or sets of services. Based on this, PCG conducted interviews with FBSS and Emergency Assistance staff independently as part of this audit.

In initial conversations with FBSS staff, there was no mention of the Emergency Assistance program or the AFDC eligibility criteria. The staff reported that FBSS expenditures were under three specific General Appropriations Act (GAA) strategies. These strategies are:

- B.01.01.02: CPS Direct Delivery Family Based Safety Services Functional Unit
- B.01.07.01: Substance Abuse Purchased Services
- B.01.08.04: All Other CPS Purchased Services

In another conversation with DFPS on the Emergency Assistance services, staff reported that that they did not consider Emergency Assistance a program: they viewed Emergency Assistance as a set of services that were paid for with TANF.

DFPS has since reported that FBSS is the formal name of the state's Emergency Assistance program. It reported that the program initially began as a series of family preservation services that started as early as January 15, 1994. DFPS has also since reported that FBSS expenditures fall within the Emergency Assistance GAA strategies and are not separated out in the budget.

This claim is incongruent with the other information provided by DFPS, specifically:

1. The FBSS program has no citizenship or income requirements, the latter of which being a mandatory consideration for AFDC Emergency Assistance.⁹⁵
2. The FBSS program and the AFDC requirements are in two distinct sections of the Child Protective Services Policy Handbook.⁹⁶ The former is in section 12000 while the latter is in 1532.5.⁹⁷
3. The restrictions on when a new FBSS case can be opened are different than Emergency Assistance.
4. DFPS has at least one GAA strategy that is specific to the FBSS program.

EXPENDITURES BY GAA STRATEGY

DFPS reported that any FBSS related program expenditures that were charged to TANF were in GAA strategy B.1.1. It reported that these expenditures were related to case assessment, planning, and case management activities. TANF accounted for 15.9% of the total expenditures for the time period of the audit within this GAA strategy. The expenditures for this time period are provided in the table below and all Emergency Assistance expenditures can be found in the Emergency Assistance program summary.⁹⁸

GAA Strategy B.1.1

Goal C: Protect Children through an Integrated Service Delivery System

Objective 1: Reduce Child Abuse/Neglect and Mitigate its Effect

Strategy 1: Direct Delivery Staff

TABLE 1 – GAA STRATEGY B.1.1 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$78,097,421	\$74,890,899	\$413,908,322	\$4,597,713	\$571,494,355	13.7%
2019	\$100,229,040	\$76,354,776	\$415,665,527	\$4,456,910	\$596,706,253	16.8%
2020	\$103,903,699	\$224,639,125	\$275,936,913	\$4,335,339	\$608,815,076	17.1%
2021	\$102,626,470	\$259,094,411	\$280,756,465	\$6,188,523	\$648,665,869	15.8%

EXPENDITURES BY PROGRAM

DFPS did not provide any FBSS specific expenditures, instead reporting that any FBSS expenditures would be included together in the Emergency Assistance expenditures.

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately on the FBSS program.

⁹⁵ Child Protective Services Handbook, Appendix 1530-F: Categorical Requirements for AFDC. Retrieved from: https://www.dfps.state.tx.us/handbooks/CPS/Files/CPS_px_1530f.asp#CPS_apx1530f

⁹⁶ DFPS referenced the Child Protective Services Handbook as the manual that CPS workers. DFPS Child Welfare and Protective Services regulations are promulgated in Texas Human Resources Code Title 2, Subtitle D, Chapter 40. <https://statutes.capitol.texas.gov/Docs/HR/htm/HR.40.htm>

⁹⁷ Child Protective Services Handbook, retrieved from: <https://www.dfps.state.tx.us/handbooks/CPS/default.asp>

⁹⁸ Emergency Assistance expenditures were reported under six GAA strategies.

DID THE PROGRAM MEET A TANF PURPOSE?

YES **NO**

The FBSS program fell under TANF Purpose 1, which is to provide assistance to needy families so that children may remain in their homes. FBSS is designed to allow a child to stay in their own home safely or to make it possible for a child to return to their own home. This is accomplished by strengthening the ability of families to protect their children and reducing threats to their safety.

ACF explicitly allows for the funding of child welfare services with TANF, directing states to use funds to, “Collaborate with the child welfare agency to identify and serve children in needy families who are at risk of abuse and neglect.”⁹⁹ ACF has clarified that, “States may use Federal TANF or State MOE funds to provide ‘assistance’ that addresses a child’s needs during a period of temporary absence.”¹⁰⁰

The instructions for Line 20 on the ACF-196R states that TANF may be spent on: “Child Welfare Services” including “Family Support/Family Preservation/Reunification Services, and Additional Child Welfare Services.” These include: “Family Support/Family Preservation/Reunification Services” and “community-based services, provided to families involved in the child welfare system that are designed to increase the strength and stability of families so children may remain in or return to their homes. These services may include respite care for parents and relative caregivers; individual, group, and family counseling; parenting skills classes; case management; etc.”¹⁰¹

Based on this guidance from ACF, the FBSS program met TANF Purpose 1.

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

ASSISTANCE **NON-ASSISTANCE**

FBSS provided a variety of services, either directly from Child Protective Services (CPS) staff, through contracted services providers, or through referrals to community-based providers. Outsourced services included, but were not limited to:

- Evaluation and treatment, such as securing Medicaid coverage for the child.
- Substance use services
- Community referrals
- Time limited childcare, which is intended to help the parent go to work
- Other purchased client services, such as
 - Family counseling
 - Crisis intervention
 - Domestic violence intervention

⁹⁹ Administration for Children and Families. (2000). Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. Retrieved from: <https://files.eric.ed.gov/fulltext/ED449307.pdf>

¹⁰⁰ Administration for Children and Families. (2013). Q&A: Use of Funds. <https://www.acf.hhs.gov/ofa/faq/q-use-funds?page=all>

¹⁰¹ Administration for Children and Families. (2015). Instructions for Completion of State TANF Financial Report Form ACF-196R. Retrieved from; https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

FBSS caseworkers also provided one-on-one parenting and homemaker skills in areas where community-based services were not available. Services are considered non-assistance because they do not meet a family's on-going basic needs.^{102 103}

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET?

YES NO N/A

Day care may only be classified as non-assistance when the child is living with their employed parent(s). If the parent(s) is unemployed, the service is considered assistance. DFPS confirmed that it did not use TANF to pay for any day care during the four years within the scope of the audit.

All other services were considered non-assistance and therefore not subject to the additional requirements.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA?

YES NO

The FBSS program served any family who came in through an abuse or neglect investigation. The family need not have had a specific income or citizenship status for DFPS to provide services. However, DFPS could not have opened a second FBSS case for a family who previously had a case open for the same situation.

Neediness

DFPS reported it used TANF to pay for FBSS services for families whose income was less than \$63,000 per year. Families with income over that standard were paid for with other funding, primarily General Revenue. While child welfare services are considered a federal public benefit, they are exempt from the citizenship verification requirements under Attorney General Order 2049-96.

Living Arrangement

As a TANF Purpose 1 program, the length of time that a state can use TANF to pay for child welfare services is dependent on if the child is placed with a relative or not. ACF has published guidance stating that there are limited instances in which the services for a child removed from their home and placed with a non-relative can be paid for with TANF. It specifies that a state may only use "Federal TANF funds to provide "assistance" that addresses a child's needs during a period of temporary absence".¹⁰⁴ The 2019 Texas TANF State Plan shows that Texas' temporary absence policy was limited to 180 days.

The table below shows the length of time that TANF can be used to pay for child welfare services based on a child's placement.

¹⁰² 45 CFR 260.31 retrieved from <https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260/subpart-A/section-260.31>.

¹⁰³ If FBSS is the formal name of the agency's Emergency Assistance program, the benefits provided would be classified as both assistance and non-assistance. The reasons for this are included in the Emergency Assistance program summary. Based on the interview with FBSS program staff, the FBSS program only provided the services listed here, which are classified as non-assistance.

¹⁰⁴ Ibid.

TABLE 2 – PLACEMENT TYPES AND LENGTH OF TIME TANF CAN BE USED FOR PAYMENT

Placement	Considered Temporarily Absent?	Length of Time TANF Can be Used
With a relative caregiver	No – they are living with a relative	Unlimited
With a non-relative caregiver	Yes – they are not living with a parent or a relative	180 days

Process for Verifying Eligible Expenditures

DFPS reported that TANF is only used to pay for those FBSS services where the family’s income was less than \$63,000 per year and the family were citizens or eligible non-citizens. This was determined using logic within the IMPACT system. The current logic did not take into account the child’s placement as a factor for determining which funding source to use for the service.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW?

YES NO N/A

Family preservation services were provided in Texas as early as January 15, 1994. DFPS reported that the FBSS program is the formal name of the family preservation services. Family preservation itself is not specifically discussed in the 1994, 1996, or 1997 Title IV-A Emergency Assistance State Plans or amendments. However, DFPS has asserted that the services provided by FBSS and family preservation matched those that were listed in the Title IV-A State Plans, both the 1994 and 1997 versions as well as the 1996 version and were therefore authorized under prior law. Please see the prior law discussion in the agency overview for more information.

FEDERAL REPORTING

FBSS program expenditures were reported on the ACF-196R under Line 8a: Child Welfare or Foster Care Services, which is a subline of Line 8: Non-Assistance Authorized Solely Under Prior Law. These costs were specifically identified through documentation provided by DFPS, which allowed PCG to map program codes to the various costs reported on the ACF-196R.

DFPS specifically charged to TANF the following costs related to FBSS:

1. CPS – Staff – FBSS
2. CPS Direct Delivery Staff – FBSS
3. CPS Prog Supp for FBSS

Line 8a should only be used for non-assistance services that were authorized and referenced in a state’s former Title IV-A Emergency Assistance State Plan. As discussed in the previous section, PCG confirmed that the FBSS program was neither part of Texas’ 1994 Title IV-A Emergency Assistance State Plan nor part of the 1997 State Plan amendment. It was also next expressly discussed in the 1996 Title IV-A Emergency Assistance State Plan.

However, as discussed in the prior law section within the agency overview, the information provided by DFPS about the services that it claims under prior law is unclear and incomplete. As such, we cannot definitively say that the services in the 1996 State Plan included family preservation services or “other services” and that these were approved by ACF in 1998. We additionally cannot definitively say that ACF would approve of DFPS’ interpretation that the services offered today meet the spirit or intention of the TANF regulation at 45 CFR § 263.11(2). DFPS should consider working with HHSC and ACF to verify what services and programs can be paid for under the prior law regulations. This conversation will help ensure that DFPS correctly reports the expenditures for the FBSS program on the ACF-196R.

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

FBSS services are intended to help both a child and the child's family. This is because the FBSS services are designed to keep the child in their own or return to their home. To meet this goal, services may be provided to other children or adults in the home. In clarifying the methodology to calculate the cost per client served, DFPS reported that there were not FBSS expenditures charged to TANF and therefore no cost per client.

ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

There was a single key performance measure for the FBSS program. This data is provided in the table below.

TABLE 3 – KEY PERFORMANCE MEASURE BY SFY

SFY	2018	2019	2020	2021
CPS Daily Caseload Per Worker: Family-Based Safety Services	11.40	10.60	11.30	8.80

ADDITIONAL RELEVANT OUTCOME MEASURE TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

DFPS tracked no additional measures tracked for the FBSS program.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

DFPS can also use funds from the Social Services Block Grant (SSBG). SSBG is awarded to states to deliver social service programming. This programming is focused on reducing dependency on public assistance programs and promoting self-sufficiency.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

Substance abuse services were purchased from outside agencies and vendors. DFPS did not provide data that showed the amount of expenditures that were spent on purchasing these outsourced services. The only data provided was expenditure data related to staff costs.

SERVICES PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

None of the services provided by this program overlap with other TANF programs, other governmental programs, or other widely available non-governmental programs.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

There are no general challenges related to program implementation identified through this audit.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

There are no opportunities for cost savings and/or program efficiencies identified through this audit.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There is no other relevant detail not otherwise reported.

Texas Education Agency

Agency Report



PUBLIC
CONSULTING GROUP

TEXAS EDUCATION AGENCY

The Texas Education Agency (TEA) is the state’s public education agency. It oversees both primary and secondary education in the state, delivering education to more than five million students. The agency strives to improve the outcomes for all public school students in the state.

TEA TANF PROGRAMS

TEA operated multiple TANF funded programs and one program that was used for TANF MOE during the audit period. It also had administrative (program management) costs that were not directly associated with either of these two programs. The table below provides a description for each program as well as the cumulative TANF or TANF Maintenance of Effort (MOE) expenditures for State Fiscal Years (SFY) 2018 through 2021 and the average cost per client.

TABLE 5 – TEA TANF PROGRAMS

Program	Program Description	Cumulative TANF Expenditures SFY 2018-2021	Average Cost Per Client
Prekindergarten	The Foundation Schools Program is TEA’s largest program, covering primary schooling for grades prekindergarten through twelve grade. The prekindergarten program is available to three- and four-year olds. It is an optional program.	\$1,355,301,428 (TANF MOE)	\$3,632
Communities in School	Communities in Schools (CIS) is a national non-profit organization working across 26 states that was established to address the growing number of students dropping out of school. The program has been in operating in Texas since 1979. Services address a range of needs including mental health, crisis intervention, and trauma-informed intervention. This program was referred to as school dropout prevention and intervention services in the 2019 TANF State Plan.	\$15,432,138	\$957
Program Management	Program management costs include both administrative and systems costs associated with the TANF program. These costs are indirectly related to the TANF program and are allocated based on the agency’s approved cost allocation plan.	\$1,825,652	N/A
Amachi Program	The Big Brothers Big Sisters Amachi Mentoring program provides one-to-one mentorship services to youth ages six to 14 whose parents are incarcerated or were recently released from the prison system. The program aims to break the cycle of incarceration and build positive relationship between adults and students.	\$0	N/A

The prekindergarten program was not funded with TANF; however, its expenditures were counted towards the state’s TANF MOE. As such, it was considered within scope for this audit. The Amachi program received no TANF funding during the course of the audit.

TANF ALLOCATION

TEA received an average annual allocation of \$4,788,495 of TANF.¹⁰⁵ Cumulatively this was \$19,153,979, which was less than 1% of the total TANF allocation across the four agencies.

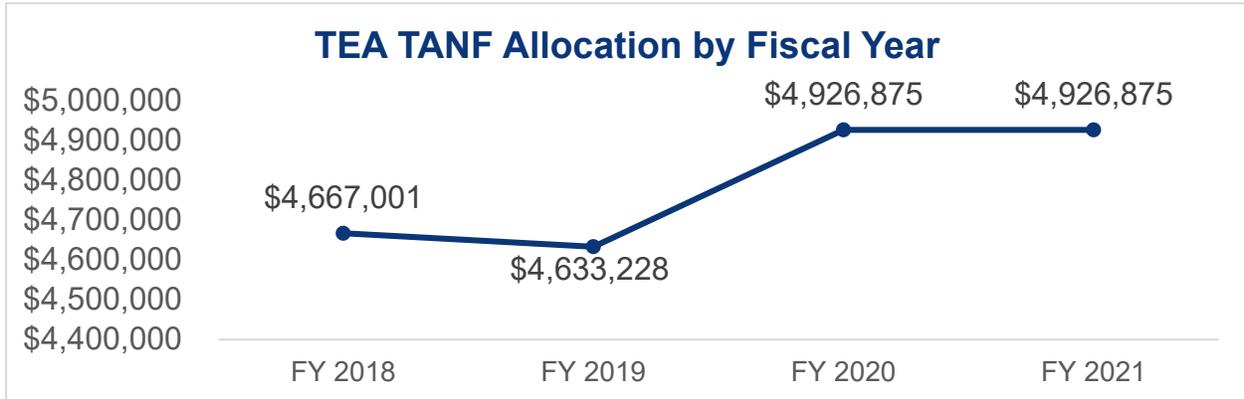


FIGURE 1: TANF ALLOCATION BY FISCAL YEAR

TANF EXPENDITURES

Between 2018 and 2021, TEA spent \$17,257,790 in TANF, an average of \$4,314,448 per year. TEA used TANF to pay for CIS expenditures as well as program management costs. The data in this chart is based on the expenditures reported by TEA by State Fiscal Year.

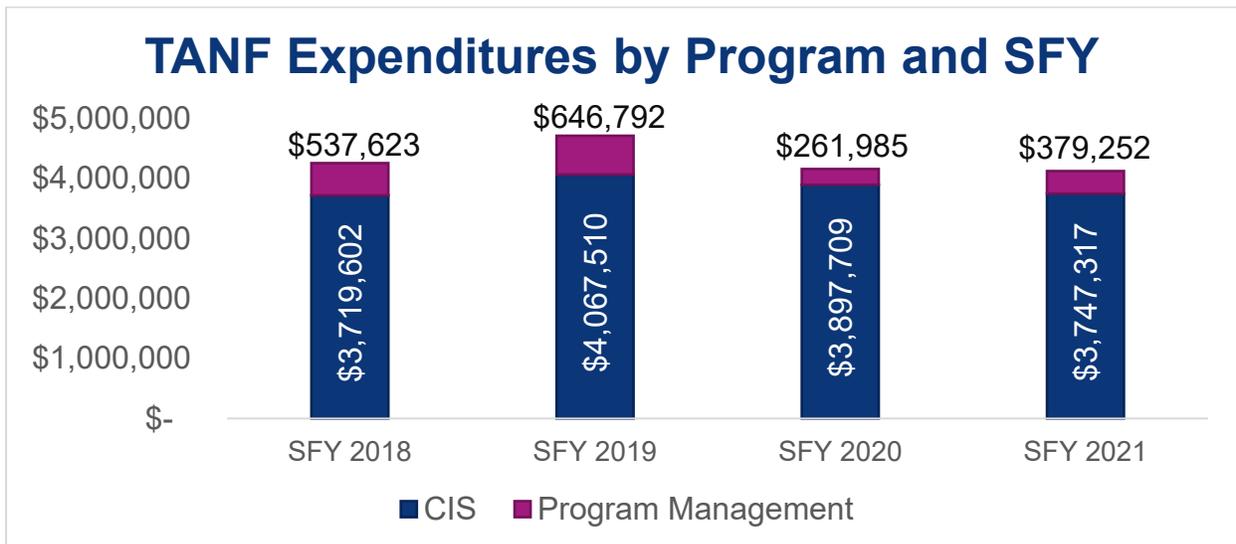


FIGURE 2: TANF EXPENDITURES BY PROGRAM AND SFY

¹⁰⁵ Based on allocation document provided by HHSC. Allocations are based on a Fiscal Year, there is no specification on federal or state.

TANF MAINTENANCE OF EFFORT (MOE) SPENDING

Between 2018 and 2021, TEA contributed a total of \$1,355,301,428 in TANF MOE spending, an average of \$338,825,357 per year. This was over 85% of all expenditures to the state's TANF MOE. Its spending helped the state not only meet its regular TANF MOE but also the spending requirements for the TANF Contingency Fund. All MOE funding was from the prekindergarten program. The data in this chart is based on the expenditures reported on the ACF-196R in Column B and are by Federal Fiscal Year (FFY).

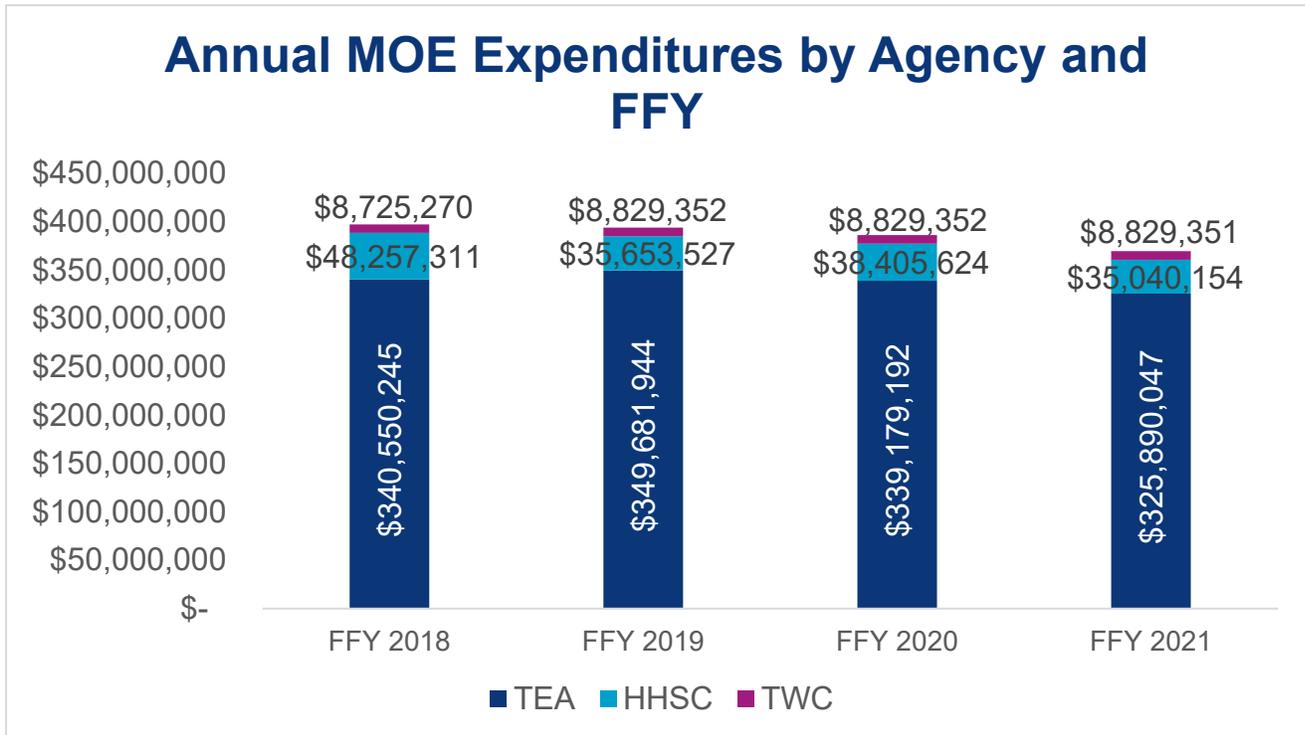


FIGURE 3: ANNUAL MOE EXPENDITURES BY AGENCY AND FFY

TEA FINDINGS AND OBSERVATIONS

The following section contains all audit findings for TEA. Audit findings include a recommendation on how TEA can resolve the finding. TEA is responsible for responding to each recommendation.

The section also contains observations that were made through the audit. TEA is not responsible for responding to an observation but we encourage TEA to consider the observation.

TEA AGENCY LEVEL FINDINGS

There were no findings or observations permeating the entire agency. Any findings and observations were specific to the program and can be addressed by TEA at that level.

PROGRAM LEVEL FINDINGS

Prekindergarten Program



Observation

TEA should make several corrections to how it completes the ACF-196R. These are not cited as findings because HHSC corrected all data prior to submitting the ACF-196R each quarter and annually.

1. TEA should have reported prekindergarten expenditures in Column B, not Column C. HHSC should instruct TEA to report the expenditures in Column B.
2. TEA should not report previous Federal Fiscal Year MOE expenditures when submitting its ACF-196R. TEA needs only to report its expenditures for the prekindergarten program for the current Federal Fiscal Year. HHSC should instruct TEA to only report their expenditures for the current Federal Fiscal Year.



Finding

TEA did not correctly complete the ACF-204. There are two questions that should have been answered differently:

- The Total State Expenditures for the Program for the Fiscal Year should have included all prekindergarten spending regardless of eligibility. The Total State MOE Expenditures for the Program for the Fiscal Year should have reported the spending that was eligible to be counted as MOE.
- When reporting the number of people served TEA should either have included only TANF MOE eligible children or the portion of those children paid for with TANF MOE. Instead, they reported the total count of students enrolled in prekindergarten.

Additionally, TEA was reporting on the ACF-204 that the prekindergarten program was authorized and allowable under prior law. Prekindergarten was not part of the state's Title IV-A Emergency Assistance state plan and therefore was not allowable under prior law.

To come into compliance with this finding, TEA should correctly answer the questions based on the information detailed above. It should also remove the statement about prekindergarten being allowable under prior law from the ACF-204



Finding

The prekindergarten program was not authorized or allowable under AFDC or a related program in 1995. As such, it was subject to the new spending test. TEA was not monitoring expenditures using the new spending test. TEA could not certify that their spending meets the requirements of the new spending test and was severely at risk for reporting more expenditures than they should have been reporting.

It is recommended that TEA establish a methodology for performing this test. This will include identifying if actual data is available or if reasonable estimates must be used. Reasonable estimates can be used in special circumstances and with approval from ACF.

The reasonable estimates should take into consideration:

1. The amount of spending in 1995,
2. The number of students enrolled in prekindergarten, and
3. The design and funding model of the FSP/prekindergarten program in 1995 and how it compares to the current program design and funding model.

**Finding**

The estimate provided in the 2019 State Plan was based on 2017-2018 data. TEA reported that it was not assessing whether the prekindergarten program was universally available. TANF-ACF-PA-2000-02 requires that any estimates be updated at least annually and that "[a]ny TANF funds used in a project after the start-up period ... must be based on a current estimate."¹⁰⁶

It is recommended that TEA establish processes to assess universality every year.

**Observation**

HHSC provided documentation from a review of the 2007 TANF State Plan that implied that ACF approved the current methodology for determining universality. This included looking at the combined ages and using statewide data. This letter from ACF was prior to the 2012 DAB ruling, which specifies that if groups are demographically distinct, they should be assessed independently. Additionally, the federal administration that was in place in 2007 is different from what is in place today, which could lead to ACF interpreting the methodology in a different way.

Given this information, TEA could have been at risk for counting spending as eligible when it was not due to this outdated methodology.

Texas was not in compliance with ACF guidance on how to calculate MOE spending. ACF guidance expressly states that: "Regardless of the source of the expenditures, the State's records must show that all the costs are verifiable and meet all applicable requirements in 45 CFR § 263.2 through § 263.6 and 45 CFR § 92.24 in order to count toward the State's MOE requirement."¹⁰⁷ To satisfy this requirement, a state must verify an individual's eligibility prior to counting the expenditures for that individual towards the TANF MOE. TEA did not document or verify student level eligibility. This means that they could not verify that the student was part of an eligible family.

**Finding**

Some data may not be possible to collect, such as citizenship. In those instances, TEA should have used reasonable estimates to calculate the eligible amount of expenditures to count towards the TANF MOE.

That the PEIMS system does not collect the specific information, such as the reason a student qualified for district financed tuition, is not a satisfactory reason for TEA to use estimates. If the PEIMS system tracks specific information that is required for TANF MOE eligibility, that data must be used in determining which that the individual's expenses are eligible towards the state's MOE.

TEA was at risk for reporting expenditures that did not meet the eligible family test. It is recommended that TEA establish procedures to collect and verify actual eligibility for those factors that can be collected and establish methodologies for determining reasonable estimates for those factors that cannot be collected.

¹⁰⁶ Administration for Children and Families. (2000). TANF-ACF-PA-2000-02 (Updated joint guidance regarding the ways in which TANF, Welfare-to-Work (WtW), and Job Access funds can be used to help States and communities provide transportation services to eligible individuals). Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pa-2000-02-updated-joint-guidance-regarding-ways-which-tanf-welfare>

¹⁰⁷ Administration for Children and Families. (2000). TANF-AC-PI-2000-02 (Updated joint guidance regarding the ways in which TANF, Welfare-to-Work (WtW), and Job Access funds can be used to help States and communities provide transportation services to eligible individuals). Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pa-2000-02-updated-joint-guidance-regarding-ways-which-tanf-welfare>

Communities in Schools

There were no findings or observations for this program.

Program Management

There were no findings or observation for this area.

Amachi Program



Observation

There are no negative consequences for having a program listed in the TANF State Plan even though it is not receiving any TANF funding. This observation is made because the program has not received TANF funding for such a long period of time with no action. HHSC reported that it asks the other agencies during each three-year amendment period for any program changes.

PREKINDERGARTEN

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

The prekindergarten program is part of TEA’s larger Foundation Schools Program (FSP) which covers education from prekindergarten through twelfth grade. The prekindergarten program is voluntary and it is available to eligible three- and four-year-old students. Prekindergarten can either be district financed (state funded) or tuition supported depending on the student’s eligibility status:

- District financed: Prekindergarten services are free to a child who meets at least one eligibility criteria
- Tuition supported: Prekindergarten services are paid for by the child’s guardian

School districts are required to offer a prekindergarten program if there are 15 or more eligible four-year-old students in the district. Districts have discretion about whether they provide prekindergarten classes to eligible three-year-old students. Prekindergarten classes cannot exceed more than 22 students per class.

If a district is operating a prekindergarten program, it must have a system in place to notify families with eligible children about the availability of the program. This announcement must be made available in both English and Spanish. Districts report prekindergarten data to TEA, which makes the data available publicly so that the community is better informed about the effectiveness of the program.

PREKINDERGARTEN AND TANF

Texas used the expenditures from the prekindergarten program to help meet its TANF MOE. Both TWC and HHSC had a unique Method of Finance titled General Revenue for TANF MOE. This was not present for TEA. All expenditures counted towards the TANF MOE were from the General Revenue MOF.

EXPENDITURES BY GAA STRATEGY

When asked which General Appropriations Act (GAA) strategies cover the prekindergarten program, TEA identified strategies 1.2.1 and 1.2.3, which correlate to the ABEST measures related to prekindergarten in the agency’s state budget. TEA did not identify GAA Strategy 1.1.1, which covers the bulk of spending for FSP. During the course of the audit, the FSP GAA strategy had an average budget of \$24 billion a year, of which \$19 billion was identified as General Revenue and the rest as Other Funds (non-federal).

GAA Strategy 1.2.1 & 1.2.3

Goal 1: Provide Education System Leadership, Guidance and Resources
Objective 2: Academic Excellence
Strategy 1: Statewide Education Programs
Strategy 3: Students with Disabilities

EXPENDITURES BY GAA STRATEGY 1.2.1

The table below details the expenditures for GAA strategy 1.2.1 by MOF for each of the four audit years. Expenditures were provided by TEA and were categorized into General Revenue and Federal Expenditures for the MOF.

TABLE 1 – GAA STRATEGY 1.2.1 EXPENDITURES BY MOF AND SFY

SFY	Federal Expenditures	General Revenue Expenditures	Total Expenditures
2018	\$122,149,701	\$38,220,724	\$160,370,425
2019	\$118,520,639	\$40,133,338	\$158,653,977
2020	\$116,302,461	\$59,280,883	\$175,583,344
2021	\$115,854,693	\$38,650,342	\$154,505,035

EXPENDITURES FOR GAA STRATEGY 1.2.3

The table below details the expenditures for GAA strategy 1.2.3 by MOF for each of the four audit years. Expenditures were provided by TEA and were categorized into General Revenue and Federal Expenditures for the MOF.

TABLE 2 – GAA STRATEGY 1.2.3 EXPENDITURES BY MOF AND SFY

SFY	Federal Expenditures	General Revenue Expenditures	Total Expenditures
2018	\$1,015,586,218	\$59,436,814	\$1,075,023,032
2019	\$1,146,462,759	\$73,312,074	\$1,219,774,833
2020	\$1,112,454,372	\$71,267,399	\$1,183,721,771
2021	\$1,039,184,924	\$60,051,940	\$1,099,236,864

EXPENDITURES BY PROGRAM

As stated above, the prekindergarten program is part of the larger FSP- it is not uniquely identified by TEA as its own program. Funding for pre-kindergarten is distributed to the local education agencies alongside funding for other educational programs.

TEA reported it could not provide the MOFs specific for the program. However, TEA was able to provide reports showing how much of the overall FSP funding was related to prekindergarten. These expenditures represented less than 5% of overall FSP spending of \$24 billion annually.

TABLE 3 – FSP SPENDING FOR THE PREKINDERGARTEN PROGRAM

SFY	Total Prekindergarten Expenditures
2017-2018	\$822,158,971
2018-2019	\$853,234,186
2019-2020	\$969,889,372
2020-2021	\$687,447,703

The numbers in Table 3 above are used throughout this report when discussing total prekindergarten expenditures.

FEDERAL REPORTING

ACF-196R

TEA both correctly and incorrectly reported prekindergarten expenditures on the ACF-196R. TEA correctly reported expenditures on Line 11b: Pre-Kindergarten/Head Start. However, TEA incorrectly reported the expenditures in Column C: MOE Expenditures Separate State Programs. Column B is explicitly required to be used for any expenditures that a state is using to meet the Contingency Fund MOE and matching expenditures requirements.¹⁰⁸ HHSC moved the expenditures from Column C to Column B: State MOE Expenditures prior to final submission to ACF.

Additionally, when TEA submitted its cumulative ACF-196R, it submitted the expenditures associated with the three open TANF Grant Years. This was unnecessary because a state may only count toward its MOE any expenditures that were incurred from October 1 through September 30 of the current Federal Fiscal Year.



Observation

TEA should make several corrections to how it completes the ACF-196R. These are not cited as findings because HHSC corrected all data prior to submitting the ACF-196R each quarter and annually.

1. TEA should have reported prekindergarten expenditures in Column B, not Column C. HHSC should instruct TEA to report the expenditures in Column B.
2. TEA should not report previous Federal Fiscal Year MOE expenditures when submitting its ACF-196R. TEA needs only to report its expenditures for the prekindergarten program for the current Federal Fiscal Year. HHSC should instruct TEA to only report their expenditures for the current Federal Fiscal Year.

ACF-204

There were three problems with how TEA completed the ACF-204 report.

1. TEA reported the incorrect amounts on the Total State Expenditures and the Total MOE Expenditures lines. It reported these as the same value. TEA reported in this audit that its total prekindergarten expenditures exceeded those counted by Texas towards its MOE.
2. TEA incorrectly reported the Total Number of Families Served under the Program with MOE Funds. A review of the number of students served documented on the ACF-204 against what TEA reported in the audit indicated that TEA was including all prekindergarten students and not the 85% that it had stated are economically disadvantaged.
3. TEA incorrectly reported that the program was authorized under prior law. Prekindergarten was not part of the state's Title IV-A Emergency Assistance state plan and therefore was not allowable under prior law.

¹⁰⁸ Administration for Children and Families. (2015). Instructions for Completion of State TANF Financial Report Form ACF-196R. Retrieved from: https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf


Finding

TEA did not correctly complete the ACF-204. There are three questions that should have been answered differently:

- The Total State Expenditures for the Program for the Fiscal Year should have included all prekindergarten spending regardless of eligibility. The Total State MOE Expenditures for the Program for the Fiscal Year should have reported the spending that was eligible to be counted as MOE.
- When reporting the number of people served TEA should either have included only TANF MOE eligible children or the portion of those children paid for with TANF MOE. Instead, they reported the total count of students enrolled in prekindergarten.
- Prior Program Authorization should have been answered with a “no” and then question about the Total Program Expenditures in FY 1995 should have been answered

Additionally, TEA was reporting on the ACF-204 that the prekindergarten program was authorized and allowable under prior law. To come into compliance with this finding, TEA should correctly answer the questions based on the information detailed above. It should also remove the statement about prekindergarten being allowable under prior law from the ACF-204.

WERE EXPENDITURES ELIGIBLE TO BE COUNTED AS TANF MOE?

The following sections explore if the expenditures for the prekindergarten program were eligible to be counted as TANF MOE. These questions are slightly different than the questions asked for programs funded with federal TANF dollars because of the different requirements for the two types of spending.

For this program, we organized the requirements in a slightly different order for ease of reading.

WAS THE PROGRAM SUBJECT TO THE NEW SPENDING TEST?

YES **NO**

The prekindergarten program was established in Texas in 1985. As such, it was operating prior to TANF’s enactment in 1996 and therefore subject to the new spending test. The New Spending Test limits MOE spending on programs that existed before 1995 but were not authorized under prior law. The following formula should be followed to calculate the allowable MOE spending:

$$\begin{array}{r}
 \textit{TANF MOE Eligible} \\
 \textit{Expenditures in Current} \\
 \textit{Federal Fiscal Year}
 \end{array}
 -
 \begin{array}{r}
 \textit{Total Program Expenditures} \\
 \textit{in 1995}
 \end{array}
 =
 \begin{array}{r}
 \textit{Amount of Eligible TANF MOE} \\
 \textit{Eligible Expenditures in Current} \\
 \textit{Federal Fiscal Year}
 \end{array}$$

TEA provided the FSP budget for FY 1995 year; however, the budget did not isolate prekindergarten expenditures for SFY 1994 and 1995. TEA reported that it was not using the budget to perform the new spending test.

The prekindergarten program was not authorized or allowable under AFDC or a related program in 1995. As such, it was subject to the new spending test. TEA was not monitoring expenditures using the new spending test. TEA could not certify that their spending meets the requirements of the new spending test and was severely at risk for reporting more expenditures than they should have been reporting.



It is recommended that TEA establish a methodology for performing this test. This will include identifying if actual data is available or if reasonable estimates must be used. Reasonable estimates can be used in special circumstances and with approval from ACF.

The methodology should take into consideration:

1. The amount of spending in 1995,
2. The number of students enrolled in prekindergarten, and
3. The design and funding model of the FSP/prekindergarten program in 1995 and how it compares to the current program design and funding model.

WAS THE PROGRAM UNIVERSALLY AVAILABLE?

YES

NO

PARTIALLY

As discussed above, prekindergarten programs were allowable under TANF Purpose 3. However, ACF restricts when a state can use the expenditures as MOE. Specifically, a state cannot count as MOE any expenditures for programs that are considered universally available in the state:

While states may claim as TANF or MOE educational activities that fulfill a TANF goal, certain constraints apply. First, educational expenses that are considered to be part of the free and public education system are not allowable. Second, the programs cannot be claimed as TANF if they are considered a “general State expense.” Third, **programs cannot be claimed as TANF-MOE if they are “generally available” to the target population.**¹⁰⁹

While there is no clear definition of universality, ACF suggests using a 50% test to show whether a particular public education activity is available to most of the corresponding age group or student population, thereby making the program universally available. According to the 2019 TANF State Plan, TEA used estimates derived from two different data sources to determine if the program was generally available. The State Plan included the following language:

MOE funds claimed for prekindergarten programs are calculated from the number of children identified as being a part of a needy family. **Texas has analyzed the applicable data to determine if free public prekindergarten programs are considered “generally available” to all prekindergarten aged children in the state.** Information used for this estimate was extracted from the U.S. Census Bureau and Public Education Information Management System (PEIMS).

Data from PEIMS shows that during the 2017-2018 school year, 231,485 three and four-year-old children enrolled in prekindergarten. Of those children, 195,505 were economically disadvantaged. Additionally, U.S. Census Bureau data from 2017 estimated that 22.8 percent of Texas children under the age of five are living in poverty. Therefore, the State has concluded that prekindergarten programs funded with TANF MOE are not “generally available” to all eligible three and four-year-olds in Texas.¹¹⁰

¹⁰⁹ Ibid.

¹¹⁰ 2019 TANF State Plan. Retrieved from: <https://www.hhs.texas.gov/sites/default/files/documents/laws-regulations/reports-presentations/2021/tanf-state-plan-oct-2019.pdf> .

Calculating Universality

The 2017-2018 data used in the 2019 State Plan reflected statewide data and combined three- and four-year-old children when considering universality. The State Plan data also compared the children in prekindergarten to the population of low-income children under the age of five, without excluding those too young for the prekindergarten program.

When determining how to calculate universality for this program, it is important to remember that districts are required to offer prekindergarten to four-year-olds but have the option of providing it to three-year-olds. Because of the required versus voluntary nature of the program for different age groups, there may be significant enough differences between three- and four-year-olds to justify looking at the two age groups as independent groups. This is backed up by a 2012 ruling by the United State Department of Health and Human Services Departmental Appeals Board (DAB) ruling that said that distinct populations must be treated separately when considering the amount of expenditures that are claimable to TANF.¹¹¹

Independent Universality Calculation

Based on the DAB ruling, PCG performed an independent test for universality. This test assumes that three- and four-olds should be looked at as separate groups.

The U.S. Census Bureau does not report on the number of children for each age group. To calculate the number of children within each age group, we divided the total number of children under five by five and used that figure in our estimates for the number of children that are three- and four-years old. This method assumes that there is an even break-down across the age groups, which is not likely.

$$\text{Total Children Under Age 5} \div 5 \text{ Age Groups} = \text{Number of Children per Age Group}$$

TABLE 4 – UNIVERSALITY FOR THREE-YEAR-OLDS

SFY	Public Prekindergarten Enrollment for Three-Year-Olds ¹¹²	Estimated Total Three-Year-Old's in Texas ¹¹³	Percentage of Three-Year-Old's in Texas Attending Prekindergarten
2017-2018	32,568	399,401	8.1%
2018-2019	35,271	399,961	8.8%
2019-2020	37,097	399,774	9.2%
2020-2021	26,425	383,863	6.8%

Under this methodology, prekindergarten was not universally available for three-year-olds. This is substantiated by a report from the National Institute for Early Education Research (NIEER), a non-partisan agency whose research is utilized by federal agencies. This report provided data on the percentage of students in prekindergarten for each state by age group. Its Texas reports showed that in 2021, seven percent of three-year-old were enrolled in pre-kindergarten.¹¹⁴

¹¹¹ Department of Health and Human Services, Departmental Appeals Board. (2012). Louisiana Department of Children and Family Services Docket No. A-11-120, Decision No. 2455. Retrieved from: <https://www.hhs.gov/sites/default/files/static/dab/decisions/board-decisions/2012/dab2455.pdf>

¹¹² TPEIR. Public Prekindergarten Programs and Enrollment Ages 3 and 4 – Statewide data set. Retrieved from: <https://bit.ly/3BkniKm>

¹¹³ United States Census Bureau. DP05: Demographic and Housing Estimates: 2018: ACS 5-Year Estimates for Texas. Retrieved from: <https://data.census.gov/cedsci/table?q=0400000US48&tid=ACSDP5Y2018.DP05>

¹¹⁴ National Institute for Early Education Research. (2021). The State of Preschool Yearbook 2021: Texas. Retrieved from: https://nieer.org/wp-content/uploads/2022/04/Texas_YB2021.pdf

TABLE 5 – UNIVERSALITY FOR FOUR-YEAR-OLDS

SFY	Public Prekindergarten Enrollment for Four-Year-Olds ¹¹⁵	Estimated Total Four-Year-Old's in Texas ¹¹⁶	Percentage of Four-Year-Old's in Texas Attending Prekindergarten
2017-2018	198,917	399,401	49.8%
2018-2019	203,650	399,961	50.9%
2019-2020	211,269	399,774	52.8%
2020-2021	169,796	383,863	44.2%

Using this methodology, prekindergarten was universally available to four-year-olds in the 2018-2019 and 2019-2020 school years. This estimate was on track with what was reported by NIEER, which showed 51% of students were enrolled in 2020.



Observation

HHSC provided documentation from a review of the 2007 TANF State Plan that implied that ACF approved the current methodology for determining universality. This included looking at the combined ages and using statewide data. This letter from ACF was prior to the 2012 DAB ruling, which specifies that if groups are demographically distinct, they should be assessed independently. Additionally, the federal administration that was in place in 2007 is different from what is in place today, which could lead to ACF interpreting the methodology in a different way.

Given this information, TEA could have been at risk for counting spending as eligible when it was not due to this outdated methodology.



Finding

The estimate provided in the 2019 State Plan was based on 2017-2018 data. TEA reported that it was not assessing whether the prekindergarten program was universally available. TANF-ACF-PA-2000-02 requires that any estimates be updated at least annually and that "[a]ny TANF funds used in a project after the start-up period ... must be based on a current estimate."¹¹⁷

It is recommended that TEA establish processes to assess universality every year.

DID THE PROGRAM MEET A TANF PURPOSE?

YES NO

Texas' prekindergarten program satisfied TANF Purpose 3, which is to prevent and reduce the incidence of out-of-wedlock pregnancies. The Administration for Children and Families (ACF) clearly stated in 2005 memorandum TANF-ACF-PI-2005-1 that TANF funds can be used to fund educational programs, including prekindergarten, and that these programs fulfill TANF Purpose 3:

¹¹⁵ See footnote 6

¹¹⁶ See footnote 7

¹¹⁷ Administration for Children and Families. (2000). TANF-ACF-PA-2000-02 (Updated joint guidance regarding the ways in which TANF, Welfare-to-Work (WtW), and Job Access funds can be used to help States and communities provide transportation services to eligible individuals). Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pa-2000-02-updated-joint-guidance-regarding-ways-which-tanf-welfare>

States may use Federal TANF funds to pay for **pre-kindergarten, kindergarten, or other educational costs** under Purpose 3 or Purpose 4, if these activities are not part of a State's general free education system.¹¹⁸Based on this guidance from ACF, Texas' prekindergarten program fell under TANF Purpose 3.

DID THE PROGRAM SERVE ELIGIBLE FAMILIES?

YES NO PARTIALLY

Three- and four-year-old children were eligible for district financed prekindergarten if they meet one of the following criteria as set by TEA:

- Qualify for free or reduced lunch
- Are or were in foster care
- Are homeless
- Are unable to speak or understand English
- Have a parent who is an active-duty member of the armed forces
- Have a parent who was injured or killed while serving on active duty in the armed forces
- Have a parent who's won the Star of Texas Award

TEA reported that 85% of students were economically disadvantaged and therefore 85% of its expenditures could be counted as MOE. The 85% was calculated using data estimates from the Texas Public Education Information Resource (TPEIR) website. TEA defined an economically disadvantaged student as one who was:

- Receiving eligible free or reduced lunch,
- Homeless, **or**
- In foster care.

There are two areas where TEA's definition of economically disadvantaged did not align with TANF rules.

Living Arrangement

The eligible family test for TANF MOE says that all expenditures must benefit a family that "Include[s] a child living with a custodial parent or other adult caretaker relative (or consist of a pregnant individual)."¹¹⁹ Therefore, only those children living with a relative in foster care would have been eligible to be counted for MOE. If this information was not available, all foster children should have been excluded from the calculation of TANF MOE eligible children.

Citizenship

The eligible family test requires that TANF MOE only include those expenditures that are associated with citizens or eligible non-citizens.¹²⁰ Texas schools were not permitted to ask students to provide proof of citizenship or immigration status; however, reasonable calculations should have been used to determine the percentage of students who are non-citizens.¹²¹

As a result, only the expenditures associated with those students who were citizens or eligible non-citizens, who qualified for free or reduced lunch, **AND** who were not in foster care should have been included as MOE expenditures. This would have ensured that the expenditures were associated with students who met the eligible families test.

¹¹⁸ Administration for Children and Families. (2005). TANF-ACF-PI-2005-01 (Funding Childhood Education, School Readiness, Kindergarten and Other Public Education Programs). Retrieved from:

<https://www.acf.hhs.gov/ofa/resource/policy/pi-ofa/2005/pi2005-01>

¹¹⁹ 45 CFR 263.2(b)(2)

¹²⁰ 45 CFR 263.2(b)(1)

¹²¹ Texas Education Agency. Student Attendance Handbook. Retrieved from:

<https://tea.texas.gov/sites/default/files/17-18%20Final%20SAAH%20adoptadobe.pdf>

The table below calculates the estimated portion of prekindergarten enrollee who met the TANF MOE eligible families test in school year 2021.

TABLE 6 – ESTIMATING TANF MOE ELIGIBLE CHILDREN IN THE PREKINDERGARTEN PROGRAM

Category	Number of Kids 2020-2021 School Year	Percentage of Total
Total three- and four- year olds in Prekindergarten¹²²	196,221 ¹²³	100%
Economically Disadvantaged	166,682 ¹²⁴	85%
Kids who are in Foster Care AND Economically Disadvantaged	14,312 ¹²⁵	(7.3%)
Percentage of Foreign-Born Non-Citizens Under 18¹²⁶	1,962	(1%)
TANF MOE Eligible Kids	150,408	76%

Based on the data above, approximately 76% of all prekindergarten kids were TANF MOE eligible. TEA claimed less than 50% of total spending each year as TANF MOE. Therefore, based on the available data and estimates for non-citizens, PCG believes that TEA had enough spending based solely on the MOE eligible family requirement.

However, TEA should be performing this kind of review annually to confirm that all expenditures claimed as TANF MOE can be reasonably calculated to benefit eligible children. Therefore, their data collection and reporting is not in line with federal regulations.

CALCULATING MOE EXPENDITURES

A state may only count eligible expenditures towards its MOE. For TEA, this means that only the expenditures for children who meet the eligible families test should have been counted. When calculating the allowable expenditures, a state must use actual caseload and expenditure data. A state may use reasonable estimates only in certain special circumstances. This is discussed at 45 CFR § 265.7(b)(5), which states that “Where estimates are necessary (e.g., some types of assistance may require cost estimates), the State may use reasonable methods to develop these estimates.”¹²⁷

ACF guidance tells states that estimating expenditures attributable to eligible families is only permitted in “special circumstances,” where individualized income determinations “may be difficult or impossible” to obtain because the type of assistance is provided without making such individualized income determinations or taking individual applications.¹²⁸ When estimates are used, they must be updated. This is

¹²² TEA reported that there were a total of 197,093 children enrolled in Pre-K, which included a small number of kids who are outside that age range. The calculations in this table only include 3- and 4-year-olds.

¹²³ Texas Public Education Information Resource (TPEIR) <https://www.texaseducationinfo.org/ViewReport.aspx>

¹²⁴ Ibid.

¹²⁵ Reported by TEA via email to PCG.

¹²⁶ This was calculated by PCG using US Census Data. United States Census Bureau. B05003: Sex by Age by Nativity and Citizenship Status: 2020: ACS 5-0Year Estimates Detailed Tables. Retrieved from: <https://bit.ly/3BofKWQ>

¹²⁷ Administration for Children and Families. (2010). Questions and Answers about the American Recovery and Reinvestment Act of 2009 (Recovery Act) and TANF. Retrieved from: <https://www.hhs.gov/guidance/document/questions-and-answers-about-american-recovery-and-reinvestment-act-2009-recovery-act-and>

¹²⁸ Administration for Children and Families. (2010). Questions and Answers about the American Recovery and Reinvestment Act of 2009 (Recovery Act) and TANF. Retrieved from:

based on TANF-ACF-PA-2000-02, which requires that any estimates be updated at least annually and that "[a]ny TANF funds used in a project after the start-up period ... must be based on a current estimate."¹²⁹

All of this guidance was further clarified in the 2012 DAB ruling, which stated that for TANF MOE calculations:

... States must: (1) use actual data if reasonably available; (2) demonstrate that actual data are not reasonably available, if the State reaches that conclusion; and (3) describe the methodology and explain why it is reasonable (both in estimating the share of families it claims and the associated expenses), if the State seeks to use an estimating methodology.¹³⁰

The DAB further said that a state cannot classify data as "not reasonably available" simply because of a State's failure to collect the actual data.¹³¹

VERIFYING MOE EXPENDITURES

In most states, agency or program staff will analyze expenditures to verify the amount that meet a TANF purpose and that were spent on eligible families. In Texas, HHSC calculated the amount of MOE required to meet the basic TANF MOE and Contingency Fund MOE requirements (including the matching funds). It then informed TEA how much in TANF MOE prekindergarten expenditures it needed to contribute.

There was no requirement by HHSC to verify that the expenditures TEA was reporting met the requirements outlined in previous sections. TEA reported that it was not verifying expenditures. The presumption appears to be that the expenditures for prekindergarten exceeded the amount needed by Texas to meet the MOE, if 85% of students were economically disadvantaged. However, TEA was not verifying that the dollars claimed as MOE were spent on eligible kids.

<https://www.hhs.gov/guidance/document/questions-and-answers-about-american-recovery-and-reinvestment-act-2009-recovery-act-and>

¹²⁹ Administration for Children and Families. (2000). TANF-ACF-PA-2000-02 (Updated joint guidance regarding the ways in which TANF, Welfare-to-Work (WtW), and Job Access funds can be used to help States and communities provide transportation services to eligible individuals). Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pa-2000-02-updated-joint-guidance-regarding-ways-which-tanf-welfare>

¹³⁰ Department of Health and Human Services, Departmental Appeals Board. (2012). Louisiana Department of Children and Family Services Docket No. A-11-120, Decision No. 2455. Retrieved from: <https://www.hhs.gov/sites/default/files/static/dab/decisions/board-decisions/2012/dab2455.pdf>

¹³¹ Ibid.

Texas was not in compliance with ACF guidance on how to calculate MOE spending. ACF guidance expressly states that: “Regardless of the source of the expenditures, the State’s records must show that all the costs are verifiable and meet all applicable requirements in 45 CFR § 263.2 through § 263.6 and 45 CFR § 92.24 in order to count toward the State’s MOE requirement.”¹³² To satisfy this requirement, a state must verify an individual’s eligibility prior to counting the expenditures for that individual towards the TANF MOE. TEA did not document or verify student level eligibility. This means that they could not verify that the student was part of an eligible family.

**Finding**

Some data may not be possible to collect, such as citizenship. In those instances, TEA should have used reasonable estimates to calculate the eligible amount of expenditures to count towards the TANF MOE. Any estimates must be updated at least annually.

That the PEIMS system does not collect the specific information needed to make a determination (such as the reason why a student qualified for district financed tuition) is not a satisfactory reason for TEA to use estimates. If the PEIMS system tracks specific information that is required for TANF MOE eligibility, that data must be used in determining which that the individual’s expenses are eligible towards the state’s MOE.

TEA was at risk for reporting expenditures that did not meet the eligible family test. It is recommended that TEA establish procedures to collect and verify actual eligibility for those factors that can be collected and establish methodologies for determining reasonable estimates for those factors that cannot be collected.

SUMMARY OF PREKINDERGARTEN MOE ALLOWABILITY

There are three overarching concerns related to the prekindergarten program and its expenditures being used towards Texas’ TANF MOE. In order, these concerns are:

1. TEA was not performing the 1995 new spending test. If TEA’s spending for the prekindergarten program was above 76% of the current year spending in the years covered during the audit, no prekindergarten dollars would have qualified as TANF MOE. This percentage is based on the number of children who met the eligible families test.
2. The prekindergarten program for four-year-olds was a risk for being universally available, depending on the methodology and data used to calculate universality. If the program were universally available, no prekindergarten expenditures for the four-year-olds would have qualified as TANF MOE.
3. TEA did not verify that students met the eligible families test. The eligibility process used during the audit included only looking at students who were economically disadvantaged and did not take into consideration citizenship and a child being in their own home. This consideration would have reduced the percentage of eligible spending from 85% to 75%.

TEA provided a copy of its FPS expenditures for 1995. These expenditures are not broken out by grade level and we were therefore unable to determine the actual amount of spending in 1995 for the prekindergarten program. As such, we were unable to determine if TEA correctly counted the prekindergarten expenditures as TANF MOE.

¹³² Administration for Children and Families. (2000). TANF-AC-PI-2000-02 (Updated joint guidance regarding the ways in which TANF, Welfare-to-Work (WtW), and Job Access funds can be used to help States and communities provide transportation services to eligible individuals. Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pa-2000-02-updated-joint-guidance-regarding-ways-which-tanf-welfare>

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

A client is defined as a student enrolled in the prekindergarten program. TEA tracked the total number of students enrolled in prekindergarten.

PCG utilized two documents to calculate the cost per client served:

1. FSP Pre-K Estimated Cost document for the total expenditures for the program
2. TPEIR report for the total number of students enrolled in prekindergarten

TABLE 7 & FIGURE 1 – COST PER CLIENT SERVED BY SFY

SFY	Clients Served	Total Expenditures	Cost per Child Served
2018	231,485	\$822,158,971	\$3,551
2019	238,921	\$853,234,186	\$3,571
2020	248,366	\$969,889,372	\$3,905
2021	196,221	\$687,447,703	\$3,503



ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

TEA reported on four key performance measures for the prekindergarten program. These are detailed in the table below.

TABLE 8 – KEY PERFORMANCE MEASURE BY SFY

Measure	SFY 2018	SFY 2019	SFY 2020	SFY 2021
Number of Students Served in Early Childhood School Ready Program	16,800	15,421	19,211	18,313
Number of Children Served in Early Childhood School Ready Online Engage Platform	Not reported	Not reported	280,401	805,770
Number of Students Served in Half-Day Prekindergarten Programs	101,014	100,367	74,516	31,584
Number of Students Served in Full- Day Prekindergarten Programs	130,474	138,554	173,850	180,594

ADDITIONAL RELEVANT OUTCOME MEASURE TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

TEA tracked no additional relevant outcome measures.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

One option for TEA is to use CCDF funds to pay for prekindergarten. The Child Care Technical Assistance Network's guidance on the optional use of combined funds for CCDF states that "policies may be in place that allow local programs to layer CCDF funds with additional funding sources to pay for full-day, full-year child care that meets Early Head Start or Head Start Program Performance Standards or state Prekindergarten requirements in addition to state child care licensing requirements."¹³³

Texas can transfer TANF funds to CCDF. Upon the transfer, the funds are considered CCDF funds and are subject to CCDF spending requirements and MOE rules. The advantage of the CCDF transfer is that a state may count the same dollar spent in the CCDF program towards the CCDF match requirement and towards the TANF MOE if the dollar also meets the TANF MOE requirements.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

The state money reported as MOE was given to the local districts to run their prekindergarten programs.

SERVICES PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

The prekindergarten program did not overlap with other school programs.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

TEA reported that it did not monitor the local school districts to ensure that they were correctly determining a student's eligibility for district financed prekindergarten. The agency stated that they did issue supportive resources and guidance related to compliance, but they did not follow-up to ensure that the districts had read the guidance or understood how to implement it.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

The district financed prekindergarten program was available to children meeting at least one of seven different criteria. One opportunity for cost saving is to reduce the number of eligibility criteria and focus on one or two groups of children to provide district financed services.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There is no relevant detail not otherwise reported.

¹³³ Child Care Technical Assistance Network. (n/d). Optional Use of Combined Funds. Retrieved from: <https://childcareta.acf.hhs.gov/ccdf-fundamentals/optional-use-combined-funds>

COMMUNITIES IN SCHOOLS

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

The Communities in Schools (CIS) program is a national non-profit organization working across 26 states that was established to address the growing number of students dropping out of school. The program has been in operating in Texas since 1979. CIS is available in 177 of the state's 1,247 school districts and offers both individual case management services and school-wide supports. CIS works with campus administration to determine how to best support struggling students and alleviate their barriers to continuing their education. Services address a range of needs including mental health, crisis intervention, and trauma-informed intervention.

Children enter the program in various ways and can either receive school-wide services or individual case management. Students receiving individual case management are referred to CIS staff by educators, students or parents who consider that individual to be most at-risk of not completing their education. Once identified, CIS staff completes an assessment to understand the student's barriers to education and develop customized supports for the student and their family. Student progress is monitored each school reporting period and changes to the service plan are made as necessary.

CIS provides services in a tiered model with Tier I services addressing school-wide needs and Tiers II and III addressing individual student's needs. Tier I or school-wide services are developed in collaboration with the campus administration and are designed to support campus-wide goals and priorities which are captured in a Campus Plan. These services could include assisting students to access food banks, helping students access local shelters or providing students with clothing.

Tier II and III services are unique to a student's needs, which are determined through a needs assessment. The services being delivered to the student focus on the following six critical areas:

Supportive
guidance and
counseling

Health and
human
services

Parental and
human
services

College and
career
awareness

Enrichment
activities

Academic
enhancement
and support

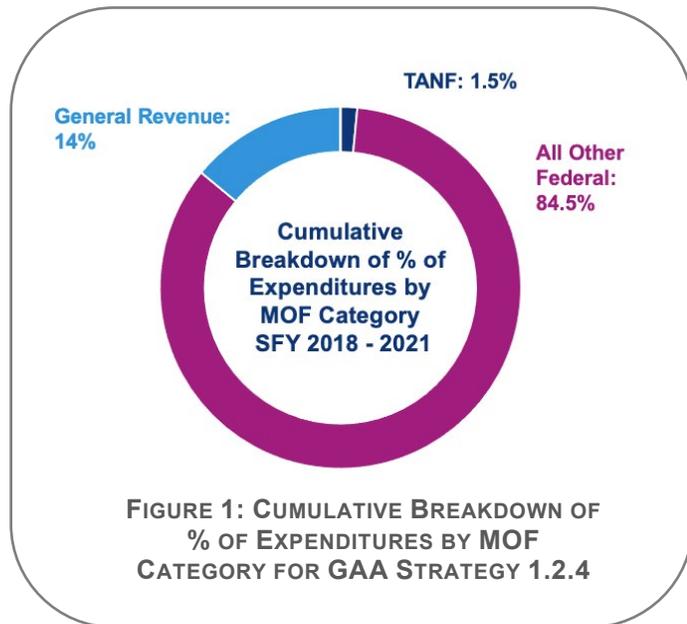
All services are provided at the student's school during the school day. CIS's goal for Tier II and Tier III services is that the student shows progress in their plan and that they do not need services the following year. Once a new school year begins, that student may be monitored to ensure no further services are needed; however, if there is a demonstrated need for services, CIS will provide those services ongoing.

TEA awards grants to 27 affiliate service providers throughout the state who are accredited by the national CIS organization and are non-profit organizations. CIS affiliates receive a Notice of Grant Award (NOGA) at the beginning of the Program Year and that triggers their ability to draw down funds that must be tied to allowable expenditures. These expenditures are reported in the expenditure reporting system where the affiliate can record expenditures and request payments.

EXPENDITURES BY GAA STRATEGY

The CIS program fell under General Appropriations Act (GAA) strategy 1.2.4. The chart below details the expenditures for the GAA strategy broken out by Method of Finance (MOF) for each of the four audit years. TANF expenditures accounted for only 1.5% of all spending.

GAA Strategy 1.2.4	
Goal 1: Provide Education System Leadership, Guidance and Resources	
Objective 2: Academic Excellence	
Strategy 4: Grants for School and Program Improvement and Innovation	



The table below details the expenditures for GAA strategy 1.2.4 broken out by all MOFs for each of the four audit years. Expenditures were provided by TEA.

TABLE 6 – GAA STRATEGY 1.2.4 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	All Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$3,719,602	\$17,4412,251	\$30,123,562	\$208,255,415	1.8%
2019	\$4,067,510	\$25,4953,439	\$30,985,517	\$290,006,466	1.4%
2020	\$3,897,709	\$20,7931,834	\$44,375,078	\$256,204,621	1.5%
2021	\$3,747,317	\$25,6494,846	\$43,328,090	\$303,570,253	1.2%

EXPENDITURES BY PROGRAM

The CIS program was both its own GAA strategy and its own program. As such, the expenditures presented for the GAA strategy above also represent the expenditures for the program.

FEDERAL REPORTING

Expenditures for CIS were correctly reported on Line 18: Prevention of Out-of-Wedlock Pregnancies.

When submitting the ACF-196R to HHSC, TEA was unnecessarily reporting previous year spending. For example, in Federal Fiscal Year 2020, it reported its expenditures for Grant Year 2019 and Grant Year 2020. The Grant Year 2019 expenditures were not incurred in Federal Fiscal Year 2020. Therefore, the spending did not need to be reported or re-reported. HHSC reported only the current Grant Year when submitting the ACF-196 R.

A comparison between the ACF-196R and the expenditures reported by TEA showed a slight difference in the reported expenditures. In 2018, 2019 and 2020 the difference was a result of refunds from subrecipients. In 2021, the difference was a result of encumbrances that had not yet been expended.

WERE TANF FUNDS USED APPROPRIATELY?

The following sections explores if TANF funds were used appropriately on the CIS program.

DID THE PROGRAM MEET A TANF PURPOSE?

YES NO

CIS was allowable under TANF Purpose 3, which is to prevent and reduce the incidence of out-of-wedlock. This is because the services are designed to support at-risk youth to stay in school and further their education. ACF has supported the use of TANF funding under Purpose 3 for positive activities for youth, as stated in its Helping Families Achieve Self-Sufficiency guide:

Potential activities that would be reasonably calculated to accomplish this purpose include abstinence programs, visiting nurse services, and programs and services for youth such as counseling, teen pregnancy prevention campaigns, and after-school programs that provide supervision when school is not in session.¹³⁴

The instructions for completing Line 18 in ACF's guide for the ACF-196R specifically states that TANF funds may be used for the following:

Programs designed to support and enrich the development and improve the life-skills and educational attainment of children and youth. This may include after-school programs and mentoring or tutoring programs.¹³⁵

Based on this, CIS was allowable under TANF Purpose 3.

WERE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

ASSISTANCE NON-ASSISTANCE

CIS case management services are expressly classified as non-assistance in TANF regulations.¹³⁶

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET?

YES NO N/A

CIS services were considered non-assistance and therefore not subject to the additional requirements.

¹³⁴ Administration for Children and Families. (2000). Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. Retrieved from: <https://files.eric.ed.gov/fulltext/ED449307.pdf>

¹³⁵ Administration for Children and Families. (2015). Instructions for Completing of State TANF Financial Report Form ACF-196R. Retrieved from: https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

¹³⁶ 45 CFR 260.31: What does the term assistance mean? Retrieved from: [https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31\(a\)](https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31(a))

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA? **YES** **NO**

The CIS program had eligibility criteria in place for which students could receive services. A student only needed to meet one of the six criteria to be eligible for services. These criteria include:

- Considered at-risk according to Texas Education Code § 29.081
- Eligible for free or reduced lunch
- Engaged in delinquent conduct
- Engaged in family conflict or crisis
- Recipient of TANF
- Affected by a natural disaster or pandemic

There were no citizenship for this program.

As a Purpose 3 program receiving federal TANF funds, participants did not need to be needy to receive services. ACF states that “States may use Federal TANF funds to help both the needy and the non-needy with benefits or services that are reasonably calculated to accomplish TANF purposes three or four. In serving the non-needy, States may use only segregated Federal TANF funds.”¹³⁷ Additionally, non-assistance services are allowed to benefit non-needy families if paid for with federal TANF funds.

As a Purpose 3 program, CIS was not limited in only serving needy or students who were citizens.

Process for Verifying Eligible Expenditures

This program was eligible under TANF Purpose 3 and did not need to verify individual level eligibility.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW? **YES** **NO** **N/A**

CIS was not part of the state’s Title IV-A Emergency Assistance State Plan and therefore not subject to prior law regulations. However, the program was eligible for TANF funding because of the reasons described above.

¹³⁷ Administration for Children and Families. (2013). Q&A: Use of Funds. <https://www.acf.hhs.gov/ofa/faq/q-use-funds?page=all>

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

Between State Fiscal Year 2018 and State Fiscal Year 2021, CIS served 379,256 students with Tier II and Tier III services. CIS did not have data on the number of students that received Tier I services as those are provided campus wide. CIS calculated the average cost per student who receives Tier II and Tier III services through its explanatory measure. Both sets of data were reported as ABEST key performance measures.

TABLE 2 & FIGURE 2 – COST PER CLIENT SERVED BY SFY

SFY	Clients Served	Total Expenditures ¹³⁸	Cost per Client Served
2018	86,435	\$208,255,415	\$829
2019	88,644	\$290,006,466	\$884
2020	105,892	\$256,204,621	\$898
2021	98,285	\$303,570,253	\$1,219



ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

CIS reported on three additional key performance measures. The data are provided in the table below.

TABLE 3 – KEY PERFORMANCE MEASURE BY SFY

SFY	2018	2019	2020	2021
Number of Case Managed Students Participating in Communities in Schools	86,435	88,644	105,892	98,285
Average Expenditure per Communities in Schools Participant	\$829	\$884	\$898	\$1,219
Total Number of Operational Open-Enrollment Charter Campuses	704	780	775	825

ADDITIONAL RELEVANT OUTCOME MEASURE TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

CIS also tracked the total number of operational open-enrollment charter campuses as shown in the table below.

TABLE 4 – ADDITIONAL PERFORMANCE MEASURE BY SFY

SFY	2018	2019	2020	2021
Total Number of Operational Open-Enrollment Charter Campuses	704	780	775	825

¹³⁸ Total expenditures are for all of CIS, not for Tier II and Tier III. The cost per client was calculated by CIS.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

There were no additional funding sources identified as being eligible to support this program.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

The TANF allocation was paid directly to contracted providers to operate the CIS program in the identified schools. These providers delivered the services described in the program background of this document.

SERVICES PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

CIS did not overlap with other TANF programs. There may have been local, community-based providers who also provided the types of services available through CIS; however, CIS utilized a campus needs assessment to identify what services were already being provided at the student's school and district. This helped reduce the chances of duplication.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

There were no challenges relating to program implementation identified through this audit.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

There were no opportunities for cost savings and/or program efficiencies identified through this audit.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

The CIS program was monitored by TEA. The program was monitored in August 2021 and there was one finding which was resolved.

TEA TANF PROGRAM MANAGEMENT COSTS

TEA used TANF to pay for program management costs, which include both administrative and systems costs. These costs can be both directly and indirectly related to the provision of the program. Direct costs are reported on the same line as the program whereas indirect costs are reported on Line 22 of the ACF-196R. At the state agency budget level, these costs were included in both program specific General Appropriations Act (GAA) strategies as well as broader GAA strategies that applied to the entire agency. Indirect costs were allocated using the agency's Cost Allocation Plan (CAP).

The scope of the TANF Efficiency Audit included a review of the GAA strategies that had TANF as a MOF. For TWC, this included three GAA strategies that were not directly related to the TANF programs identified in the 2019 TANF State Plan.

The scope did not include a detailed review of the agency's CAP. In a brief review of the CAP as well as through interviews with agency staff, we determined that the use of TANF to pay for the activities contained within the three GAA strategies were allowable.

The expenditures for each of the GAA strategies are included to provide a more complete picture of TANF expenditures at the agency level.

EXPENDITURES FOR ALL PROGRAM MANAGEMENT GAA STRATEGIES

Program management expenditures fell under three different GAA strategies:

- GAA strategy 2.3.2: Agency Operations
- GAA strategy 2.3.4: Central Administration
- GAA strategy 2.3.5: Information Systems - Technology

TANF expenditures accounted for less than 1% of all expenditures in these three strategies combined over the course of the audit period. This is shown in the chart to the right.

The table below shows the expenditures for all of the GAA strategies broken out by MOF for each of the four audit years. Expenditures were provided by TEA.

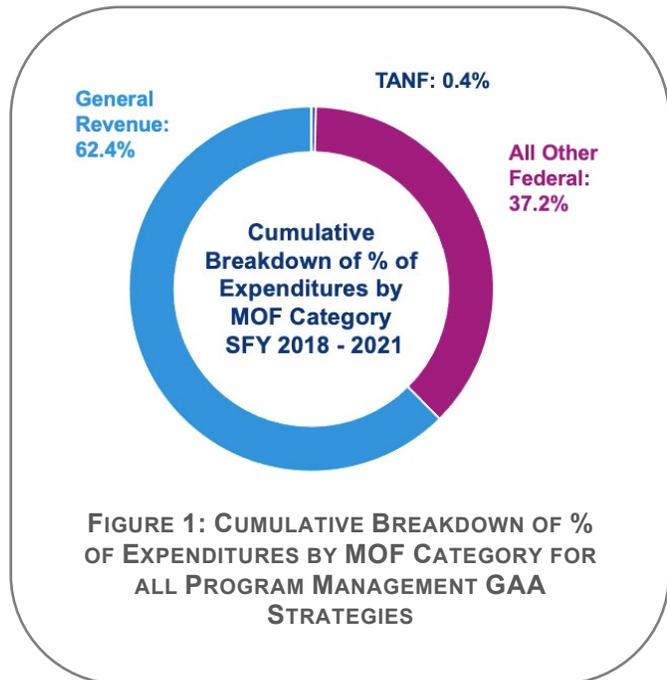


TABLE 1 – ALL GAA STRATEGIES FOR PROGRAM MANAGEMENT EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$537,623	\$39,998,875	\$60,826,907	\$101,363,405	0.53%
2019	\$646,792	\$42,851,522	\$67,125,207	\$110,623,521	0.58%
2020	\$261,985	\$40,614,098	\$67,070,932	\$107,947,015	0.24%
2021	\$379,252	\$32,471,760	\$66,413,571	\$99,264,583	0.38%

EXPENDITURES BY INDIVIDUAL GAA STRATEGY

The tables detail the expenditures for each GAA strategy broken out by MOF for each of the four audit years.

GAA STRATEGY 2.3.2 AGENCY OPERATIONS

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$89,655	\$31,544,240	\$32,033,647	\$63,667,542	0.1%
2019	\$103,265	\$32,921,843	\$31,448,966	\$64,474,074	0.1%
2020	\$81,003	\$30,960,974	\$33,082,458	\$64,124,435	0.1%
2021	\$109,138	\$19,138,170	\$33,152,091	\$52,399,399	0.2%

GAA STRATEGY 2.3.4 CENTRAL ADMINISTRATION

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$0	\$3,044,062	\$6,635,798	\$9,679,860	0.0%
2019	\$214	\$2,957,056	\$7,543,388	\$10,500,658	0.0%
2020	\$1,578	\$3,580,195	\$6,956,688	\$10,538,461	0.01%
2021	\$0	\$3,360,043	\$5,081,330	\$8,441,373	0.0%

GAA STRATEGY 2.3.5 INFORMATION SYSTEMS – TECHNOLOGY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$447,968	\$5,410,573	\$22,157,462	\$28,016,003	1.6%
2019	\$543,313	\$6,972,623	\$28,132,853	\$35,648,789	1.5%
2020	\$179,404	\$6,072,929	\$27,031,786	\$33,284,119	0.5%
2021	\$270,114	\$9,973,547	\$28,180,150	\$38,423,811	0.7%

AMACHI PROGRAM

PROGRAM BACKGROUND

The Big Brothers Big Sisters (BBBS) Amachi Mentoring program provides one-to-one mentorship services to youth ages 6-14 whose parents are incarcerated or were recently released from the prison system. Services are also available to students who are considered at-risk of entering the justice system. These services became available after the 87th Texas Legislature expanded the definition for who is eligible to receive services from the Amachi program.

The program aims to break the cycle of incarceration and build positive relationships between adults and students. It focuses on the following three components:

- Reducing juvenile delinquency
- Improving educational achievement and promotion through high school graduation
- Enhancing personal and social well-being

The Amachi program establishes relationships with local entities such as school districts, faith-based organization, and nonprofit organizations which provide mentorship services to youth in the program. Each mentor relationship is managed by BBBS staff who monitor the relationship and provide support and resources as needed. TEA grants funding for the program to Lone Star Amachi, which then subcontracts to BBBS organizations around the state.

The 2019 TANF State Plan states that the Amachi program receives TANF funding and that services meet TANF Purpose 4. However, TEA did not provide expenditures for the program and confirmed that the program has not received TANF since 2013. Additionally, there are no expenditures listed for the program on the ACF-196R in the four years within the audit scope.



Observation

There are no negative consequences for having a program listed in the TANF State Plan even though it is not receiving any TANF funding. This observation is made because the program has not received TANF funding for such a long period of time with no action. HHSC reported that it asks the other agencies during each three-year amendment period for any program changes.

Based on this, there is no further information being provided for this program.

Texas Workforce Commission

Agency Report



PUBLIC
CONSULTING GROUP

TEXAS WORKFORCE COMMISSION

The Texas Workforce Commission (TWC) is responsible for overseeing and providing workforce development services for both employers and Texas residents. It helps promote and support Texas' workforce system by creating value and giving employers, families, individuals, and the community to ability to achieve economic prosperity. TWC is part of the Texas Workforce Solutions, which is a local and statewide network consisting of 28 workforce development boards and their contracted service providers and community partners.

TWC TANF PROGRAMS

TWC operated a variety TANF funded programs and programs with expenditures that were counted as TANF MOE. The primary program was Choices, Texas' TANF welfare-to-work program. The Choices program was not specifically identified as a program within the 2019 TANF State Plan, which is not uncommon as all states are required to operate a welfare-to-work program. This program was not included specifically in the scope of the audit. However, given that it played a significant role in the overall TANF basic cash program, we have investigated it as if it had been identified in the TANF State Plan. TWC also had administrative (program management) costs that were not directly associated with any of the programs listed in the 2019 TANF State Plan.

The table below provides a description for each program, the cumulative TANF or TANF Maintenance of Effort (MOE) expenditures for State Fiscal Years (SFY) 2018 through 2021, and the average cost per client.

TABLE 7 – TWC TANF PROGRAMS

Program	Program Description	Cumulative TANF Expenditures SFY 2018-2021	Average Cost Per Client
Choices Employment and Training (E&T)	Choices is the name of Texas' TANF welfare-to-work program. It helps applicants, recipients, non-recipient parents, and former recipients of TANF with training and employment. The goal of Choices is employment. This is accomplished by transitioning participants from welfare to work through participation in work-related activities, including job search and job readiness classes, basic skills training, education, vocational training, and support services.	\$253,843,324 (TANF) \$35,213,325 (General Revenue for TANF MOE)	\$7,283
Adult Education and Literacy	TWC provides a variety of Adult Education and Literacy (AEL) services to individuals who have basic skills deficiencies, do not have a secondary school diploma or GED, or are English language learners. The purpose of the program is to help adults by providing academic instruction and education services.	\$22,807,575	\$1,204
Youth Development Initiatives	TWC offers both in-school and after-school youth development initiatives. These initiatives provide youth with a variety of services that focus on improving multiple outcomes, including pregnancy prevention, school completion, and the attainment of skills that will assist in preventing future dependency on public assistance.	\$17,367,631	\$105 ¹³⁹

¹³⁹ See footnote 1 for how average cost per participant was calculated.

Program	Program Description	Cumulative TANF Expenditures SFY 2018-2021	Average Cost Per Client
Non-Custodial Parents Choices	Non-custodial Parents (NCP) Choices is a subprogram of the TANF Choices Program. It specifically serves non-custodial parents. Created in 2005, the goal is to assist in the employability and career advancement of non-custodial parents who have a court-ordered child support obligation or who are behind in child support payments.	\$14,039,348	\$2,142
Subsidized Employment	TWC offers subsidized employment services. Local Workforce Development Boards facilitate connections with local employers to employ needy individuals and help them gain work experience, provide for their families, and increase the likelihood of securing an unsubsidized job. Funds from the grants allocated to the Boards are used to partially offset paid wages.	\$10,716,272	\$1,501 ¹⁴⁰
Foster Youth Transition Centers	TWC provides supplemental funding for foster youth transition centers. These centers help foster youth who have aged out or are close to aging out of the foster care system by addressing the unique barriers that youth aging out face.	\$10,242,447	\$1,845
Self-Sufficiency Fund	The TWC Self-Sufficiency Fund (SSF) provides training grants to businesses that can offer training that results in industry-recognized certifications and credentials. SSF training programs are offered in specific industry clusters and may be for the core, ancillary, or support occupations that will allow a student to establish a career path towards higher-level occupations.	\$5,896,868	\$1,996
Program Management	Program management costs include both administrative and systems costs associated with the TANF program. These costs are indirectly related to the TANF program and are allocated based on the agency's approved Public Assistance Cost Allocation Plan (PACAP).	\$4,655,947	N/A
Chapter 133 Apprenticeship Program	The Texas Education Code Chapter 133 Apprenticeship Program (Chapter 133 Apprenticeship Program) program supports educational and private registered apprenticeship programs by providing a small payment to help offset some of the program costs.	\$343,527	\$603

¹⁴⁰ Average cost per participant was calculated by dividing the total expenditures for the initiative by the total number of participants across programs within the initiative.

Program	Program Description	Cumulative TANF Expenditures SFY 2018-2021	Average Cost Per Client
Child Care	TWC provides financial aid for child care to families who meet income requirements. Child care services and aid are provided to TANF applicants, current and former TANF recipients, and non-TANF recipient parents to support a transition to self-sufficiency. It was not funded with TANF or its expenditures counted as MOE during the audit period.	\$0	N/A
Disability Navigator Initiative	The Texas Disability Navigator Initiative was a previous TWC statewide initiative to increase universal access to employment opportunities and training services for individuals with disabilities. It was not funded with TANF during the audit period.	\$	N/A

TANF ALLOCATION

TWC was allocated a total of \$381,112,935 in TANF, an average of \$95,278,234 per year. This was about 17% of the total TANF allocation across the four agencies. The chart below shows the annual allocation by Fiscal Year.¹⁴¹

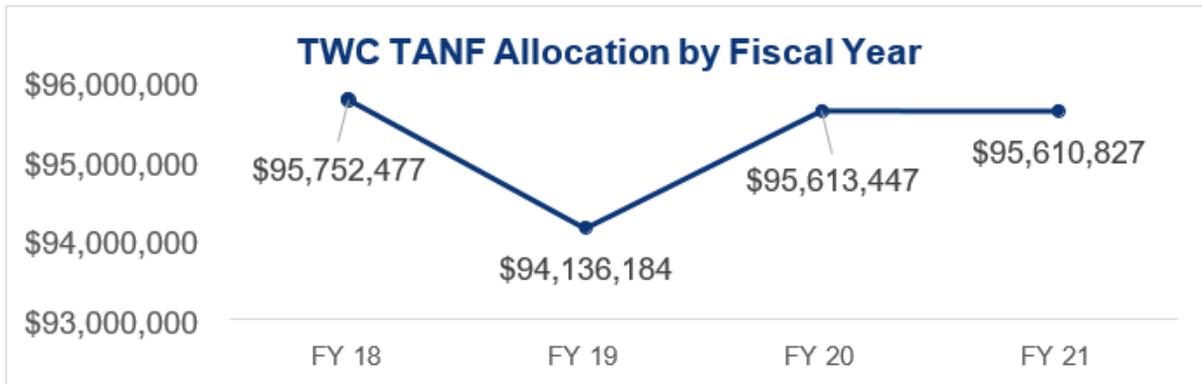


Figure 1: TWC TANF Allocation by FY

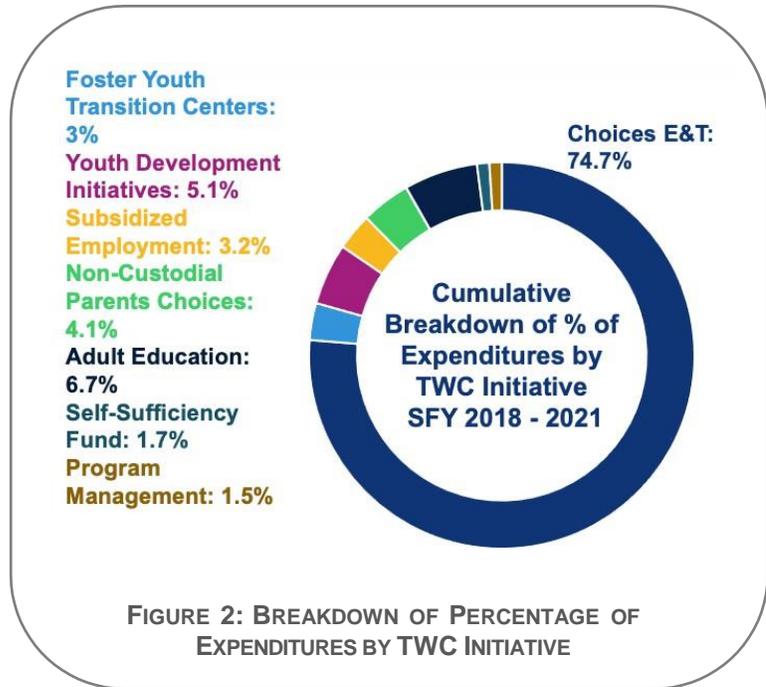
¹⁴¹ Based on allocation document provided by HHSC. Allocations are based on a Fiscal Year, there is no specification on federal or state.

TANF EXPENDITURES

Between 2018 and 2022, TWC spent \$339,876,397 in federal TANF, an average of \$84,969,099 per year.

The vast majority of TWC's TANF expenditures were on its Choices Employment and Training (E&T) program, with 74% of all expenditures. This was expected given that it is TANF's welfare-to-work program.

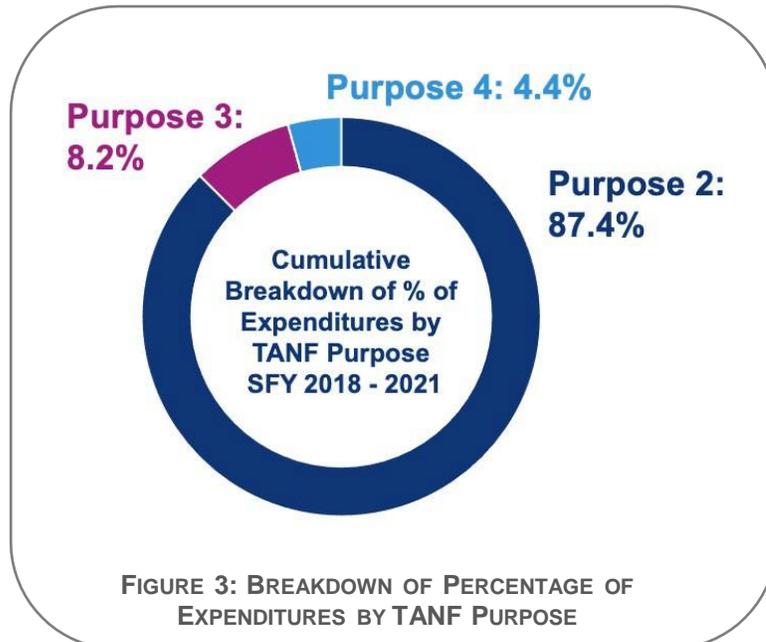
The chart to the right shows the breakdown of expenditures across TWC's various initiatives, excluding the Chapter 133 Apprenticeships Program which only accounted for 0.1% of all expenditures.



SPENDING BY TANF PURPOSE

Nearly 9 out of every 10 dollars of TANF expenditures went towards a Purpose 2 program (87%). This number rose to nearly 98% when including the General Revenue expenditures that TWC contributed towards the state's TANF MOE. The chart shows the cumulative breakdown of the TANF only expenditures by TANF Purpose.

TWC did have some spending towards TANF Purpose 1 in its subsidized employment initiative; however, that spending was only 0.1% in all four years.



TANF MAINTENANCE OF EFFORT (MOE) SPENDING

According to the expenditure data provided by TWC, it contributed about \$8,825,809 annually towards the state's TANF MOE. Cumulatively this was \$35,303,237 and accounted for about 2% of all MOE spending. These expenditures were a mixture of program and program management costs.

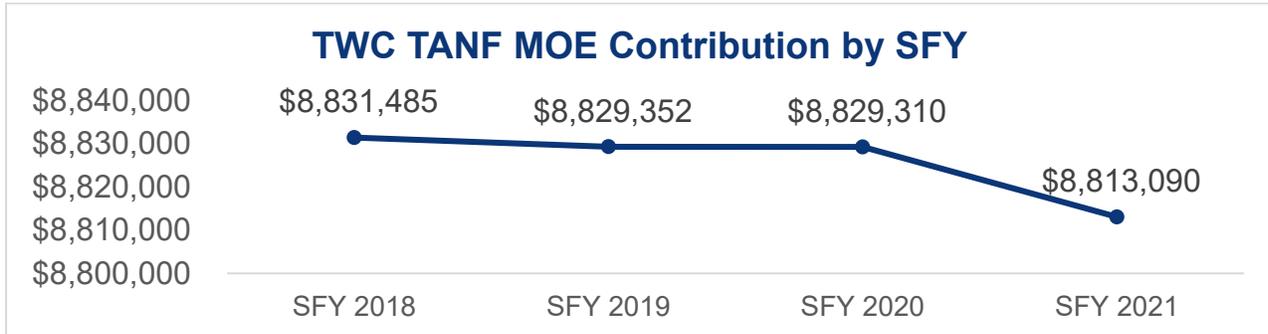


FIGURE 4: TWC TANF MOE CONTRIBUTION BY SFY

TWC FINDINGS AND OBSERVATIONS

The following section contains all audit findings for TWC. Audit findings include a recommendation on how TWC can resolve the finding. TWC is responsible for responding to each recommendation.

The section also contains observations that were made through the audit. TWC is not responsible for responding to an observation but we encourage TWC to consider the observation.

AGENCY LEVEL FINDINGS

There were no findings or observations permeating the entire agency. Any findings and observations were specific to the program and can be addressed by TWC at that level.

PROGRAM LEVEL FINDINGS

Choices



Finding

The number of families served reported on the ACF-204 was incorrectly reported. TWC stated that it had misreported the number for the ACF-204 due to an error in its procedural documents for pulling the information. The data was also not accurate because TWC was unable to identify which families were one-parent and which families were two-parent in nearly a quarter of the TANF cases received from HSHC.

It is recommended that TWC update its procedural document so that it correctly captures the number of individuals who were served with MOE expenditures.



Observation

TWC contracts do not allow Boards to count Job Search in the Boards' performance measures. TWC should consider changing this to align Board contracts with federally allowable work participation rules.

Adult Education and Literacy

**Finding**

TWC incorrectly reported AEL expenditures on line 9c of the ACF-196R. Program expenditures, including any administrative costs that are associated with direct program delivery, should be reported on Line 9b. TWC said that it is in the process of making this change to come into compliance. They provided an updated cost category crosswalk showing that expenditures for AEL would be correctly reported to Line 9b.

**Finding**

TWC was not in compliance with the 2012 United States Department of Health and Human Services Departmental Appeals Board (DAB) ruling that specifies a state must use both local level data to calculate costs attributable to the TANF program. Neither the new methodology nor the previous methodology yielded precise enough data to accurately charge expenditures to TANF.

It is recommended that TWC revise its methodology for calculating AEL costs to TANF to consider regional and program level costs.

Youth Development Initiative

**Finding**

The expenditures for the Youth Development Initiative were incorrectly reported on lines 9b and 9c of the ACF-196R. Program expenditures should be reported on Line 17.

It is recommended that TWC report the expenditures on Line 17. TWC said that it is in the process of making this change to come into compliance. They provided an updated cost category crosswalk showing that expenditures for Youth Development Initiatives would be correctly reported to Line 17 going forward.

Non-Custodial Parents Choices

There were no observations or findings for this program.

Subsidized Employment

**Finding**

Purpose 1 programs may only use TANF to pay for expenditures for needy children. The TII program served youth who were either eligible for, or enrolled in, WIOA youth services. These services do not have any income eligibility standards. TWC should ensure that TANF funds are only spent on the subsidized employment activities for TII youth who are income eligible.

Foster Youth Transition Centers

**Finding**

TWC incorrectly reported the expenditures for the FYTC program on Lines 9b and 9c on the ACF-196R. TWC should have reported the expenditures for this program on Line 17: Services for Children and Youth.

It is recommended that TWC report the expenditures on Line 17. TWC reported that it is in the process of making this change to come into compliance. They provided an updated cost category crosswalk showing that expenditures for FYTCs would be correctly reported to Line 17 going forward.

Self-Sufficiency Fund

There were no observations or findings for this program.

Program Management

There were no observations or findings for this program.

Apprenticeships



Finding

TWC incorrectly reported the expenditures for the Chapter 133 Apprenticeship Program on Line 9c of the ACF-196R. These expenditures should have been reported on Line 9b. It is recommended that TWC change its reporting logic to have the expenditures reported on Line 9b.

Child Care



Observation

Texas did not transfer any TANF to CCDF. There are several advantages to this transfer:

1. It allows the state to increase the budget of CCDF.
2. TANF transfer funds lose their TANF designation and are no longer subject to the TANF funding and spending requirements



Observation

Texas did not utilize available MOE funding sources which are at its disposal. This included CCDF spending. TANF rules allow for a state to count towards its TANF MOE the amount equal to its CCDF MOE amount. This can include CCDF Match or MOE dollars.

HHSC's apparent direction to TWC reflects a misunderstanding of the TANF Contingency Fund spending requirements. The state may not count towards the Contingency Fund spending requirements child care spending. However, the state could count child care towards its regular TANF MOE.

Disability Navigator Initiative



Observation

There are no negative consequences for having the program listed in the TANF State Plan even though it is not receiving any TANF funding. Since the program is not being funded at the state level, it should be removed in the 2022 update for the TANF State Plan.

CHOICES EMPLOYMENT AND TRAINING PROGRAM

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

Choices is the name of Texas' TANF welfare-to-work program. It is administered by TWC and helps applicants, recipients, non-recipient parents, and former recipients of TANF with training and employment.

The goal of Choices is employment. This is accomplished by transitioning participants from welfare to work through participation in work-related activities, including job search and job readiness classes, basic skills training, education, vocational training, and support services. The state regulations for the program are promulgated in Chapter 811 of the Texas Administrative Code.

TWC contracts with 28 Workforce Development Boards (Boards) throughout the state to deliver the Choices program. As the state agency, TWC is responsible for the following activities in this role:

1. Providing technical assistance,
2. Determining and disseminating relevant policies,
3. Performing monitoring and reporting functions.

Each Board is required to develop local-level contracts and memoranda of understanding (MOUs) with agencies and partners that provide Choices services. The Boards themselves are prohibited from providing services directly to Choices participants. Instead, Local Workforce Solutions Office staff under contract with each Board perform individual case management functions.

TWC provides extensive financial and programmatic monitoring of the Boards. When a Board is experiencing any type of challenge, TWC offers two levels of technical assistance:

1. Technical Assistance Plan: This is based on best practices and *suggestions* from TWC. It is updated every month.
2. Corrective Action Plan: The components of a Corrective Action Plan are mandated by TWC. If improvement is not seen, the Board is not eligible for any awards at the end of the year for any of the programs that they provide (including those not funded by TANF).

The Choices program is appropriated TANF. Some of its General Revenue appropriation is counted towards the state's TANF MOE.

The Choices strategy encompasses multiple statewide initiatives, each of which have their own individual separate program summary. This program summary focuses solely on the Choices Employment and Training (E&T) Program, which provides services to the adults who are required to participate in the welfare-to-work portion of TANF (both federal and state). Non-custodial parents can also participate in Choices through the Non-Custodial Parents Choices (NCP Choices) program.

EXPENDITURES BY GAA STRATEGY

The Choices E&T program fell under General Appropriations Act (GAA) strategy 1.1.3.

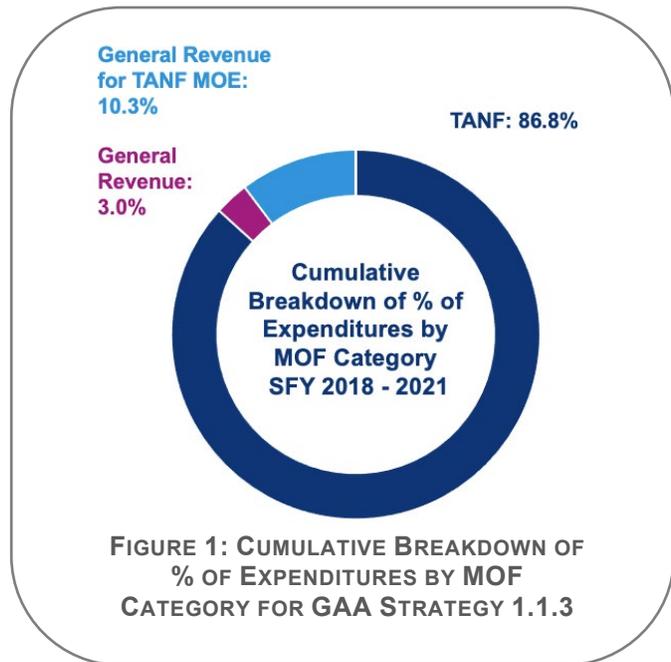
The chart to the right details the expenditures for the GAA strategy broken out by Method of Finance (MOF) for each of the four audit years. TANF expenditures accounted for 86% of all spending.¹⁴²

GAA Strategy 1.1.3

Goal 1: Support a Workforce System to Achieve/Sustain Economic Prosperity

Objective 1: Support Market-driven System/Help Jobseekers Secure Employment

Strategy 3: TANF Choices



The table below details the expenditures for the GAA strategy broken out by MOF for each of the four audit years. Expenditures were provided by TWC.¹⁴³

TABLE 1 – GAA STRATEGY 1.1.3 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	General Revenue MOE for TANF Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$76,903,480	\$2,326,822	\$8,831,485	\$0	\$88,061,787	87.3%
2019	\$77,738,044	\$2,605,542	\$8,829,352	\$0	\$89,172,938	87.2%
2020	\$75,282,964	\$2,919,349	\$8,829,310	\$4,800	\$87,036,423	86.5%
2021	\$68,793,372	\$2,354,179	\$8,813,090	\$0	\$79,960,641	86.0%

EXPENDITURES BY PROGRAM

The TANF Choices GAA strategy includes both the more general TANF Choices E&T program as well as numerous statewide initiatives offered by the agency. Information relevant to those initiatives are included in separate program summaries in this report. The Choices E&T program had only General Revenue for TANF MOE and the TANF MOF, as seen in the table below.¹⁴⁴

¹⁴² Total in Figure 1 equals 100.1% due to rounding.

¹⁴³ Negative expenditures were changed to \$0.

¹⁴⁴ Negative expenditures were changed to \$0.

TABLE 2 - CHOICES E&T EXPENDITURES BY MOF AND SFY

SFY	Federal TANF Expenditures	General Revenue MOE for TANF Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$66,147,180	\$8,831,486	\$0	\$74,978,666	88%
2019	\$66,474,838	\$8,829,352	\$0	\$75,304,190	88%
2020	\$64,013,914	\$8,829,311	\$4,800	\$72,848,025	88%
2021	\$57,207,392	\$8,813,090	\$0	\$66,020,162	87%

FEDERAL REPORTING

ACF-196R

Choices E&T expenditures were correctly reported on the following lines on the ACF-196R:

- Line 9a: Subsidized Employment
- Line 9b: Education and Training
- Line 9c: Additional Work Activities
- Line 10: Work Supports
- Line 15: Non-Recurrent Short-Term Benefits

ACF-204

TWC completed the ACF-204 annually to verify its MOE eligible spending. A review of the Federal Fiscal Year 2018 through 2021 ACF-204 reports showed that TWC did not correctly report the number of families who were served in Choices and who were partially funded with MOE. We identified this mistake when comparing the data reported on the ACF-204 against the number of individuals served as reported for the ABEST measure.

In speaking with TWC, they reported that there are three reasons why the two numbers were not the same:

- 1) The ACF-204 only included single parent families while the ABEST measure included two-parent families.
- 2) The ABEST measure reported for the budget is by State Fiscal Year and the ACF-204 is reported by Federal Fiscal Year.
- 3) In 23% of the TANF cases sent to TWC by HHSC, TWC said that they could not identify if they were one- or two-parent families.

TABLE 3 - COMPARISON BETWEEN TWC ACF-204 AND REPORTED PARTICIPANTS SERVED IN CHOICES

FY	ABEST - Participants Served Choices (SFY)	ACF-204 - Number of TANF Choices Families Served Partially Funded with MOE (FFY)
2018	22,315	23,338
2019	18,977	19,601
2020	11,928	19,206
2021	4,206	15,110

TWC reported that it did misreport the numbers on the ACF-204 due to an error in its procedural document for pulling together the report.

**Finding**

The number of families served reported on the ACF-204 was incorrectly reported. TWC stated that it had misreported the number for the ACF-204 due to an error in its procedural documents for pulling the information. The data was also not accurate because TWC was unable to identify which families were one-parent and which families were two-parent in nearly a quarter of the TANF cases received from HSHC.

It is recommended that TWC update its procedural document so that it correctly captures the number of individuals who were served with MOE expenditures.

WERE TANF FUNDS USED APPROPRIATELY AND MOE EXPENDITURES CORRECTLY CALCULATED?

The following section explores if General TANF funds were used appropriately on the Choices E&T program and if expenditures were correctly calculated for TANF Maintenance of Effort (MOE).

DID THE PROGRAM MEET A TANF PURPOSE? (TANF FUNDING & MOE)

 YES NO

The Choices E&T program satisfied TANF Purpose 2, which is to end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage. The Choices E&T program assisted TANF recipients in preparing for, obtaining, and retaining employment by providing immediate access to employment opportunities in a local workforce development area. Choices E&T employed a "Work First" service delivery approach, which promoted self-sufficiency at the earliest possible time. Choices E&T was uniquely integrated within the entire Texas workforce system.

ACF's Helping Families Achieve Self-Sufficiency Funding Guide specifically provides a variety of examples of work activities that can be paid for with TANF. States may use TANF to:

- Provide job search, job placement, transportation, and child care services
- Provide work experience and case management
- Subsidize wages directly or through an employer
- Help unemployed needy noncustodial parents by providing job skills training, re-training, job search, employment placement services
- Provide job retention services or post-employment follow-up services, such as counseling, employee assistance, or other supportive services.¹⁴⁵

Additional evidence on the allowability of work, education, and training activities being allowable under TANF can be found in the instructions for completing the ACF-196R.

Line 9b: Education and Training: Expenditures on this line include those for allowable education and training activities, such as "secondary education (including alternative programs); adult education, high school diploma equivalent (such as GED) and ESL classes; education directly related to employment; job skills training; education provided as vocational educational training or career and technical education; and post-secondary education."¹⁴⁶

Line 9c: Additional Work Activities should include "Work activities that have not been reported in employment subsidies or education and training. Include costs related to providing work experience and community service activities, job search assistance and job readiness, related

¹⁴⁵ Administration for Children and Families. (2000). Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. Retrieved from: <https://files.eric.ed.gov/fulltext/ED449307.pdf>

¹⁴⁶ Administration for Children and Families. (2015). Instructions for Completing of State TANF Financial Report Form ACF-196R. Retrieved from: https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

services (such as employment counseling, coaching, job development, information and referral, and outreach to business and non-profit community groups).”¹⁴⁷

Based on the ACF guidance, the Choices E&T program was allowable under TANF Purpose 2.

Expenditures Claimed as TANF MOE

Since the Choices E&T program was explicitly designed to provide education and training it fulfills TANF Purpose 2. Therefore, its expenditures were eligible to be counted towards Texas’ TANF MOE.

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

ASSISTANCE

NON-ASSISTANCE

BOTH

The Choices E&T program provided *both* assistance and non-assistance services.

Assistance

Since all individuals enrolled in Choices E&T were receiving TANF cash assistance, the requirements associated with assistance were already being met.

Non-Assistance

Most services provided through the Choices E&T program were non-assistance. Examples of non-assistance services provided included:

- Job readiness activities and workshops
- Job search
- Job skills training
- Education activities
- Vocational educational training
- Case management

Boards could provide support services to unemployed applicants and former recipients under the TANF short-term, non-recurring definition for up to four months. Services that were provided longer than four months were defined as assistance. TWC said that support services considered assistance were reported to a specific cost category and included:

“Allowable support services other than transportation and work-related incentives necessary to enable an individual to participate in the respective programs for which this category is available (e.g. allowable dependent care, housing, utility payments, clothing allowances, emergency food aid, and back-to-school and other needs-related payments).”¹⁴⁸

These types of services were considered non-assistance because they did not meet a family’s on-going basic needs.¹⁴⁹

¹⁴⁷ Ibid

¹⁴⁸ Information directly reported by TWC.

¹⁴⁹ 45 CFR 260.31: What does the term assistance mean? Retrieved from: [https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31\(a\)](https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31(a))

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA (TANF) OR THAT SERVED ELIGIBLE FAMILIES (MOE)? **YES** **NO**

To participate in Choices E&T, an individual must have been:

- An adult or teen head of household who is a TANF applicant, conditional applicant, recipient, non-recipient parent, former recipient, or sanctioned family
- Authorized to work in the United States. Expired work authorizations must be renewed before services can be provided.
- A work-eligible individual as defined in 45 CFR § 261.2(n)(1)(ii)

The Choices E&T program served only TANF recipients. These individuals met the TANF eligibility criteria for TANF funding as well as the eligible families test for MOE.

Verification of TANF Eligibility

HHSC provided TWC with information on individuals eligible for TANF and eligible for Choices E&T services. As a condition of TANF eligibility, applicants referred by HHSC must complete a Workforce Orientation for Applicants (WOA) half-day workshop with TWC. If the applicant attends the WOA, TWC would notify HHSC to approve the cash assistance. Ongoing TANF eligibility was verified monthly through the Workforce Information System of Texas (TWIST) case management system.

WAS THE PROGRAM SUBJECT TO THE NEW SPENDING TEST (MOE ONLY) OR ELIGIBLE UNDER PRIOR LAW (TANF)? **YES** **NO** **N/A**

The Choices E&T program was created to fulfill the TANF work requirements. It was not operating prior to the passage of PRWORA in 1995. Prior to this period, employment and training programs such as Choices E&T would have been allowable under the AFDC JOBS program. As such, TANF Choices E&T is allowable for TANF funding as described above.

Some Choices E&T expenditures are claimed as MOE. Programs claimed as TANF MOE that were funded in Federal Fiscal Year 1995 and were not authorized under the State's Emergency Assistance Plan, the JOBS program, and other Title IV-F plans, are subject to the new spending test. Since Choices E&T was not operating prior to 1995, it was not subject to this test.¹⁵⁰

¹⁵⁰ Administration for Children and Families. (2010). Q&A: The American Recovery and Reinvestment Act of 2009 (Recovery Act). Retrieved from: <http://www.acf.hhs.gov/programs/ofa/resource/recovery/tanf-faq>

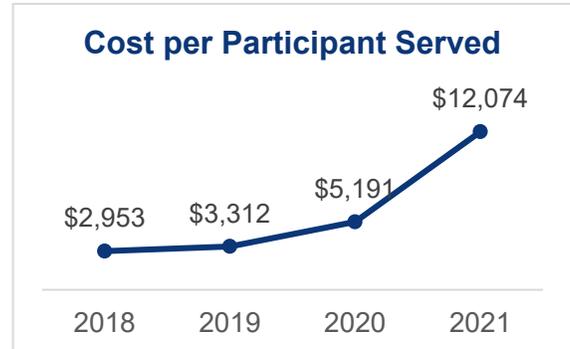
B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

TWC reported both the number of participants served and the associated cost for each participant for the overall TANF Choices strategy as ABEST key measures. The data reported by TWC is provided in the table below.¹⁵¹ These measures include all Choices initiatives and are not solely for the Choices E&T program.

TABLE 4 & FIGURE 2- GAA STRATEGY 1.1.3 TANF CHOICES COST PER CLIENT SERVED BY SFY

SFY	Participants Served	Total Expenditures	Cost per Participant Served
2018	27,102	\$88,061,787	\$2,953
2019	23,598	\$89,172,938	\$3,312
2020	14,563	\$87,036,423	\$5,191
2021	5,716	\$79,960,321	\$12,074

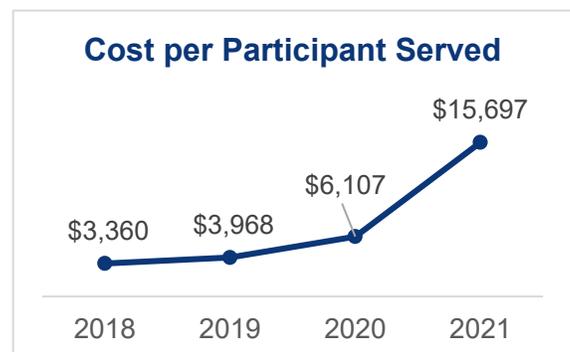


The COVID pandemic and "stay-at-home" orders led to HHSC exempting all Choices participants from the mandatory work requirements. In response to the reduction in TANF cases during the COVID pandemic, Board staff began outreaching to exempt customers to encourage participation in the Choices program. However, participation stayed low while costs stayed the same. Certain costs are static regardless of the number of individuals served (e.g., the cost of the facilities, utilities, information technology and phone systems, and staffing), which contributed to the higher cost per participant served in 2020 and 2021.

As discussed earlier, the Choices E&T program was included within the larger Choices strategy. As such, the GAA data reported by TWC on participants served and cost per participant were for all individuals served within the strategy. TWC provided the number of participants served specifically within the Choices E&T program. PCG calculated the cost per participant by dividing the total expenditures by the number of participants served (Table 2).

TABLE 5 & FIGURE 3 – COST PER PARTICIPANT SERVED FOR CHOICES E&T BY SFY

SFY	Participants Served	Total Expenditures	Cost per Participant Served
2018	22,315	\$74,978,666	\$3,360
2019	18,977	\$75,304,190	\$3,968
2020	11,928	\$72,848,025	\$6,107
2021	4,206	\$66,020,162	\$15,697



¹⁵¹ Total expenditures are provided solely for reference. TWC calculated the cost per client as an ABEST measure.

ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

TWC also reported on a variety of other measures. One measure, the Average Choices Participation through Employment (or School for Teens), was not providing meaningful data due to the suspension of the participation requirements for TANF during the COVID-19 pandemic. While the Texas Workforce System remained open to the public throughout the COVID-19 pandemic, its services were offered remotely, and they were not mandatory. There were varying degrees of participation across the system, which made recent data largely incomparable to prior periods and targets set in the 2020-2021 Operating Budget. Other measures were reported for the entire Career & Training population, not just those participating in Choices E&T.

ADDITIONAL RELEVANT OUTCOME MEASURES TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

TWC tracked individual Board performance through career and training measures. These included the number of participants who entered employment and the number of participants who retained a job. Activities that counted toward this measure were more restrictive than the federal allowable activities. For example, only recently was Education deemed allowable and Job Search was not allowable during the audit period.

TABLE 6 - CHOICES TWO-PARENT PARTICIPATION RATE PERFORMANCE

SFY	Target %	Actual %	% of Annual Target
2018	30%	30.07%	100%
2019	30%	27.34%	91%
2020	30%	19.45%	65%
2021	30%	2.32%	8%

TABLE 7 - CHOICES ONE-PARENT PARTICIPATION RATE PERFORMANCE

SFY	Target %	Actual %	% of Annual Target
2018	23.00%	20.84%	90.61%
2019	Not Reported	Not Reported	Not Reported
2020	22.00%	13.90%	63.18%
2021	24.00%	3.13%	13.04%

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

Texas is strategically braiding TANF funding with WIOA to best fund the services being delivered to a client. There are no additional MOFs or revenue streams identified through this audit.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

The majority of the TANF allocation for the Choices E&T program was granted to the Boards. The Boards then drew down granted funds to pay its subcontractors. Some TANF expenditures were used for TWC operating costs. The outsourced services provided were described earlier in this document and include case management, supportive services, and the direct provision of some allowable work activities.

SERVICE PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

Choices E&T does not overlap with other programs. However, Choices participants may also be participating in other TANF-funded state initiatives.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

There have been several challenges related to program implementation during the time period of the audit.

MANDATORY PARTICIPATION

In August of 2021, pandemic exemptions for TANF were lifted and mandatory participation re-started. Some Boards were not ready and additionally had not yet expanded their offerings to include newly allowed educational activities.

PERFORMANCE MEASURES

Since August 2021, the majority of Boards have struggled to meet performance measures. This was seen even with the four Boards that had tried to engage participants during the pandemic.

Meeting participation expectations is a consistent challenge for the Boards. Their performance metrics are difficult to meet in part because they are not allowed to count job search activities toward countable hours for the WPR derived from the Choices Participants Served performance measure. This contrasts with the state, which is counting these hours. Job search activities are allowable core hours that can be counted towards a state's WPR.



Observation

TWC contracts do not allow Boards to count Job Search in the Boards' performance measures. TWC should consider changing this to align Board contracts with federally allowable work participation rules.

Program monitors reported that reviews of the Boards produced very few TANF findings. Two exceptions cited were:

1. Difficulty in conducting the non-compliance process for Choices E&T participants in a timely manner (not meeting the seven-day deadline)
2. Lack of paper documentation that matches activity data entered in the system.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

The Choices E&T program is operated in a very efficient manner. Boards utilizes a single contractor for multiple programs (TANF, SNAP E&T, WIOA included). Very few states realize this type of efficiency.

While the Boards conduct their own monitoring, TWC also has a strong programmatic and fiscal monitoring team that regularly monitors the Board programs and the Boards' monitoring methodology and results. As part of this audit, a sample of recent monitoring reports and data integrity and fiscal disbursement testing tools used by the TWC Subrecipient Monitoring department were reviewed. The monitoring tools were thorough and included testing components for data entry, documentation, and allowable activities/expenses necessary to document Choices E&T program activities and expenses.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There is no other relevant detail not otherwise reported.

ADULT EDUCATION AND LITERACY

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

Adult Education and Literacy (AEL) programs serves individuals who have basic skills deficiencies, do not have a secondary school diploma or GED, or are English language learners. This program is promulgated in Chapter 805 of the Texas Administrative Code. The purpose of the program is to “provide adults with sufficient academic instruction and education services below the postsecondary level to increase an individual’s ability to:

- Read, write, and speak in English and perform mathematics or other activities necessary for the attainment of a secondary school diploma or its recognized equivalent
- Participate in job training and retraining programs or transition to postsecondary education and training; and
- Obtain and retain employment.”¹⁵²

Services provided through the program include:



There are two ultimate goals for the AEL program:

1. That Texans move further and faster along career pathways
2. That individuals at risk of needing TANF benefits in the future can remain financially independent.

AEL services are provided by local Workforce Development Boards (Boards), who compete for funding through a statewide procurement process. The Board can receive a mixture of both federal and state AEL funds. The Board may contract out the actual provision of AEL services to local agencies. If subcontracted, each grantee must establish a separate MOU with any local Board under contract with TWC that operates in the same region to guarantee the cross-provision of AEL services for Board-identified participants.

¹⁵² Chapter 805 Texas Administrative Code. Retrieved from:
[https://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=40&pt=20&ch=805&rl=1](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=40&pt=20&ch=805&rl=1)

EXPENDITURES BY GAA STRATEGY

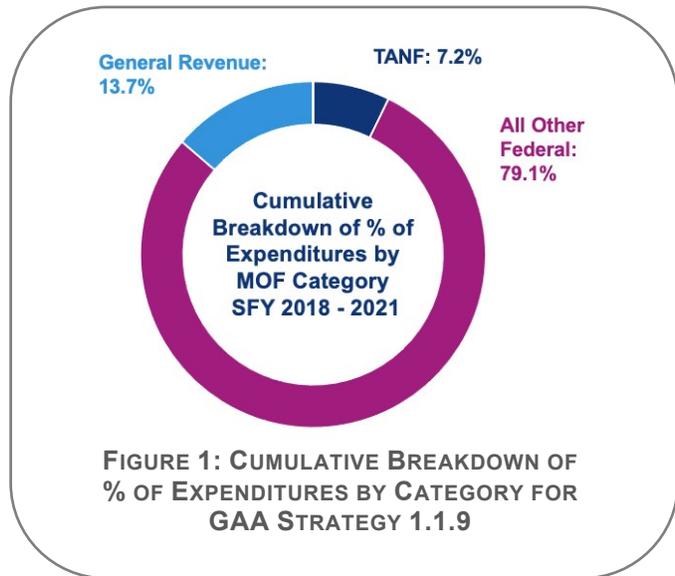
The AEL program fell under General Appropriations Act (GAA) strategy 1.1.9. The chart below details the expenditures for the GAA strategy broken out by Method of Finance (MOF) for each of the four audit years. TANF expenditures accounted for 7.2% of all spending. Other state expenditures accounted for 0.03% and are omitted from the chart.

GAA Strategy 1.1.9

Goal 1: Support a Workforce System to Achieve/Sustain Economic Prosperity

Objective 1: Support Market-driven System/Help Jobseekers Secure Employment

Strategy 9: Adult Education and Family Literacy



The table below details the expenditures for the GAA strategy broken out by MOF for each of the four audit years. Expenditures were provided by TWC.

TABLE 8 – GAA STRATEGY 1.1.9 EXPENDITURES BY METHOD OF FINANCE AND SFY

SFY	TANF Expenditures	All Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$6,625,058	\$64,949,482	\$12,185,039	\$0	\$83,759,579	7.9%
2019	\$4,441,852	\$59,157,617	\$11,030,345	\$0	\$74,629,814	6.0%
2020	\$7,408,546	\$63,264,518	\$11,792,051	\$0	\$82,465,115	9.0%
2021	\$4,332,119	\$64,531,421	\$8,803,009	\$104,236	\$77,770,785	5.6%

EXPENDITURES BY PROGRAM

The AEL program was both its own GAA strategy and its own program. As such, the expenditures presented for the GAA strategy above also represent the expenditures for the program.

FEDERAL REPORTING

TWC reported the expenditures for AEL on Line 9c.: Additional Work of the ACF-196R. ACF's instructions for completing the ACF-196R state that Line 9c should be used for any work activities that have not been reported in employment subsidies or education and training.¹⁵³ The costs incurred by AEL were related to

¹⁵³ Administration for Children and Families. (2015). Instructions for Completion of State TANF Financial Report Form ACF-196R. Retrieved from; https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

the provision of education and training activities and therefore did not fit within the definition provided by ACF.

ACF instructions state to report education and training activities under Line 9b.: Education and Training. This line includes: “secondary education (including alternative programs); adult education, high school diploma equivalent (such as GED) and ESL classes; education directly related to employment; job skills training; education provided as vocational educational training or career and technical education; and post-secondary education.”¹⁵⁴

**Finding**

TWC incorrectly reported AEL expenditures on Line 9c of the ACF-196R. Program expenditures, including any administrative costs that are associated with direct program delivery, should be reported on Line 9b. TWC said that it is in the process of making this change to come into compliance. They provided an updated cost category crosswalk showing that expenditures for AEL would be correctly reported to Line 9b.

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately on the AEL program.

DID THE PROGRAM MEET A TANF PURPOSE?

YES

NO

AEL services fulfilled TANF Purpose 2, which is reducing the dependency of needy parents by promoting job preparation, work, and marriage. One way to promote job preparation and work is by improving an adult’s basic skills and literacy.

Adult education and training activities are allowable under TANF Purpose 2. ACF’s Helping Families Achieve Self-Sufficiency Funding Guide specifically discusses education and training as allowable uses of TANF funding. It states that TANF funding may be used to “Train employed recipients, former recipients, and noncustodial parents in job-related vocational and literacy skills needed for regular, full-time employment” as well as ESL and literacy classes.¹⁵⁵

Additional evidence that AEL was allowable under TANF Purpose 2 can be found in the instructions for completing the ACF-196R. Line 9b is explicitly used by states to report their expenditures for education and training:

“Education and training activities, including secondary education (including alternative programs); adult education, high school diploma equivalent (such as GED) and ESL classes; education directly related to employment; job skills training; education provided as vocational educational training or career and technical education; and post-secondary education.”¹⁵⁶

AEL services directly improved participant employability by improving their basic skills, their literacy, and providing high school diploma or equivalent credentials. These are all crucial components to securing job

¹⁵⁴ Ibid.

¹⁵⁵ Administration for Children and Families. (2000). Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. Retrieved from: <https://files.eric.ed.gov/fulltext/ED449307.pdf>

¹⁵⁶ Administration for Children and Families. (2015). Instructions for Completing of State TANF Financial Report Form ACF-196R. Retrieved from: https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

opportunities that pay living wages required to support a family. As such, AEL services were allowable under TANF Purpose 2.

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

ASSISTANCE NON-ASSISTANCE BOTH

AEL services were classified as non-assistance. The exclusion from assistance includes services such as “job advancement and other employment-related services that do not provide basic income support.”¹⁵⁷ AEL services were designed to promote job advancement. They were also considered employment-related in that they supported an individual to gain the skills and education needed to successfully attach to work. Further, these services did not provide any type of basic income support – there was no financial benefit paid to the participant.

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET?

YES NO N/A

AEL services were non-assistance and therefore there were no additional requirements to be met.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA?

YES NO

To receive AEL services, a participant must have met the following criteria:

- Basic Skills Deficient (below 12th grade reading, writing, math) or English Language Deficient in the form of an approved assessment
- Had not attained their High School diploma or equivalent.
 - If between the ages of 16 and 18, the individual must meet an exemption defined in the Texas Education Code § 25.086

As a TANF Purpose 2 program, TANF funds may only have been used to pay for needy parents. AEL services were available to a wider population than just TANF or TANF-eligible individuals.

TWC calculated the number of eligible students to determine the percentage of AEL costs to charge to TANF. This process was:

1. TWC performed a data match with HHSC to determine which students were either receiving TANF or were receiving SNAP and living with a child.
2. TWC divided the number of students who met the criteria above into the total population of AEL students to determine the percentage of TANF/SNAP-eligible
3. TWC multiplied the percentage of TANF/SNAP-eligible by the total costs for AEL
 - a. If this cost was at or below the appropriated amount, TWC continued to draw down the allocation on a monthly basis
 - b. If this cost was above the appropriated amount, TWC requested an increase in the TANF allocation for AEL.

This match was performed twice annually, once in January and once in July. The intent behind the match was to verify that the appropriated TANF was sufficient to cover program costs.

¹⁵⁷ 45 CFR 260.31 retrieved from <https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260/subpart-A/section-260.31>

In State Fiscal Year 2021, TWC moved from determining eligibility for program costs at a grantee level to determining it at a state level. This is problematic because TWC reported that AEL services vary at the local level. For example, a participant may receive services in a workforce region with more resources and potentially lower cost compared to a participant in a more remote area with less resources. Additionally, the cost for the services provided through AEL are different – a GED class and an ESL class did not cost the same amount. As such, the cost for each class or program was different based on the service they were receiving and the region in which they were receiving it. Based on these two factors, the average cost found by dividing total expenditures by the number of people served is not representative of true costs at the regional and program level.

Calculating Program Costs

TWC's new methodology in State Fiscal Year 2021 of determining eligibility at a state level did not comply with the United States Department of Health and Human Services Departmental Appeals Board (DAB) 2012 ruling. This ruling stated that the use of statewide data to determine the number of individuals receiving a service is not a reasonable methodology in calculating costs to the TANF program.¹⁵⁸ The ruling also states that statewide data do "not yield precise enough estimates of the targeted populations on which to base an entire estimate" and as such, ACF has not approved them as a method to "estimate expenditures relating to TANF-related programs." Guidance provided in the ruling included the use of local level data to calculate costs to the TANF program.

The AEL program did serve individuals who were eligible for TANF. However, because the costs for the AEL programs (GED, ESL, etc.) varied across the state, the agency was at risk for incorrectly calculating the costs to the TANF program.



Finding

TWC was not in compliance with the 2012 DAB ruling that specifies a state must use both local level data to calculate costs attributable to the TANF program. Neither the new methodology nor the previous methodology yielded precise enough data to accurately charge expenditures to TANF.

It is recommended that TWC revise its methodology for calculating AEL costs to TANF to consider regional and program level costs.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW?

YES

NO

N/A

Adult Education programs in Texas were first established in the Texas Education Code § 29.250-29.256 effective May 30, 1995.¹⁵⁹ The program transitioned from the Texas Education Agency (TEA) to TWC on September 1, 2013, when the 87th Legislature passed Senate Bill (SB) 307. While in operation in 1995, the program was not part of Texas' Title IV-A Emergency Assistance state plan and therefore not subject to the prior law requirements. While not authorized under prior law, the program was allowable under TANF as described in this section.

¹⁵⁸ Department of Health and Human Services, Departmental Appeals Board. (2012). Louisiana Department of Children and Family Services Docket No. A-11-120, Decision No. 2455. Retrieved from: <https://www.hhs.gov/sites/default/files/static/dab/decisions/board-decisions/2012/dab2455.pdf>

¹⁵⁹ Texas Education Code, Title 2. Public Education, Chapter 29. Educational Programs. Retrieved from: <https://statutes.capitol.texas.gov/Docs/ED/htm/ED.29.htm>

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

AEL services were delivered on a per client basis. In State Fiscal Years 2018 and 2019, AEL reported both the number of participants served and the average cost per participant served as key performance measures for ABEST. PCG calculated the cost per participant for State Fiscal Years 2020 and 2021 by dividing the total expenditures reported by TWC by the number of participants reported by TWC for ABEST.

TABLE 2 & FIGURE 2- COST PER PARTICIPANT SERVED BY SFY

SFY	Participants Served	Total Grants Amount	Cost per Participant Served
2018	82,898	\$83,759,579	\$1,010
2019	80,507	\$74,629,814	\$927
2020	67,275	\$82,465,115	\$1,226
2021	46,968	\$77,770,785	\$1,656



ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

There were no additional key or non-key performance measures reported to the Legislative Budget Board.

ADDITIONAL RELEVANT OUTCOME MEASURES TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

AEL had additional annual performance measures. The targets for these measures were negotiated with the United State Department of Education. An individual was only counted if they had had at least 12 hours of instruction per federal requirement. Exit is defined as the point after which the student had left the AEL program.

The measures included:

- Measurable Skill Gains (MSG) – Individuals must have demonstrated an MSG within the previous 12-month period (July 1 – June 30), regardless of enrollment date.
- Credentials (HS diploma or equivalent as a credential) – determined after exit
- Employed at Exit Quarter 2 – determined after exit from the AEL program
- Employed at Exit Quarter 4 – determined after exit from the AEL program

The performance results for these measures for State Fiscal Years 2018 through 2021 are shown in the tables below.

TABLE 3 - MEASURABLE SKILL GAINS

SFY	Measurable Skill Gains Target	Measurable Skill Gains Performance
2018	50%	46%
2019	56%	36%
2020	43%	39%
2021	43%	40%

TABLE 4 - CREDENTIAL RATE

SFY	Credential Rate Target	Credential Rate Performance
2018	35%	36%
2019	35%	39%
2020	39%	41%
2021	39%	33%

TABLE 5 - EMPLOYED AT EXIT Q2

SFY	Measurable Skill Gains Target	Measurable Skill Gains Performance
2018	34%	35%
2019	34%	34%
2020	34%	31%
2021	40%	41%

TABLE 6 - EMPLOYED AT EXIT Q4

SFY	Credential Rate Target	Credential Rate Performance
2018	83%	85%
2019	83%	84%
2020	80%	79%
2021	81%	84%

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

There are no additional MOFs or revenue streams identified through this audit.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

AEL services were administered by grantees and the full TANF allocation was passed through to them. The AEL grantees provided the services that were discussed in the program background within this summary.

SERVICE PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

Participants in AEL may concurrently participate in the Choices program. Through this program, there may have been the opportunity for the individual to be participating in other work readiness programs that could help provide basic skills training.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

Some challenges were noted during staff interviews conducted by PCG for this audit. According to TWC program staff, grants are typically not very competitive, and the providers are the same year to year. It was also noted that certain outcome-related metrics have been difficult to meet for some providers.

While TANF receipt is flagged in the data match with HHSC, outcomes are not reported for this group separately from all AEL participants. This makes it difficult to determine efficiencies of the program specifically for TANF recipients.

Periodic matches with Department of Labor data could be used to determine more precise results for employment outcome metrics. It was reported by TWC staff that some providers did not have the resources to do this themselves.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

The back-end match with HHSC to identify TANF-eligible individuals should be done more frequently to prevent TANF funds being inadvertently used for services to participants who lose TANF eligibility status during the interim period between eligibility checks.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There is no other relevant detail not otherwise reported.

IN-SCHOOL AND AFTER-SCHOOL YOUTH DEVELOPMENT INITIATIVES

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

TWC offers both in-school and after-school youth development initiatives. These initiatives provide youth with a variety of services that focus on improving multiple outcomes, including pregnancy prevention, school completion, and the attainment of skills that will assist in preventing future dependency on public assistance. Overarchingly, TANF-funded services are focused on increasing skills and educational attainment, support school completion and participation in career pathways, all while reducing risk factors such as delinquent behavior, truancy, and teen pregnancy, among others.

In-school services are focused on high-risk students, including those attending federally designated Title I schools. After-school services are available to a broader population. After-school programs are designed to develop Science, Technology, Engineering, and Math (STEM) skills. A student may only participate in a single designated after-school program each year.

TWC also conducts education and career exploration outreach to students through its Labor Market and Career Information (LMCI) department. Outreach specialists work with students, parents, teachers, counselors, and school administrators via classroom presentations, in-service trainings, conferences, career and college fairs, and other events.

There are five specific in- and after-school youth development initiative (YDI) programs that were administered during the audit period identified within the 2019 TANF State Plan and which were funded by TANF:

TABLE 1 – YOUTH DEVELOPMENT INITIATIVES

Program Name	Description
Camp Code	The Camp Code program teaches youth how to work with computer programming languages for future tech careers.
Careers in Texas Industries	This initiative focuses on creating local events and providing resources to connect youths to career opportunities in fast-growing state job industries. There are an average of three events conducted each year across the state.
Summer Merit Program	The Summer Merit Program is a supervised after-school youth initiative. Middle- and high-school students (ages 14 to 21) are eligible to receive a scholarship to participate in a STEM skills related summer camp program. The goal of the program is to increase the number of underrepresented and disadvantaged students participating in these programs. Additionally, students can access STEM skill training in school services during the school year.
Workforce Career and Education Outreach Specialist Program	The grant-funded Workforce Career and Education Outreach Specialist Program places local workforce career specialists in independent school districts (ISDs) to provide career guidance and workforce information to students, including underrepresented populations. Program goals include ensuring that students are exposed to and aware of career

Program Name	Description
	resources that empower them to attain degree certifications, and helping students graduate with marketable skills and minimum student debt. Through the program, students receive on-site career guidance, coordinated system planning, pre-employment transition services, and an introduction to a variety of career pathways.
Youth Robotics Initiative	The Youth Robotics Initiative provides after-school robotics programs for youth. The initiative helps youth gain math and science skills, self-confidence, problem-solving abilities, and team-building experience, while developing other life skills. Through the program, students get access to real-world engineering experience as well as the opportunity to apply math and science concepts in a competitive setting.

EXPENDITURES BY GAA STRATEGY

The Youth Development Initiatives fell under TANF Choices General Appropriations Act (GAA) strategy 1.1.3. The expenditures for this strategy are included in the TANF Choices Program Summary.

EXPENDITURES BY PROGRAM

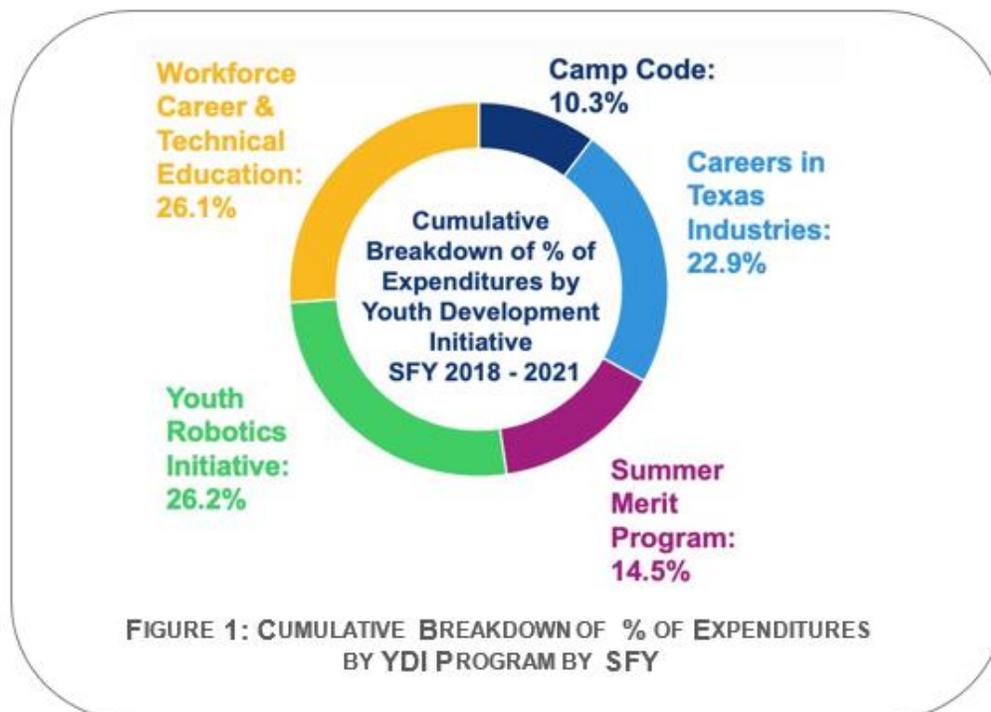
The expenditures for the five programs identified as YDIs were isolated to capture their specific costs. Both the Youth Robotics initiative and the Workforce Career and Technical Education initiative accounted for the majority of the cumulative TANF expenditures at 26% each. During the course of the audit, these initiatives were solely funded by TANF.

GAA Strategy 1.1.3

Goal 1: Support a Workforce System to Achieve/Sustain Economic Prosperity

Objective 1: Support Market-driven System/Help Jobseekers Secure Employment

Strategy 3: TANF Choices



The table below details the expenditures for each YDI for each of the four audit years. Expenditures were provided by TWC.

TABLE 2 - EXPENDITURES BY YDI PROGRAM AND SFY

SFY	Camp Code	Careers in Texas Industries	Summer Merit Program	Workforce Career & Tech Ed. Specialist	Youth Robotics Initiative	Total
2018	\$687,269	\$892,978	\$1,015,024	\$0	\$1,080,797	\$3,676,068
2019	\$535,788	\$1,247,181	\$897,917	\$251,822	\$942,104	\$3,874,812
2020	\$316,206	\$930,065	\$391,878	\$2,048,379	\$930,681	\$4,617,209
2021	\$240,725	\$899,915	\$217,149	\$2,238,506	\$1,603,247	\$5,199,542

FEDERAL REPORTING

Expenditures for the Youth Development Initiatives were reported on the following lines on the ACF-196R for federal fiscal years 2018 through 2021:

- 9b: Education & Training
- 9c: Additional Work Activities

ACF's instructions for completing the ACF-196R state that costs of "after-school or summer enrichment programs for children and youth in elementary, middle school, or high school" should not be included on Line 9.¹⁶⁰ Rather, the ACF-196R has a specific line that states can use to report any services to children and youth, including after-school and summer enrichment programs. This is Line 17: Services for Children and Youth.



Finding

The expenditures for the Youth Development Initiative were incorrectly reported on lines 9b and 9c of the ACF-196R. Program expenditures should be reported on Line 17.

It is recommended that TWC report the expenditures on Line 17. TWC said that it is in the process of making this change to come into compliance. They provided an updated cost category crosswalk showing that expenditures for Youth Development Initiatives would be correctly reported to Line 17 going forward.

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately on the Youth Development Initiatives program.

DID THE PROGRAM MEET A TANF PURPOSE?

YES NO

Youth Development Initiatives fulfilled TANF Purpose 3, which is to reduce the incidence of out-of-wedlock pregnancies. This is because the programs provided direct contact with and positive affect on

¹⁶⁰ Administration for Children and Families. (2015). Instructions for Completion of State TANF Financial Report Form ACF-196R. Retrieved from: https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

youth and children. These types of programs have been shown to prevent at-risk behavior and teen pregnancy.

ACF has provided guidance on the allowability of TANF funding for youth programming. The Instructions for Completion of the ACF-196R for Line 17 state that TANF may be spent on, “programs designed to support and enrich the development and improve the life-skills and educational attainment of children and youth. This may include after school programs and mentoring or tutoring programs.”¹⁶¹

ACF has released additional guidance that has specifically cited higher academic achievement as one factor that leads to a reduction in out-of-wedlock pregnancies. One of the TWC’s youth development program goals was to encourage academic achievement among at-risk youth. Such programs are claimable under TANF Purpose 3 because of their direct contact with and positive impact on youth and young children. ACF speaks to the use of TANF funding to support after school programs, and other positive activities for youth, in the TANF Funding Guide:

“Potential activities that would be reasonably calculated to accomplish this purpose include abstinence programs, visiting nurse services, and **programs and services for youth such as counseling, teen pregnancy prevention campaigns, and after-school programs that provide supervision when school is not in session.** A State may also fund a media campaign for the general population on abstinence or preventing out-of-wedlock childbearing.”¹⁶²

ACF also states that after-school programs can encourage youth to stay in school. This is because the programs increase youth motivation and self-esteem. Further, these programs help youth to envision their positive future and limit the amount of time they are unsupervised. This can result in delayed sexual involvement and pregnancy.¹⁶³ As a result, after-school and in-school programs can be funded under TANF Purpose 3.¹⁶⁴

The provision of services that increase skills and educational attainment support a youth’s ability to complete school and get a job. The services also help reduce negative risk factors such as delinquent behavior, truancy, and teen pregnancy. As such, the YDI programs were allowable under TANF Purpose 3.

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

ASSISTANCE

NON-ASSISTANCE

BOTH

TWC’s Youth Development Initiatives were considered non-assistance because they did not provide any form of basic income support. These programs were also considered services and services are considered non-assistance because they do not meet a family’s on-going basic needs.¹⁶⁵

¹⁶¹ Administration for Children and Families. (2015). Instructions for Completion of State TANF Financial Report Form ACF-196R. Line 21: Home Visiting Programs. Retrieved from;

https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

¹⁶² Administration for Children and Families. (2000). Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. Retrieved from:

<https://files.eric.ed.gov/fulltext/ED449307.pdf>

¹⁶³ Manlove, J., Franzetta, K., McKinney, K., Romano Papillo, A., & Terry-Human, E. (2004). A Good Time: After-school Programs to Reduce Teen Pregnancy. National Campaign to Prevent Teen Pregnancy. Retrieved from:

http://www.in.gov/isdh/files/A_Good_Time.pdf

¹⁶⁴ Ibid.

¹⁶⁵ 45 CFR 260.31: What does the term assistance mean? Retrieved from: [https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31\(a\)](https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31(a))

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET? YES NO N/A

The services provided were not considered assistance and therefore not subject to the additional requirements.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA? YES NO N/A

Some youth development programs are intended for disadvantaged or low-income youth while others are available to any youth. As a Purpose 3 program receiving federal TANF funds, participants do not need to be needy to receive services. ACF states that "States may use Federal TANF funds to help both the needy and the non-needy with benefits or services that are reasonably calculated to accomplish TANF purposes three or four. In serving the non-needy, States may use only segregated Federal TANF funds."¹⁶⁶ Additionally, non-assistance services are allowed to benefit non-needy families if paid for with federal TANF funds. As such, TANF funding may be used on any student regardless of income and citizenship status. Therefore, this requirement is not applicable for this program.

Process for Verifying Eligible Expenditures

As a Purpose 3 program, individual eligibility was not required to be verified.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW? YES NO N/A

YDI was not established until after 1996. As such, it was not part of the state's Title IV-A Emergency Assistance State Plan. Rather, the program was eligible for TANF funding based on the information discussed above.

¹⁶⁶ Administration for Children and Families. (2013). Q&A: Use of Funds. <https://www.acf.hhs.gov/ofa/faq/q-use-funds?page=all>

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

A participant is defined as a child participating in a program unless otherwise indicated. PCG calculated the cost per participant by dividing the total amount of expenditures for each YDI program by the total number of participants served. No participant data was provided by TWC for some years for some programs. In these instances, the table will indicate "No data provided".

TABLE 3 & FIGURE 2 - COST PER PARTICIPANT - CAMP CODE

SFY	Participants Served	Total Expenditures	Cost per Participant
2018	547	\$687,269	\$1,256
2019	683	\$535,788	\$784
2020	Cancelled	\$316,206 ¹⁶⁷	N/A
2021	558	\$240,725	\$431

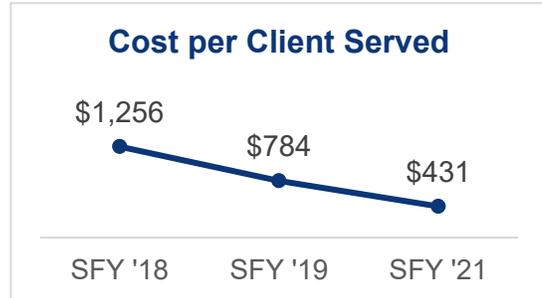


TABLE 4 & FIGURE 3- COST PER PARTICIPANT – CAREERS IN TEXAS INDUSTRIES

SFY	Participants Served	Total Expenditures	Cost per Participant
2018	No data provided	\$892,978	N/A
2019	1,966	\$1,247,181	\$634
2020	1,925	\$930,065	\$483
2021	1,696	\$899,915	\$530



TABLE 5 & FIGURE 4 - SUMMER MERIT PROGRAM

SFY	Participants Served	Total Expenditures	Cost per Participant
2018	No data provided	\$1,015,024	N/A
2019	No data provided	\$897,917	N/A
2020	0	\$391,878 ¹⁶⁸	N/A
2021	1,069	\$217,149	\$203



¹⁶⁷ TWC reported that Camp Code and the Governor's Summer Merit Program were Appropriation Year 2019 initiatives that were partially extended into the beginning of State Fiscal Year 2020. As such, there were residual program expenditures that related to the 2019 program participants. New program was no initiated in Fiscal Year 2020.

¹⁶⁸ Ibid.

TABLE 6 & FIGURE 5- COST PER PARTICIPANT - WORKFORCE CAREER & EDUCATION OUTREACH SPECIALIST PROGRAM

SFY	Participants Served	Expenditures	Cost per Participant
2018	0	\$0	N/A
2019	28,572	\$251,822	\$8
2020	46,533	\$2,048,379	\$44
2021	55,587	\$2,238,506	\$40


TABLE 7 & FIGURE 6- COST PER PARTICIPANT – YOUTH ROBOTICS INITIATIVE

SFY	Participants Served	Expenditures	Cost per Participant
2018	6,241	\$1,080,797	\$173
2019	6,477	\$942,104	\$145
2020	6,972	\$930,681	\$133
2021	6,494	\$1,603,247	\$246



ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

There were no additional key or non-key performance measures reported to the Legislative Budget Board.

ADDITIONAL RELEVANT OUTCOME MEASURES TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

Both Camp Code and the Robotics Initiative had individual performance measures. These are provided in the tables below:

TABLE 8 - CAMP CODE PERFORMANCE MEASURES

SFY	Number of Youths who Attended Camp	Number of Youths who Completed Camp
2018	547	510
2019	683	639
2020	N/A (Cancelled)	N/A (Cancelled)
2021	558	540

TABLE 9: ROBOTICS INITIATIVE PERFORMANCE MEASURES

Total Number of Teams Formed	Total Number of New Teams Formed
475	No Data
438	No Data
323	219
462	239

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

TWC can optionally direct some of the WIOA youth component funds to these transition centers.

TWC can use TANF funds to support the YDI programs for youth who are between the ages of 18 and 24. ACF issued guidance in 2009 that allows for states to use TANF funds to provide services to youth up to the age of 24, whether or not they are residing in their own homes. ACF states that “a jurisdiction may use Federal TANF funds to serve older youth in non-assistance programs.” There is no age limit established by ACF for a child for TANF purpose and this same guidance specifies that a jurisdiction can set a reasonable definition for a child. This limit could include “an individual under the age of 25 (or a lower age if the jurisdiction chooses).”¹⁶⁹

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

Individual grants were allocated to Boards or local providers for YDI programs. The grants were 100% funded by TANF. Grantees drew down funds as necessary, and expenditures were reported in the TWC financial accounting system as TANF.

SERVICE PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

TWC plays a major role in supporting youth throughout Texas. However, there are numerous other youth development programs that are available, including Big Brother Big Sisters, Boys and Girls Clubs, and YMCA. That there are other programs available may lead to overlap; however, such overlap is common nationally.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

There were no general challenges related to program implementation identified during this audit.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

Data reporting for grants that are not administered through the Workforce Development Boards is currently completed using multiple Excel workbooks. This is because staff working on programs under these grants do not have access to the case management system utilized by the Boards, the Workforce Information System of Texas (TWIST). A single case management system that can be used by all program staff would be more efficient since it would consolidate all information related to a single participant. This would also help prevent possible duplication of information and data entry errors.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There is no additional relevant detail not otherwise reported.

¹⁶⁹ Administration for Children and Families. (2012). Q&A: The American Recovery and Reinvestment Act of 2009 (Recovery Act). Retrieved from: https://www.acf.hhs.gov/ofa/faq/qa-american-recovery-and-reinvestment-act-2009-recovery-act#_servicing_older_youth

NON-CUSTODIAL PARENTS CHOICES

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

Non-Custodial Parents Choices (NCP Choices) program is a subprogram of the TANF Choices E&T Program. It specifically serves non-custodial parents (NCP). The program was created in 2005 through a collaboration with the Texas Office of the Attorney General (OAG), local Workforce Development Boards (Boards), Workforce Solutions Office (WSO), and local family court judges. The goal is to assist in the employability and career advancement of non-custodial parents who have a court-ordered child support obligation or who are behind in child support payments. It is authorized under Texas Labor Code § 302.0035. TWC contracts with each of these Boards specifically to deliver this program.

Participation in the NCP Choices program is required by a court order. There are two ways a non-custodial parent can enter the program:

1. The OAG identifies non-custodial parents who are eligible, or
2. Board staff identify individuals ordered to participate by regularly attending court hearings.

Boards provide a variety of services to NCP such as job readiness, job search, work experience, on the job training, and educational and short-term support services. Additionally, participants meet weekly with WSO caseworkers until they are employed. Upon employment, WSO staff verify continued employment on a monthly basis.

NCP Choices program participants must meet the following six ongoing activities to continue in the program:

- Participate in work activities for an average of 30 hours per week
- Meet in person with their NCP case manager weekly, until employed, concerning NCP activities
- Complete and return to the NCP case manager all required forms concerning NCP activities and program participation
- Report to employers when referred
- Accept job offers at the earliest opportunity
- Submit documentation verifying continued employment each month for six months

EXPENDITURES BY GAA STRATEGY

The NCP Choices program fell under the larger TANF Choices General Appropriations Act (GAA) strategy 1.1.3. The expenditures for this GAA strategy can be found in the TANF Choices Program Summary.

EXPENDITURES BY PROGRAM

NCP Choices was appropriated Federal TANF funds as well as funds by an interagency contract with the Texas Office of the Attorney General (OAG). The expenditures for the program are provided in the table below by Method of Finance (MOF) for each year in the audit.

GAA Strategy 1.1.3

Goal 1: Support a Workforce System to Achieve/Sustain Economic Prosperity

Objective 1: Support Market-driven System/Help Jobseekers Secure Employment

Strategy 3: TANF Choices

TABLE 1 - NCP CHOICES EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Interagency Contracts Expenditures	Total Expenditures	TANF Grant as Percent of All Expenditures
2018	\$3,929,834	\$2,326,822	\$6,256,656	62.8%
2019	\$3,745,036	\$2,605,542	\$6,350,578	59.0%
2020	\$3,023,605	\$2,919,349	\$5,942,954	50.9%
2021	\$3,340,873	\$2,354,179	\$5,695,052	58.7%

FEDERAL REPORTING

TWC correctly reported the NCP Choices expenditures across a variety of lines on the ACF-196R. These included:

- 9a: Subsidized Employment
- 9b: Education and Training
- 9c: Additional Work Activities
- 10: Work Supports
- 15: Non-Recurrent Short Term Benefits

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately for the NCP Choices program.

DID THE PROGRAM MEET A TANF PURPOSE?

YES NO

NCP Choices fulfills TANF Purpose 4, which is to support the formation of two-parent families. ACF's 2008 PI provides guidance on the allowability of certain activities that promote responsible fatherhood. These include:

“...Activities to foster economic stability by helping fathers improve their economic status by providing activities such as work first services, job search, job training, subsidized employment, job retention, job enhancement, and encouraging education, including career-advancing education, dissemination of employment materials, coordination with existing employment services such as welfare-to-work programs, referrals to local employment training initiatives, and other methods.”¹⁷⁰

Using TANF to help noncustodial parents is explicitly discussed by ACF in its Helping Families Achieve Self-Sufficiency Funding Guide. This guide provides a variety of examples of work activities that can be paid for with TANF. One example is to “Help unemployed needy noncustodial parents by providing job skills training, re-training, job search, employment placement services”¹⁷¹

The goal of NCP Choices was to reduce barriers to employment and provide training services for noncustodial parents. These noncustodial parents must have had demonstrated financial burdens or had difficulty in procuring and maintaining employment. Based on this, NCP Choices fulfills TANF Purpose 4.

¹⁷⁰ Administration for Children and Families. (2008). TANF-ACF-PI-2008-10 (Pro-family Maintenance-of-Effort (MOE) Spending Provision). Retrieved from: <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pi-2008-10-pro-family-maintenance-effort-moe-spending-provision>

¹⁷¹ Administration for Children and Families. (2000). Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. Retrieved from: <https://files.eric.ed.gov/fulltext/ED449307.pdf>

WERE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH? **ASSISTANCE** **NON-ASSISTANCE** **BOTH**

The services provided through the NCP Choices program were non-assistance. Examples of services provided include:

- Job readiness activities and workshops
- Job search
- Job skills training
- Education activities
- Vocational educational training
- Case management

Services were considered non-assistance because they did not meet a family's on-going basic needs.¹⁷²

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET? **YES** **NO** **N/A**

NCP Choices services were non-assistance and therefore had no additional requirements.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA? **YES** **NO**

To participate in NCP Choices, an individual must have been a parent that met the following criteria:

- Had an open child support case;
- Been unemployed or underemployed;
- Resided in the geographical area served by the participating Board;
- Legally have been able to work in the United States;
- Had an OAG-issued child support order; and
- Had been ordered by a court to participate in the program.

The criteria above align with the TANF eligibility criteria, so TANF funds were eligible to pay for NCP services.

Verifying Expenditures

All individuals who participated in NCP Choices were TANF eligible, which means their individual service costs were allowable under TANF.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW? **YES** **NO** **N/A**

NCP Choices was not established until after 1995. As such, it was not included within the Title IV-A Emergency Assistance State Plan. Rather, this program was allowable under TANF for the above-mentioned reasons described above.

¹⁷² 45 CFR 260.31: What does the term assistance mean? Retrieved from: [https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31\(a\)](https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31(a))

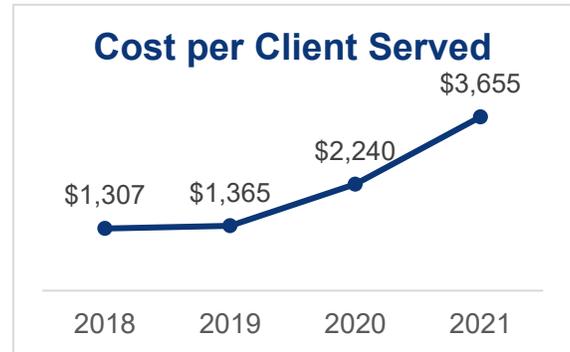
B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

A client is defined as a non-custodial parent. PCG calculated the cost per client served by dividing the total expenditures for the program by the total number of clients served.

TABLE 2 & FIGURE 1– COST PER CLIENT SERVED BY SFY

SFY	Clients Served	Total Expenditures	Cost per Client Served
2018	4,785	\$6,256,656	\$1,307
2019	4,652	\$6,350,578	\$1,365
2020	2,653	\$5,942,954	\$2,240
2021	1,558	\$5,695,052	\$3,655



ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

TWC tracked no additional key or non-key performance measures to the Legislative Budget Board.

ADDITIONAL RELEVANT OUTCOME MEASURES TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

TWC tracked two WIOA performance measures for NCP Choices participants. These measures reported the percentage of individuals who were employed/enrolled in Quarter 2 and Quarter 4 after exit. Results for these measures were included in the table below.

TABLE 3 - ADDITIONAL NCP CHOICES PERFORMANCE MEASURES

SFY	Percent Employed/Enrolled Quarter 2 Post-Exit	Percent Employed/Enrolled Quarter 4 Post-Exit
2018	46.50%	71.99%
2019	48.18%	72.91%
2020	45.45%	70.00%
2021	44.61%	63.92%

Additionally, the Texas Attorney General's Office had a performance metric that was based on the amount of child support that was collected for referred clients.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

Like the larger Choices E&T program, TWC could braid WIOA funding with TANF funding to better fund the services being delivered to a participant.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

NCP Choices was outsourced to local Workforce Development Boards. The TANF allocation for NCP Choices was granted to the participating Boards. The Boards then drew down granted funds to pay their subcontractors as they delivered case management, supportive services, and the provision of work activities.

SERVICE PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

An NCP may be participating in other programs that help with their employment and training. These programs may, or may not, be through TWC. NCPs who are participating in other TANF-funded state initiatives may be receiving similar services but not duplicative services.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

There were no challenges relating to program implementation identified through this audit.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

There were no opportunities for cost savings and/or program efficiencies identified in this audit.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There are no other relevant detail not otherwise reported.

SUBSIDIZED EMPLOYMENT

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

As part of the TANF Choices program, TWC offers subsidized employment services. Local Workforce Development Boards (Boards) facilitate connections with local employers to employ needy individuals and help them gain work experience, provide for their families, and increase the likelihood of securing an unsubsidized job. Funds from the grants allocated to the Boards are used to partially offset paid wages.

Boards use TANF funding to help pay for these subsidized wages. The TANF program allows for subsidized employment programs and further defines subsidized employment as “employment in the private [or public] sector for which the employer receives a subsidy from TANF or other public funds to offset some or all of the wages and costs of employing an individual.”¹⁷³

In Texas, subsidized employment is offered to the following groups of individuals:

- TANF recipients
- Other low-income parents (defined as a parent with annual wages that do not exceed \$37,000 with a minor child, noncustodial parents, and SNAP recipients)
- Low-income youth

Subsidized employment programs operate within the Choices E&T program, the Non-Custodial Parents (NCP) Choices program and the Texas Intern Initiatives (TII) program. TII focuses specifically on providing subsidized employment to youths. TII connects youth with internships at local employers, matching youth with employee work experience opportunities.

EXPENDITURES BY GAA STRATEGY

Subsidized employment fell under the larger TANF Choices General Appropriations Act (GAA) strategy 1.1.3. The expenditures for this strategy are under the TANF Choices Program Summary.

GAA Strategy 1.1.3

Goal 1: Support a Workforce System to Achieve/Sustain Economic Prosperity

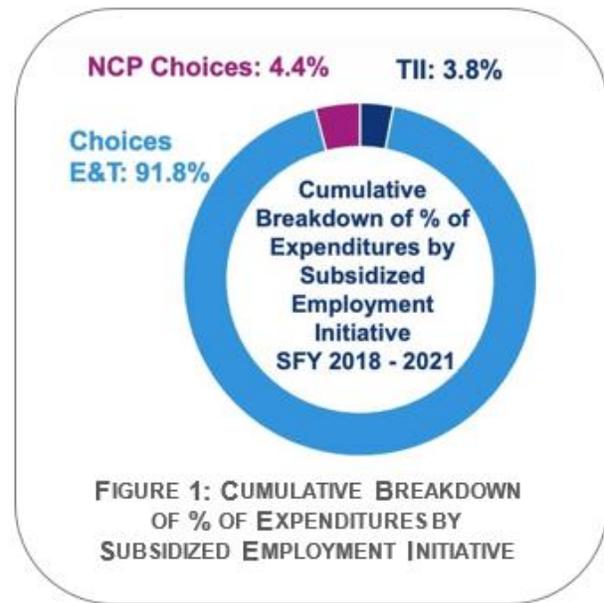
Objective 1: Support Market-driven System/Help Jobseekers Secure Employment

Strategy 3: TANF Choices

¹⁷³ 45 CFR 261.2: Ensuring That Recipients Work. Retrieved from: <https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-261>

EXPENDITURES BY PROGRAM

The majority of the TANF expenditures for subsidized employment came from the Choices E&T program, which accounted for 9 out of every 10 dollars (91%). This is shown in the chart to the right.



The table below shows the expenditures by MOF for each individual initiative for all years in the audit.

TABLE 1 – SUBSIDIZED EMPLOYMENT PROGRAM EXPENDITURES BY INITIATIVE AND SFY

SFY	Choices E&T Expenditures	NCP Choices Expenditures	Texas Internship Initiative Expenditures	Total TANF Expenditures on Subsidized Employment
2018	\$3,009,508	\$139,754	\$0.00	\$3,149,262
2019	\$3,216,709	\$189,984	\$22,879	\$3,429,572
2020	\$2,826,084	\$94,294	\$364,482	\$3,284,860
2021	\$785,271	\$42,853	\$24,454	\$852,578

FEDERAL REPORTING

TWC correctly reported subsidized employment expenditures on the ACF-196R under Line 9a: Subsidized Employment.

WERE TANF FUNDS USED APPROPRIATELY AND MOE EXPENDITURES CORRECTLY CALCULATED?

Subsidized employment expenditures were both funded with TANF as well as counted towards the state's TANF MOE. This section explores if the expenditures met the criteria for both.

DID THE PROGRAM MEET A TANF PURPOSE (TANF AND MOE)?

YES **NO**

Subsidized employment programs fulfill TANF Purpose 2, which is to end the dependence of needy parents on government benefits through work, job preparation, and marriage. Work subsidies provided to

employers increased the number of employed TANF recipients. The associated work experience provided by subsidized employment put these individuals on track to eventually find unsubsidized jobs and move off public assistance.

Subsidized employment for youth satisfies TANF Purpose 1, based specifically on guidance from ACF. A Q&A published by ACF on subsidized employment offers the following:

Q14: Can a TANF agency serve youth over the age of 18 in a subsidized employment program?

A14: Yes. Federal TANF funds may be used to serve older youth in non-assistance programs, such as subsidized employment, under TANF statutory Purpose One. Since TANF Purpose One refers to “children” rather than “minor children,” a TANF agency has discretion to establish a reasonable definition of “child” for this purpose that exceeds the age level of a minor child. We have concluded that a TANF agency could reasonably set an age for a child that includes an individual under the age of 25, (or a lower age if the chosen). This definition could, but need not, coincide with an applicable age of majority under a program’s law. This does not in any way affect a program’s authority to use Federal TANF funds to provide assistance to needy families with children, because “assistance” is limited to families that include a minor child (as defined by statute) or a pregnant woman. Using Federal TANF funds, an agency may provide non-assistance benefits, including subsidized employment, to older youth when reasonably calculated to accomplish Purpose One, whether or not they are residing in the home of their parent or caretaker relative.¹⁷⁴

As such, subsidized employment for both adults and older youth met TANF Purposes 2 and 1, respectively.

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH (TANF AND MOE)?

ASSISTANCE NON-ASSISTANCE BOTH

Subsidized employment is expressly considered non-assistance. TANF regulation 45 CFR § 260.31(3)(b)(2) specifically states that work subsidies, including payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training are classified as non-assistance.¹⁷⁵

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET?

YES NO N/A

Subsidized employment benefits were not assistance.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA (TANF) OR THE ELIGIBLE FAMILIES TEST (MOE)?

YES NO

Choices, NCP Choices and TII participants all met TANF eligibility criteria, as shown in the table below.

¹⁷⁴ Administration for Children and Families. (2014). Q&A: Subsidized Employment. Retrieved from: <https://www.acf.hhs.gov/ofa/faq/q-subsidized-employment>

¹⁷⁵ 45 CFR 260.31: What does the term assistance mean? Retrieved from: [https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31\(a\)](https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31(a))

TABLE 2 – ELIGIBILITY CRITERIA BY SUBSIDIZED EMPLOYMENT INITIATIVE

Program	Eligibility Criteria
Choices E&T	To participate in Choices E&T, an individual must be: <ul style="list-style-type: none"> • An adult or teen head of household who is a TANF applicant, conditional applicant, recipient, non-recipient parent, former recipient, or sanctioned family • Authorized to work in the United States. Expired work authorizations must be renewed before services can be provided. • A work-eligible individual as defined in 45 CFR § 261.2(n)(1)(ii)
NCP Choices	To participate in NCP, an individual must be a parent that meets the following criteria: <ul style="list-style-type: none"> • Have an open child support case; • Be unemployed or underemployed; • Reside in the geographical area served by the participating Board; • Be legally able to work in the United States; • Have an OAG-issued child support order; and • Have been ordered by a court to participate in the program.
TII	TWC defines low-income youth as youth whose families are receiving any of the following means-tested benefits: <ul style="list-style-type: none"> • Household receives TANF benefits; • Household receives SNAP benefits; • Youth receives CHIP benefits; • Youth receives Medicaid benefits; • Household receives subsidized child care through the CCDF; • Household is eligible for or receives subsidized public housing assistance; • Household participates in the USDA FNS' WIC program; • Youth receives free or reduced-cost school lunch; • Youth is eligible for, or enrolled in, WIOA youth services¹⁷⁶; or • Youth whose family income is 200 percent of or below United States Health and Human Services Poverty Guidelines or Department of Labor's Lower Living Standard Income Level.


Finding

Purpose 1 programs may only use TANF to pay for expenditures for needy children. The TII program served youth who were either eligible for, or enrolled in, WIOA youth services. These services do not have any income eligibility standards. TWC should ensure that TANF funds are only spent on the subsidized employment activities for TII youth who are income eligible.

MOE Eligible Families

Some of the TANF Choices E&T expenditures for subsidized employment services were counted as TANF MOE. Because all of the families qualified for Choices, they also meet the MOE eligible families test.

¹⁷⁶ WIOA Sec. 129(a)(1) – WIOA Youth Participation Eligibility. Retrieved from <https://www.congress.gov/113/bills/hr803/BILLS-113hr803enr.pdf>

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW (TANF) OR DID IT MEET THE NEW SPENDING TEST (MOE)?

YES NO N/A

The subsidized employment program was not established until after TANF was enacted. As such it was not included in the state's IV-A Emergency Assistance State Plan. It was also not subject to the 1995 new spending test. The expenditures for the programs were allowable under TANF Purposes 1 and 2 as described above.

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

A client is defined as a person in the subsidized employment program. PCG calculated the cost per client served by dividing the total expenditures for the program by the total number of clients served.

TABLE 3 & FIGURE 2 – COST PER CLIENT SERVED BY SFY – CHOICES E&T

SFY	Clients Served	Total Expenditures	Cost per Client Served
2018	2,421	\$3,009,508	\$1,243
2019	2,184	\$3,216,709	\$1,472
2020	1,505	\$2,826,084	\$1,877
2021	472	\$785,271	\$1,663



TABLE 4 & FIGURE 3 – COST PER CLIENT SERVED BY SFY – NCP CHOICES

SFY	Clients Served	Total Expenditures	Cost per Client Served
2018	116	\$139,754	\$1,204
2019	87	\$189,984	\$2,183
2020	68	\$94,294	\$1,386
2021	32	\$42,853	\$1,339



TABLE 5 & FIGURE 4— COST PER CLIENT SERVED BY SFY - TII¹⁷⁷

SFY	Clients Served	Total Expenditures	Cost per Client Served
2019	83	\$22,879	\$275
2020	Cancelled	\$364,482	N/A
2021	168	\$24,454	\$145



ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

TWC tracked no additional key or non-key performance measures to the LBB.

ADDITIONAL RELEVANT OUTCOME MEASURES TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

TWC tracked no additional relevant outcomes measures.

¹⁷⁷ The TII program started in State Fiscal Year 2019 and was cancelled for State Fiscal Year 2020 due to the COVID pandemic. The variation between the expenditures across the three years is due to the timing of the award in 2019 and that the first award was expanded from a one-year to two-year term. In 2019, the program awarded six grants for \$550,057. All awards were for a one-year period starting in June 2019. Expenditures incurred after September 2019 fell into State Fiscal Year 2020. The grants were then extended to two year grants due to COVID-19. A new procurement was issued for 2021, which was for \$363,939 to five agencies. The awards for this grant began being issued in April 2021. In 2021, a new procurement was issued, and five grants were awarded for \$363,939.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

No additional MOFs or revenue streams were identified through this audit.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

There were no outsourced services for this program. TANF funds were granted by TWC to the Boards. The Boards used a portion of the TANF funds for subsidized employment purposes to offset the cost of wages paid by employers to participants.

SERVICE PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

No additional services that overlapped with this program were identified through this audit.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

There were no challenges related to program implementation identified through this audit.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

There were no opportunities for cost savings and/or program efficiencies identified through this audit.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There is no additional detail that has not otherwise been reported.

FOSTER YOUTH TRANSITION CENTERS

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

Since 2004, TWC has provided supplemental funding for foster youth transition centers (FYTCs). These centers help foster youth who have aged out or are close to aging out of the foster care system by addressing the unique barriers that youth aging out face. Youth between the ages of 14 and 25 can come to one of 18 centers statewide. They are run by a variety of non-profits, youth agencies, and programs that work with homeless youth.

The centers provide foster youth access to a variety of services, which may include, but are not limited to:

- Employment assistance and job readiness
- Job search classes
- Career exploration
- Mentoring
- Very time-limited housing assistance
- High school equivalency classes, including General Education Development (GED) and High School Equivalency Test (HiSET) preparation, and Free Application for Federal Student Aid (FAFSA) help

Centers are designed as a comprehensive one-stop service delivery system approach. Youth in these centers also receive comprehensive case management services and financial support through the Texas Department of Family and Protective Services (DFPS) Preparation for Adult Living (PAL) program. The centers serve as a safe environment where youth can get the necessary services to become self-sufficient.

This initiative also focuses on assisting foster youth in accessing training designed to improve financial self-management and leadership skills that lead to improved employment outcomes.

FYTC services are considered a supplement to Workforce Development Board (Board) services and are not intended to replace Board services. Boards must establish a written Memorandum of Understanding (MOU) with any FYTCs in the area where the Workforce Solutions Office (WSO) provides services. The MOU specifies that services are for youth who are:

- Between the ages of 16 and 25 at the time of enrollment
- Currently in foster care, aging out of foster care, or formerly in foster care but still in need of assistance, or
- Are foster youth on probation or parole or who have been released from juvenile correction.

Additionally, the centers also may offer parenting skills training, responsible fatherhood programs, and job placement and training services for non-custodial parents (NCPs).

EXPENDITURES BY GAA STRATEGY

FYTCs were included in TANF Choices General Appropriations Act (GAA) strategy 1.1.3. The expenditures for GAA strategy 1.1.3 are included in the TANF Choices Program Summary.

GAA Strategy 1.1.3

Goal 1: Support a Workforce System to Achieve/Sustain Economic Prosperity

Objective 1: Support Market-driven System/Help Jobseekers Secure Employment

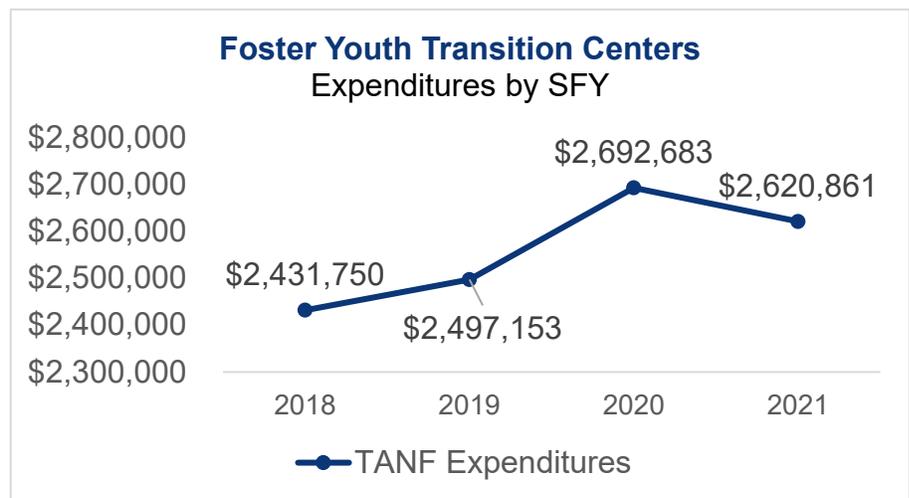
Strategy 3: TANF Choices

EXPENDITURES BY PROGRAM

FYTC was an initiative within the broader TANF Choices program. Its expenditures were fully funded by the TANF grant and were not counted in TWC's TANF MOE contribution. The expenditures for the FYTC initiative are provided in the chart and table below for each of the years in the audit.

TABLE 1 & FIGURE 1 – FYTC PROGRAM EXPENDITURES BY SFY

SFY	TANF Expenditures
2018	\$2,431,750
2019	\$2,497,153
2020	\$2,692,683
2021	\$2,620,861



FEDERAL REPORTING

TWC incorrectly reported FYTC expenditures on the following lines of the ACF-196R:

- 9b: Education & Training
- 9c: Additional Work Activities

The ACF-196R dedicates one line for state expenditures towards services for children and youth. ACF's instructions for completing that line specify that it should be used for "[p]rograms designed to support and enrich the development and improve the life-skills and educational attainment of children and youth."¹⁷⁸

¹⁷⁸ Administration for Children and Families. (2015). Instructions for Completion of State TANF Financial Report Form ACF-196R. Retrieved from; https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

**Finding**

TWC incorrectly reported the expenditures for the FYTC program on Lines 9b and 9c on the ACF-196R. TWC should have reported the expenditures for this program on Line 17: Services for Children and Youth.

It is recommended that TWC report the expenditures on Line 17. TWC reported that it is in the process of making this change to come into compliance. They provided an updated cost category crosswalk showing that expenditures for FYTCs would be correctly reported to Line 17 going forward.

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately on the FYTCs.

DID THE PROGRAM MEET A TANF PURPOSE?

YES

NO

FYTCs provide foster youth with access to education, employment and training services, life-skills classes, mentoring opportunities, and appropriate support services. Additionally, FYTCs may offer counseling as well as after-school programs that provide supervision to younger foster youth. All these elements fit under TANF Purpose 3, which is to reduce out-of-wedlock pregnancies.

ACF has provided guidance on the allowability of TANF funding for youth programming. Its instructions for completing the ACF-196R for Line 17 states that TANF may be spent on, “programs designed to support and enrich the development and improve the life-skills and educational attainment of children and youth. This may include after school programs and mentoring or tutoring programs.”¹⁷⁹

ACF has supported the use of TANF funding under Purpose 3 for services for youth, such as counseling, as stated in its Helping Families Achieve Self-Sufficiency guide:

“Potential activities that would be reasonably calculated to accomplish this purpose include abstinence programs, visiting nurse services, and **programs and services for youth such as counseling, teen pregnancy prevention campaigns, and after-school programs that provide supervision when school is not in session...**”¹⁸⁰

ACF specifies in this same guide that: “Activities, benefits, or services that are reasonably calculated to accomplish a TANF purpose are those that directly lead to (or can be expected to lead to) achievement of a TANF purpose...This includes activities whose relationship to a purpose may not be obvious, but for which there is evidence that it achieves a purpose.”¹⁸¹

These FYTCs helped at-risk youth to gain employment, improve their skills and education, and potentially prevent out-of-wedlock pregnancy. As such, the centers accomplished TANF Purpose 3.

¹⁷⁹ Administration for Children and Families. (2015). Instructions for Completion of State TANF Financial Report Form ACF-196R. Line 17: Services for Children and Youth. Retrieved from;

https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

¹⁸⁰ Administration for Children and Families. (2000). Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. Retrieved from:

<https://files.eric.ed.gov/fulltext/ED449307.pdf>

¹⁸¹ Ibid.

WERE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH? ASSISTANCENON-ASSISTANCE

The centers provided a variety of services, including self-sufficiency training, job readiness training, career exploration, and job search classes. Youth also received comprehensive case management. In general, services are considered non-assistance because they do not meet a family's on-going basic needs. The exclusions from assistance also include case management and "job advancement and other employment-related services that do not provide basic income support."¹⁸² As such, the FYTCs provided non-assistance services.

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET? YESNO N/A

Services provided by FYTCs are non-assistance and therefore no additional requirements needed to be met.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA? YESNO

FYTCs only served eligible foster youth, as defined in TWC Local Workforce Development Board § 801.23. This included:

- Current foster youth are youth aged 14 or older who are receiving substitute care services under the managing conservatorship of DFPS. This includes youth residing in private foster homes, group homes, residential treatment centers, juvenile correctional institutions, or relative care.
- Former foster youth are youth up to age 23 who were under the managing conservatorship of DFPS until:
 - The conservatorship was transferred by a court;
 - The youth was legally emancipated (that is, the youth's minority status was removed by a court); or
 - The youth reached age 18.

There were no income or citizenship requirements for eligible foster youth. This is not required for a TANF Purpose 3 program

ACF issued guidance in 2009 that allows states to use TANF funds to provide services to youth up to the age of 24, whether or not they are residing in their own homes. ACF states that "a jurisdiction may use Federal TANF funds to serve older youth in non-assistance programs." There is no age limit established by ACF for a child for TANF purpose and this same guidance specifies that a jurisdiction can set a reasonable definition for a child. This limit could include "an individual under the age of 25 (or a lower age if the jurisdiction chooses)."¹⁸³

¹⁸² 45 CFR 260.31: What does the term assistance mean? Retrieved from: [https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31\(a\)](https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31(a))

¹⁸³ Administration for Children and Families. (2012). Q&A: The American Recovery and Reinvestment Act of 2009 (Recovery Act). Retrieved from: https://www.acf.hhs.gov/ofa/faq/qa-american-recovery-and-reinvestment-act-2009-recovery-act#_servicing_older_youth

Process for Verifying Eligible Expenditures

Boards could code an individual as a “Foster Youth” in the Texas Workforce Information System (TWIST). This code indicates that the individual has satisfied one of the eligible foster youth criteria.

Activities conducted by FYTCs are monitored as part of the regular Board monitoring processes and periodic Subrecipient Monitoring was conducted by TWC.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW?

YES NO N/A

FYTCs were not in operation prior to 1995. As such, they were not included within the Title IV-A Emergency Assistance State Plan. The FYTC program was allowable under TANF for the reasons mentioned above in this section.

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

A client is defined as a foster youth. PCG calculated the cost per client by dividing the total amount of expenditures by the number of foster youth served. Both numbers were provided by TWC.

TABLE 2 & FIGURE 2- FYTC COST PER FOSTER YOUTH SERVED BY SFY

SFY	Foster Youth Served	Total Expenditures	Cost per Client
2018	956	\$2,431,750	\$2,543
2019	1,485	\$2,497,153	\$1,681
2020	1,490	\$2,692,683	\$1,807
2021	1,619	\$2,620,861	\$1,619



ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

There were no additional key or non-key performance measures reported to the Legislative Budget Board.

ADDITIONAL RELEVANT OUTCOME MEASURE TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

FYTCs are required to submit an annual Goal and Strategic Plan to TWC for review. These plans outline deliverables for each FYTC based on the needs of the population served by that center. TWC conducts monthly check-ins with each center to monitor progress of the strategic plan.

Boards were also required to report on a variety of additional outcome measures, which are listed in the table below.

TABLE 3 - FYTC OUTCOME MEASURES

Measure	SFY 2018	SFY 2019	SFY 2020	SFY 2021
Number of Foster Youth Enrolled	956	1,485	1,490	1,619
Number of Foster Youth Referred to job training	276	362	503	760
Number of Foster Youth Referred to Employment	349	714	965	1,271
Number of Foster Youth Placed in Employment	270	493	639	755

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

WIOA Section 129(a)(4)(A) requires that states spend at least 75% of their available local funds on the out-of-school youth population (ages 16 to 24).¹⁸⁴ TWC could direct some of the youth component funds to these transition centers.

TWC can use additional TANF to fund the services to youth. This could happen in two ways:

1. TANF could be used to pay for the actual services provided to the youth.
2. TWC could use TANF to pay for the services for youth up to age 25.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

For this initiative, TANF funds were granted directly to the FYTCs. Allocations for each center ranged from \$125,000 to \$215,000 annually, depending on location (urban or rural) and population size. The primary use of TANF funding was to hire and train a dedicated person known as the Workforce Advocate. This individual supported eligible foster youth in accessing the workforce services that could help them meet the employment, education, and training needs necessary to transition to independent living.

SERVICE PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

Foster youth may be receiving concurrent services from various programs offered by other TANF-funded programs, but the specific services offered by FYTCs are in addition to, not duplicative of, services provided by other TANF funded Board programs. To avoid duplication of services to foster youth, Boards must be aware of other non-workforce programs and of a state tuition and fee waiver available to foster youth. Some of these programs provide services that are similar to those available through the Texas workforce system. For example, WIOA Youth formula funds for Individual Training Accounts may provide tuition for foster youth to

¹⁸⁴ WIOA Section 129(a)(4)(A) Retrieved from: <https://www.help.senate.gov/imo/media/doc/WIOA%20Bill%20Text.pdf>

complete training. In Texas, tuition and fees are waived for foster youth enrolled in these training programs. Foster youth enrolled in training are also eligible to receive vouchers that expand and supplement the tuition waiver in order for youth to meet their educational or vocational goal. Although tuition is not provided by FYTCs, it is a supplemental resource available to eligible youths referred to the FYTCs.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

There were no challenges related to program implementation identified through this audit.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

One opportunity identified by program staff was to strategically look at how services are provided by FYTCs by region. This would improve cooperation and communication with the local Boards and better serve the specific needs of individuals located in that area.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There is no other relevant detail not otherwise reported.

SELF-SUFFICIENCY FUND PROGRAM

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

The Self-Sufficiency Fund (SSF) is one of two training and employment assistance programs for low-income families offered by TWC. It provides training grants to businesses that can offer training that results in industry-recognized certifications and credentials. SSF training programs are offered in specific industry clusters and may be for the core, ancillary, or support occupations that will allow a student to establish a career path towards higher-level occupations. The intent behind the certification and/or credential is to lead a student to a permanent, full-time job. Businesses must focus their training and outreach efforts on TANF recipients and parents who are at-risk of becoming dependent on public assistance.

The SSF is administered by TWC in partnership with local public community and technical colleges, higher education extension services, and community-based organizations. Collectively these are referred to as Training Providers. Businesses that are interested in participating in an SSF project must be a registered 501(c)3 organization. They must also partner with an eligible Training Provider.

Applicants may receive up to \$500,000 per proposal. The amount awarded is based on the expected number of participants. The expected number of participants is multiplied by \$2,500 to calculate the total award amount. This was an increase from \$2,300 effective September 1, 2021. Training Providers use the SSF grant to:

- Develop curriculum
- Pay for instructor fees and certification
- Provide training materials
- Provide limited work-related expenses for trainees, such as bus/transportation fare to interview sites and background and drug screenings required by employers

A requirement of the SSF grant is for the Training Provider to place 100% of trainees into a job. TWC will send a demand letter to the Training Provider for the per participant cost for any trainees that were not placed into a job.

EXPENDITURES BY GAA STRATEGY

The SSF fell under General Appropriations Act (GAA) strategy 1.3.2. The only Method of Finance (MOF) for this GAA strategy was TANF.

The table below details the expenditures for the GAA strategy for each of the four audit years. Expenditures were provided by TWC.

GAA Strategy 1.3.2

Goal 1: Support a Workforce System to Achieve/Sustain Economic Prosperity

Objective 3: Business Services

Strategy 2: Self Sufficiency

TABLE 1 & FIGURE 1 - GAA STRATEGY 1.3.2 EXPENDITURES BY SFY

SFY	TANF Expenditures
2018	\$1,635,841
2019	\$1,519,542
2020	\$1,329,402
2021	\$1,412,083



EXPENDITURES BY PROGRAM

The SSF program was both its own GAA strategy and its own program. As such, the expenditures presented for the GAA strategy above also represent the expenditures for the program.

FEDERAL REPORTING

TWC correctly reported the SSF expenditures on the following lines on the ACF-196R:

- 9b: Education & Training
- 9c: Additional Work Activities

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately for the SSF program.

DID THE PROGRAM MEET A TANF PURPOSE?

YES NO

The SSF program fulfills TANF Purpose 2, which is to end the dependency of needy parents on government benefits through work, job preparation, and marriage. This is because the purpose of the program is to create training programs that lead to industry-recognized certifications and credentials, which are more likely to lead to stable, longer-term, and higher paying jobs. Additionally, these programs are designed for specific industry clusters and may be for the core, ancillary, or support occupations that will allow a student to establish a career path towards higher-level occupations.

Based on this, the SSF program was allowable under TANF Purpose 2.

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH? ASSISTANCE NON-ASSISTANCE BOTH

The exclusions from assistance include “job advancement and other employment-related services that do not provide basic income support.”¹⁸⁵ As such, the SSF provided non-assistance services.

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET? YES NO N/A

SSF services were non-assistance and therefore has no additional requirements to be met.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA? YES NO

SSF Participants were required to have a dependent child (custodial or non-custodial) and be adult recipients of TANF or an individual who was at risk of becoming dependent on public assistance. At risk was defined as follows:

- Individuals who are a members of a SNAP household with dependent children;
- TANF applicants referred to a Workforce Board contractor by the Department of Human Services; or
- Parents, including a non-custodial parent, who make less than \$37,000

These eligibility criteria align with the TANF eligibility required of a Purpose 2 program. Grantees were required to verify these criteria for all SSF participants. Based on this, the expenditures for the SSF program were eligible to be fully funded with TANF.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW? YES NO N/A

SSF was not established until after TANF was enacted. As such, it was not included within the Title IV-A Emergency Assistance State Plan and not allowable under prior law. The program was allowable under TANF, as discussed above in this section.

¹⁸⁵ 45 CFR 260.31: What does the term assistance mean? Retrieved from: [https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31\(a\)](https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260#p-260.31(a))

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

For the SSF, a trainee was defined as a participant in one of the self-sufficiency programs. TWC reported to the LBB on two key performance measures: the number of trainees and the contracted average cost per trainee.¹⁸⁶ These data are provided in the table below.

TABLE 2 & FIGURE 2 – COST PER PARTICIPANT SERVED BY SFY

SFY	Contracted Number of Self-Sufficiency Trainees	Total Expenditures	Contracted Average Cost per Self-Sufficiency Trainee
2018	951	\$1,635,841	\$1,991
2019	1,284	\$1,519,542	\$1,993
2020	1,003	\$1,329,402	\$2,051
2021	638	\$1,412,083	\$1,952



ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

TWC reported no additional key or non-key performance measures to the Legislative Budget Board.

ADDITIONAL RELEVANT OUTCOME MEASURES TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

The rules governing the SSFY required a 100% placement rate by the business into employment. However, they also allowed a 15% or less annual attrition rate. Training Providers could apply for a waiver to eliminate this requirement. If the waiver was not approved, TWC would complete a deallocation of funds based on the percentage of participants that were not placed in jobs.

¹⁸⁶ Total expenditures are provided solely for reference. TWC calculated the cost per client as an ABEST measure.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

As the SSF program is specifically designed for parents, it is appropriately funded by TANF. There may be additional workforce grants available to fund this program, if TWC is interested in expanding the program to other populations.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

All SSF TANF grant funds were used to pay for the outsourced services by Training Providers under contract with TWC.

SERVICE PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

Some apprenticeship programs offered by TWC provide similar services. Because TANF recipients and individuals at-risk of dependency on public assistance are the target population of the SSF, many participants in the SSF are receiving concurrent, although not duplicative, employment-related services under the TANF Choices program.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

Grantees struggled in meeting the job placement requirement during COVID. Additionally, some grantees were given a waiver from the attrition rate measure.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

It was noted during staff interviews that implementing a lower attrition rate percentage or adding additional identified performance metrics would increase interest of potential qualified grantees in participating in the SSF initiative. Grantees have often had difficulties meeting the attrition rate. They also have commented that measuring success in only a single metric does not necessarily indicate individual program success.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There was no other relevant detail not otherwise reported.

TWC TANF PROGRAM MANAGEMENT COSTS

TWC used TANF to pay for program management costs, which include both administrative and systems costs. These costs can be both directly and indirectly related to the provision of the program. Direct costs are reported on the same line as the program whereas indirect costs are reported on Line 22 of the ACF-196R. At the state agency budget level, these costs were included in both program specific General Appropriations Act (GAA) strategies as well as broader GAA strategies that applied to the entire agency. Indirect costs were allocated using the agency's Public Assistance Cost Allocation Plan (PACAP).¹⁸⁷

The scope of the TANF Efficiency Audit included a review of the GAA strategies that had TANF as a MOF. For TWC, this included three GAA strategies that were not directly related to the TANF programs identified in the 2019 TANF State Plan.

The scope did not include a detailed review of the agency's PACAP. In a brief review of the PACAP as well as through interviews with agency staff, we determined that the use of TANF to pay for the activities contained with the three GAA strategies were allowable.

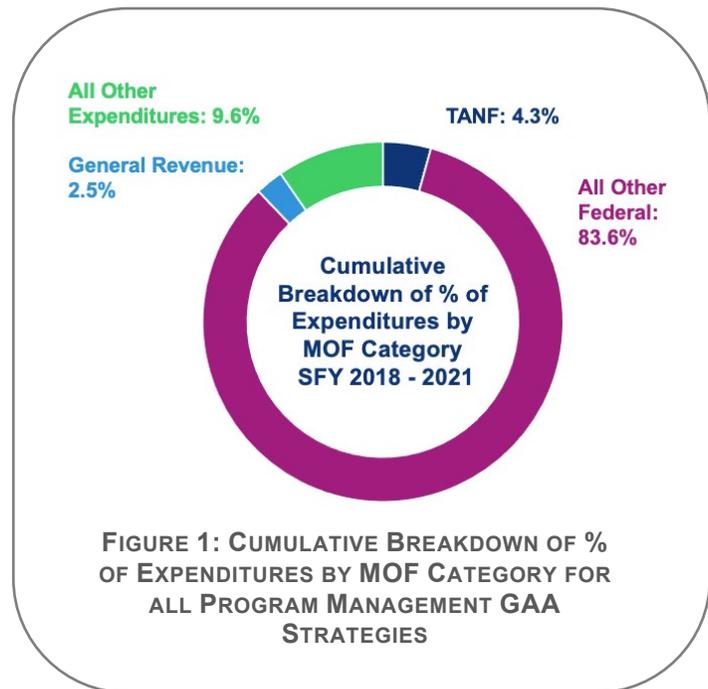
The expenditures for each of the GAA strategies are included to provide a more complete picture of TANF expenditures at the agency level.

EXPENDITURES ALL PROGRAM MANAGEMENT GAA STRATEGIES

Program management expenditures fell under three different GAA strategies:

- GAA strategy 2.1.1: Subrecipient monitoring
- GAA strategy 2.1.2: Program support, technical assistance, and training services
- GAA strategy 3.1.1: Central administration

TANF expenditures accounted for 4.3% of all expenditures in these three strategies combined over the course of the audit period. This is shown in the chart to the right.



¹⁸⁷ HHSC submits its PACAP annually. The United States Department of Health and Human Services had not approved any of PACAPs that were used during the audit period due to a backlog of approval on its side.

The table below shows the expenditures for all of the GAA strategies broken out by MOF for each of the four audit years.

TABLE 1 – ALL PROGRAM MANAGEMENT GAA STRATEGIES EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$1,245,456	\$20,879,488	\$680,330	\$2,263,492	\$25,068,766	5.0%
2019	\$1,180,424	\$21,504,524	\$688,089	\$2,415,543	\$25,788,580	4.6%
2020	\$1,071,817	\$23,412,258	\$713,728	\$2,769,287	\$27,967,090	3.8%
2021	\$1,158,250	\$25,202,289	\$603,830	\$3,107,359	\$30,071,728	3.9%

EXPENDITURES BY INDIVIDUAL GAA STRATEGY

The tables detail the expenditures for each GAA strategy broken out by MOF for each of the four audit years.

TABLE 2 - GAA STRATEGY 2.1.1: SUBRECIPIENT MONITORING

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$262,495	\$2,174,492	\$338,862	\$46,283	\$2,822,132	9.3%
2019	\$261,614	\$2,202,280	\$363,354	\$72,104	\$2,899,352	9.0%
2020	\$236,693	\$2,083,942	\$330,908	\$39,018	\$2,690,561	8.8%
2021	\$315,949	\$2,224,743	\$259,110	\$54,579	\$2,854,381	11.1%

TABLE 3 - GAA STRATEGY 2.1.2: PROGRAM SUPPORT, TECHNICAL ASSISTANCE, AND TRAINING SERVICES

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$785,107	\$2,790,347	\$29,033	\$325,943	\$3,930,430	20.0%
2019	\$743,367	\$2,850,637	\$14,499	\$393,444	\$4,001,947	18.6%
2020	\$647,604	\$2,834,723	\$13,416	\$361,382	\$3,857,125	16.8%
2021	\$655,369	\$3,179,584	\$6,504	\$685,944	\$4,527,401	14.5%

TABLE 4 - GAA STRATEGY 3.1.1: CENTRAL ADMINISTRATION

SFY	TANF Expenditures	Other Federal Expenditures	General Revenue Expenditures	All Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$197,854	\$15,914,649	\$312,435	\$1,891,266	\$18,316,204	1.1%
2019	\$175,443	\$16,451,607	\$310,236	\$1,949,995	\$18,887,281	0.9%
2020	\$187,520	\$18,493,593	\$369,404	\$2,368,887	\$21,419,404	0.9%
2021	\$186,932	\$19,797,962	\$338,216	\$2,366,836	\$22,689,946	0.8%

CHAPTER 133 APPRENTICESHIP PROGRAM

A. PROGRAM SUMMARY

PROGRAM BACKGROUND

The Texas Education Code Chapter 133 Apprenticeship Program (Chapter 133 Apprenticeship Program) is one of TWC’s two training and employment assistance for low-income families programs. The Chapter 133 apprenticeship program supports educational and private registered apprenticeship programs by providing a small payment to help offset some of the program costs. Eligible programs are those that are a registered apprenticeship and which provide at least 144 hours of training.

The Chapter 133 Apprenticeship Program pays a contact hour rate for anywhere from 144 hours of training up to 220 hours. The contacted hourly rate has been \$4 per hour for the past several years. Grantees receive a minimum of \$576 per program participant and a maximum of \$880.

The Chapter 133 Apprenticeship Program is paid to the grantee. The grants is used to cover the costs of administering the program, such as instructor wages, books, and classroom supplies. No grant funds go to an apprentice.

The grantee may have criteria for who can participate in their program, but TWC does not mandate that a grantee have any specific criteria. Participants enter the registered apprenticeship program through a private employer or an educational institution. They may be connected to one of these through a Workforce Solutions Office.

The Chapter 133 Apprenticeship Program uses TANF funding specifically to pay for individuals who are classified by the Texas Office of the Attorney General (OAG) as a non-custodial parent.

GAA Strategy 1.1.8

Goal 1: Support a Workforce System to Achieve/Sustain Economic Prosperity

Objective 1: Support Market-driven System/Help Jobseekers Secure Employment

Strategy 8: Apprenticeships

EXPENDITURES BY GAA STRATEGY

The Chapter 133 Apprenticeship Program was part of General Appropriations Act (GAA) strategy 1.1.8. This GAA strategy includes a

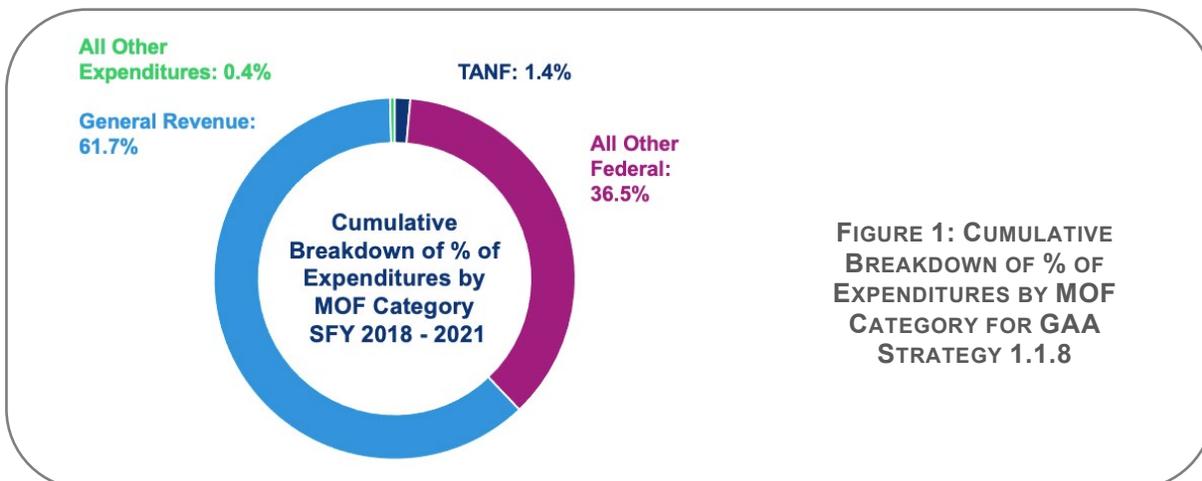


FIGURE 1: CUMULATIVE BREAKDOWN OF % OF EXPENDITURES BY MOF CATEGORY FOR GAA STRATEGY 1.1.8

variety of other apprenticeship programs offered by TWC. The chart below details the percentage of expenditures for GAA strategy 1.1.8 by MOF for each of the four audit years. TANF expenditures accounted for 1.4% of all spending cumulatively. Expenditures were provided by TWC.

The table below details the expenditures for the GAA strategy broken out by MOF for each of the four audit years. Expenditures were provided by TWC.¹⁸⁸

TABLE 1 – GAA STRATEGY 1.1.8 EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	All Other Federal Expenditures	General Revenue Expenditures	Other Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$120,413	\$1,398,286	\$3,487,654	\$0	\$5,006,353	2.4%
2019	\$223,114	\$2,294,401	\$2,997,021	\$23,700	\$5,538,236	4.0%
2020	\$0	\$2,257,017	\$3,103,724	\$56,056	\$5,416,797	0%
2021	\$0	\$2,075,328	\$3,973,679	\$2,658	\$6,051,665	0%

EXPENDITURES BY PROGRAM

The Chapter 133 Apprenticeship Program was part of GAA strategy 1.1.8. It was not a sub-strategy. The chart and table below shows the expenditures for the program by MOF for each of the years in the audit.

TABLE 2 – CHAPTER 133 APPRENTICESHIP PROGRAM EXPENDITURES BY MOF AND SFY

SFY	TANF Expenditures	All Other Federal Expenditures	General Revenue Expenditures	Total Expenditures	TANF Expenditures as % of Total Expenditures
2018	\$120,413	\$1,121,216	\$3,308,795	\$4,550,424	2.6%
2019	\$223,114	\$1,654,811	\$2,821,675	\$4,699,600	4.7%
2020	\$0	\$1,226,721	\$2,990,371	\$4,217,092	0%
2021	\$0	\$959,799	\$3,877,378	\$4,837,177	0%

FEDERAL REPORTING

TWC reported the Chapter 133 Apprenticeship Program expenditures on the ACF-196R on Line 9c: Additional Work Activities. The instructions for completing the ACF-196R describes this section as being used for costs that are related to providing work experience and community service activities, job search assistance and job readiness, related services (such as employment counseling, coaching, job development, information and referral, and outreach to business and non-profit community groups.)¹⁸⁹

In contrast, ACF instructs states to use Line 9b for education and training activities, which could include “education directly related to employment, job skills training, education provided as vocational educational training or career and technical education.”¹⁹⁰ Based on this it was more appropriate for TWC to report the expenditures for the Chapter 133 Apprenticeship Program under Line 9b.

¹⁸⁸ TWC reported that the negative TANF expenditures in SFY 2020 and 2021 were caused by prior appropriation year TANF expenditures being adjusted to Apprenticeship General Revenue. PCG removed the negative expenditures and counted the value as \$0.

¹⁸⁹ Administration for Children and Families. (n/d). Instructions for Completion of State TANF Financial Report Form ACF-196R. Retrieved from: https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

¹⁹⁰ Ibid.

**Finding**

TWC incorrectly reported the expenditures for the Chapter 133 Apprenticeship Program on Line 9c of the ACF-196R. These expenditures should have been reported on Line 9b. It is recommended that TWC change its reporting logic to have the expenditures reported on Line 9b.

WERE TANF FUNDS USED APPROPRIATELY?

The following section explores if TANF funds were used appropriately for the Chapter 133 Apprenticeship Program. Our assessment was focused solely on the use of TANF to pay for grantees who had non-custodial parents in their programs.

DID THE PROGRAM MEET A TANF PURPOSE?

YES **NO**

The 2019 TANF State Plan specifically cites the apprenticeship program for non-custodial parents as a Purpose 4 program.

TANF Purpose 4 is to encourage the formation and maintenance of two-parent families. The Social Security Act § 403(a)(2)(C)(ii)(III) specifically allows apprenticeship programs for NCPs under Purpose 4:

Activities to foster economic stability by helping fathers improve their economic status by providing activities such as work first services, job search, job training, subsidized employment, job retention, job enhancement, and encouraging education, including career-advancing education, dissemination of employment materials, coordination with existing employment services such as welfare-to-work programs, referrals to local employment training initiatives, and other methods.

The Chapter 133 Apprenticeship Program clearly meets this definition, and TWC appropriately limits the TANF funding to apprentices who are also non-custodial parents to align with TANF Purpose 4.

The program as a whole would also fulfill TANF Purpose 2 if TANF were extended to a larger audience. TANF Purpose 2 is to end the dependency of needy parents on government benefits. Apprenticeship programs very clearly help end the dependency on government benefits because they provide a rigorous and established path for a participant to gain the necessary skills and knowledge for them to move up a career ladder. The progression up the career ladder for the Chapter 133 Apprenticeship Program includes a doubling of a participant's salary from when they start to when they exit.

WERE THE BENEFITS PROVIDED CONSIDERED ASSISTANCE, NON-ASSISTANCE, OR BOTH?

ASSISTANCE **NON-ASSISTANCE** **BOTH**

The Chapter 133 Apprenticeship Program was considered non-assistance because the program provided employment-related services and did not provide any form of basic income support. Services are considered non-assistance when they do not meet a family's on-going basic needs.¹⁹¹

¹⁹¹ 45 CFR 260.31 retrieved from <https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260/subpart-A/section-260.31>

IF ASSISTANCE, WERE THE ADDITIONAL REQUIREMENTS MET? YES NO N/A

Chapter 133 Apprenticeship Program services were non-assistance and therefore had no additional requirements to be met.

DID THE PROGRAM SERVE FAMILIES THAT MET TANF ELIGIBILITY CRITERIA? YES NO

The only eligibility criteria applied to registered apprentices were those mandated by WIOA, which required that participants be:

- Over the age of 18
- Legally authorized to work in the United States
- Registered for the selective service if male.

There were no income requirements for any participant, including NCPs. As a Purpose 4 program, there were neither citizenship nor income requirements for TANF.

Process for Verifying Individual Eligibility

As a Purpose 4 program, individual eligibility did not need to be verified. However, to identify the non-custodial parents, the program followed the following process:

1. TWC collected names, social security numbers and other identifying information for apprentices.
2. TWC sent a data file to the Office of the Attorney General (OAG).
3. The OAG performed a match against their records and reported back to TWC which apprentices were non-custodial parents.
4. TWC distributed TANF funds to the 10 grantees with the largest portion of non-custodial parents. These funds were proportional to the number of non-custodial parents in each Registered Apprenticeship Program.

WAS THE PROGRAM AUTHORIZED UNDER PRIOR LAW? YES NO N/A

The Chapter 133 Apprenticeship Program has been operating since 1977. The program was not included in the Title IV-A Emergency Assistance State Plan. However, the program was eligible for TANF funding as it fell under TANF Purpose 4.

B. PROGRAM PERFORMANCE

COST PER CLIENT SERVED

For the Chapter 133 Apprenticeship Program, a client is defined as an apprentice. TWC reported to as a key performance measure the number of participants served. However, this number is for all participants served in the GAA strategy, not specifically the NCP population funded by TANF and participating in the Chapter 133 Apprenticeship Program. PCG has provided both numbers for reference.

To calculate the cost per client served, PCG took the total expenditures for the Chapter 133 Apprenticeship Program and divided it by the number of individuals who completed the curriculum as reported by TWC.



FIGURE 2: COST PER CLIENT SERVED BY SFY

TABLE 3 – CHAPTER 133 APPRENTICESHIP PROGRAM COST PER PARTICIPANT SERVED BY SFY

SFY	Total Participants Served	Total NCP Participants Served	Total Expenditures	Cost per Client Served (All Clients)
2018	6,842	957	\$4,550,424	\$665
2019	7,722	973	\$4,699,600	\$608
2020	7,942	940	\$4,217,092	\$531
2021	7,973	802	\$4,837,177	\$607

ADDITIONAL KEY OR NON-KEY PERFORMANCE MEASURES REPORTED TO THE LEGISLATIVE BUDGET BOARD

TWC reported no additional key or non-key performance measures reported to the Legislative Budget Board.

ADDITIONAL RELEVANT OUTCOME MEASURES TRACKED BY THE AGENCY AND NOT OTHERWISE REPORTED

The Chapter 133 Apprenticeship Program tracks program completion rate, which is defined as an apprentice moving forward after completing one year. This definition is used because apprentices who complete a year are more likely to finish.

During the course of the audit, the completion rate was over 80%. Financially, apprentices are more likely to move off of government benefits and into economic prosperity. This is because they receive a pay raise each year of their program, which can range from four to five years. Many apprentices at least doubled their salary during the course of the program.

C. PROGRAM IMPLEMENTATION

OTHER MOFS OR REVENUE STREAMS THAT WOULD BE ELIGIBLE TO SUPPORT THE IDENTIFIED FUNCTIONS

As the Chapter 133 Apprenticeship Program is allowable under both TANF Purpose 2 and Purpose 4, one available option is to increase the amount of TANF budgeted to the program. This increase can pay for NCPs as well as the broader population served by the program. It is important to note that if the program were to receive increased funding and use that funding under Purpose 2, additional TANF eligibility criteria would need to be met. Specifically for Purpose 2, the funding could only be used to pay for those apprentices who are needy parents.

TOTAL AMOUNT AND DESCRIPTION OF OUTSOURCED SERVICES

All TANF grant funds were paid directly to grantees to contribute to the costs of the apprentices' training program. The initial contract with the grantee does not include any TANF allocation. The TANF allocation is added only after the data match with the OAG is completed and the non-custodial parents are identified. When the TANF funds are added in the second contract, the grantees are only informed that they received TANF; they are not told which participants were identified as non-custodial parents. The standard TWC contract includes an attachment that serves as the notification to the grantee that they are receiving TANF.

SERVICE PROVIDED THAT OVERLAP WITH OTHER TANF PROGRAMS, OTHER GOVERNMENTAL PROGRAMS, OR OTHER WIDELY AVAILABLE NON-GOVERNMENTAL PROGRAMS

Funding to help support a registered apprenticeship was also offered by the US Department of Labor and through the college system within Texas. For the latter, TWC reported that grantees were required to choose between receiving funding from the college system or from TWC; they could not receive both.

GENERAL CHALLENGES RELATED TO PROGRAM IMPLEMENTATION

The major challenge for program implementation is the low budget. The contacted hour rate was \$4 per hour back to at least 2019; however in 2022, the preliminary contact hour rate is set at \$2.85. This will severely reduce the amount of funding that a program is eligible to receive. This is because the grantee receives the hourly rate multiplied by the minimum (or maximum) number of hours permitted by the program. TWC said it is possible that the rate will go up before when the contracts are finalized.

IDENTIFIED OPPORTUNITIES FOR COST SAVINGS AND/OR PROGRAM EFFICIENCIES

There were no identified opportunities for cost savings and/or program efficiencies identified during this audit.

OTHER RELEVANT DETAIL NOT OTHERWISE REPORTED

There is no relevant detail not otherwise reported.

CHILD CARE

PROGRAM BACKGROUND

TWC's child care services program provides financial aid for child care to families who meet income requirements. This financial aid, referred to as a subsidy, helps promote long-term self-sufficiency by enabling parents to work or attend education activities. This program strives to educate parents about the availability of quality child care, enhance children's early learning, and support early learning programs working to improve the quality of child care services.

Child care services and aid are provided to TANF applicants, current and former TANF recipients, and non-TANF recipient parents to support a transition towards self-sufficiency. TWC helps families by matching them up with a child care provider, which may be a licensed child care centers, regulated family homes, or care by a relative in the child's own home or in the relative's home. The child care program also prevents future dependency on public assistance benefits through early physical, emotional, social, and intellectual development of children who are part of a family who is applying for or receiving TANF.

The child care program is primarily funded with by the Child Care Development Fund (CCDF). Texas does not transfer the allowable 20% from TANF to CCDF.

Child care was included as a source of MOE in the 2019 TANF State Plan and TWC provided child care expenditures in its internal supporting documentation for the ACF-204 report. However, TWC did not report any child care program expenditures on the ACF-196R as TANF MOE in any of the audit years. TWC said they stopped including it on the ACF-196R at the direction of HHSC because the state received TANF Contingency Fund. Contingency Fund rules specify that a state may not count towards the Contingency Fund spending requirements any expenditures on child care. However, a state may count child care spending towards is regular TANF MOE requirement.

We verified that TWC did not count any expenditures towards the TANF MOE by reviewing the ACF-196R and expenditures provided by TWC. This was true for all four years within the scope of this audit.

We offer the following two observations for consideration.



Texas did not transfer any TANF to CCDF. There are several advantages to this transfer:

1. It allows the state to increase the budget of CCDF.
2. TANF transfer funds lose their TANF designation and are no longer subject to the TANF funding and spending requirements



Texas did not utilize available MOE funding sources which are at its disposal. This included CCDF spending. TANF rules allow for a state to count towards its TANF MOE the amount equal to its CCDF MOE amount. This can include CCDF Match or MOE dollars.

HHSC's apparent direction to TWC reflects a misunderstanding of the TANF Contingency Fund spending requirements.

- The state **may not** count towards the Contingency Fund spending requirements child care spending.
- The state **could** count child care spending towards its regular TANF MOE.

As such, there is not further information being provided on this program in this report.

TEXAS DISABILITY NAVIGATOR INITIATIVE

PROGRAM BACKGROUND

The Texas Disability Navigator Initiative was a previous TWC statewide initiative that was implemented in 14 local workforce areas. The purpose of the initiative was to increase universal access to employment opportunities and training services for individuals with disabilities. The program funded a resource position in each workforce area called the Disability Navigator. The Navigator position had three areas of focus:

- Capacity building and systems development
- Partnering and collaboration
- Informing and supporting business and employers

The 2019 TANF State Plan listed the Texas Disability Navigator Initiative as receiving TANF funding. However, TWC indicated that no TANF funding was used for the program in State Fiscal Years 2018 to 2021 and that the program is no longer being funded at a state level as of State Fiscal Year 2022. Some Workforce Development Boards continue to provide similar services within their local areas or have created other programs with similar goals, such as the Student HireAbility Navigator program, which provides employment and training services to youths with disabilities. These efforts are not funded with TANF.



Observation

There are no negative consequences for having the program listed in the TANF State Plan even though it is not receiving any TANF funding. Since the program is not being funded at the state level, it could be removed in the 2022 update for the TANF State Plan.

Attachment 2

Health and Human Services Commission's Response



Management Responses

Texas Temporary Assistance for Needy Families (TANF) Efficiency Audit State Fiscal Years 2018-2021

Recommendation 1

HHSC reported that it did not act in a manner that complied with the regulations outlined in 2 CFR § 200, specifically for the TANF program. As the recipient of the TANF award, they were required to follow any rule that speaks to recipient responsibilities. These rules require that HHSC manage and administer the Federal award in a way that allows the funding to be spent according to applicable federal rules. This includes verifying that another agency is spending its TANF allocation according to the federal TANF regulations and taking appropriate action, as needed, when TANF regulations are not being followed.

It is recommended that HHSC act in a way that demonstrates compliance with the regulations outlined in 2 CFR § 200.

Management Response

Statement of Agreement/Disagreement

HHSC agrees, while HHSC cannot oversee nor assume fiscal responsibility for other state agencies, it should maintain clear roles, responsibilities, requirements, and expectations to fulfill the responsibilities set forth in 2 CFR § 200.

Action Plan

As the designated state agency of the TANF award, HHSC will increase the formalization of the TANF Program to ensure training, roles and responsibilities are clearly defined and auditable for compliance.

Responsible Manager

Federal Funds Director (Primary)
Accounting Director

Target Implementation Date

8/30/2025

Recommendation 2

No agency was able to successfully trace their TANF expenditures. The expenditures reported to PCG for the audit did not match the supporting documentation for the ACF-196R, which did not match the submissions from the agencies to HHSC, which did not match the submissions from HHSC to ACF.

The four main issues identified are:

1. DFPS, TWC, and TEA did not complete their cumulative ACF-196R reports correctly. Specifically, the agencies provided prior Grant Year ACF-196Rs when they had reported that they had not spent money from prior Grant Year allocations. The exception was TWC, whose supporting documentation indicated it had spent prior grant year funds. However, even TWC's cumulative reports indicated far more in spending than what was ultimately reported by HHSC. For these three agencies, their resubmission of prior Grant Year expenditures resulted in inaccurate reporting of their expenditures. In speaking with the agencies, they reported that they were instructed to do this by HHSC.
2. In reviewing the ACF-196Rs submitted by HHSC to ACF, there are expenditures reported for prior Grant Years, particularly for DFPS. In speaking with HHSC, they reported that they will use prior Grant Year funds to pay for current year expenditures to spend down the carry over. It did not report that it notifies the agencies that this swap has occurred so that the agency can correctly complete the prior Grant Year ACF-196Rs.
3. The supporting documentation that was used to create compile the ACF-196R should have been very close to what was reported to PCG, with some variation allowed for the difference between the State and Federal Fiscal Year. This same

documentation should have matched what was reported by the agency of their own ACF-196R that they submitted to HHSC.

4. The ACF-196R submitted by the agency should have matched the ACF-196R submitted by HHSC to ACF.

The following are recommended:

1. All agencies receive training on how to correctly pull together the required expenditures for the ACF-196R and the type of information that should be included in the supporting documentation to allow for traceability.
2. All agencies receive training on how to complete the ACF-196R, including when to report expenditures for previous Grant Years.
3. Texas establish formal processes and standards on the ACF-196R completion and submission process.
4. HHSC confirm with each agency the amount of prior Grant Year funds that are available to it to be spent. HHSC should adhere to the Texas Human Resources Code requirements for healthy marriages programs.

Management Response

Statement of Agreement/Disagreement

HHSC agrees, due to the multiple requests for different areas of the agency there was difficulty reconciling audit data sets. HHSC can successfully trace TANF expenditures but failed to do so in the timeline of the audit.

Action Plan

As the designated state agency of the TANF award, HHSC will increase the formalization of the TANF Program to ensure training, roles and responsibilities are clearly defined and auditable for compliance.

Responsible Manager

Federal Funds Director (Primary)
Accounting Director

Target Implementation Date

8/30/2025

Recommendation 3

ECI expenditures were incorrectly reported on Line 22a on the ACF-196R. They should have been reported on Line 16. It is recommended that HHSC adjust how it reports the expenditures. HHSC reported that it had changed its reporting effective in August 2022.

Management Response

Statement of Agreement/Disagreement

HHSC agrees.

Action Plan

HHSC will report these expenses on Line 16.

Responsible Manager

Accounting Deputy Director of Fund Accounting

Target Implementation Date

8/30/2022

Recommendation 4

HHSC did not follow Texas Human Resources Code Chapter 31 § 31.015 as it is intended. The current Healthy Marriages Program did not provide any type of service or benefit.

It is recommended that HHSC come into compliance by establishing a Healthy Marriage Development Program.

Management Response

Statement of Agreement/Disagreement

HHSC agrees to come into compliance with Section 31.015.

Action Plan

HHSC will work internally to align the HHSC Healthy Marriage Program with the requirements outlined in Human Resources Code Chapter 31, specifically Section 31.015.

Responsible Manager

Specialty and Family Services Associate Commissioner

Target Implementation Date

9/1/2023

Recommendation 5

HHSC did not follow Texas Human Resources Code Chapter 31 § 31.018. HHSC did not allocate the mandatory 1% of the TANF block grant to fund the Healthy Marriage Development Program or the Healthy Marriages and Strong Families Grant Program. The minimum allocation for these programs was \$4,846,521.05. The

annual allocation for the Healthy Marriages Program was \$89,911. This is less than what is required with the Human Services Code.

It is recommended that HHSC come into compliance by allocating the minimum requirement to both the Healthy Marriage Development Program or the Healthy Marriages and Strong Families Grant Program.

Management Response

Statement of Agreement/Disagreement

HHSC agrees to spend funds as described in Section 31.018.

Action Plan

HHSC will work internally to spend funding to support healthy marriages and/or to strengthen families as described in Human Resources Code Chapter 31, specifically Section 31.018.

Responsible Manager

Specialty and Family Services Associate Commissioner

Target Implementation Date

9/1/2023

Attachment 3

Department of Family and Protective Services' Response

PCG's Follow-up Comments



Texas Department of Family and Protective Services

Commissioner
Jaime Masters, MS, MFT

October 19, 2022

Megan L. Rymski, MPA
Public Consulting Group
148 State Street, 10th Floor
Boston, Massachusetts 02109

Subject: Management's Responses for the TANF Efficiency Audit

Federal Reporting – Finding on page 96

Recommendation #1:

It is recommended that DFPS receive training on how to correctly complete the quarterly and cumulative ACF-196R. It is also recommended that DFPS be notified of when prior Grant Year funding is being allocated to DFPS expenditures so that DFPS can correct its records.

Management's Response:

DFPS agrees with the report finding. DFPS will ensure the quarterly and cumulative ACF-196R reports that are submitted to HHSC, are completed in accordance to ACF instructions. DFPS will work with HHSC to review/establish a notification process regarding the prior Grant Year funding allocation.

Responsible Person, Title: *Director of Finance Data Team, Program Fund Maintenance, and Travel*

Implementation: *February 28, 2023*

Emergency Assistance – Finding on page 97

Recommendation #2:

To come into compliance with this requirement, DFPS must be informed of its Contingency Fund allocation, how to request access to the funds, and how to report the allocation correctly on the ACF-196R. After this guidance is provided, it is recommended that DFPS update its ACF-196R processes

to accurately report Contingency Fund spending, both in the correct column and on the right line. DFPS reported that it is working with HHSC on both reporting and draw down procedures.

Management's Response:

DFPS agrees with the reporting finding. Starting with FFY 2022, DFPS has begun reporting Contingency Fund expenditures in Column D when submitting ACF-196R report to HHSC. DFPS will continue working with HHSC to ensure DFPS is informed of its Contingency Fund appropriation and proper reporting of those expenditures. Additionally, DFPS will work with HHSC to review the existing draw down process and determine what (if any) updates are needed to draw down TANF Contingency Funds while ensuring the draw down process remains efficient and free of excessive and unnecessary administrative burden.

Responsible Person, Title: Accounting Director

Implementation: November 30, 2023

Relative and Other Designated Caretaker Program (RODC) –

Finding on page 97

Recommendation #3:

It is recommended that DFPS report the RODC expenditures on Line 6b on the ACF-196R.

Management's Response:

DFPS agrees with finding that DFPS incorrectly reported the expenditures for RODC on the ACF-196R under Line 19, however, DFPS disagrees that the correct line for reporting should be 6b. In coordination with HHSC, the state determined that the RODC payment is a short-term benefit, which by statute currently can be no more than half of the daily basic family foster care reimbursement rate. This is not designated to cover the cost of the child's daily maintenance. It is meant to support the often-unplanned integration of a relative child into the home of a kin or other designated caregiver. This TANF funding aids in transition and is used to off-set the unanticipated expenses incurred by the family during the first

four months of the eligible child's stay in the home. DFPS will change reporting to Line 15. Non-Recurrent Short-Term Benefits.

Responsible Person(s), Title: *Federal Funds Director and Accounting Director*

Implementation: *November 30, 2022*

Contingency Fund Reporting – Finding on page 105

Recommendation #4:

To come into compliance with this requirement, DFPS must be informed of its Contingency Fund allocation, how to request access to the funds, and how to report the allocation correctly on the ACF-196R. After this guidance is provided, it is recommended that DFPS update its ACF-196R processes to accurately report Contingency Fund spending, both in the correct column and on the right line. DFPS reported that it is working with HHSC on both reporting and draw down procedures.

Management's Response:

DFPS agrees with the reporting finding. Starting with FFY 2022, DFPS has begun reporting Contingency Fund expenditures in Column D when submitting ACF-196R report to HHSC. DFPS will continue working with HHSC to ensure DFPS is informed of its Contingency Fund appropriation and proper reporting of those expenditures. Additionally, DFPS will work with HHSC to review the existing draw down process and determine what (if any) updates are needed to draw down TANF Contingency Funds while ensuring the draw down process remains efficient and free of excessive and unnecessary administrative burden.

Responsible Person, Title: *Accounting Director*

Implementation: *November 30, 2023*

Federal Reporting – Finding on page 123

Recommendation #5:

It is recommended that DFPS report the RODC expenditures on Line 6b on the ACF-196R.

Management's Response:

DFPS agrees with finding that DFPS incorrectly reported the expenditures for RODC on the ACF-196R under Line 19, however, DFPS disagrees that the correct line for reporting should be 6b. In coordination with HHSC, the state determined that the RODC payment is a short-term benefit, which by statute currently can be no more than half of the daily basic family foster care reimbursement rate. This is not designated to cover the cost of the child's daily maintenance. It is meant to support the often-unplanned integration of a relative child into the home of a kin or other designated caregiver. This TANF funding aids in transition and is used to off-set the unanticipated expenses incurred by the family during the first four months of the eligible child's stay in the home. DFPS will change reporting to Line 15. Non-Recurrent Short-Term Benefits.

Responsible Person(s), Title: *Federal Funds Director and Accounting Director*

Implementation: *November 30, 2022*

PCG Follow-Up Comments to DFPS Management Response

DFPS MANAGEMENT RESPONSE TO AUDIT REPORT

In the TANF Efficiency Audit Report, PCG identified that the Relative and Other Designated Caregivers (RODC) program payments were reported on the wrong line on the ACF-196R. The report recommended that the payments be reported on Line 6b: Relative Foster Care Maintenance Payments and Adoption and Guardianship Subsidies.

DFPS' Management Response agreed that RODC payments were misreported. However, it argued that the payments should be reported on Line 15: Non-Recurrent Short-Term Benefits. DFPS reported that it consulted with HHSC and the two agencies concurred that RODC payments are non-recurrent short term benefits for the following reasons:

- The amount (\$11.55/day per eligible child/per month) does not cover half of the daily basic family foster care reimbursement rate.
- The RODC payment is not designed to cover the cost of the child's daily maintenance.
- The intent behind the RODC payment is to support the relative in what is an often unplanned integration of the child into the relative's home. Further, the payment can help off-set the unanticipated expenses that the family occurs during the first four months of the child's stay.
- TANF is used to pay for the first four months of the program.¹

In a previous response during the course of the audit, DFPS also reported that the program itself is time limited. DFPS reported that the program can last for up to 12 months; however, a good cause exception may result in a relative receiving an additional six months of payments.

PCG firmly maintains that the RODC payments were assistance benefits and that the use of TANF to fund only the first four months of payments was not allowed based on federal guidance. These are discussed individually below.

RODC PAYMENT CLASSIFICATION

TANF benefits are classified as either assistance or non-assistance. Assistance expenditures are defined as: "...cash payments, vouchers and other forms of benefits designed to meet a family's on-going basic needs, i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses."²

The Administration for Children and Families (ACF) does not provide any guidance that qualifies the degree to which a cash payment, voucher, and other form of benefit meets a family's on-going basic needs in order for the payment to be considered assistance. For example, it has published no guidance that states the payment must cover a certain percentage of the ongoing need in order to be classified as assistance. Rather, the definition merely states that a cash payment, voucher, and other forms of benefit that is designed to meet a family's on-going basic need is classified as assistance.

¹ Information about the RODC program was provided by DFPS in response to the initial findings and observations as well as in its Management Response to the TANF Efficiency Audit.

² 45 CFR § 260.31(3)(a)(1): What does the term "assistance" mean. Retrieved from: <https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260/subpart-A/section-260.31>

There are several exceptions from the definition of assistance.³ These exceptions make up the non-assistance classification. One exception are non-recurrent short-term benefits which are:

1. Designed to deal with a specific crisis situation or episode of need
2. Not intended to meet recurrent or ongoing needs, and
3. Will not extend beyond four months.⁴

In the audit report, PCG provided our reasoning for why the RODC payments should have been classified as assistance. Our reasonings are compared directly against the non-recurrent short-term benefit criteria in the table below:

Criteria for Non-Recurring Short-Term Benefit	RODC Program Details	Does RODC Meet Criteria?
Designed to deal with a specific crisis situation or episode of need	RODC payments were issued to relatives who are assuming care of a child. The placement of the child with the relative was often unplanned and unanticipated. The child's placement was the crisis situation or episode of need, and it continued to be the need throughout the duration of the RODC program.	Yes
Not intended to meet recurrent or ongoing needs	The RODC program provided a monthly payment that helped relatives off-set some of the expenses associated with the child's placement in their home.	No
Will not extend beyond four months	A relative could receive a RODC payment for up to 12 months, and in some instances, an additional six months thereafter.	No

It is clear that RODC payments were intended to meet a singular episode of need (the child's placement with the relative); however, they were an ongoing payment (issued monthly and therefore recurrent), and length of the program was more than four months. As such, the payments should have been classified as assistance.

As the RODC payments are paid on behalf of children, the additional requirements associated with assistance payments do not apply (counting the adults towards the state's work participation rate, counting months towards the adult's time limit, etc.). The one exception is the reporting of the assistance payments on the ACF-199 report.

USE OF TANF FOR THE FIRST FOUR MONTHS OF THE RODC PROGRAM

DFPS reported in an earlier response to the RODC finding that TANF was used to pay for the first four months of the RODC program, which is another reason why it is a non-recurrent short-term benefit. It further stated in its management response to the audit report that the TANF funds were used in the transition and to help cover the relative's unanticipated costs during the first four months of the placement.

PCG directly addressed the use of TANF to pay for the first four months of the RODC program within the TANF Efficiency Audit report. We cited 2013 guidance from ACF, which stated that "the continuation of similar benefits designed to address a specific crisis or episode of need provided beyond the initial four months of non-recurrent

³ 45 CFR § 260.31(3)(b): What does the term "assistance" mean. Retrieved from: <https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-260/subpart-A/section-260.31>

⁴ Ibid.

short-term benefit receipt... is not consistent with regulatory definition of non-recurrent, short-term benefits at 45 CFR § 260.31(b)(1).”⁵

Based on this guidance, even if TANF were used only for the first four months of the payments, that use would be against the federal regulations given that the RODC payments were ongoing and addressed the same episode of need.

CONCLUSION

The RODC program is a time-limited program that offers limited financial assistance to relatives who have had children placed in their home, often in an unplanned manner. Since the program provided financial assistance on a recurring basis meant that the program should have been classified as an assistance benefit under the TANF regulations at 45 § CFR 260.31(3)(a)(1).

Additional evidence of the RODC program as assistance is found in the fact that the program does not fit under the definition of a non-recurrent short-term benefit. Primarily, DFPS’ definition of time-limited does not align to the Federal TANF regulation at 45 § CFR 260.31(b)(1), which states that a non-recurrent short-term benefit is one that lasts for no more than four months.

Further, DFPS’ use of TANF to fund the first four months of the RODC payments is not in alignment with ACF guidance about the use of TANF when the crisis or episode of need continues past the first four months.

DFPS and HHSC concurrence that the RODC program was a non-recurrent short-term benefit does not align with the Federal TANF regulations and the state would be at risk for continuing to incorrectly report the payments by reporting them under Line 15.

⁵ Administration for Children and Families. (2013). Q&A: Use of Funds. Retrieved from: <https://www.acf.hhs.gov/ofa/faq/q-use-funds>

Attachment 4

Texas Education Agency's Response

Date: 25 October 2022

To: Public Consulting Group

From: Texas Education Agency

Subject: Texas Education Agency management responses to finding and recommendations contained in the Texas Temporary Assistance for Needy Families (TANF) Efficiency Audit State Fiscal Years 2018 – 2021

PROGRAM LEVEL & FEDERAL REPORTING FINDING

TEA did not correctly complete the ACF-204. There are two questions that should have been answered differently:

- The Total State Expenditures for the Program for the Fiscal Year should have included all prekindergarten spending regardless of eligibility. The Total State MOE Expenditures for the Program for the Fiscal Year should have reported the spending that was eligible to be counted as MOE.
- When reporting the number of people served TEA should either have included only TANF MOE eligible children or the portion of those children paid for with TANF MOE. Instead, they reported the total count of students enrolled in prekindergarten.

Additionally, TEA was reporting on the ACF-204 that the prekindergarten program was authorized and allowable under prior law. Prekindergarten was not part of the state's Title IV-A Emergency Assistance state plan and therefore was not allowable under prior law.

To come into compliance with this finding, TEA should correctly answer the questions based on the information detailed above. It should also remove the statement about prekindergarten being allowable under prior law from the ACF-204

Texas Education Agency Management Response:

Agree. TEA will work with HHSC to determine what changes, if any, should be made to the methodology for completing the ACF-204.

***Person responsible for implementing corrective action: Deputy Commissioner of Finance
Implementation Goal: 8 August 2023***

PROGRAM LEVEL & FEDERAL REPORTING FINDING

The prekindergarten program was not authorized or allowable under AFDC or a related program in 1995. As such, it was subject to the new spending test. TEA was not monitoring expenditures using the new spending test. TEA could not certify that their spending meets the requirements of the new spending test and was severely at risk for reporting more expenditures than they should have been reporting.

It is recommended that TEA establish a methodology for performing this test. This will include identifying if actual data is available or if reasonable estimates must be used. Reasonable estimates can be used in special circumstances and with approval from ACF.

Texas Education Agency Management Response:

Agree. TEA will work with HHSC to determine what changes, if any, should be made to the methodology for performing this test.

Person responsible for implementing corrective action: Deputy Commissioner of Finance

Implementation Goal: 8 August 2023

PROGRAM LEVEL & FEDERAL REPORTING FINDING

The estimate provided in the 2019 State Plan was based on 2017-2018 data. TEA reported that it was not assessing whether the prekindergarten program was universally available. TANF-ACF-PA-2000-02 requires that any estimates be updated at least annually and that "[a]ny TANF funds used in a project after the start-up period ... must be based on a current estimate."

It is recommended that TEA establish processes to assess universality every year.

Texas Education Agency Management Response:

Agree. TEA will work with HHSC to determine what changes, if any, should be made to the methodology for assessing availability of the program.

Person responsible for implementing corrective action: Deputy Commissioner of Finance
Implementation Goal: 8 August 2023

PROGRAM LEVEL & FEDERAL REPORTING FINDING

Texas was not in compliance with ACF guidance on how to calculate MOE spending. ACF guidance expressly states that: "Regardless of the source of the expenditures, the State's records must show that all the costs are verifiable and meet all applicable requirements in 45 CFR § 263.2 through § 263.6 and 45 CFR § 92.24 in order to count toward the State's MOE requirement."¹⁰⁶ To satisfy this requirement, a state must verify an individual's eligibility prior to counting the expenditures for that individual towards the TANF MOE. TEA did not document or verify student level eligibility. This means that they could not verify that the student was part of an eligible family. Some data may not be possible to collect, such as citizenship. In those instances, TEA should have used reasonable estimates to calculate the eligible amount of expenditures to count towards the TANF MOE. That the PEIMS system does not collect the specific information, such as the reason a student qualified for district financed tuition, is not a satisfactory reason for TEA to use estimates. If the PEIMS system tracks specific information that is required for TANF MOE eligibility, that data must be used in determining which that the individual's expenses are eligible towards the state's MOE. TEA was at risk for reporting expenditures that did not meet the eligible family test.

It is recommended that TEA establish procedures to collect and verify actual eligibility for those factors that can be collected and establish methodologies for determining reasonable estimates for those factors that cannot be collected.

Texas Education Agency Management Response:

Agree. TEA will assess its approach for reporting expenditures and adjust its procedures and methodologies where feasible.

Person responsible for implementing corrective action: Deputy Commissioner of Finance
Implementation Goal: 8 August 2023

Attachment 5

Texas Workforce Commission's Response

Texas Workforce Commission

A Member of Texas Workforce Solutions

Bryan Daniel, Chairman
Commissioner Representing
the Public

Julian Alvarez
Commissioner Representing
Labor

Aaron Demerson
Commissioner Representing
Employers

Edward Serna
Executive Director

October 19, 2022

Megan L. Rymski
Public Consulting Group
600 17th Street #2800
Denver, CO 80202

Dear Ms. Rymski:

This correspondence is in response to your October 5, 2022, letter regarding the results of the efficiency audit of the Texas Workforce Commission's (TWC) Temporary Assistance for Needy Families (TANF) program, as well as other state temporary assistance and support services programs.

Enclosed are responses and documentation addressing seven findings included in Texas' report related to the programs and services that TWC administers. TWC has implemented four of the seven recommendations included in the report. We believe that the responses address the three remaining findings identified. We look forward to your assessment of the responses.

If you have questions, please contact Chaundra Brown, Project Manager, Workforce Development Division, at (737) 289-5165 or chaundra.brown@twc.texas.gov.

Sincerely,



Chris Nelson, Chief Financial Officer
On Behalf of Edward Serna
Executive Director

Enclosure

Texas Workforce Commission
Temporary Assistance for Needy Families Efficiency Audit Response
State Fiscal Years 2018–2021

PROGRAM LEVEL FINDINGS

Finding #1: Choices

The number of families served reported on the ACF-204 was incorrectly reported. TWC stated that it had misreported the number for the ACF-204 due to an error in its procedural documents for pulling the information. The data was also not accurate because TWC was unable to identify which families were one-parent and which families were two-parent in nearly a quarter of the TANF cases received from HSHC.

It is recommended that TWC update its procedural document so that it correctly captures the number of individuals who were served with MOE expenditures.

Response: TWC agrees with the finding and has corrected the methodology at issue. TWC will contact HHSC regarding the TANF caseload data and submit missing single-parent/two-parent identifiers. The Director of Application Development & Maintenance will be responsible for implementation of this recommendation. Revisions to the procedural document will be provided no later than December 31, 2022.

Finding #2: Adult Education and Literacy

TWC incorrectly reported AEL expenditures on line 9c of the ACF-196R. Program expenditures, including any administrative costs that are associated with direct program delivery, should be reported on Line 9b. TWC said that it is in the process of making this change to come into compliance. They provided an updated cost category crosswalk showing that expenditures for AEL would be correctly reported to Line 9b.

Response: TWC agrees with the finding and has fully implemented the recommendation to update the crosswalk. The Financial Cost Category crosswalk table in the TANF ACF-196R Financial Report Compilation database has been updated to appropriately reflect TANF AEL expenditures on Line 9b, Education and Training. Future quarterly ACF-196R report submissions will cumulatively reflect this change for all active grants. Updates will be reflected in the next series of reports, which are due on November 4, 2022.

Finding #3: Adult Education and Literacy

TWC was not in compliance with the 2012 United States Department of Health and Human Services Departmental Appeals Board (DAB) ruling that specifies a state must use both local level data to calculate costs attributable to the TANF program. Neither the new methodology nor the previous methodology yielded precise enough data to accurately charge expenditures to TANF.

It is recommended that TWC revise its methodology for calculating AEL costs to TANF to consider regional and program level costs.

Response: TWC agrees with the finding and will revise the methodology to confirm TANF AEL program cost allocations at the local level no later than December 31, 2022. The Director of Accounting and Financial Reporting will be responsible for implementation of this recommendation.

Finding #4: Youth Development Initiative

The expenditures for the Youth Development Initiative were incorrectly reported on lines 9b and 9c of the ACF-196R. Program expenditures should be reported on Line 17.

It is recommended that TWC report the expenditures on Line 17. TWC said that it is in the process of making this change to come into compliance. They provided an updated cost category crosswalk showing that expenditures for Youth Development Initiatives would be correctly reported to Line 17 going forward.

Response: TWC agrees with the finding and has fully implemented the recommendation to update the crosswalk. The Financial Cost Category crosswalk table in the TANF ACF-196R Financial Report Compilation database has been updated to appropriately reflect Youth Development Initiative expenditures on Line 17, Services for Children and Youth. Future quarterly ACF-196R report submissions will cumulatively reflect this change for all active grants. Updates will be reflected in the next series of reports, which are due on November 4, 2022.

Finding #5: Subsidized Employment

Purpose 1 programs may only use TANF to pay for expenditures for needy children. The TII program served youth who were either eligible for, or enrolled in, WIOA youth services. These services do not have any income eligibility standards. TWC should ensure that TANF funds are only spent on the subsidized employment activities for TII youth who are income eligible.

Response: TWC agrees with the finding and will ensure that TANF funds are only spent on the subsidized employment activities for TII youth who are income eligible. No later than December 31, 2022, TWC will issue guidance requiring TII grantees to verify income eligibility for youth over the age of 18. The Deputy Director of Workforce Grants and Automation will be responsible for the implementation of this recommendation.

Finding #6: Foster Youth Transition Centers

TWC incorrectly reported the expenditures for the FYTC program on Lines 9b and 9c on the ACF-196R. TWC should have reported the expenditures for this program on Line 17: Services for Children and Youth.

It is recommended that TWC report the expenditures on Line 17. TWC reported that it is in the process of making this change to come into compliance. They provided an updated cost category crosswalk showing that expenditures for FYTCs would be correctly reported to Line 17 going forward.

Response: TWC agrees with the finding and has fully implemented the recommendation to report the expenditures on Line 17. The Financial Cost Category crosswalk table in the TANF ACF-196R Financial Report Compilation database has been updated to appropriately reflect Foster Youth Transition Center program expenditures on Line 17, Services for Children and Youth. Future quarterly ACF-196R report submissions will cumulatively reflect this change for all active grants. Updates will be reflected in the next series of reports, which are due on November 4, 2022.

Finding #7: Apprenticeships

TWC incorrectly reported the expenditures for the Chapter 133 Apprenticeship Program on Line 9c of the ACF-196R. These expenditures should have been reported on Line 9b. It is recommended that TWC change its reporting logic to have the expenditures reported on Line 9b.

Response: TWC agrees with the finding and has fully implemented the recommendation to change the reporting logic to have expenditures reported on Line 9b. The Financial Cost Category crosswalk table in the TANF ACF-196R Financial Report Compilation database has been updated to appropriately reflect the Apprenticeship program expenditures on Line 9b, Education and Training. Future quarterly ACF-196R report submissions will cumulatively reflect this change for all active grants. Updates will be reflected in the next series of reports, which are due on November 4, 2022.



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our website: <https://sao.texas.gov>.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9500 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government, visit <https://sao.fraud.texas.gov/>.