



Using Tribal TANF Funds for Economic Development and Job Creation

Tribes may use their Tribal Family Assistance Grant funds to support certain economic development and job creation activities. Remember that all activities supported by Tribal TANF funds must meet one of the four purposes of TANF:

- 1) to assist needy families with children so that the children can be cared for in their own homes or in the homes of relatives;
- 2) to reduce dependency by promoting job preparation, work, and marriage;
- 3) to prevent and reduce out-of-wedlock pregnancies; and
- 4) to encourage the formation and maintenance of two-parent families.

The following are select examples of economic development and job creation activities that could be supported by Tribal TANF funding:

- **Establish education and job training programs** for eligible TANF clients in the community that address and meet business needs;
- **Provide start-up loans** or grants to eligible TANF clients to help start their own micro-enterprise;
- **Support TANF clients in gaining and maintaining employment** through supportive services, such as payment of eligible work expenses (e.g., child care) or transportation support (e.g., purchase of a car);
- **Establish an Individual Development Account (IDA) program.** One example of an allowable way that eligible clients may use their IDA funds is for qualified business capitalization expenses;
- **Provide summer jobs** or subsidized employment for eligible youth;
- **Conduct a job market analysis.** Tribes may use TANF funds to pay an allocable portion of the cost of an analysis of the job skills, services, and strategies needed to attract businesses into the community or to help local businesses remain or become more competitive so as to maintain or increase employment opportunities;
- **Conduct consultations with the Tribe's economic development staff** or other agencies or organizations that are promoting economic development in the Tribe's area; and
- **Provide incentives to existing businesses, or to attract new businesses to the area.** Such business incentives could include supportive services to TANF clients such as: payments for tools, uniforms or other work expenses; assistance with employee counseling services; payment of on-the-job training; and payment of bonuses, awards or non-medical employee benefits.

Important restrictions on using Tribal TANF funds for economic development activities:

- **Tribes may not use Tribal Family Assistance Grant funds or State MOE funds to start or to purchase a business.** ACF has concluded that government ownership and operation of a business is not reasonably calculated to accomplish any of the four purposes of the TANF program.
- Services provided under the first two purposes of TANF can be delivered only to "needy" families as defined in the Tribe's approved Tribal TANF plan.

Examples of Economic Development in Tribal TANF programs

The Tanana Chiefs Conference's TANF program, which serves thirty-seven Tribes in Alaska's Interior region, uses Tribal TANF funds to support several economic development activities. The program provides subsidized employment services for all of its clients who are non-exempt from work participation requirements. TANF parents and their working-age children participate in targeted training that prepares them to approach employers and secure employment. The program covers all costs for employers to pay each participant \$14 an hour, 40 hours per week for 3 to 4 months during the busy Alaskan summer work season.

The program significantly increases income for participating families, and benefits Native-owned businesses by decreasing their personnel costs and increasing business productivity. Isolated village economies benefit from increased dollars circulating in their communities. The positive impact on both household income and the local economy continues in the winter when some clients move to permanent employment and/or receive an Earned Income Tax Credit. On average, 30% of the subsidized employment participants become permanently employed or self-sustaining through subsistence trade. Savings from clients leaving the program by becoming employed and self-sufficient are reinvested into the program.

Central Council Tlingit & Haida Indian Tribes of Alaska (CCTHITA) is a Tribal government headquartered in Juneau, Alaska that represents more than 28,000 Tlingit and Haida Indians worldwide. CCTHITA's Employment & Training (E&T) Division supports economic development by providing resources and referrals to eligible TANF clients that will lead to employment and economic self-sufficiency through their P.L. 102-477 program.

In 2010, the E&T Division entered into a Memorandum of Understanding with the CCTHITA Vocational Training & Resource Center (VTRC), which provides vocational training to individuals seeking to improve their job skills, gain employment or increase their pay. The VTRC entered into an agreement with Penn Foster, an accredited on-line vocational training school, to provide on-line classes to Tribal members. Case managers refer clients to VTRC, who conducts an assessment to determine clients' education levels, and guides clients through the enrollment and testing process. This on-line collaboration is ideal because of the remote location of the communities in Southeast Alaska.

College of Menominee Nation, located in Wisconsin, uses Tribal TANF funds to promote economic development by enhancing their public computer center (PCC) to provide TANF clients with technical training, skills-building activities ranging from GED assistance to math and reading coaching, career exploration and placement, and special workshops for individuals with disabilities and the unemployed. The PCC provides vocational based training in office technology, electrical trades, welding, and sustainable residential building. Menominee designed these trainings to provide a ready source of trained employees for local businesses. The PCC has provided workshops in career exploration, access to job searches, and employment placement resources. With the high speed Internet connection, students also have access to on-line courses through schools across the nation. To-date the program has provided over 8,000 training hours to approximately 4,000 participants.

References and Citations

- Section 404(h) of the Social Security Act (*Use of funds for Individual Development Accounts*).
- TANF regulations at 45 CFR 263, Subpart C and 45 CFR 286.40 (*Use of funds for Individual Development Accounts*).
- TANF regulations at 45 CFR § 287.130 (*Using Native Employment Works funds for economic development*).
- TANF-ACF-PI-2005-02 (*Using Federal TANF or State MOE funds to purchase a business*).