

DEPARTMENT OF CHILDREN AND FAMILIES
DIVISION OF FAMILY AND ECONOMIC SECURITY
ADMINISTRATOR'S MEMO SERIES

ACTION
 NOTICE

14-4

ISSUE DATE: 08/04/2014
DISPOSAL DATE: Ongoing

***PROGRAM CATEGORIES:**

AS FM ML TR
 CC FL NA W-2
 CS IT RA WIA
 CF JC TC
 CR LM TA

TO: W-2 Contract Agency Directors

FROM: Kristiane Randal
Division Administrator

RE: Preventing Use of Temporary Assistance for Needy Families (TANF) Funds at Specific Merchant Locations

PURPOSE:

This memo provides information to W-2 Contract Agencies about:

1. Federal legislation to prevent use of TANF funds in liquor stores, casinos, and adult-oriented entertainment establishments; and
2. The Department of Children and Families (DCF) plan to comply with this legislation.

BACKGROUND:

Section 4004 of the Middle Class Tax Relief and Job Creation Act of 2012 requires states to maintain policies and practices to prevent TANF funded assistance from being used in any electronic benefit transfer transaction in any:

- liquor store;
- casino, gambling casino, or gaming establishment; or
- retail establishment that provides adult oriented entertainment in which performers disrobe or perform in an unclothed state for entertainment.

The legislation defines the term *electronic benefit transfer transaction* to mean, "... the use of a credit or debit card service, automated teller machine, point-of-sale terminal, or access to an online system for the withdrawal of funds or the processing of a payment for merchandise or a service."

Each state was required to report to the Federal Department of Health and Human Services (DHHS), Administration for Children and Families (ACF), by February 22, 2014, and annually thereafter, on its implementation of policies and practices to comply with the law. ACF is authorized to reduce a state's TANF block grant if the state fails to comply with the deadline for

the reporting requirement or if, based on the information that the state reports, ACF finds that the state has not implemented and maintained the required policies and practices.

On February 6, 2014, ACF released its [Notice of Proposed Rulemaking on Policies and Practices to Prevent the EBT Transactions at Specified Locations](#) that defines how it will enforce the legislative provisions and impose penalties on states that do not comply with the law. ACF has not announced when it plans to release the final regulations.

Wisconsin is one of only a small number of states that do not issue TANF funded benefits through a state-issued electronic payment card. Most states currently issue TANF benefits through a state-issued electronic benefit transfer (EBT) card or prepaid debit card. While the federal legislation is directed at preventing access to TANF funds in the specified locations by means of electronic benefit transfer transaction, ACF has informed Wisconsin that it must comply with legislation regardless of the method(s) by which the state issues TANF funded benefits.

COMPLIANCE PLAN

As a means to complying with the TANF provisions in the Middle Class Tax Relief and Job Creation Act of 2012, DCF will implement four different methods of communication to inform W-2 agency staff and W-2 applicants and participants about the prohibition on using TANF funds in liquor stores, casinos, and adult-oriented entertainment establishments. The methods of communication will include:

1. An Operations Memo to inform W-2 agency staff about the federal requirements and what information FEPs must communicate to individuals who apply for W-2. DCF will also update the W-2 Manual to include this information in the next scheduled manual release.
2. A one-time notice that DCF will mail to all current W-2 participants.
3. Posters that W-2 agencies must place in their lobbies.
4. Flyers that FEPs must hand out to individuals who apply for W-2.

When ACF releases the final regulations for this TANF provision, DCF will review the regulations to determine if any further actions are needed to remain in compliance.

AGENCY ACTION

W-2 agencies are not required to take any action at this time. The operations memo, planned for release in early fall 2014, will provide W-2 agency staff with the necessary policy and procedures to implement the federal requirements.

CONTACT: Balance of State: Bureau of Regional Operations, W-2 Regional Coordinators
Milwaukee: Milwaukee Operations Section Regional Administrators