

## Extending the TANF Emergency Fund Creates Jobs Now

Elizabeth Lower-Basch

The American Recovery and Reinvestment Act of 2009 (ARRA) created a new Emergency Fund under the Temporary Assistance for Needy Families (TANF) block grant, which provides 80 percent reimbursement for increases in TANF-related expenditures in three specified areas, including subsidized employment. States have used these funds to support a range of subsidized jobs programs, including transitional jobs, summer jobs programs for youth in low-income families and supported work models for individuals with disabilities in low-income families. These programs are not limited to workers in families receiving cash assistance under TANF.

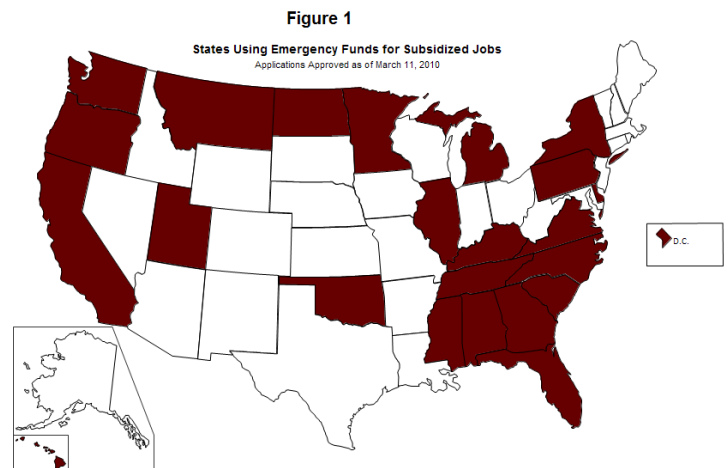
The TANF Emergency Fund is scheduled to expire on September 30, 2010. Given tremendous pressures on state and local budgets, subsidized jobs programs are unlikely to be continued unless the Emergency Fund is extended. Los Angeles, which operates one of the largest subsidized jobs programs in the country (see box) has said that it will not enroll new participants after May 31, 2010, unless the program is extended. Other states have concluded that it is not worth the effort to develop a subsidized jobs program that will need to be shut down in a few months, but would develop such a program if the Fund were extended. States are now making decisions regarding their 2010-2011 budgets. **Congress should act immediately to guarantee that the TANF Emergency Fund will continue to be available for another year.**

## Emergency Fund supports subsidized jobs in 23 states and DC; additional states likely to take advantage of an extension.

As of March 11, 2010, HHS reports that 23 states plus the District of Columbia have had Emergency Fund applications approved that included subsidized employment, for a total of \$159 million.\* Most of the costs claimed are for wages, making this a highly efficient form of job creation. These states, and others, have plans to create at least **120,000 jobs** by September using the Emergency Funds.\*

Use of the TANF Emergency Fund got off to a slow start but is picking up speed. A number of factors contributed to delays in states applying for funds:

- Many state legislatures recessed shortly after enactment of the Recovery Act.



- The form for states to apply for these funds was not available from HHS until July.
- Given state budgets, there was much concern about the 20 percent state match required. Only in the past few months, after HHS confirmed that the employer costs of supervision and training could be counted as an in-kind contribution, have many states realized that they could use this fund.

If Congress extends the Emergency Fund, it is highly likely that additional states would apply for these funds to provide subsidized jobs. Many states are now interested in this option, but have concluded that they simply do not have the time to get programs operational before the September 30, 2010 deadline. With the funding extended, they would likely start job creation activities immediately.

In addition, State legislatures are now making decisions for their 2010-2011 budget years. If Congress waits until September to extend the Emergency Fund, many states will have already made budget cuts that will be hard to undo.

Congress provided \$5 billion for the Emergency Fund in the ARRA, of which states have drawn down \$1.56 billion. We expect the drawdown to increase significantly, and much of the funding to be used by the end of FY 2010. Each state was limited to receiving 50 percent of its annual block grant over federal fiscal years 2009 and 2010. As some states are likely to exhaust their allocations, Congress should both increase the overall pot and allow each state to receive additional from the Emergency Fund during FY 2011, as recommended in President Obama's FY 11 budget proposal.

\* Data available from HHS at:

<http://www.acf.hhs.gov/programs/ofa/tanf/apprTANFemerfund.html>

More information available at: [www.clasp.org/TANFEmergencyFund](http://www.clasp.org/TANFEmergencyFund)

♦ This number is based on data collected from 19 states that have been approved for funding to operate a subsidized employment program or are planning to implement one in the near future. Data was collected by CLASP, CBPP, and NTJN between 1/28 and 2/16.

### Subsidized Jobs in Los Angeles

Los Angeles, CA has widely publicized the goal of creating 10,000 new jobs through a range of initiatives. The Transitional Subsidized Employment (TSE) program, funded by the TANF Emergency Fund, is a key part of this goal, with 5,144 participants enrolled as of March 11, 2010.

The TSE program provides up to 12 months of subsidized employment at a \$10 per hour wage rate with non-profit and public agencies and 6 months with private entities (with the possibility of an additional six months of on-the-job training). The TANF Emergency Fund pays the full cost of wages; employers' costs of supervising and training participants are treated as in-kind donations to the state and are counted as the 20 percent non-federal match. Typical subsidized jobs are clerical, administrative and maintenance positions.

The South Bay Workforce Investment Board serves as the employer of record, and contracts with one-stop centers to place participants. There is a formal agreement with the employer that includes non-displacement and other provisions. One-stop centers receive a base payment and a bonus for placement in unsubsidized jobs.

TANF recipients make up the vast majority of program participants, with some low-income non-custodial parents also participating. Because all placements must be completed by September 30, 2010, Los Angeles does not plan to place participants in new jobs after May 31, 2010.

For more information, contact Elizabeth Lower-Basch, 202 906-8013 or [elowerbasch@clasp.org](mailto:elowerbasch@clasp.org).