



Job Creation

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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.

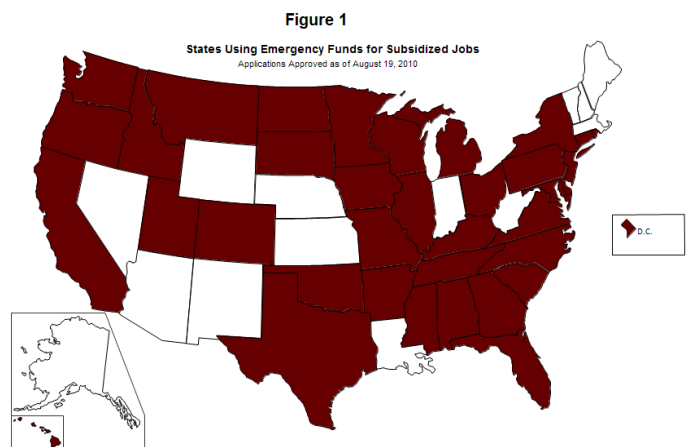
The TANF Emergency Fund is scheduled to expire on September 30, 2010. Given tremendous pressures on state and local budgets, subsidized jobs programs are unlikely to be continued unless the Emergency Fund is extended. With unemployment rates still at historic highs, letting these programs expire would be disastrous to both workers and businesses.

At the end of May, the House passed a one-year extension of the Emergency Fund as part of the “extenders bill” (HR 4213), which would extend a number of tax provisions, as well as Unemployment Insurance. However, several versions of this bill failed in the Senate. **Congress must act soon to guarantee that the Emergency Fund will continue to be available for another year.**

Emergency Fund supports subsidized jobs in 35 states, DC and VI; additional states likely to take advantage of an extension.

As of August 19, 2010, HHS reports that 35 states plus the District of Columbia and the Virgin Islands have had Emergency Fund applications approved that included subsidized employment*, for a total of \$1.039 billion.** This is an increase of over \$653 million since May 13, 2010. 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 **240,000 jobs** by September using Emergency Funds.†

Use of the TANF Emergency Fund got off to a slow start but is picking up speed. Subsidized jobs account for 60 percent of the applications approved for the third quarter of FY 2010.



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 after HHS confirmed that the employer costs of supervision and training could be counted as an in-kind contribution, did many states realize that they could use this fund.

If Congress does not extend the Emergency Fund before the August recess, participation in a subsidized jobs program will become less attractive to employers, and many states will have to stop making new placements. Several of the states that are not running subsidized jobs programs now, would likely start job creation activities immediately if the program were extended.

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 \$4.234 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. Seven states have already exhausted their allocations and other states will do so soon. An extension must therefore both provide increased money for the Emergency Fund and provide states with additional allotments.

*Survey data indicates that 36 states have subsidized jobs programs, including West Virginia whose application has not yet been approved by ACF.

** Data available from HHS at:

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

More information available at: www.clasp.org/TANFEmergencyFund

♦ See: <http://www.offthechartsblog.org/the-recovery-act%E2%80%99s-best-kept-secret-cont/>

Subsidized Jobs in Los Angeles

Los Angeles, CA has widely publicized the goal of creating 10,000 new jobs through a range of initiatives. As of July 20, 2010, 10,169 adults were participating in the Transitional Subsidized Employment program. In the absence of an extension of the Emergency Fund, these jobs will all end on September 17, 2010.

The TSE program provides up to 12 months of subsidized employment at a \$10 per hour wage rate with non-profits, public agencies, and private entities. 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. Los Angeles is also running a separate program of summer jobs for youth, also funded with the TANF Emergency Fund. As of July 20, 3,220 youth were employed under this program.

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