



TESTIMONY OF ELIZABETH LOWER-BASCH,
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**At the Committee on Human Services Public Oversight Hearing on
Options for Human Services Programming Available through
the American Recovery and Reinvestment Act of 2009
Council of the District of Columbia
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Good morning, Chairman Wells, and members of the Committee. Thank you for the opportunity to speak today. My name is Elizabeth Lower-Basch, and I am a Senior Policy Analyst with the Center for Law and Social Policy, or CLASP. CLASP is a national organization that advocates for policies and programs that work for low-income people. I have spent a significant portion of my time since the enactment of the American Recovery and Reinvestment Act helping policymakers understand the opportunities available under the TANF Emergency Fund, and I am pleased to be here today to talk about some of the options that the District has.

As you are aware, section 2101 of the American Recovery and Reinvestment Act of 2009 (the Recovery Act) created a new TANF Emergency Fund for fiscal years 2009 and 2010, under which states, including the District of Columbia, can receive 80 percent federal funding for spending increases compared to FYs 2007 or 2008 in certain categories of TANF-related expenditures. The three categories are basic assistance, subsidized employment, and non-recurrent short-term benefits. If fully utilized, the Emergency Fund could provide the District with up to \$46 million over FYs 2009 and 2010.

To count for Emergency Fund matching (or reimbursement), spending must either be from the TANF block grant or from state spending counted towards the TANF “maintenance of effort” or MOE requirement. To be claimed as MOE, spending does not have to go to current TANF recipients, but it must benefit needy families with children. It cannot come from another federal program or be a match or condition of receipt for another federal program. However, it can come from third-parties, such as foundations, not-for-profit service providers, employers, or merchants, if these third parties can document their expenses and agree to let the District claim them. Moreover, it is not limited to programs run by the Department of Human Services.

I recognize the very painful budget cuts that the District has already made, and I realize that new spending, even when matched 4 to 1 by the federal government, may seem impossible. Therefore, I will take this time to highlight opportunities for the District using spending that is already planned, and possibilities for claiming third-party expenditures as MOE.

- **Summer Jobs for Youth.** Summer jobs for youth are clearly a form of subsidized employment, and my understanding is that the District did increase local spending on this program. Spending on teens who are members of low-income families can clearly be claimed as MOE. It should be possible to develop a methodology for estimating the share of summer jobs spending that went to such participants, and then to claim this spending for 80% reimbursement under the Emergency Fund. New York City was actively looking into this option.
- **Emergency Rental Assistance.** Short-term rental assistance (up to four months) can be claimed as short-term non-recurrent benefits. The District could also count related costs, such as assistance with moving costs or security deposits. Again, the District would have to identify the share of total costs that were for low-income families with children.
- **Existing Third-Party Spending on Food and Housing Assistance.** With the economic crisis, the demand for food and housing assistance from nonprofits has increased dramatically. Several counties in California are currently working with their local food pantries and shelters to identify increases in spending that are not from federal sources and can be claimed toward the Emergency Fund.
- **Cash Assistance.** In order to receive Emergency Funds for basic assistance, the state must experience a caseload increase in FY 2009 or 2010 compared to the base years. My understanding is that the District is not currently reaching this threshold even though more families are receiving cash benefits, because the growth has primarily been in the District's separate program, not claimed as TANF or MOE. While I recognize the concerns about the work participation rate requirements, the federal regulations do provide for penalty relief in times of recession. Therefore, it may be worth exploring the ways it may be possible to capture at least a portion of the increase in assistance spending for the Emergency Fund
- **Leveraging Philanthropic Support.** You have probably heard about New York State's Back to School Initiative, where funding donated by George Soros' Open Society Institute was used to draw down TANF Emergency Funds and to support \$200 payments to all school age children receiving TANF or Food Stamps. Other foundations, such as the Washington Area Women's Foundation – or even individual donors -- may be interested in the 4:1 leverage that is possible with the Emergency Fund.
- **Counting Employers' Contributions.** Los Angeles is planning on creating 10,000 subsidized jobs without spending any additional money, by documenting the cost to employers of supervising the participants. California is then reporting these costs as in-kind donations and claiming them as MOE. Such a program could also be targeted to low-income students in the form of work-study jobs – Kentucky has just approved a major expansion in its work-study program for TANF recipients, which will also help it meet the work participation rate requirements.

- **Discounted Gift Cards.** If a local merchant is willing to provide discounted gift cards, the value of that discount can be claimed as an in-kind donation. Such cards could be provided to a broad population, such as all children receiving Food Stamps or TANF (as was done in New York) or tailored to more specific groups, such as families in homeless or domestic violence shelters, or low-income children coming into foster care.

The bottom line is that the TANF Emergency Fund is an extremely flexible source of funding and I urge the District to take full advantage of it. The short-term nonrecurrent benefits category is particularly flexible, and can be used to support a range of benefits to help some of the most vulnerable families in DC to weather the current economic crisis. Moreover, any benefits provided will be spent quickly and provide immediate stimulus to the District's economy.

Thank you for your consideration.