



October 1, 2013

To: State TANF Administrators and Other Interested Parties

From: Elizabeth Lower-Basch

Re: Options for Continuing TANF Benefits and Services in the Absence of an Extension of Federal Funding

Congress did not enact a continuing resolution bill by midnight September 30, thereby triggering a partial government shutdown. The federal authorizing legislation for TANF also expired on September 30 and therefore no FY 2014 block grant funds are available today. ACF issued a [Dear Colleague letter](#) explaining this issue last night; this memo repeats the key points in that letter and adds some additional thoughts.

States have options that will allow them to continue to provide TANF-funded benefits and services without interruption, at least for some period of time, and should do so in order to avoid severe harm to vulnerable families and children. States may also have the ability to use TANF and related state spending to address damage that could be done to low-income families if other programs are temporarily not available as a result of the shutdown. We are available to work with states and state advocates to identify ways to minimize the harm caused by the shutdown.

Background

Although the Temporary Assistance for Needy Families (TANF) block grant is not subject to annual appropriations, because it has not been authorized past September 30, 2013, it will not be funded in the absence of legislative action. (The last full reauthorization of TANF was under the Deficit Reduction Act of 2005, which authorized the program through September 2010. Since then, the program has been operating under a series of short-term extensions. The most recent one, part of the [Continuing Appropriations Act for fiscal year 2013](#), extended TANF through the end of September 2013.)

[ACF's contingency plan for a government shutdown \(page 3\)](#) as well as the September 30th letter both confirm that quarterly payments under TANF would not be made in the absence of an extension.

State Options for Funding

States have some options, however, for continuing the operations of programs funded under TANF, even in the absence of new federal funds, at least for a short duration.

- TANF block grant funds are available for expenditure without fiscal year limitation. In the letter, ACF clearly states that the underlying statute remains in place and that that states may continue to obligate and expend any funds carried over from previous years in accordance with the existing rules. Moreover, states should remember that the 2009 Recovery Act language that [allows carry-over funds to be used for any allowable TANF benefit, service or activity](#) (rather than just assistance) was a permanent change. (Carryover funds may not be transferred to SSBG or CCDBG, however.)
- State funds that are spent for TANF-eligible purposes during a period when federal TANF funds are not available should still be claimable toward the maintenance of effort (MOE) requirements. (While Congress could theoretically exclude such expenditures from the definition of MOE, it would require an explicit choice to do so, and it is extremely unlikely.)
- Alternatively, states (or counties) could be reimbursed for their TANF-eligible expenditures when new federal funds become available. The ACF letter specifically notes that, unless Congress specifies otherwise, states would have the option whether to claim expenditures made between October 1 and the date of an extension as MOE or to request reimbursement from TANF funds.
- The September 30th ACF letter does not address the TANF Contingency Fund. FY 2014 funding for the TANF Contingency Fund was authorized and appropriated by section 9 of [P.L. 112-275, the Protect Our Kids Act of 2012](#). This provided \$612 million, of which \$2 million was reserved for the child welfare commission created by that Act. We are trying to find out the status of these funds and the staff that would be required to administer them. States that qualify for the Contingency Fund may wish to go ahead and submit their funding requests, as requests are filled on a first-come, first-served basis if there is not enough funding to meet all valid requests (as has been the case in recent years). As explained in [Program Instruction 2010-09](#), qualifying states may request a monthly amount of up to 1/12 of 20% of their annual block grant. States will later need to demonstrate through a reconciliation process that they have meet the required levels of state spending, or will have to return some or all of the funds received.

The bottom line is that we strongly urge states to continue to make assistance payments as usual at the start of October, regardless of Congressional action. Failure to do so would be highly damaging to the very poor families who receive TANF cash assistance. Starting and restarting benefits would also create a significant administrative burden for states. States should also assess all of the activities for which TANF funds are used, and prioritize those that help low-income families work and pay for basic needs.

Non-Recurrent Short-Term Benefits

Many other programs that serve low-income families will also be affected by the partial federal government shutdown. In some cases, states may wish to use TANF or state funds claimed toward TANF MOE to bridge the funding gap and ensure the seamless delivery of services.

It is worth highlighting that even if TANF funds are used to meet basic needs, the benefit will not trigger the TANF time limits, work requirements or data collection requirements as long it meets the requirements (found at 45 CFR 260.31(b)(1)) to be counted as a non-recurrent, short-term benefit, namely that the benefit:

- (1) is designed to deal with a specific crisis situation or episode of need
- (2) is not intended to meet recurrent or ongoing needs; and
- (3) will not extend beyond four months.

In this case, the specific crisis situation would be the failure of Congress to provide funding for the ongoing program. Based on [previous guidance \(Q 42\) provided by ACF](#), the fact that a family has received similar services funded from a non-TANF/non-MOE source for more than 4 months does not prevent a service from meeting this test for TANF purposes.

For More Information

CLASP recognizes that the federal government's failure to pass a budget and extend TANF poses real threats to low-income families that need help from public programs to meet their basic needs. It also poses challenges to states and localities that administer programs. We are happy to work with states or state advocates to explore the best ways to respond to this situation while minimizing harm to low-income families and the programs that serve them.

Contact:

Elizabeth Lower-Basch
Policy Coordinator
(202) 906-8013
elowerbasch@clasp.org