



2011 TANF Extension

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In late November, the House and Senate extended the Temporary Assistance for Needy Families (TANF) block grant for the duration of federal fiscal year 2011, as part of H.R. 4783, the Claims Resolution Act of 2010. President Obama recently signed it into law (P.L. 111-291). This fact sheet summarizes the changes made by it.

Funding

- The bill extends the basic **TANF block grant** of \$16.5 billion through September 30, 2011. This level has not been changed since TANF was created in 1996, and its purchasing power has been eroded by 28 percent due to inflation.
- The bill does **not** extend the **TANF Emergency Fund**, which was created by the American Recovery and Reinvestment Act of 2009, and expired on September 30, 2010. This program assisted states that increased spending on subsidized jobs, basic assistance and short-term benefits during fiscal years 2009 and 2010.
- The **TANF Contingency Fund**, which had been funded at \$2 billion in 1996, ran out of funds early in FY 2010. The Continuing Appropriations Act of 2011 (P.L. 111-242, the continuing resolution), enacted earlier in this year, had provided up to \$506 million for the Contingency Fund for FY 2011 and up to \$612 million for FY 2012. The Claims Resolution Act withdraws any unobligated FY 2011 money from the Contingency Fund and uses it to fund the Supplemental Grants. HHS had already awarded \$334 million from the Contingency Fund for the first three months of FY 2011.
- Each year since TANF was created, the **Supplemental Grants** have provided an additional increment of funding to 17 states with historically low federal grants per poor person or growing population. Full funding for these grants is \$319 million per year. The continuing resolution funded these grants through December 3, 2010; the Claims Resolution Act funds them for December 4 through June 30, 2011, but capped at the difference between \$490 million and the amount already obligated for the Contingency Fund for FY 2011. This means that Supplemental Grants will be reduced through June 30, 2011, and are not available for the final quarter of FY 2011 unless Congress acts to extend them. With no additional funding, states that receive Supplemental Grants will receive only 66 percent of the funding they have received in previous years.

Reporting Requirements

The extension includes two new reporting requirements for states, with reports due by May 31 (for March data) and August 31 (for April-June data). Congress expects to use the findings from these reports as it considers TANF reauthorization.

- **Work Participation:** States must report on whether work-eligible individuals in families receiving assistance are participating in activities aimed at achieving self-sufficiency, even if these activities do not fall into one of the categories counting toward the work participation rate, or if the individual has exceeded the limits on job search/job readiness or vocational education. For recipients with no hours of participation, HHS may require states to report on reasons for non-participation, such as whether the recipient is exempt from requirements, pending assignment, or under sanction status. States must post a summary of this information on a website, along with an analysis of how this affects measures of total engagement, and a description of the most common non-federally countable activities in which recipients are engaged. The Department of Health and Human Services (HHS) must submit two reports to Congress summarizing the state reports and making recommendations for legislative or administrative changes
- **Spending:** States must also report in more detail on how TANF and maintenance of effort (MOE) funds now reported as "other" and "authorized under prior law" are being used. HHS may add additional requirements to this report that it deems appropriate. In 2009, these two categories accounted for 18 percent of total TANF and MOE spending nationally, but some states reported much higher shares of spending in these categories.
- **Penalty:** A state that fails to submit these reports by the applicable deadlines is subject to a penalty of up to four percent of the block grant, although the penalty can be rescinded if the report is filed by an extension deadline and penalty reduction may be available based on the degree of non-compliance or with limited reasonable cause circumstances.

Healthy Marriage and Responsible Fatherhood Grants

The Deficit Reduction Act of 2005 created Healthy Marriage and Responsible Fatherhood Grants under TANF, funded at \$100 million and \$50 million a year respectively. The Claims Reduction Act adjusts the funding for these grants to an even split and makes some other small changes;

- **Funding:** A total of \$150 million is appropriated for FY 2011, split \$75 million for Healthy Marriage grants and \$75 million for Responsible Fatherhood grants.
- **Activities:** Under the Healthy Marriage grants, marriage education, marriage skills, and relationship skills are allowable activities for any participants, not just unmarried pregnant women and expectant fathers.
- **Grants:** In making FY 2011 grants, HHS must give preference to entities that were awarded funds under these programs for any prior fiscal year and that have demonstrated the ability to successfully carry out the programs. Entities applying under both programs can submit a combined application, but cannot transfer funds between the two activities.