



# Job Creation

Updated November 19, 2010

## Extending the TANF Emergency Fund Creates Jobs Now

Elizabeth Lower-Basch

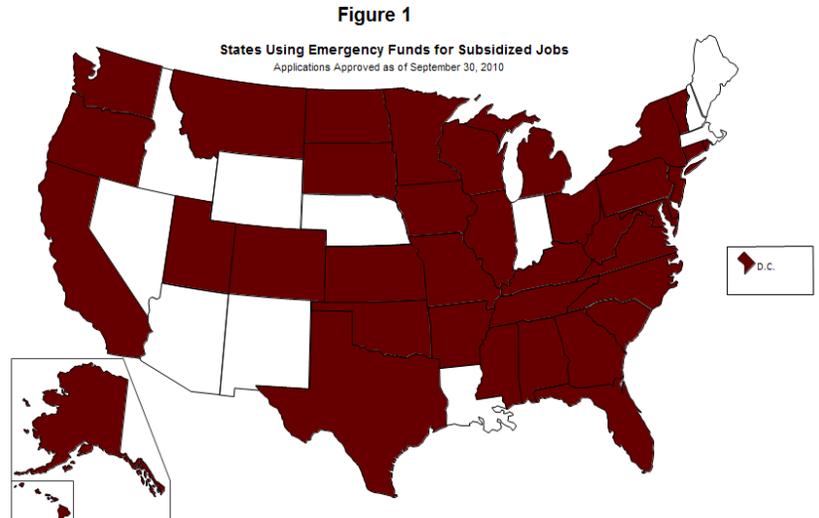
The American Recovery and Reinvestment Act of 2009 (ARRA) created a new Emergency Fund under the Temporary Assistance for Needy Families (TANF) block grant, which provides 80 percent reimbursement for increases in TANF-related expenditures in three specified areas, including subsidized employment. States 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. States used Emergency Funds to create jobs for **over 250,000** low-income parents and youth.\*

The TANF Emergency Fund expired on **September 30, 2010**. Given tremendous pressures on state and local budgets, subsidized jobs programs are unlikely to be continued for long 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.

**Congress must act immediately to guarantee that the Emergency Fund will continue to be available for another year.**

Some states have ended their programs already. Others have kept theirs going, but unless Congress acts during the “lame duck” session, more states will be shutting down programs and tens of thousands of workers will be once again unemployed.

**Emergency Fund supported subsidized jobs in 39 states, DC, PR and VI.**



As of September 30, 2010, HHS reported that 39 states plus the District of Columbia, Puerto Rico and the Virgin Islands had Emergency Fund applications approved that included subsidized employment, for a total of \$1.318 billion.\* Most of the costs claimed were for wages, making this a highly efficient form of job creation. While this only represents about one fourth of the total spending on the TANF Emergency Fund, the vast majority of the spending during the final quarters of the program was on subsidized jobs.

Use of the TANF Emergency Fund got off to a slow start but picked 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 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.

Congress provided \$5 billion for the Emergency Fund in the ARRA, and states and tribes received the full amount. Each state was limited to receiving 50 percent of its annual block grant over federal fiscal years 2009 and 2010. Seventeen states and DC drew down their entire allocations. An extension must therefore both provide increased money for the Emergency Fund and provide states with additional allotments.

Subsidized jobs programs have won widespread support from Governors and Mayors of both political parties. They have helped reduce welfare rolls, allowed low-income workers to support their families, and enabled small businesses to expand during a time of great economic uncertainty. It would be deeply disappointing if Congress does not extend this program.

\* Data available from HHS at:

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

♦ See: <http://www.cbpp.org/cms/index.cfm?fa=view&id=3274>

### Subsidized Jobs in Los Angeles

Los Angeles, CA widely publicized the goal of creating 10,000 new jobs through a range of initiatives. They more than achieved this goal: a total of 10,458 adults were placed in jobs through the Transitional Subsidized Employment program. This program came to an end on September 30<sup>th</sup>, 2010 with the expiration of the TANF Emergency Fund, and over 6,000 workers became once again unemployed.

The TSE program provided 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 paid the full cost of wages; employers' costs of supervising and training participants were treated as in-kind donations to the state and were counted as the 20 percent non-federal match. Typical subsidized jobs were clerical, administrative and maintenance positions.

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

TANF recipients made up the vast majority of program participants, with some low-income non-custodial parents also participating. Los Angeles also ran a separate program of summer jobs for youth, funded with the TANF Emergency Fund. A total of 18,131 youth were placed in summer jobs under this program.

---

More information available at: [www.clasp.org/TANFEmergencyFund](http://www.clasp.org/TANFEmergencyFund)  
or contact Elizabeth Lower-Basch, 202 906-8013 or [elowerbasch@clasp.org](mailto:elowerbasch@clasp.org).