TANF Emergency Fund Is Creating Jobs, Helping Families in Crisis—and Expiring

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The American Recovery and Reinvestment Act (ARRA) made available up to $5 billion in new funding during FY 2009 and 2010 for a new Temporary Assistance to Needy Families (TANF) Emergency Contingency Fund to help states, tribes, and territories meet growing needs during the recession. The Emergency Fund is set to expire on September 30, 2010.

- **The TANF Emergency Fund is a critical lifeline for low-income families, local economies, and state governments.**
  - During the recession, states have simultaneously faced extreme budget crises and a greatly increased need for state-sponsored safety net services.
  - Under ARRA, states can receive federal reimbursement for 80% of certain new or expanded TANF-related expenditures in FY 2009 and 2010, which enables states to continue providing vital services that would otherwise have been cut.
  - States can use the Emergency Fund for three categories of support: (1) basic assistance, (2) non-recurrent short-term benefits, and (3) subsidized employment.
  - The Emergency Fund is a cost-effective way to create jobs: the administrative costs are low, and families receiving assistance tend to spend the money quickly, which boosts local economies and contributes to further job growth.
- **States, tribes, and territories are using the new funding effectively to create jobs and provide emergency assistance.**
  - 28 states, 7 tribes, and the District of Columbia have been awarded a total of $387 million for subsidized employment, which can be used for wage subsidies, administrative costs, and employer supervision and training. These funds will be used to create more than 180,000 jobs by September.
  - 37 states, 8 tribes, the District of Columbia, and the Virgin Islands have been awarded a total of $1.05 billion to provide basic assistance, which includes standard cash assistance, bonus payments for job retention, earnings supplements, and short-term increases in cash assistance grants.
  - 28 states, 6 tribes, and the District of Columbia have been awarded a total of $1.01 billion to provide short-term benefits, which address specific crisis situations. Short-term benefits include welfare avoidance programs; refundable state tax credits; employment or training bonuses; domestic violence prevention;

emergency housing and utilities assistance; child safety programs; and payments for education or work costs, such as tuition, transportation, and child care.

- **Despite continuing need, states have already begun cutting services in anticipation of the Fund's expiration.**
    - In September, unemployment is projected to still be in the double digits, and many people may have exhausted their eligibility for unemployment benefits. More than ever, families will be at risk for poverty and homelessness.
    - Many states will scale back services before September 30, in anticipation of the loss of federal funding. Because states are making decisions now about their budgets for the next fiscal year, some have already started making cuts.
    - Few states plan to continue their subsidized jobs programs after the expiration of the Emergency Fund. As a result, most of the newly created jobs will be lost, resulting in a major setback for the nation's economic recovery.

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