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The Clock Is Ticking: Will Georgia Maximize Federal Stimulus Funds to Help Poor Families?

Provisions in the ARRA are intended to help poor families during this historic recession, yet the state plan calls for using *less* than two percent of the available TANF Emergency Fund.

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Summary

One in five children lives in poverty in Georgia (\$18,310 or less for a family of three). As the recession hits low-paid workers the hardest, more are falling into poverty. In order to help the plight of the country's neediest, some federal stimulus funds are available to each state to use until September 30, 2010. Georgia has \$165.4 million of these stimulus funds, called the ARRA TANF Emergency Fund. However, Georgia has proposed using only \$2.6 million and has less than a year to plan for and use the rest.

This brief looks at possible uses for the ARRA TANF Emergency Fund and recommends that the state government take advantage of the funds, not only for needy families, but also to inject funds into struggling local economies. The clock is ticking for Georgia to maximize its use of these stimulus funds.

TANF Emergency Fund for Poor Families

The Temporary Assistance for Needy Families (TANF) provisions in the American Recovery and Reinvestment Act of 2009 (ARRA) provide money to states to help very poor families. States access the stimulus money through a new TANF Emergency Fund that is available through September 30, 2010¹. Many states have already started drawing down the TANF Emergency Fund to:

- Help pay for their increasing TANF caseloads.
- Expand non-recurrent, short-term benefits, such as emergency help for families facing eviction or utility shut-offs, or one-time cash payments to help families afford back-to-school clothing.
- Expand — or even start for the first time — subsidized employment programs².

The TANF Emergency Fund works by reimbursing states for 80 percent of *increased* TANF or “maintenance-of-effort” (MOE) expenditures for basic assistance, short-term non-recurrent benefits, and subsidized employment. States must cover the remaining 20 percent with any federal TANF money or any MOE spending, including local government and third-party spending (e.g. a private foundation).

Georgia Should Use the TANF Emergency Fund to Help Struggling Families Now

Georgia can draw down a maximum of \$165.4 million in federal dollars from the TANF Emergency Fund. Therefore, for one dollar of private or state investment, Georgia can draw down four dollars in federal funds. Utilizing the entire amount means Georgia would match it with \$41.3 million in federal TANF, state, or private funds.

However, as of late August, Georgia Department of Human Services’ (DHS) plan for using the stimulus funds only includes a temporary subsidized employment program for TANF applicants, TANF recipients, and Georgia Fatherhood Program participants. This program proposes to expend \$2.6 million from the TANF Emergency Fund and with the state covering \$600,000.³ This leaves \$162.8 million that could help Georgia’s families, and less than one year to plan for and use the funds.

According to the September 16, 2009 Department of Human Services (DHS) board minutes, a “work team [was] called to develop additional ideas for [TANF Emergency Fund] spending.” DHS has not shared these additional ideas publicly.

Two Immediate Needs and Avenues for Using the TANF Emergency Fund in Georgia

There are two areas in which Georgia can be reimbursed readily for money from the TANF Emergency Fund: subsidized employment and short-term, non-recurrent benefits. Georgia can expand existing programs or implement new strategies based on the experience of other states.

I. Subsidized Employment

Georgia could expand existing subsidized summer youth employment programs temporarily or start a new temporary initiative similar to Mississippi’s STEPS (Subsidized Transitional Employment Program and Services).

Summer Youth Employment

- **TeenWork** – Georgia could use the TANF Emergency Fund to expand TeenWork, an existing TANF-funded DHS program. TeenWork provides summer job opportunities statewide for youth ages 16-21 in foster care, with developmental disabilities, or those in the program Grandparents Raising Grandchildren. The six-week program operates from June through July; teens work between 30-40 hours each week at state agencies or private businesses.

The program’s mission is to provide every teen older than 16 the opportunity to experience summer employment and to help Georgia develop a more qualified and skilled workforce⁴.

The program employs an average of 650-700 youth each summer, well below the demand for the program. For example, during the summer of 2009, 1,374 youth applied and the program received 1,060 pledged jobs, yet it employed only 709 young people. The difference mainly is due to budget constraints⁵.

For summer 2010, Georgia could use the TANF Emergency Fund to expand TeenWork. It could:

- Serve more youth – For example, the funds could cover additional youth ages 16-18 and who are part of families with household income less than 200 percent of the Federal Poverty Level; private or state employers who participate could be asked to provide the 20 percent match.
- Extend program duration – Keep eligibility the same but expand the program from 6 weeks to 10 weeks for teens 16-18 years old; private or state employers who participate could be asked to provide the 20 percent match.
- Workforce Investment Act Youth ARRA Program – Georgia could use the TANF Emergency Fund to temporarily expand the existing Georgia Department of Labor (DOL) summer youth employment program that is funded by ARRA Workforce Investment Act (WIA) Youth Funds.

The Georgia DOL received \$31.4 million ARRA WIA Youth Funds and allocated \$26.7 million to the 20 local Workforce Investment Boards (WIBs) across the state to implement the Summer Training and Employment Program – Unlimited Potential (STEP-UP), a summer youth employment program for low-income youth ages 14 to 24⁶.

The local WIBs, which are made up of a private sector (business) majority, various human services agency representatives, parents, and other workforce-related customers and interested parties, have the flexibility to implement the program to meet the needs of their area. For example, the duration of the program and wages paid to youth vary.

Prior to receiving ARRA WIA Youth Funds, Georgia local WIBs served about 7,000 youth and spent approximately \$6.2 million in their summer employment program⁷ during six summers (2003-2008). It served an average of approximately 1,200 youth per summer.

Using ARRA WIA Youth Funds, Georgia DOL ramped up its summer program significantly during 2009. Georgia local WIBs served 10,900 youth and spent approximately \$18.9 million ARRA WIA Youth Funds. Yet the demand still far exceeded the supply: local WIBs across the state received 30,332 applications⁸. For the summer 2009, the WIBs served only approximately one in three interested youth.

Eight local WIBs have spent at least 80 percent of their ARRA WIA allocation. The other local WIBs will spend their remaining ARRA WIA Youth Funds on work experience activities for older, out-of-school youth through March 31, 2010 and on a 2010 summer youth employment program⁹.

For summer 2010, DHS could partner (or subcontract) with the Georgia DOL to use TANF Emergency Funds to expand the WIA program to serve a larger number of youth than it did in 2009 (Commissioner Thurmond is likely to provide DOL funds for summer employment opportunities for youth, as were provided from 2003-2008¹⁰). As an option, the remaining 20 percent required for the match for this added group could be provided by employers.

Several details would have to be reconciled in order for Georgia to expand this program, but these could be solved easily:

- Money from the ARRA WIA Youth Fund can serve youth 14-24 but the TANF Emergency Fund is limited to children age 18 or younger.
 - Money from the TANF Emergency Fund used within the program must be tracked separately.
 - Georgia DOL and DHS would need to determine the base period (summer 2009) from which to track the increased reimbursed TANF Emergency Fund expenditures.
- *Mississippi's STEPS Model* – Georgia could team up with private and public employers to launch a new subsidized employment program for low-income families such as Mississippi is doing with its Subsidized Transitional Employment Program and Services.

STEPS is a new joint venture between the Mississippi Department of Human Services (DHS) and the Mississippi Department of Employment Security (the equivalent of the Georgia DOL) that subsidizes the wages of new employees hired by any public hospital, private nonprofit, or for-profit entity in the state for six months. The temporary program runs from October 2009 through September 2010 and is designed to place workers in jobs that will result in full-time employment and increase participant work skills.

The program covers an employee's salary at 100 percent at the beginning of the six-month period, and the subsidy decreases in "steps" for the next six months. Eligible employees must have at least one child under the age of 18 and earn less than 250 percent of the federal poverty line.¹¹

The total cost of the STEPS program is \$52 million, paid through:

- \$43 million from federal TANF Emergency Fund.
- \$3 million in federal TANF funds from Mississippi DHS.
- \$6 million from participating employer payments as the subsidized program is stepped down from 100 percent to 25 percent for a six-month period¹².

2. Short-Term, Non-Recurrent Benefits

Another prime opportunity is to provide a one-time payment to all families on TANF or to a broader group such as families receiving food stamps or children on Medicaid.¹³ This is akin to a mini-stimulus benefit to support needy families and to inject funding into their local economies.

The state could target this benefit to a seasonal event such as help for winter heating, summer cooling costs, or the holiday season.

For example, Texas is using the TANF Emergency Fund temporarily to increase the back-to-school allowance that it provides for TANF recipients for 2009 and 2010. The one-year allowance will increase to \$105 per child from \$30 per child. The state expects this increase to cost a total of \$14.7 million for the two years.

Since third-party payments can count towards MOE, states may partner with nonprofits or private philanthropy to provide the 20 percent "match" and then pass through the TANF Emergency Fund to the community institution. For example, New York state spent \$175 million to help poor families buy back-to-school supplies and clothes. A private foundation picked up the 20 percent "match".¹⁴

Here are two examples for how Georgia can use the remaining TANF Emergency Fund for short-term, non-recurrent benefits to provide needed help to struggling families:

- a. Provide a one-time cash payment (e.g., \$100 per child) for winter clothing, school supplies, or another targeted purpose. Eligible groups could include:
 - Children receiving TANF cash assistance, child recipients, and children of adult recipients.
 - Children receiving food stamps and whom are not TANF cash-assistance recipients.

DHS could determine the cash payment amount, the purpose of the payment, and the eligibility requirements. DHS has the data then to calculate the total cost of the initiative and the amount it needs for 20 percent match. DHS and its partners could work with private foundations and philanthropists to raise the 20 percent match from private funds.

- b. Re-launch Georgia's Wheels to Work program by providing payments to low-income individuals for a down payment on a zero-interest car loan. For example, TANF Emergency Funds could be used for a one-time payment of \$1,000 to serve as a down payment to purchase a car from Resource Conservation and Development programs (RC&D) that still operate Wheels to Work. Eligible participants could include:
 - Current and former TANF cash-assistance recipients
 - Low-income families with household income of less than 200 percent of federal poverty level (\$36,620 for a family of 3)

DHS could work with existing RC&D Wheels to Work Programs to determine how much of the 20 percent match they could provide, which would drive the total cost of the program and the potential number served.

These two examples might be easier for the state to make than other expenditures because they are non-recurring and temporary; therefore, they do not face the prospect of terminating when the TANF Emergency Fund expires.

Recommendations

Like all Americans, Georgians expect the state to use its stimulus funds, and to be transparent and accountable while doing so. Yet, nearly all of the available TANF Emergency Fund is untapped; moreover, Georgia only has through September 30, 2010 to use it. The Georgia Budget & Policy Institute recommends that Georgia:

- Develop a state plan to maximize the \$162.8 million remaining in the TANF Emergency Fund.
- Publish the names and qualifications of the DHS work team.
- Open the process of developing Georgia's plan to the public.
- Schedule public comment forums if the process is not opened.
- Finalize the plan and use the funds quickly to ensure they are used by the deadline.

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¹⁴The TANF Emergency Fund should not be confused with the TANF Contingency Fund in section 403(b) of the Social Security Act that currently provides money to qualifying States (but not Territories or Tribes) during an economic downturn," *U.S. Department of Health and Human Services Temporary Assistance for Needy Families Program Instruction*, April 3, 2009, TANF-ACF-PA-2009-01 Also, TANF Emergency Fund monies cannot be transferred to the Social Services Block Grant or Child Care and Development Block Grant.

² Liz Schott, "Opportunities under the TANF Emergency Fund Created by the Federal Recovery Act," Center on Budget and Policy Priorities, July 29, 2009, <http://www.cbpp.org/cms/index.cfm?fa=view&id=2878>.

³ Meeting with DHS TANF unit on October 2, 2009 and DHS, "American Recovery and Reinvestment Act 2009 (ARRA) Georgia Department of Human Services Initiatives," August 31, 2009. Available at

http://www.stimulusaccountability.ga.gov/00/channel_title/0.2094.134245182_144555526.00.html, viewed on October 28, 2009.

⁴Georgia TeenWork., <http://www.georgiateenwork.org/overview.html>, viewed on October 22, 2009.

⁵ Phone conversation with Georgia Independent Living Program Coordinator on October 30, 2009.

⁶ U.S. GAO, "RECOVERY ACT Funds Continue to Provide Fiscal Relief to States and Localities, While Accountability and Reporting Challenges Need to be Fully Addressed (Georgia)," GA-09-1017SP, September 2009. Available at <http://www.gao.gov/recovery/pdfs/2009-september/gao-recovery-sept-2009-ga-appendix.pdf>, viewed October 28, 2009.

⁷E-mail from Georgia Department of Labor on October 28, 2009.

⁸ E-mail from Georgia Department of Labor on October 28, 2009.

⁹ E-mail from Georgia Department of Labor on October 28, 2009.

¹⁰ E-mail from Georgia Department of Labor on October 28, 2009.

¹¹ "Governor Barbour Announces the Mississippi STEPS Program," Available at <http://www.governorbarbour.com/news/2009/sep/15.9.09mississippisteps.html>, viewed on October 22, 2009. Maximum reimbursement for 1040 hours (100% months 1-2, 75% month 3, 50% month 4 and 5, and 25% match 6).

¹² E-mail from Mississippi Department of Economic Security on October 19, 2009.

¹³ There is no caseload increase requirement for non-recurrent, short-term benefits, Liz Schott, "Opportunities under the TANF Emergency Fund Created by the Federal Recovery Act," Center on Budget and Policy Priorities, July 29, 2009, <http://www.cbpp.org/cms/index.cfm?fa=view&id=2878>

¹⁴ For more details, see Center for Law and Social Policy, "OSI Grant Demonstrates How Collaboration Can Help States Draw Federal TANF Funds," available online at http://www.clasp.org/issues?type=temporary_assistance.