



# Leveraging Federal Funds to Help Working Families

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# Leveraging Federal Funds

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- TANF Emergency Fund
- What do you want to do and how can you use the TANF Emergency fund to help you do it?
- Short-term benefits
- Subsidized employment
- Challenges
  - Limited state funds – strategies for accessing TANF emergency funds with no new state money
  - Limited time
- TANF Reauthorization



# TANF Reauthorization

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- September 2010
- 1<sup>st</sup> Round – 2002 – 2006
- Obama administration proposals in budget
- Little prospect for reauthorization in 2010
  - Health care reform
  - Congressional calendar
  - 2010 elections



# Issues in reauthorization

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- Money – Block grant
  - TANF
  - Child care
- State accountability
  - Work participation rates
    - Two-parent work rate
  - Developing new accountability measures
- Education and training



# TANF Emergency Fund

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- Federal reimbursement of 80% of **increases** in three specific categories of spending
  - Basic assistance
    - If increase in cash assistance caseload
  - Non-recurrent, short-term benefits
  - Subsidized employment
- Federal and state TANF spending



# TANF Emergency Fund

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- Reimbursement or match for increases
- Comes as additional TANF funds
  - Estimating one quarter ahead
  - Using TANF emergency dollars to fund increase in spending
- Up to \$5 billion nationwide for both FFY2009 & 2010
- Limited to 50% of state's block grant over both FFY2009 & FFY2010 (including TANF Contingency Fund)



# Comparable expenses

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- Increases in services and benefits provided to low-income families
  - Category by category, not program by program
- Flexibility within ARRA for HHS to make adjustments in state data
  - Claiming spending as short-term benefits
  - Calculating the baseline (FFY2007 or FFY2008)
    - Categories – basic assistance, short-term benefits, and subsidized employment
    - Similar benefits and services
    - Reasonable estimates
    - Apples to apples



# Basic Assistance

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- Only if cash assistance caseload has increased
- Comparing spending to corresponding base year quarter
  - Lower of FFY2007 and FFY2008
  - 80% reimbursement of increase from base year
  - Includes all basic assistance spending including that due to caseload increase, increased eligibility, benefit levels or earnings disregards and post-TANF employment assistance programs



# Subsidized Work

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- Subsidized jobs for TANF recipients, other low-income parents, non-custodial parents
- Jobs in public agencies, non-profit organizations, for-profit employers
- Summer jobs programs
- New Federal rules
  - 25% for supervision and training
  - Self-funding



# Subsidized jobs

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- Challenges
  - States without existing programs
  - Costs of subsidies and administration
  - Challenges to establish subsidized work programs
  - Limited time – what happens when TANF Emergency Funds run out
    - 9/30/10



# Non-recurrent, short-term benefits

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- Payments directly to a family OR paid to others on behalf of the family (vouchers)
- Benefits
  - designed to deal with a specific crisis situation or episode of need,
  - not intended to meet recurrent or ongoing needs, and
  - not extended beyond four months
- Increases in spending



# Using short-term benefits

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- States can define the range of benefits/serves they provide that they provide
- Meeting families' needs
- New approach for many states
  - Welfare offices, unemployment offices
- TANF-eligible families
- New families – unemployment
  
- Federal approval – no denials



# Existing uses of non-recurrent, short-term benefits

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- "Diversion" payments
  - Payment (usually in return for giving up access to cash assistance for a time – except in emergency)
  - Maryland - welfare avoidance grants
- Exit bonus/severance payments
- Tax credits - EITC



# Existing uses

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- Housing
  - Mortgage arrearages
  - Eviction relief – back rent
  - Utility arrearages
  - Up-front housing costs – security deposits, first and last months rent
- Relocation/moving expenses



# Existing uses

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- Transportation
  - Car repair
  - Licensing and registration
  - Payment of fines
  - Car purchase
  - Insurance



# Existing uses

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- Work expenses
  - Professional licenses and fees
  - Union dues
  - Tools & equipment
  - Work clothes
  - Child care



# Existing uses

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- Education and Training
  - Books and supplies
  - Education (ABE, HS, GED & ESL)
  - Scholarships - tuition and fees (Oregon)
  - On-the-job training
- Services to non-custodial parents



# Existing uses

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- One-time family expenses
  - Back-to-school (New York)
  - Winter heating
  - Kinship or adoption expenses (Texas)
  - Emergency assistance
- Child support arrearages



# Existing uses

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- Domestic violence services
- Child abuse & neglect
  - In-home supports --Family builders, intensive crisis counseling, respite child care, home visiting)
  - Out-of-home supports, temporary housing and other services



# Funding strategies

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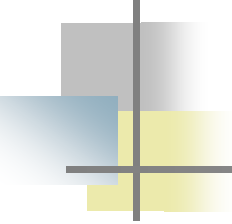
- Recovering increased expenses
  - State spending – EICs (Rhode Island)
  - Community organizations
    - Food banks
    - United way
- Leveraging new money
  - Using recaptured funds to draw down additional TANF Emergency fund



# Recapture & leverage

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- Rhode Island – EITC
  - \$1.5 million in increased EITC spending compared to FFY2007
  - Can draw down \$1.2 million in TANF Emergency Fund
  - Can use that \$1.2 million on short-term benefit or subsidized employment spending to draw down additional \$4.8 million



# Food bank and community organization spending

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- Increases in food bank spending going to TANF-eligible families for four months or less (compared to lower of FFY2007 & FFY2008)
  - Estimating value of food going to TANF-eligible families for 4 months or less
  - Letter of agreement to count spending as state MOE
  - Claiming reimbursement for 80% of the increase from baseline
  - Sharing funds between state and food banks
  - Using state share to draw down additional TANF Emergency Funds



# Third-party spending

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- Foundation partners
- Leveraging foundation and community organization spending
  - Increases or new programs
- Business partners
  - Gift cards
  - Car purchases



# Current Status

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- 35 states have approved applications
  - \$1.071 billion
- 28 states – basic assistance
  - \$692 million
- 16 states – short-term benefits
  - \$284 million
- 19 states - subsidized employment
  - \$95 million



# Opportunity

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- Families in need – unemployment, food stamp rolls
  - Variety of needs
- TANF emergency fund – \$5 billion
  - basic assistance
- State creativity to use funds to help families in need in a wide variety of ways
- NCSL help