

TANF Emergency Contingency Fund

Up to \$5 billion is available to states under the American Recovery and Reinvestment Act of 2009 for the Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund. The total amount that a state can receive in contingency funds over the course of 2009 and 2010 is capped at 50 percent of one year's annual TANF allocation. The TANF Emergency Contingency Fund can be used to reimburse states for up to 80 percent of increased spending for providing:¹

- non-recurrent, short-term payments (e.g. four months of rental assistance for homeless families, security deposit and first month's rent, utility assistance);
- basic assistance (cash grants to low-income families); and
- subsidized employment.

The Department of Health and Human Services will need to issue guidance that will provide clarification about exactly what types of expenditures will be covered in these categories and what the procedures are for states to claim reimbursement for these increased costs.

Many of the families experiencing homelessness can benefit from these TANF programs. Advocacy will be needed to ensure that the TANF Emergency Contingency resources are maximized to benefit families experiencing or at-risk of homelessness within their state. Advocates should identify the key decision-makers at both the state and local level, including the state and local TANF director and elected officials. Educating key stakeholders about the prevalence and needs of families experiencing homelessness in the state may be necessary, including how collaboration between homeless service providers and TANF agencies can better serve vulnerable families.

Non-Recurrent, Short-Term Benefits

The TANF Emergency Contingency Fund can be used to reimburse states for up to 80 percent of increased expenditures in the provision of non-recurrent, short term benefits. According to the U.S. Department of Health and Human Services, non-recurrent, short-term benefits:

- 1) are designed to deal with a specific crisis situation or episode of need;
- 2) are not intended to meet recurrent or ongoing needs; and
- 3) will not extend beyond four months.

Non-recurrent, short-term benefits must meet all three criteria. Short-term benefits are designed to address crisis needs that can be resolved within the four month period. As an example, short-term benefits can be used to help resolve back rental payments to prevent a homeless episode or for security deposit and four months of rent to families who can be expected to meet rental obligations moving forward. The provision of short-term benefits should not prevent or delay a family from receiving TANF cash assistance.²

States and local jurisdictions have long used short-term, non-recurrent benefits under the TANF program to address families' housing crises. The resources have been used to pay for back utility bills, back rent, security deposit and first month's rent, emergency shelter, motel vouchers, and the provision of short-term rental assistance (up to four months). Moreover, states can provide non-

¹ This 50 percent cap applies to the total of the new Emergency Contingency Funds and the pre-existing contingency fund that about a dozen states have qualified for. States already receiving funding from the prior contingency fund can receive substantial additional funds under the new emergency fund.

² U.S. Department of Health & Human Services Office of Family Administration. 2008. *Temporary Assistance to Needy Families Program Instruction, No. TANF-ACF-PI-2008-05 (Amended), May 22, 2008*, <http://jfs.ohio.gov/ofam/source/OfamLetter74.Att.pdf> (accessed March 3, 2009).

recurrent short term benefits either to families that are not otherwise receiving cash welfare, or as extra help for a crisis or specific episode of need to families that also receive ongoing TANF cash assistance.

State and local TANF agencies should be encouraged to take full advantage of these resources to meet the needs of vulnerable families. For states that have seen large increases in demand for shelter that is paid for with TANF resources, the TANF Emergency Contingency Fund can provide greatly needed fiscal relief. However, state and local jurisdictions should be strongly encouraged to use the resources that help stabilize families in their own housing in the community through homelessness prevention and rapid re-housing initiatives, as opposed to greatly expanding temporary motel or shelter arrangements.

In many instances, the state and local agency rules regarding eligibility and caps on financial assistance may need to be revisited to serve families at greatest risk of becoming or remaining homeless. For example, some jurisdictions prevent families from receiving short-term benefits if they are not the primary leaseholder, even though doubled-up families are more likely to enter shelter. State and local policies may prohibit families from receiving short-term benefits more than once in a lifetime or may place financial caps on eviction prevention, security deposit, and first month's rental assistance that inadequately reflect the cost of housing in their community.

In some cases, short-term benefits have been used as diversionary assistance. The family experiencing a housing crisis might receive assistance for two or three months' worth of rent, as well as case management, but there is an expectation that the family will not receive TANF cash assistance. In many cases, families will not need cash assistance and will instead rely on employment to meet their ongoing needs. In other cases, families who are facing a housing crisis will have ongoing income and work support needs that can be addressed through enrolling in the TANF program, and they should not be discouraged from receiving that assistance. It is important, however, that the short-term benefits are not used to substitute for enrollment in the TANF program for families that will need help with ongoing needs.

Coordination with other Prevention/Re-housing Initiatives

Local jurisdictions and states will also receive Homelessness Prevention and Rapid Re-Housing Program (HPRP) resources that can be used for homelessness prevention, shelter diversion, and re-housing families and individuals experiencing homelessness. The HPRP can be used by local jurisdictions to provide short- and medium-term rental assistance, outreach to landlords, housing search, landlord-tenant mediation, outreach to at-risk families, and case management services to help ensure families stabilize in their housing and are linked with appropriate supports.

TANF agencies can be encouraged to coordinate with organizations implementing the HPRP initiatives. Coordination would allow both resources to be used to maximize impact and efficiency. TANF agencies can extend the impact of their efforts by referring families who require more than four months of rental assistance to programs implementing prevention and re-housing programs. Families who are receiving short-term rental assistance can also be referred to HPRP prevention and re-housing programs for housing search assistance, landlord mediation, or case management services. In turn, families identified by the HPRP prevention and re-housing programs that will require only minimal rental assistance to sustain or access new housing may be referred to the TANF agency for short-term benefits.

In some cases, particularly in small towns or rural areas with fewer community-based organizations, TANF agencies may be the best choice for implementing HPRP prevention and re-housing programs in their community.

Basic Assistance

The TANF block grant is also used by states in part to provide cash assistance to low-income families. Benefit levels vary widely across the states.³ In most instances, benefit levels are well below the cost of rental units in the community. For many families, however, cash assistance comprises the bulk of household income and can be the difference between homelessness and greater housing stability.

The number of families receiving cash welfare through TANF has declined by over 60 percent nationally since TANF was enacted.⁴ Even before the recession, an analysis by the Center on Budget and Policy Priorities found that fewer than half of low-income families who are income-eligible for TANF cash assistance were receiving that assistance.⁵ The families who are not receiving TANF assistance include those who have been sanctioned off because they have not complied with program requirements or have reached their state's time limit. Recent policy shifts may have made it harder for families to apply for or remain eligible for assistance. Because every state is obligated to engage half of the families on TANF assistance in approved work activities or face financial sanctions, there is a great deal of pressure on states to push families into work activities or impose sanctions when they fail to do so. A report issued by the National Governors' Association indicates that many states have adopted policies in recent years that make it more difficult for families to access assistance.⁶

In this recession, increases in requests for food stamps and unemployment compensation have been seen. In some communities, there have been sharp increases in the number of families requesting emergency shelter. Yet, while unemployment rates are rising, welfare caseloads have not expanded.⁷ This has led some analysts to suggest that the TANF program is not working as it should in a recession. The TANF Emergency Contingency Fund will allow states to reach families who are in dire need of cash assistance while minimizing the financial toll on the state, as states will only pay 20 cents on the dollar for new assistance provided.

States should be encouraged to actively identify, outreach, and enroll families eligible for TANF cash assistance and work supports. States can examine their food stamps caseload or families whose unemployment compensation is set to expire in order to identify families who may be eligible for TANF assistance. Certainly, all families who are seeking or receiving support from local homeless programs should receive TANF assistance.

Homeless advocates and policymakers should encourage coordination between local TANF agencies and homeless service programs to facilitate the speedy enrollment of families experiencing homelessness for TANF cash assistance. For families who are receiving rapid re-housing services, expediting benefits can reduce the time before families return to stable housing in the community. Expedited benefits may also prevent some homeless episodes.

Some families experiencing or at risk of homelessness may report that they are ineligible for TANF because of sanctions or time limits. State and local homeless advocates and policymakers can promote outreach and enrollment strategies that address these concerns which may include enhancing sanction reconciliation efforts. States can also exempt up to 20 percent of their caseload from the federal five-year time limit on cash assistance, and states are not required (by federal law)

³ Benefit levels for a family of three (single parent with two children) range from \$170 per month in Arkansas to \$923 in Alaska. For more information, see: Schott, Liz and Levinson, Zachary. 2008. *TANF Benefits are Low and Have Not Kept Pace With Inflation*. Washington, DC: Center on Budget and Policy Priorities, <http://www.cbpp.org/11-24-08tanf.pdf> (accessed March 3, 2009).

⁴ Administration of Children and Families' Office of Family Assistance. Caseload Data for 2008.

http://www.acf.hhs.gov/programs/ofa/data-reports/caseload/2008/2008_tanf_families.htm, (accessed March 9, 2009).

⁵ Fremsted, Shawn. 2003. *Falling Caseloads Amidst Rising Poverty Should be Cause for Concern*. Washington, DC: Center on Budget and Policy Priorities, <http://www.cbpp.org/9-4-03tanf.pdf> (accessed March 3, 2009).

⁶ National Governor's Association Center for Best Practices. 2008. *Entering the Next Phase of Welfare Reform: State Responses to Changes in Federal TANF Law and Regulations*. Washington, DC: NGA Center for Best Practices, <http://www.nga.org/Files/pdf/0807WELFAREREFORMRES.PDF> (accessed March 3, 2009).

⁷ Jason DeParle. 2009. Welfare Aid Isn't Growing as Economy Drops Off. *New York Times*, February 1, Front Page.

to impose a time limit on families receiving state TANF funds. States should consider applying this 'hardship exemption' to families who are experiencing homelessness.

Studies of long-term TANF cash recipients and families who have been sanctioned off of TANF assistance find a disproportionate representation of those with severe barriers to employment – including family members with disabilities. Families experiencing homelessness who have been sanctioned or have reached their time limit should receive an in-depth assessment of barriers. The TANF agency should collaborate with homeless service providers to develop a services plan for families that will help a family with greater challenges stabilize, remain compliant with program requirements, and transition into the workforce.

Ensuring that TANF remains responsive to families who are experiencing or are at greatest risk of becoming homeless will require ongoing vigilance and monitoring of homeless service providers and advocates.

Subsidized Employment

States will also be reimbursed for 80 percent of new expenditures to provide subsidized employment to parents. TANF agencies are required to engage 50 percent of the families receiving TANF cash assistance in approved work activities or face financial sanctions.⁸ One of the approved work activities is subsidized employment.

Subsidized employment involves providing a wage supplement to employers who employ parents receiving TANF cash assistance.⁹ Subsidized employment allows parents who are less marketable in the labor market to gain work experience and build skills on the job. The intent is that parents in subsidized employment will transition into a non-subsidized placement within the same organization.

Some states have combined subsidized employment with a set of supportive services to parents with significant employment barriers, including parents with disabilities such as mental health or substance use disorders. These transitional jobs programs combine subsidized employment with a range of supports that might include intensive case management, on-site work support, and training to build skills.¹⁰

Many of the parents who experience a housing crisis or homeless episode have very limited work skills, as well as other challenges that may make it difficult to sustain employment, and would benefit from participating in transitional jobs tailored to their needs. With the additional supports transitional jobs programs offer, families who previously have been sanctioned may be better positioned to retain TANF cash assistance and enhance their ability to achieve self-sufficiency.

Because families enrolled in subsidized employment are receiving wages, they are also eligible for the Earned Income Tax Credit (EITC). States also typically disregard the earnings of families in subsidized employment.¹¹ The net result is that families in subsidized employment immediately increase their family incomes and enhance their ability to compete in the labor market.

Homeless advocates and policymakers can encourage states to use transitional jobs to help families who are experiencing a housing crisis or homeless episode, particularly for families in which the parent has very limited work experience. It offers an important opportunity to wrap around critical

⁸ The American Recovery and Reinvestment Act of 2009 include other provisions to minimize the impact on states to rapidly increasing TANF caseloads including modifying how the caseload reduction is calculated.

⁹ Families must also be receiving financial assistance in order for the state to include families receiving wage supplements in their work participation rate.

¹⁰ For more information on transitional jobs and how states can use subsidized employment to assist families in which the parent has significant barriers to employment, see:

Center on Budget and Policy Priorities and Center on Law and Social Policies. 2007. *Implementing the TANF Changes in the Deficit Reduction Act: Win-Win Solutions for Families and States, Second Edition*. Washington, DC: Center on Budget and Policy Priorities, <http://www.cbpp.org/2-9-07tanf.pdf> (accessed March 3, 2009).

support services to families to help them eradicate barriers to employment that may also be taking a toll on overall family well-being and housing stability.

Conclusion

TANF agencies serve very low income families, many of whom are in very precarious housing situations. Improving the TANF agencies' capacity to work in concert with local efforts to prevent homelessness and re-house families can greatly advance progress in ending family homelessness and allow TANF agencies to improve outcomes for the families they are already serving. Local homeless advocates and policymakers can explore how families experiencing homelessness are using TANF resources. Are they receiving cash assistance? If not, why not? What are the barriers to accessing and maintaining benefits? Local homeless advocates and policymakers should foster relationships with local TANF directors to explore both strategies to resolve barriers to effective use of TANF resources and to maximize new federal resources to meet the needs of families experiencing a housing crisis. The relationships that are cultivated between local TANF directors and homeless advocates and service providers can serve as a foundation for long-term collaboration focused on improving programs for some of the most vulnerable families in a community.

The TANF Emergency Contingency Fund and Homelessness Prevention and Rapid Re-Housing Program resources that will soon be awarded in communities across the country have the potential to transform how communities respond to homelessness among families. Those committed to ending family homelessness must take full advantage of the policy window before us.