

TANF Emergency Contingency Fund Extension July 2010

The American Recovery and Reinvestment Act (ARRA) provided \$5 billion to reimburse states for increased costs of meeting the needs of low-income families through the TANF Emergency Contingency Fund (ECF). States are using these funds to provide short-term assistance (such as four months of rental assistance), to provide subsidized jobs, and to meet the increased costs of more families receiving cash assistance. Unfortunately, the funds expire on September 30, 2010 but the needs of families are not expected to lessen within that short time frame.

The U.S. House of Representatives has approved a measure that would provide an extension of the TANF ECF. The legislation, H.R. 4213, would provide \$2.5 billion in new funds that states could use to serve families (and in some cases, single adults) through September 30, 2011. These funds could provide critical resources to support efforts to end family homelessness. Specifically, ECF can be used to:

- *Make HPRP go further.* The TANF funds can be used to provide short-term rental assistance to families (up to four months). It can also be used to meet expenses that the Homelessness Prevention and Rapid Re-Housing Program (HPRP) cannot meet, such as furniture assistance.
- *Provide employment.* The TANF funds can be used to pay all, or part, of a person's paycheck. Parents who have been rapidly re-housed and have limited job skills can receive on-the-job experience and bring home a paycheck.
- *Increase families' income.* The TANF funds can be used to increase the cash assistance that families receive, providing more resources that they can put toward meeting their housing needs.

Many states are expected to use 100 percent of the funds they are eligible to receive in Fiscal Year (FY) 2010 and will require more funds to maintain initiatives and avoid cuts. Massachusetts, for example, is expected to draw down 100 percent, or \$120 million, of the funds the state was entitled to receive. These funds have helped the state avoid dire cuts in its cash assistance for low-income families and to its family shelter system. As a further example, Los Angeles has used these resources to significantly expand subsidized employment opportunities for low-income families, creating 10,000 jobs with the existing funds. Without new resources for FY 2011, however, states will have to eliminate new ECF-funded initiatives and face even more difficult state budget cuts.

Current Status

In late May, the House passed H.R. 4213, which included a \$2.5 billion extension of the TANF ECF through September 30, 2011. The Senate has not yet passed H.R. 4213.

Recommendation

Congress should pass a one-year, \$2.5 billion extension of the TANF Emergency Contingency Fund, which would allow states an opportunity to continue using TANF ECF funds to provide subsidized employment, short-term assistance, and cash assistance to low-income families for an additional year.