

December 2009

## TANF Emergency Contingency Fund

The American Recovery and Reinvestment Act of 2009 (ARRA) provides an opportunity for Iowa to strengthen its TANF program and meet the needs of poor working families as well as those who have lost their jobs. To that end, ARRA created an Emergency Contingency Fund states can tap in 2009 and 2010 for basic assistance, subsidized employment and non-recurrent, short-term assistance.

### ***Opportunities for Iowa's Potential \$55 Million in Unallocated TANF Emergency Contingency Funds***

**Basic Assistance:** Cash grants to support families as they are preparing for or seeking employment.

- Finance expansions in cash assistance benefits, either through one-time payments to TANF recipients, grant increases, or expanded earnings disregards.
  - outreach to families receiving SNAP benefits who appear TANF eligible.
  - increase monthly TANF benefits.
  - disregard more earnings for TANF applicants and recipients.
  - provide supplements for families working outside of the regular TANF/MOE program.

**Subsidized Employment Categories:** Payments made to help cover the cost of employee wages, benefits, supervision, or training.

- Create a subsidized employment program.
- Expand state-funded work-study slots for low-income parents.
- Convert unpaid work experience or community service positions to paid subsidized employment.

**Non-Recurrent, Short-Term Assistance:** Payments to deal with a specific crisis situation or "episode of need" (e.g.- homelessness prevention, energy assistance, food). The category does not include supportive services, such as child care or work activities.

- Provide a back-to-school clothing allowance or help with extra heating or cooling costs through a cash payment to low-income families (e.g. — receiving SNAP, TANF, LIHEAP, Medicaid).
- Expand funding for emergency assistance, such as payment of past-due rent or utility bills to avoid evictions or shut-offs or car repairs needed for work, training, or to look for work.
- Partner with emergency providers in the community such as homeless shelters or food banks to expand short-term, non-recurrent assistance to families with severe needs (e.g.- provide a TANF-funded extra food package for families with children on a non-recurrent basis).
- Fund services to address short-term needs, such as case management and intervention services to families losing benefits (e.g. short-term extension of FaDSS) or free tax preparation services during tax filing to help more low-income families access the EITC.

### **Iowa's Eligible Allotment**

The amount that can be claimed over the two years is capped at 50 percent of the State Family Assistance Grant. According to a U.S. Department of Health and Human Services (HHS) policy announcement April 3, 2009, Iowa's maximum Emergency Fund eligibility is \$65.5 million.

Iowa Department of Human Services expects to draw down \$10.5 million of TANF Emergency Funds for basic assistance due to increased caseloads during FFY2009-10. Thus, the state could access an additional \$55 million from ARRA in FY2009-11.

Iowa can claim 80 percent of increased expenditures over the base year.

**Summary:** To be eligible for emergency funds under basic assistance, Iowa must have an increased caseload. To be eligible for emergency funds under short-term non-recurrent assistance or subsidized employment, Iowa does not need an increase in TANF caseloads, only an increase in expenditures over their base year/quarter for that category (which can be either 2007 or 2008).

States can draw ARRA TANF Emergency Funds for benefits that the state or county TANF agency delivers directly, such as emergency assistance or one-time payments to TANF recipients, or to support benefits or service provided by other government agencies or community based organizations, such as homeless providers or food banks. Since third-party payments can count towards MOE, a state may be able to partner with non-profits or private philanthropy to provide the 20 percent match and then pass through the ARRA funds to the community institution.

## **Iowa can draw down TANF ECF without additional state spending**

### ***Reimbursement options without additional state expenditures, using third party matches or filing revised MOE expenditures for fiscal year FY 2009:***

- Use DHS flood recovery funds and re-file FFY2009 report to HHS with these funds as MOE.
- Partner with United Ways, food banks, and/or homeless prevention organizations — counting their expanded food and/or crisis housing services. (Example: United Way grantees provide homeless prevention services with local dollars.)
- Partner with Iowa Community Action Agency Association to count utility company and customer contributions. (Example: In FY2009, \$5.9 million to ICCA from three major utilities and customer contributions for LIHEAP/Weatherization; other sources to explore — Alliant gave \$600,000 to purchase energy efficient appliances in flood recovery.)
- Expand County General Assistance Programs; existing emergency assistance programs using county funds could serve as MOE. (Example: In FY2009, Linn Co. spent about \$815,000 in short-term, non-recurrent payments for rent and utility payments; *70 percent were given to needy residents — max. support of 2 months*; FY2010 is running over budget.)
- Partner with private sector to offer gift certificate or vouchers to needy families at discounted rate to the state; business provides the 20 percent match. Approach grocery stores, retail or utility companies, such as Hy-Vee, Target or Mid-American.

### ***Implementation Resource***

Center on Budget and Policy Priorities' *Opportunities Under the TANF Emergency Fund Created by the Federal Recovery Act* provides useful information regarding what counts for ECF reimbursement, combined TANF/MOE spending, and third-party spending claimed as MOE, as well as clarification of the impacts on TANF Work Participation rates. The CBPP report is at <http://www.cbpp.org/files/7-29-09tanf.pdf>

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