



Extension of the TANF Emergency Contingency Fund is Essential to Bringing More Jobs and Needed Financial Support to New York State

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One of the most successful parts of the American Recovery and Reinvestment Act (ARRA) of 2009 has involved the Temporary Assistance for Needy Families (TANF) program. Through a TANF Emergency Contingency Fund (ECF), which was established by the ARRA, New York State has been awarded \$723 million. In addition, New York has received \$498 million from a pre-existing TANF Contingency Fund. Taken together, the \$1.2 billion in funding from these two TANF-related initiatives has allowed New York to provide much-needed support to families that have been struggling to make ends meet during the national economic downturn of the last several years. Unfortunately, this aspect of the ARRA will end on September 30, 2010, unless the U.S. Senate joins the U.S. House of Representatives in voting to extend it.

The funding that New York has received through the TANF contingency funds has allowed the state to maintain its basic assistance and emergency assistance programs despite the ravages of the Great Recession while helping needy families in the following significant ways:

- 1) A one-time Back-to-School payment of \$200 per child in families receiving food stamps and/or public assistance that benefited over 800,000 children;
- 2) Funding for TANF services in the areas of child care, transportation, family support and vocational training;
- 3) Funding for a portion of the cost of an increase to New York's monthly cash assistance grant including the full local share of this increase for three years;
- 4) Additional child care subsidies; and,
- 5) Establishment of new subsidized employment programs and expansions to existing programs resulting in over 4,000 jobs created to date. Of the 58 social services districts in New York, about 35 are operating such programs for the first time.

Under the extensions of the TANF Emergency Contingency Fund that are now being considered by Congress, New York would have access to as much as \$733 million during the federal fiscal year that begins on October 1, 2010. This funding would mean:

- 1) More jobs throughout the state through the expansion of the local social services districts' subsidized employment programs;

- 2) More money for the important TANF support services that have been cut back because of the tight budget situation that the state currently faces;
- 3) Financial support for important non-recurring assistance ('one-shots') that are especially needed during the lagging economic downturn. These could include, for example, benefits for security deposits or eviction prevention, purchase and maintenance of used vehicles for transportation, food and nutrition support, and short-term legal services; and
- 4) Funding for a portion of the costs associated with recession-driven increases in the number of needy families eligible for cash assistance grants.

Most importantly, an extension of TANF ECF funding would also allow New York to make much greater use of the training, education and work experience options available through the TANF federal block grant program. In addition, investing more funds in subsidized employment programs would assist the state in meeting its work participation rates under the TANF rules. Moreover, participants in these work programs do not have to be members of families that receive TANF cash assistance, as long as they are otherwise TANF eligible.

The subsidized employment programs funded through the Emergency Contingency Fund have also proven to be helpful to small business.¹ The importance of this aspect of the ECF to small businesses in New York was emphasized by Governor David Paterson in a May 26, 2010, press release in which he called on Congress to provide additional funding for this program.²

The very tight budget situations that state and local governments continue to face may force them to reduce or eliminate services for needy families. An extension of the TANF Emergency Contingency Fund will help New York and the other states to continue their safety net programs without ravaging other parts of their budgets. Additional funding for the TANF ECF has proven to be a way in which Congress can assist the states in maintaining essential services for needy families while stimulating the economy at the same time. The benefits of additional TANF ECF funding would be felt far into the future as parents who want to work to support their families would be given more opportunities to achieve economic security.

¹ "Job Subsidies Also Provide Help to Private Sector," at <http://www.nytimes.com/2010/07/29/business/economy/29workers.html>.

² 'Governor Paterson Calls on Congress for Additional Stimulus Funds to Support Employment and Other Programs,' at <http://otda.ny.gov/main/news/2010/2010-05-26.asp>.

Contingency Fund Awards to New York State under the Temporary Assistance for Needy Families Program

	Eligible Categories			Total Awards, in federal fiscal years 2009 and 2010 [1]
	Basic Assistance	Non-recurrent, Short-term Benefits	Subsidized Employment	
Emergency Contingency Fund (established by the ARRA [2])	\$32,487,094	\$664,960,813	\$25,575,383	\$723,023,290
Contingency Fund (established prior to the ARRA [2])				\$498,442,011
Total Awards				\$1,221,465,301

Notes: [1] See http://www.fiscalpolicy.org/tanf_contingencyfunds.html for breakdowns of these awards earned by New York State during these federal fiscal years. [2] ARRA: American Recovery and Reinvestment Act (as signed into law on February 17, 2009).

For additional information on the TANF Emergency Contingency Fund and related issues, please visit http://www.fiscalpolicy.org/tanf_contingencyfunds.html. For more information, contact Carolyn Boldiston at boldiston@fiscalpolicy.org.

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