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TANF EMERGENCY FUND EXTENSION HAS WIDE SUPPORT

By Liz Schott

With the TANF Emergency Fund slated to expire on September 30, public officials and private experts are calling for its extension as part of jobs legislation because it is an important tool to help put Americans back to work.

These key individuals include: Mark Zandi, Chief Economist at Moody's Analytics; Karen Lee, President of the National Association of State Workforce Agencies; and Haley Barbour, governor of Mississippi. Mark Zandi and Karen Lee offered their views at a recent Senate Finance Hearing on getting Americans back to work.

The House has passed a one-year extension of the emergency fund as part of a small business jobs package. This extension should be included in jobs legislation that will extend unemployment insurance and COBRA health coverage.

Here's what Zandi, Lee, and Barbour had to say:

- **Mark Zandi**, Chief Economist at Moody's Analytics, noted that *"the economy is again gaining traction, but the job market continues to lag. Businesses are no longer cutting payrolls, but they have yet to resume hiring in a significant way. Unemployment and underemployment, which surged during the recession, remain extraordinarily high and are unlikely to fall meaningfully soon."* He recommended that Congress extend and add funds to the TANF Emergency Fund. He noted that the timing of the Fund's slated expiration in September 2010 *"is particularly inopportune given that unemployment will likely still be in or near double digits, and more workers will have exhausted their benefits. Extending the program for another year until unemployment is clearly moving lower seems appropriate."*¹
- **Karen Lee**, testifying as President of the National Association of State Workforce Agencies, stated that *"[a] number of states have made great use of these funds to work with employers and unemployment insurance claimants to help them transition into the workforce. . . . The TANF emergency funds allow states to work with their unemployment insurance claimants and allow employers to examine a range of options to*

¹ Testimony of Mark Zandi, Chief Economist, Moody's Analytics, Before the Senate Finance Committee, "Using Unemployment Insurance to Help Americans Get Back to Work: Creating Opportunities and Overcoming Challenges," April 14, 2010, <http://finance.senate.gov/imo/media/doc/041410mztest.pdf>.

facilitate employment. With unemployment expected to remain high for the next few years, it is essential to extend the TANF Emergency Contingency Fund at least through September 30, 2011.”

Her testimony also noted that “[t]his program is creating jobs at a lower cost per job than virtually any other measure Congress is considering. It is also unique among the range of job creation proposals because it provides states with great flexibility to design employment approaches that respond to a state’s particular circumstances. States have tailored these programs so they are creating jobs in urban and rural communities alike. States are using existing infrastructures to identify and screen potential employees and to recruit employers to participate, keeping costs of program administration low.”²

- **Haley Barbour**, governor of Mississippi, said when launching the state’s subsidized employment program (called STEPS), which is financed with TANF Emergency Funds, “The STEPS program will provide much-needed aid during this recession by enabling businesses to hire new workers, thus enhancing the economic engines of our local communities.”³ Governor Barbour more recently said “he hoped the program would be extended so that more jobs could be created.”⁴

There is wide and bipartisan support for extension of the TANF Emergency Fund from governors as well as state and local government policymakers. The TANF Emergency Fund has been used by states with both Democratic and Republican governors to create subsidized employment programs; among the 33 states that have programs in place or have plans to operate one, 16 are led by Republican governors and 17 are led by Democratic governors.

These jobs are not limited to families receiving cash assistance and serve a broader population of low-income families and individuals. A number of states have focused on workers receiving or reaching the end of their unemployment insurance benefits.

All told, these states are aiming to create over 180,000 jobs with these funds by September 2010. While this number includes some summer youth jobs that would end anyway by September, the vast majority are not summer jobs, and will end after September solely because of the expiration of the TANF Emergency Fund. Extending the TANF Emergency Fund for another year will avert this loss of jobs and help to bolster state efforts to increase the employment of people who are unemployed or underemployed.

² Testimony of Karen Lee, Commissioner of the Washington State Employment Security Department and President of the National Association of State Workforce Agencies, Before the Senate Finance Committee, April 14, 2010, <http://finance.senate.gov/imo/media/doc/041410kltest.pdf>.

³ <http://www.governorbarbour.com/news/2009/sep/15.9.09mississippisteps.html>.

⁴ Michael Cooper, “Stimulus Jobs on State’s Bill in Mississippi,” *The New York Times*, February 16, 2010.