USING TANF EMERGENCY FUNDS TO PROVIDE FOOD ASSISTANCE TO STRUGGLING FAMILIES

By Liz Schott

States can use federal stimulus dollars provided through the Temporary Assistance for Needy Families (TANF) Emergency Fund to provide emergency food assistance to needy families through food banks, agencies, or other distribution sites, or to supplement USDA’s Summer Food Service Programs. This additional help is critically needed: the number of food-insecure Americans rose sharply in 2008 to 49 million (17.1 million households), a 36 percent increase over the prior year,\(^1\) and the number of children that the Feeding America network is feeding has increased by 50 percent since 2006.\(^2\) Moreover, the additional funds can help emergency food assistance networks purchase fresh produce and other nutritious foods to supplement less perishable donated food provided to needy families.

Providing extra food to needy families can qualify as a short-term, non-recurrent benefit — one of the three categories of spending for which states can use the TANF Emergency Fund — if it does not last for more than four months and is not designed to meet ongoing food needs. A state can receive reimbursement for 80 percent of its increased spending on short-term food assistance for eligible families. And, importantly, a state can partner with community providers like food banks or local governments to contribute the remaining 20 percent. These partnerships can effectively leverage federal stimulus dollars to help feed struggling families without requiring states to use their own funds during tight fiscal times.

This report discusses how states, localities, and service providers can use this opportunity to increase emergency food assistance for low-income families. Its primary focus is on food distribution through food banks and their partner agencies (pantries, shelters, soup kitchens, etc.) and other feeding sites. After providing background on the TANF Emergency Fund, it covers the following issues:

- When is emergency food assistance considered a short-term, non-recurrent benefit?
- Who can receive emergency food assistance funded by the TANF Emergency Fund?


• How can third parties cover the 20 percent of added costs that federal funds will not reimburse?
• How is increased spending measured relative to the base year of 2007 or 2008?
• How can the TANF Emergency Fund supplement USDA Summer Food Service Programs?
• What other key administrative details must states understand when undertaking this type of effort?

Overview of the TANF Emergency Fund

In the American Recovery and Reinvestment Act, Congress created a $5 billion TANF Emergency Fund; as of June 10, the Department of Health and Human Services (HHS) had approved state requests for over $2.7 billion of these funds. A state can receive TANF Emergency Funds to reimburse 80 percent of its increased TANF or state maintenance-of-effort (MOE)3 spending in 2009 and 2010 on basic assistance, short-term, non-recurrent benefits, or subsidized employment. (The increased spending is measured relative to spending in 2007 or 2008, whichever is lower.) As discussed below, extra help with food can be designed to fall into the category of short-term, non-recurrent assistance and thus qualify for Emergency Fund reimbursement.

HHS allows states to apply for Emergency Funds in advance of the quarter in which they will be spent, so these funds can be used to create increased spending, which in turn qualifies for Emergency Fund reimbursement. This leverage is often referred to as the 4:1 match.

Each state can receive up to 50 percent of one year’s block grant amount for the combined period of 2009 and 2010 from the TANF Emergency Fund, the TANF Contingency Fund (a fund created under the 1996 welfare law to help states during recessions but is now out of money), or a combination of the two. A few states have already reached this limit, and a number of other states expect to reach or approach it by September 30.

A number of states, however, are not expected to reach their maximum allocation for 2009 and 2010. Especially in these states, an important opportunity exists to draw down these federal funds to help struggling families receive emergency food assistance. While the Emergency Fund can cover 80 percent of a state’s increased spending, the remaining 20 percent can come from a variety of sources, including state funds, federal TANF funds, or expenditures by local governments or third parties that can count as MOE. Thus, states can partner with emergency food assistance providers or local government to contribute — either in cash or in kind — this remaining 20 percent, enabling the state to increase help to struggling families without costing any state funds in tight fiscal times.

The Emergency Fund is slated to expire on September 30, but Congress is considering a one-year extension with additional funding and a new state maximum allocation for 2011.

3 Under the TANF MOE requirement, states receiving federal TANF block grant funds must continue to spend, in state or third-party dollars, at least 80 percent (75 percent for years in which a state meets the TANF work participation rate) of the amount they spent on AFDC and related work programs prior to the 1996 welfare law. States that fail to meet this maintenance-of-effort (MOE) requirement face a fiscal penalty.
When is emergency food assistance considered a short-term, non-recurrent benefit?

The short-term, non-recurrent benefit category is a state’s best choice for using the TANF Emergency Fund to broadly distribute emergency food assistance. This category includes benefits that are designed to deal with a specific crisis situation or episode of need, are not intended to meet recurrent or ongoing needs, and will not extend beyond four months for any one recipient.

Not all of the food that a food bank regularly distributes would constitute short-term, non-recurrent assistance, since hungry individuals or families could come to the food bank regularly for help with food on an ongoing basis. So, food banks would need to design a way to identify a portion of the help that can be considered short-term, non-recurrent assistance.\(^4\) Possibilities include:

- **A single, fixed four-month period of extra food.** One approach is for the food bank to offer the additional emergency food assistance supported by TANF Emergency Funds only during a single four-month period of the year, for example, the summer. Because the summer period when children are out of school is less than four months, any program aimed at filling in the gap when children will not be getting free or reduced-price meals at school would qualify as a short-term, non-recurrent benefit.

  For example, Feeding Illinois is partnering with the state TANF agency to provide more than $2 million of supplemental food assistance through a network of food banks to families with children from May through August. This new Healthy Families Program provides a much-needed supplement to households with children during the summer months, when they are particularly at risk for hunger, and distributes high-quality, nutritious foods that are not always available through other food assistance programs, such as fresh produce and canned fruits and vegetables. The program will use $425,000 in private funds to leverage $1.7 million in TANF Emergency Funds.

- **A movable four-month period that shifts for different service areas.** Oklahoma is planning to distribute supplemental boxes of food, personal hygiene items, and cleaning supplies to families with children. Each food bank’s service area will be divided into geographic sections and a four-month window will be assigned to each section to ensure that this is a short-term, non-recurrent benefit.

  In another example, the Texas Food Bank Network is planning to provide a monthly nutritional benefit, including healthy foods and educational materials, to low-income families with children. The proposed program would use private donations of food and funds to leverage TANF Emergency Funds. To ensure that they provide a short-term, non-recurrent benefit, participating food banks could either offer the program only for a single, four-month period or

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\(^4\) Help with food on an ongoing (rather than short-term, non-recurrent) basis could also qualify as “basic assistance” and thus could be reimbursed through the TANF Emergency Fund as well. However, receipt of “basic assistance” triggers other TANF consequences, such as time limits, assignment of child support, and work participation rate requirements. Therefore, it would not make sense to provide ongoing food help to families that are not otherwise receiving ongoing cash assistance from the state’s TANF program. This report focuses on ways to serve a broad group of families, including those not otherwise receiving TANF cash assistance.
divide their service area into geographic regions and offer the program for only four months in any region (and require families to use only the region associated with their home address to receive this specific benefit).

- **A voucher for an extra visit or extra food box.** Another approach would be to distribute a special food voucher so families could come for a supplemental visit or get a supplemental package. Ventura County, California has sent families a voucher for a food box they can pick up at a local Goodwill store; the voucher includes information that the family must provide and that enables the state to track short-term, non-recurrent benefits. Maine is sending a voucher for a one-time box of emergency food worth about $100 to about 13,000 families receiving cash assistance.

Creating a new mechanism or program to provide additional emergency food assistance that constitutes short-term, non-recurrent assistance and is funded through the TANF Emergency Fund can also make it easier for a state to target the aid to TANF-eligible families and to claim this as a new program with no base-year spending.

**Who can receive emergency food assistance funded by the TANF Emergency Fund?**

Emergency food assistance is a permissible use of TANF or MOE funds because it meets one of the four TANF purposes: providing assistance to needy families so that children may be cared for in their homes. TANF- or MOE-funded emergency food assistance must go to “eligible families,” that is, needy families with children. Certain childless individuals who are needy can also be included — pregnant women and non-custodial parents. States have some flexibility in defining the age of a child for short-term non-recurrent benefits.

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6 Some but not all immigrants are “eligible families.” Certain issues arise in providing emergency food assistance to non-citizen legal immigrants. States can use MOE funds for non-citizen legal immigrants even if those who cannot receive federal TANF funds. (With some exceptions, federal TANF funds can be spent only on legal immigrants who are also considered “qualified” under federal TANF law and have been in the country for five years.) Therefore, a state (or third party) may provide emergency food assistance to legal immigrants regardless of their date of entry if it has flexibility to move funds around: it must use non-TANF state or third-party funds to provide food to these immigrants, claim the spending as MOE, and then use the Emergency Funds received as a result for whatever purpose the general revenues were originally intended.

States cannot use TANF or MOE funds to serve undocumented immigrants, and in claiming TANF Emergency Funds for immigrant families, food banks may need to verify that the family falls within legal status. Food banks should not seek to identify families as illegal immigrants; they simply cannot claim TANF Emergency Funds for those that cannot be claimed as within eligible status.

7 States can define the age of a “child” for the purposes of short-term, non-recurrent benefits, and HHS has indicated that it will consider young adults up to age 24 living with their families as a reasonable state choice for definition of child for both TANF and MOE expenditures. In addition, states could opt to use TANF (but not MOE) funds for a low-income young adult who has no children and is not living with his or her parents; while this involves some complexity, it is an option if there is flexibility to move funds around. For MOE, a child must live with his or her family.
A state can define “needy” differently for different types of TANF aid, so emergency food assistance need not be limited to those families that are so poor that they qualify for TANF cash assistance. Most states use some TANF or MOE funds for a broader group of low-income families — such as those below 200 percent of the federal poverty line — for some programs.

Food banks often serve a range of individuals, including childless adults who do not fall within the needy family group. Also, food banks and their partner agencies (pantries, shelters, and soup kitchens) vary in the amount of information they collect about individual or household income, level of need, presence of children under age 18, or frequency of use. Nevertheless, there are a variety of ways a food bank can ensure that TANF Emergency Fund aid goes only to eligible families.

One option is to provide a screening or questionnaire at the food distribution site to identify persons eligible for TANF Emergency Fund help and then provide them with a special benefit. Another option is to provide additional emergency food items to households with children that also receive Supplemental Nutrition Assistance Program (food stamp) benefits, since these families have already been determined to be low-income.

How can third parties cover the 20 percent of added costs that federal funds do not reimburse?

As noted, the TANF Emergency Fund reimburses 80 percent of increased federal TANF or state MOE spending on basic assistance, short-term, non-recurrent benefits, or subsidized employment. States could cover the remaining 20 percent with other federal TANF funds or state funds that are counted towards the state’s TANF MOE requirement. States, however, are facing significant fiscal pressures and may not be willing to invest any state dollars.

Fortunately, funds from local governments or other third parties can count as state MOE and thus can provide the additional 20 percent of increased spending. Third parties include non-governmental organizations, foundations, or private firms or individuals. In-kind donations, including volunteer time, can also count as MOE. Third-party spending will need to be documented, however, and there must be an agreement between the state and the third party allowing the state to claim the expenditure as MOE.

Food banks have a number of ways that they can put together a package to cover the 20 percent requirement to leverage additional federal funds for a new or expanded feeding program. Examples include counting the value of donated food, the value of volunteer labor, the value of food

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8 States cannot cover the remaining 20 percent with funds originating from a federal program other than TANF or with spending that is a condition of eligibility or match for a federal program other than TANF.

9 HHS has stated that expenditures from entities other than the state (that is, third parties) can count as state expenditures for the purpose of the TANF MOE requirement. (See 45 CFR 263.2(c) and Policy Announcement, TANF-ACF-PA-2004-01, http://www.acf.hhs.gov/programs/ofa/policy/pa-ofa/2004/pa200401.htm.)

10 Volunteer time can be translated into an amount of MOE by using the comparable salary for the type of work. For general volunteers for whom there is not a comparable position to derive the value of the donated time, the Office of Management and Budget has recognized (in other contexts) attributing a donated value of $20.25 an hour.
purchased with private, state, or local funds, the administrative costs associated with providing the food, and the cost of transporting and distributing the food.11

**How is a state’s increased spending measured relative to the base year?**

The amount of TANF Emergency Funds a state can receive for additional emergency food assistance is based on the amount by which spending for short-term, non-recurrent food assistance for TANF-eligible families has increased since the relevant base year (assuming that a state has an overall increase in spending for short-term non-recurrent benefits).

If the additional food assistance is delivered through a program that did not exist in the base year, all of the spending for short-term, non-recurrent aid for TANF-eligible families can be considered increased spending. If the program existed in the base year but has since expanded, states generally will need to collect information about its current spending and base-year spending, identifying the portion that constitutes short-term, non-recurrent benefits for TANF-eligible families for both periods. (Even if the state did not claim the third-party spending as MOE in the base year, the third party’s base-year spending is used for comparison.12)

How can states calculate the amount of spending for short-term, non-recurrent emergency food assistance for TANF-eligible families in 2007 or 2008 if the food bank did not organize or track its distribution in these categories during those years? HHS has indicated that states can come up with reasonable estimates of past spending and explain their methodologies. Hawaii used research data to estimate what share of food-bank users in the base year were needy families with children that used the food bank only for a short-term episode of need. Also, Feeding America has developed a methodology with state-by-state data based on information collected in a recent and detailed survey of food bank users, which a state can use to make a reasonable estimate.13

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11 States may count only the portion of these costs that is attributable to food provided to TANF-eligible families for short-term, non-recurrent benefits towards MOE spending for purposes of TANF Emergency Fund reimbursement.

12 If the third-party spending that supported the program in the base year is not part of the TANF or MOE spending being claimed for Emergency Fund reimbursement, it would not be necessary to compare the base-year spending from this source. This would require that there be other increased TANF or MOE spending to cover the 20 percent that is not reimbursed, such as the state or county contributing funding that had not contributed in the past or that increased from past contributions.

13 *Hunger in America 2010* provides comprehensive and statistically valid data on the national charitable response to hunger and the number of people served by food pantries, soup kitchens, and shelters in the Feeding America network. The report is based on independent research conducted by Mathematica Policy Research, Inc. (MPR). Feeding America contracted with MPR to work with 185 network members that agreed to collect data on clients’ socio-demographic characteristics, including income and employment, benefits from SNAP and other federal or private programs, frequency of visits to emergency feeding sites, and satisfaction with local access to emergency food assistance. The survey included information on frequency of use and can provide a basis for an estimate of what share of the food bank users were needy families with children using the food bank for a short-term crisis or episode of need. Not all of the survey detail is included in the published report but it can be made available; for further information, contact Shannon Robins at Feeding America.
When a state submits a claim for TANF Emergency Funds to HHS for one or more quarters, it combines all of the increased spending on short-term, non-recurrent benefits into one number that represents the overall increased spending over the base year for this category. Thus, if a state is funding a number of short-term, non-recurrent initiatives through the TANF Emergency Fund — such as help with housing and utilities, emergency food assistance, and domestic violence shelters — it will need to combine base-year spending for all of these initiatives to produce the total amount. Additionally, the 80 percent reimbursement from the TANF Emergency Fund will equal 80 percent of the total amount of increased expenditures that the state is claiming in the short-term, non-recurrent category.14

**TANF Emergency Fund Can Reimburse Prior Spending Increases on Emergency Food Assistance**

States can also draw upon the TANF Emergency Fund to cover some of the costs they have already incurred during this recession because of the dramatic increase in the use of emergency food assistance by needy families. The increased spending (compared to the base year of 2007 or 2008) on emergency food assistance since October 1, 2008 can qualify for 80 percent reimbursement from the TANF Emergency Fund.

Obtaining this reimbursement involves the same steps and issues covered in this report, but a few additional issues arise under such retroactive claiming of TANF Emergency Funds:

- **Identifying short-term, non-recurrent benefits for TANF-eligible families.** If individual data was not tracked, states may only be able to provide estimates of the share of the increase in food bank usage that was for short-term, non-recurrent benefits for low-income families with children. An estimate methodology based on local data, such as that developed by Feeding America (discussed in footnote 13) may be needed here, not only for the base-year spending but also for the amount that can be claimed for quarters in 2009 and 2010, if HHS will accept such estimates for request quarter spending; this appears unresolved.

- **Agreeing with the state TANF agency on claiming and sharing the funds.** A state can claim increased spending on emergency food assistance in 2009 and 2010 as increased MOE if it has an agreement with the food banks or other third parties, but the state would not necessarily be required to pass a retroactive reimbursement through to the food banks that incurred the increased spending. Therefore, food banks and emergency food assistance providers will want to ensure that any agreements they make with the state specify that all (or a set share) of the reimbursement will be passed through to the organization that actually incurred the increased spending.

- **Impact on a state’s past Emergency Fund claims and base year spending for short-term, non-recurrent benefits.** If a state claims retroactive increased food assistance spending relative to the base year, it would need to submit adjusted claims for past quarters in 2009 and 2010. It also would need to be sure that the base year spending for short-term, non-recurrent benefits is adjusted to include the comparable food assistance spending for the relevant quarters. (This could arise, for example, if a state has already received TANF Emergency Funds for other areas of increased spending on short-term non-recurrent benefits and adds an emergency food assistance claim for the last quarter of 2010.)

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14 As a practical matter, a state generally will only want to choose to add new types of short-term non-recurrent benefits in its application for TANF Emergency Funds when there is an increase in the spending for the specific program, such as a food bank extra benefit. Including a program that does not have increased spending will bring down the overall reimbursement and a state will not be able to guarantee the participating third-parties a full 80 percent reimbursement unless it contributes some funds.

If a state has made a substantial cut in, for example, its TANF-funded Emergency Assistance program, it cannot choose to exclude this program and would only receive reimbursement for 80 percent of the overall increase in short-term non-current benefits after this reduction is back-filled. However, a state could choose not to include a program that has not previously been TANF or MOE-funded, such as a domestic violence shelter, if the program actually reduced services (despite need) since the base year because of loss of grant or donor funding due to the economic downturn.
The state must use a single base year — either 2007 or 2008, whichever is lower — for all of its spending in the short-term, non-recurrent category; it cannot use one base year for housing and utility help and a different base year for emergency food assistance. The state will need to submit — and any partnering non-profits will need to submit to the state — any relevant base-year spending data for both 2007 and 2008 because the state will not know which will be the base year until it combines and adjusts all spending and base-year information.

**TANF Emergency Fund Can Supplement USDA Summer Food Service Programs**

In March, HHS and USDA issued joint guidance encouraging states to consider using the TANF Emergency Fund to help feed struggling families and children this summer, including using the fund to supplement USDA’s Summer Food Service Program (SFSP). The federally funded SFSP provides free meals and/or snacks to children under age 18 living in areas where at least half of the children are eligible for free or reduced-price lunches (that is, their income is at or below 185 percent of the poverty line).

The entities that organize SFSP sites receive a set amount from USDA based on the number of reimbursable meals they serve. HHS has indicated that individual determinations of financial need or immigrant status are not required for use of TANF Emergency Funds for children participating in Open SFSP sites (ones located in areas where 50 percent or more of the children are eligible for free or reduced-price school meals) and Enrolled SFSP sites (ones that serve identified groups of children, of which at least 50 percent are eligible for free or reduced-price meals).

Many of the ways that TANF Emergency Funds can supplement SFSP would fall in the category of short-term, non-recurrent benefits. For example, TANF funds could:

- **Offset administrative and operating costs not covered by the SFSP reimbursement.** Since SFSP reimbursement is based on the number of meals served, often the costs of providing meals or snacks exceed the reimbursable amount.

- **Provide an additional meal or snack at an SFSP site.** SFSP sites can provide up to two meals or snacks per day, in any combination except lunch and supper. For example, a site may provide breakfast and lunch or lunch and a snack. TANF Emergency Funds could be used to provide a supper or a backpack with nutritious snacks to bring home.

- **Provide an adult meal at an SFSP site.** Since children participating in SFSP often live in

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17 See TANF FAQ on Summer Food Service Program and TANF Eligibility at [http://www.acf.hhs.gov/programs/ofa/recovery/tanf-faq.htm#_summer_food](http://www.acf.hhs.gov/programs/ofa/recovery/tanf-faq.htm#_summer_food).
low-income households, there may be adult members of the household who are food insecure. SFSP only reimburses for meals and snacks provided to children under age 18. TANF Emergency Funds could be used to provide a meal at the SFSP site to income eligible parents.

- **Pay for transportation for children to and from an SFSP site — which is especially important in rural areas — or provide a recreational activity to encourage more participation at the site.**

TANF Emergency Funds can also support SFSP through the subsidized employment category. The organization sponsoring a site could employ low-income parents or youth to prepare meals or to provide supplemental activities such as recreational activities or tutoring. TANF Emergency Fund reimbursement could cover a portion of the wage and administrative costs of the subsidized employment program. These jobs could provide employment, wages, and skills training to those employed.

**What other key administrative details must states and non-profits understand when undertaking this type of effort?**

- The only entities that can receive TANF Emergency Funds are states, territories, and Indian tribes operating tribal TANF programs. The application must come from the agency that administers the TANF program, but states may claim increased expenditures by other state agencies, sub-state entities, or private entities, and may receive funds from the Emergency Fund on that basis. As with any TANF or MOE funds, a state can grant, contract, or otherwise award the TANF Emergency Funding it receives to the non-profit agency whose increased spending qualified for the funds.

- HHS has indicated that states can apply for Emergency Fund reimbursement up to 30 days prior to the start of a quarter based on estimated or projected spending, and also during or after any quarter in 2009 or 2010. States can submit subsequent applications as new increased spending is identified or as new quarters approach.

Also, states can submit adjusted requests for funding in cases where final spending figures vary from initial or estimated ones. An initiative may start later than originally planned, for example, due to start-up delays or if HHS approval of the request takes longer than anticipated. Many states have delayed starting projects while awaiting HHS approval of an Emergency Fund application, although such delays are not necessary if the state or the partnering entities have the cash to begin the program.

HHS must approve all requests for Emergency Funds that meet the fund’s conditions (as long as the fund has not expired and money remains from the appropriation), though HHS may

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18 In some circumstances, supervision and training of subsidized employees can count as in-kind MOE for up to 25 percent of the wage costs; however, the salary of those supervising and training would need to come from non-federal funds and not from either USDA Summer Food Service Program or TANF Emergency Funds.

19 For example, the food bank could use other funds to buy the extra food and be reimbursed with the TANF Emergency Fund when the state receives it. Or, the state could fund the food bank with TANF or MOE and then be reimbursed when it receives the TANF Emergency Funds from HHS.
request additional information from the state regarding its proposal and can determine what amount constitutes increased spending for short-term non-recurrent benefits for TANF-eligible families.

- The TANF Emergency Fund is slated to expire September 30, although Congress is considering a one-year extension with additional funding and a new state allocation amount for 2011. HHS has indicated that states should submit any claims for 2009 or 2010 by September 1 so it can pay all 2010 claims before the end of the fiscal year. Even if the Emergency Fund is extended, states will need to separately identify FY 2010 expenditures from those made in 2011 (as is the case for each fiscal year).

HHS has stated “The TANF Emergency Fund may only reimburse expenditures that result in the actual provision of goods or services to beneficiaries on or before September 30, 2010.” This means that a food purchase and related transportation costs incurred before September 30 would qualify for reimbursement for 2010 only for the portion that was distributed to families on or before September 30.

For instance, a food bank may purchase food, sort it into boxes, and transport and distribute the food boxes to the designated agencies, but if half of the boxes are picked up by TANF-eligible recipients on or before September 30 and the other half are picked up on October 1, only the cost of those picked up by September 30 would qualify for reimbursement as an expenditure in 2010. If the TANF Emergency Fund is extended through 2011, the cost of the boxes picked up on October 1 could be claimed as a 2011 expenditure, even if the food purchase and transportation took place before September 30.

An extension of the TANF Emergency Fund through 2011 would give food banks more time to distribute additional emergency food assistance. But until such an extension occurs, food bank networks should be careful not to purchase more food to be covered by TANF Emergency Funds than they can distribute to needy families before September 30.

- States and non-profits are not obligated to spend the full amount of the approved request that the state submitted to HHS based on an estimate of the distribution. The actual amount of food that is distributed will be the basis for a determination of the amount the state is eligible to receive (or retain) and, if needed, a reconciliation can take place after September 30. Claims made in advance should be sufficient to cover the anticipated expenditures; if they are not fully used, this can be addressed in reconciliation based on final expenditure data.

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