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USING TANF EMERGENCY FUNDS TO HELP PREVENT AND ADDRESS FAMILY HOMELESSNESS

By Liz Schott

At least 15 states are using federal stimulus dollars provided through the Temporary Assistance for Needy Families (TANF) Emergency Fund to assist the growing number of needy families that are homeless or at risk of becoming homeless because of the recession. The number of homeless families has increased for each of the last two years and the number of families in emergency shelters and transitional housing jumped 30 percent from 2007 to 2009.[1] Similarly, the U.S. Department of Education reports a 20 percent increase in the number of homeless students for the 2008-2009 school year.[2] This paper describes the opportunity that the TANF Emergency Fund provides for states, localities, or service providers to increase aid to fight homelessness; it also describes some state and local initiatives in this area.

States are using the TANF Emergency Fund to expand existing programs as well as start new initiatives to help families avoid or end spells of homelessness. States are not limited to serving families that are receiving TANF cash assistance; they can serve a broader group of families and use higher income cutoffs. Moreover, states can combine TANF Emergency Fund aid with another stream of stimulus funding — Homeless Prevention and Rapid Re-Housing funds administered through the Department of Housing and Urban Development (HUD) — to create a stronger package of supports for families.

Helping families with housing or addressing family homelessness has always been a permissible use of TANF funds since it meets one of the four TANF purposes (providing assistance to needy families so that children may be cared for in their homes). The TANF Emergency Fund, however, can provide *additional* federal dollars for increased TANF or state maintenance-of-effort (MOE) spending[3] in any of the three Emergency Fund categories: basic assistance, short-term, non-

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[1] Donna Kimura, "The Number of Homeless Families Continues to Grow," *Housing Finance News,* June 23, 2010, http://www.housingfinance.com/news/ahf/062310-ahf-Family-Homelessness-Continues-to-Grow.htm.

[2] National data from "Opening Doors: Federal Strategic Plan to Prevent and End Homelessness," http://www.ich.gov/PDF/OpeningDoors_2010_FSPPreventEndHomeless.pdf. In addition, data for 26 states show a 50 percent increase in homelessness among students over the past two years as reported by schools. Phillip Lovell and Barbara Duffield, "Creating Jobs and Supporting Homeless Students," First Focus Campaign for Children, January 2010.

[3] States that receive federal TANF block grant funds are required to continue to spend each year an amount of state (or local or third-party) dollars that represents 80 percent (75 percent for a year in which a state meets the TANF work participation rate) of the amount the state spent on AFDC and related work programs prior to the 1996 welfare law.

recurrent benefits, or subsidized employment. Normally, states get a fixed amount of federal TANF dollars each year — an amount that has not increased since the TANF law was passed in 1996 — and a state does not get additional federal TANF funds when it spends more on needy families.[4]

The TANF Emergency Fund can reimburse 80 percent of a state's increased TANF and MOE spending for needy families in each of the three above categories. While spending in each of these areas can be instrumental in addressing family homelessness, short-term, non-recurrent benefits are likely to be the most commonly used type of aid. Helping families obtain or retain housing can be considered a short-term, non-recurrent benefit when the help is not intended to meet ongoing housing needs and lasts for no more than four months.

Because state budgets are strained in this recession, coming up with funds to cover the remaining 20 percent of increased spending has hindered some states from undertaking new initiatives. Under TANF rules, however, state and local governments can significantly increase funding to address family homelessness in their community, *without* any cost to the state budget, by partnering with nonprofits and their funders that are addressing homelessness.

Overview of the TANF Emergency Fund

The 2009 Recovery Act created a $5 billion TANF Emergency Fund to reimburse 80 percent of states' increased TANF or MOE spending in 2009 and 2010 on basic assistance, short-term, non-recurrent benefits, and subsidized employment. (The increased spending is measured relative to the state's spending in 2007 or 2008, whichever is lower.) As of July 2010, the Department of Health and Human Services (HHS) had approved state requests for about $3.5 billion.

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 or the TANF Contingency Fund.[5] A few states have already reached their maximum allocation under the TANF Emergency Fund and a number of states expect to use all or most of it by September 30, while other states are not likely to use their full allocation by September 30.[6] The TANF Emergency Fund is slated to expire September 30, but Congress is considering a one-year extension under which all states would get a new allocation for 2011 of up to 30 percent of the state's annual TANF block grant amount.

States are not limited to serving families that are receiving TANF cash assistance; they can serve a broader group of families and use higher income cutoffs. Because short-term, non-recurrent benefits and subsidized employment are not considered "assistance" under federal TANF rules, receipt of this type of help does not trigger consequences such as TANF time limits, child support

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[4] While the TANF law passed in 1996 provided $2 billion for a Contingency Fund for hard economic times, that fund ran out of money in December 2009.

[5] About one-third of states have received help from the Contingency Fund in 2009 or 2010 or both.

[6] HHS posts a frequently updated table of the amount of TANF Emergency Funds that have been approved for each state at http://www.acf.hhs.gov/programs/ofa/tanf/apprTANFemerfund.html. This table shows the maximum amount a state can qualify for in TANF Emergency Funds for 2009 and 2010 (after adjustment for any Contingency Funds the state has received).

assignment, or inclusion in the TANF work participation requirements. The benefits and services to address homelessness must, however, go to "eligible families," that is, needy families with children.

- **Needy families:** States can use their own definition of "needy" and a number of states provide temporary help to address or avert homelessness or provide subsidized jobs to families with incomes at two or three times the federal poverty line (or higher). States can use different income cutoffs for different types of short-term, non-recurrent benefits; they might choose to direct homelessness prevention or re-housing funds to lower-income families in order to best target those families most likely to become homeless.[7]

- **Families with children:** States have flexibility to define the age of a child for receipt of short-term, non-recurrent benefits and subsidized employment; HHS has indicated that it will consider young adults up to age 24 living with their families as a reasonable definition of child for both TANF and MOE expenditures that are not assistance.[8] (For basic assistance, in contrast, states must follow the age limits contained in the TANF definition of a minor child.[9]) States can also provide short-term, non-recurrent benefits to certain childless individuals who are needy — namely, pregnant women and non-custodial parents.

- **Immigrant status:** While legal immigrants are "eligible families," certain issues arise in providing aid to non-citizen legal immigrants. 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. States can use MOE funds, however, for non-citizen legal immigrants even if those individuals cannot receive federal TANF funds. States cannot use TANF or MOE funds to serve undocumented immigrants.

How Homelessness Prevention Spending Can Qualify for TANF Emergency Funds

Increased state spending in any of the three Emergency Fund categories could help prevent homelessness or help in re-housing homeless families. However, most spending that targets homelessness is likely to be through short-term, non-recurrent benefits, i.e., 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.

While states may use TANF or MOE funds to provide shelter, help with housing costs, or other social services on a *longer-term* basis to needy families experiencing or at risk of homelessness, such assistance would not fall within the short-term, non-recurrent category. (Some longer-term aid could fall into the basic assistance category and thus also could leverage federal stimulus dollars

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7 In its guidance to the ARRA Homelessness Prevention and Rapid Re-Housing Program, HUD discusses factors that can identify how likely the risk of homelessness is for a family with housing needs. Extremely low income or housing costs that are high relative to income are two factors identified by HUD; using these factors can increase targeting of aid. http://www.hudhre.info/documents/HPRP_NoticeRedline_6_08_09.pdf.

8 In addition, a state 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.

9 45 C.F.R. 260.30

through the TANF Emergency Fund in some circumstances.) Finally, a subsidized job can help address a family's immediate housing needs by providing earnings — as well as lead to a permanent, unsubsidized job in the same position or improved jobs skills and experience.

The sections below discuss some of the considerations for states, local governments, and non-profits in designing services or benefits that would qualify for TANF Emergency Fund reimbursement.

Short-Term, Non-Recurrent Benefits

At least 15 states are drawing on TANF Emergency Fund reimbursements for their increased TANF or MOE spending for short-term, non-recurrent aid to help families remain in their homes or obtain housing. Many states are seeing increased use of existing emergency assistance programs due to the recession, and a number of states have started new initiatives, partnering with third parties to deliver services (and in some cases, to provide the 20 percent of increased spending that is not reimbursed by TANF Emergency Funds). As noted, states are not limited to providing short-term, non-recurrent help to families already receiving TANF cash assistance.

A broad range of benefits and services can be considered short-term, non-recurrent benefits:

- **Preventing homelessness.** States can help keep families housed by assisting with rent or mortgage payments (on a temporary basis), repairs so that the house can remain habitable, and utility payments.

  Short-term, non-recurrent benefits can also include payment of arrears on rent, mortgage, and utility bills.[10] The payment of arrears is *not* limited to four months. For example, in the case of a family facing eviction, a state could pay all of the back rent (even if it exceeds four months) plus up to four months of current or future rent; this can help stabilize the family's housing related to a specific episode of need and is not intended to meet *ongoing* needs for more than four months.

  Short-term, non-recurrent help to cover shelter costs can go to a broad group of needy families and is not limited to families that already are in arrears or have an eviction or foreclosure notice. A number of states have used the TANF Emergency Fund to provide a one-time payment, targeted to a specific purpose, to all families receiving cash assistance or all families receiving Supplemental Nutrition Assistance Program (SNAP or food stamp) benefits. For example, Alabama issued a one-time winter heating allowance to all families receiving TANF cash assistance and plans a similar one-time summer cooling allowance to these families.

- **Re-housing families.** Benefits to help families that have become homeless (or are doubled up and in need of their own housing) get re-housed include security deposits, help with first and last months' rent and utility deposits, and help with furnishing or setting up a new home.

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[10] While payments made for arrears can qualify for reimbursement under the TANF Emergency Fund, *forgiveness* of debts — for example, a lender wiping out back mortgage debt or a utility company wiping out overdue payments — does not qualify for Emergency Fund reimbursement because there is no expenditure. See HHS Questions and Answers on Forgone Revenue at http://www.acf.hhs.gov/programs/ofa/recovery/tanf-faq.htm#_foregone_revenue. As HHS notes, there could be other ways to structure a contribution by a third party owed arrears that could leverage the TANF Emergency Fund, but they would requirement a payment that could count as increased TANF or MOE spending.

- **Supportive services.** Short-term, non-recurrent benefits can also include case management services and support services targeted at homeless or at-risk families in order to help stabilize their situation so that they can obtain or retain housing.

State initiatives using the TANF Emergency Fund for short-term, non-recurrent benefits to prevent homelessness include:

New Jersey — Social Services for the Homeless

Taking advantage of the TANF Emergency Fund, New Jersey expanded its existing Social Services for the Homeless (SSH) program in September 2009. The program assists residents who are at risk of homelessness but ineligible for cash assistance. SSH can pay for emergency food or a motel or shelter stay for a limited amount of time; it also can provide rental, mortgage, utility, and security deposit assistance. This program, which operates on a 24-hour emergency basis, also includes referral services and limited case management.

Using the TANF Emergency Fund, New Jersey raised the SSH eligibility limit for families from 250 percent to 350 percent of the federal poverty line and increased the number of months of short-term help that SSH can provide. The availability of the additional Recovery Act funds enabled counties and contractors to provide richer and deeper services to the families they served. For example, the increased resources allowed counties to provide up to four months of ongoing rent assistance when they might have provided only one or two months in the past.

SSH was already set up to fall within the short-term, non-recurrent criteria; for example, help was limited to four months within a calendar year. Moreover, the state was already capturing data on the families served so it was relatively easy to identify which families were eligible for TANF Emergency Funds.

Because of increased demand, New Jersey had an overall increase in TANF and MOE spending on a range of short-term nonrecurrent benefit programs since October 1, 2009 (relative to base year spending). The federal Emergency Fund reimbursement for the natural increase in spending that had already occurred was, in part, reinvested as the 20 percent to fund the expansion of Social Services for the Homeless. While the SSH program was previously supported by state funds, the state was able to fund the expanded program for families through a combination of additional Emergency Funds as 80 percent reimbursement for the expansion as well as reinvestment of other Emergency Funds received for other increased short-term nonrecurrent spending for the remaining 20 percent. (New Jersey also continued to use some state funds for individuals and families that are not eligible for TANF-funded services, such as certain childless adults and ineligible immigrant families. The state, however, did not expand this portion of SSH; the expanded services and eligibility were limited to families eligible for TANF Emergency Fund reimbursement.)

Georgia — Fresh Start Program

Georgia started the Fresh Start statewide initiative in June 2010, partnering with the United Way of Metropolitan Atlanta to provide a one-time crisis payment of up to $3,000 to help families catch up with shelter expenses and obtain or retain housing.[11] Families with minor children (and noncustodial parents participating in the Georgia Fatherhood Program) with incomes up to 300 percent of the federal poverty line can qualify.

United Way and other agencies serving families will identify families that have lost their homes or had essential services such as utilities shut off, as well as families at risk of losing their home or utilities. Agencies in counties throughout the state — including the Salvation Army and many churches — will make the payments. United Way will reimburse agencies for 80 percent of the payments, using TANF Emergency Funds it receives from the state. The 20 percent for the Fresh Start program is coming from Federal TANF funds, cash contributions from the Georgia Public Service Commission and contributions from United Way or its partner agencies.

Combining TANF Emergency Funds and Homeless Prevention Rapid Re-Housing Funds

The Recovery Act also included a $1.5 billion Homelessness Prevention and Rapid Re-Housing Fund (HPRR) that is administered through cities, counties, and states, often by local housing agencies.[12] These funds can be used for homelessness prevention, diverting families from shelter through other housing options, and re-housing and can provide short- and moderate-term rental assistance and case management. These federal funds are available through September 2011.

The HPRR funds are a capped allocation by local area. States or localities can use TANF Emergency Funds and the HPRR funds together to increase resources available to families. Moreover, they can use the same service delivery agencies to assess and serve families, drawing on several funding streams for the benefits and services provided. For example, an agency administering HPRR could start with short-term, non-recurrent benefits (funded by TANF Emergency Funds) for a few months for families with children and then use HPRR funds if longer-term rental assistance is needed. This can stretch the HPRR funds.

HHS and HUD recently issued a joint letter encouraging states to coordinate these resources to help address the increase in family homelessness and risk of homelessness during this economic recession.[13] In addition, HPRR providers may have particular expertise in re-housing families and providing the cluster of support services that can help a homeless family become re-housed.

It is important to note that HPRR funds are federal funds and thus cannot count as MOE and cannot be used as reimbursement for the 20 percent of increased state spending that is not reimbursed by TANF Emergency Funds.

[11] http://www.unitedwayatlanta.org/AboutUs/Partnerships/Pages/FRESHSTART.aspx

[12] The federal fund technically is referred to as HPRR but many state programs refer to it as HPRP.

[13] http://www.acf.hhs.gov/programs/ofa/policy/colleague-ltr/2010_TANF-HUD.html

A number of states and localities are taking this approach, including:

Sacramento County, California — HPRP

Sacramento's Homelessness Prevention and Rapid Re-Housing Program (HPRP) uses TANF Emergency Funds for families with incomes under 200 percent of the poverty line who are facing a housing crisis. Three core HPRP providers —Volunteers of America, The Salvation Army, and Lutheran Social Services — can provide families short-term assistance that includes:

- help finding new housing, making applications, and paying deposits;
- help with eviction services and limited help with past-due utility or rental payments to preserve current housing;
- short-term help with rent, with families continuing to pay a portion; and
- short-term services aimed at housing stabilization (such as help developing a household budget) and connection to employment and other community services aimed at self-sufficiency goals.

The county uses TANF Emergency Funds for the short-term help and services for eligible families with children, while using HPRP and other funds for childless individuals as well as for longer-term aid to families. The TANF Emergency Funds can cover rental assistance for up to four months (including arrears), as well as utility arrears.[14] Private donations through the Sacramento Region Community Foundation cover the 20 percent portion of increased TANF spending that the TANF Emergency Fund does not support. (See, discussion of third-party funding on p. 11.) Thus, the TANF Emergency Fund is a critical part of HPRP, allowing it to serve many more families than would otherwise be possible. In its first eight months, the program assisted over 500 families.

Colorado — HPRP

Colorado has allocated $4.7 million of TANF funds for use with HPRP funding to provide short-term, non-recurrent help to address or prevent homelessness. The state expects to receive Emergency Fund reimbursement for 80 percent of this spending. The TANF funds are available for low- and moderate-income families with children (including non-custodial parents) who are lawfully present in the United States.

The TANF funds help stretch the HPRP dollars. First, by using the TANF funds for an initial short-term period for families, the state can defer drawing on the HPRP funds. In addition, there are some areas where TANF funds can be used more broadly than HPRP funds to help family economic stability and thus retain housing — for example, to repair a car needed for employment. The program is administered through the state Department of Local Affairs, which has subcontracted with the Colorado Coalition for the Homeless and the City of Colorado Springs to deliver some of the services and benefits.

[14] California counts each month of rental arrears toward the four-month limit on short-term, non-recurrent benefits, but this is a state-imposed rather than a federal restriction. California has no limit on how many months of utility arrears can be covered.

Delaware — Short-Term Rental Assistance Program

Delaware has allocated $5 million of TANF Emergency Funds for its Short-Term Rental Assistance Program, which provides up to four months of aid to families with children with an identifiable housing crisis such as homelessness or impending homelessness. Benefits and services can include payment of current and overdue rent and utility bills, first month's rent, security deposits, repairs or replacement of heating or air conditioning, roof repairs, and counseling on managing family budgets. The program is open to families that are eligible for TANF cash assistance (for example, they must have income below 75 percent of the federal poverty line for a family of three), though a higher income cutoff applies to working families.

The housing authorities in Delaware (City of Wilmington and New Castle County) and their network of grantees provide the benefits, using the same service delivery providers for the TANF-funded rental assistance and for the HPRR funds. Training for both the HPRR and the TANF Short-Term Rental Assistance Program is provided jointly by the Homeless Planning Council of Delaware; this agency also provides eligibility determinations for the TANF Short-Term Rental Assistance Program.

Basic Assistance

States can draw on the TANF Emergency Fund to provide certain families with *ongoing* help to prevent or address homelessness by providing a housing subsidy that lasts longer than four months.[15] If Congress extends the Emergency Fund past September 30, states and localities have a unique window of opportunity to provide increased supplemental housing aid for federal fiscal year 2011 largely funded with federal dollars. For example, a state could provide a substantial housing supplement to all recipients of TANF cash assistance or could target a supplement to those TANF families at risk of homelessness or emerging from a period of homelessness. States considering such steps should first consider two issues, however.

First, generally a state would want to provide TANF-funded housing aid only to those families that are already receiving or can qualify to receive cash assistance funded with federal TANF or state MOE dollars. This is because help with housing is considered "assistance" under the federal TANF rules, and receipt of assistance triggers certain federal requirements such as the TANF work participation rates, federal TANF time limits, and child support assignment. If a family is already receiving cash assistance, time limits and work participation rates are already triggered (unless an exception is met.) The only remaining issue is to ensure that receipt of additional housing aid does not increase the amount of child support that the state retains rather than passing through to the family and this can be addressed by providing the assistance in a vendor payment. While a state generally will use the child support payments a family has assigned to the state to reimburse the state and federal government for some or all of the cost of cash assistance benefits provided to the family,

[15] Other longer-term aid, such as longer-term case management or jobs skills training for homeless families, would not be considered basic assistance and would not fall into any other Emergency Fund category. While a state could not leverage Emergency Funds for such services, it could invest TANF or MOE funds in such services in response to the need.

states cannot retain child support payments for a housing subsidy in the form of a vendor payment made directly to the landlord.[16]

Many families that are eligible for cash assistance do not receive it. Connecting these eligible families to ongoing cash assistance can provide crucial aid to obtaining and retaining housing, and providing an additional supplement can secure their housing status. Low-income families *not* otherwise eligible for cash assistance are better served with short-term, non-recurrent benefits.

Second, a state would only qualify for TANF Emergency Funds (and receive 80 percent reimbursement for increased spending) for ongoing housing assistance if it otherwise qualifies for Emergency Funds in the basic assistance category. That means the state would need to have an increase in its TANF caseload and its TANF spending relative to a base year period (in either 2007 or 2008, whichever year had lower caseload).[17] At least 40 states have qualified for Emergency Funds in the basic assistance category in 2009 or 2010.

These issues aside, families receiving cash assistance are among those most in need of help with housing because TANF benefits are very low in most states.[18] Moreover, because of funding limitations, only one in four eligible low-income households receives federal housing assistance.[19] TANF benefits are not sufficient to enable a family to acquire and retain housing; in every state, benefits for a family of three are less than the HUD Fair Market Rent (FMR) for a two-bedroom apartment. (In 24 states, TANF benefits are less than *half* of the FMR.[20])

A number of states already provide some type of long-term housing supplement to some or all TANF recipients. Such states could increase the subsidy amount or the population served, and other states could start this type of initiative. To the extent that states can expand or implement these initiatives administratively — without waiting for the state legislative session — they will be able to make the most of the window to pull down Emergency Funds for federal fiscal year 2011 if Congress extends the Fund.

Some states provide an ongoing monthly supplemental housing allowance for families with high housing costs. **Vermont** provides a supplemental $45 monthly special-needs housing allowance to TANF families whose out-of-pocket shelter costs exceed an annually adjusted standard. **Maine** provides a monthly special-needs housing allowance of up to $100 to families whose total shelter costs are more than 75 percent of their countable income. Maine increased this allowance from $50 in late 2008, and this increased spending has been part of the state's reimbursement claim under the TANF Emergency Fund.

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16 See, *Questions on TANF Policy Issues and TANF Data Reporting,* November 1999, Question 6, http://www.acf.hhs.gov/programs/ofa/polquest/assist.htm.

17 The increased spending and increased caseload are measured for each quarter for which a state seeks TANF Emergency Fund against the caseload and spending for the comparable quarter in the base year.

18 Liz Schott and Zachary Levinson, "TANF Benefits are Low and Have Not Kept Pace with Inflation," Center on Budget and Policy Priorities, November 24, 2008. An updated version of this paper, based on July 2010 TANF benefit levels, is forthcoming.

19 *Worst Case Housing Needs 2007: A Report to Congress*, HUD Office of Policy Development and Research, May 2010.

20 CBPP analysis using July 2010 TANF benefit levels compiled by CBPP and compared to 2010 HUD Fair Market Rents by state as analyzed by the National Low Income Housing Coalition at http://www.nlihc.org/oor/oor2010/.

Some states target a deeper subsidy to families that are homeless or at high risk. **New Jersey** provides a longer-term housing subsidy to some families that are also receiving TANF cash assistance — those that are homeless or at immediate risk of becoming homeless — through its Emergency Assistance program. Eligible families can receive temporary rental assistance benefits for up to 12 months, with two additional six-month extensions available.

New York allows counties to provide an ongoing shelter supplement to families receiving cash assistance; the state pays part of the additional cost. For example, Westchester County provides families (and individuals) that are receiving cash assistance and are homeless or are facing homelessness with monthly supplemental payments of up to $314; for families with children, the payment is not time limited, although families cannot continue to receive the supplement if they become ineligible for cash assistance.[21]

Subsidized Employment

At least 33 states are using TANF Emergency Funds to provide subsidized employment to low-income families and, all told, over 200,000 job placements are anticipated by September 30. Such programs help families obtain or retain housing by enabling them to earn wages. Moreover, these subsidized jobs may turn into a permanent, unsubsidized job when the subsidy period ends, or the experience and skills that a worker gets from this job could make the individual more employable.

States have a great deal of flexibility in designing subsidized employment programs and state approaches vary. Most states are counting the employer's contribution of in-kind supervision and training as increased MOE in an amount equal to 25 percent of the wage costs (which approach HHS has authorized). This allows the states to cover the 20 percent that is not reimbursed by the TANF Emergency Fund without a cost to the state budget, at least respect to the costs of the subsidized wage. Eighty percent of other costs — such as administrative costs, contractor costs, and supportive services — can be also reimbursed by the TANF Emergency Fund.[22]

Some states are taking a Transitional Jobs program approach with some or all of their expanded subsidized jobs. A Transitional Jobs program targets families with barriers to employment and offers more intensive services as well as some training and case management; all of these services would qualify for 80 percent reimbursement from the TANF Emergency Fund.

Some states serve only TANF cash assistance recipients in their subsidized employment programs, but others serve a larger group of low-income families (including noncustodial parents or families that are receiving or have exhausted unemployment insurance) and a number include older youth (ages 18-24). Many families that are homeless or at risk of homelessness are within the eligible

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[21] Each county in New York State that opts to provide a shelter supplement would do so in accordance with its plan submitted to the state. Westchester County opted to allow supplemental shelter payments up to the amount of the state-established shelter allowance for the county; the shelter allowance is used as part of the overall TANF benefit amount that a family would receive.

[22] For more information, see CLASP Emergency Fund Resources at http://www.clasp.org/issues/pages?type=temporary_assistance&id=0001 and National Transition Jobs Network at http://www.transitionaljobs.net/Policy/American_%20Recovery_Reinvestment_Act.htm.

population in many states, and some initiatives — for example, San Francisco's — specify homeless families as a target population.

Key Administrative Details for States and Localities

Working with Third Parties to Help Cover Added Costs

The federal Emergency Fund can cover 80 percent of increased TANF and MOE spending in the three Emergency Fund categories. The 20 percent of increased spending that the Emergency Fund reimbursement does *not* cover can come from federal TANF funds or from expenditures made by states, local governments, or third parties that can count as MOE. Many states face tight fiscal situations and are not able to take on any additional costs to increase program spending, even with 80 percent of the increase qualifying for federal reimbursement. States have many options for covering the remaining 20 percent — sometimes referred to as the 20 percent match — including developing innovative partnerships with philanthropic organizations or non-profit service providers.

Under longstanding TANF policy, funds from local governments or other third parties can count as state MOE.[23] Third parties include non-governmental organizations, foundations, or private firms or individuals. Third-party spending has 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.

The ability to leverage $4 in federal stimulus funds for every $1 of third-party MOE can provide an attractive prospect for donors looking to make the most difference with their dollars. For example, a foundation that is investing in strategies to address homelessness could provide the 20 percent match for a new or expanded program that helps families cover the cost of retaining or obtaining housing. A community foundation could put together a package of contributions from donor-advised funds or other individual contributions that are attracted because of the program's anti-homelessness purpose as well as the opportunity to leverage federal stimulus dollars.

A good example of this approach is the Sacramento Homelessness Prevention and Rapid Re-Housing initiative, a collaboration of Sacramento Steps Forward (a public-private partnership to address homelessness) and the Sacramento Region Community Foundation. These partners launched a "One Day to Prevent Homelessness" fundraising campaign asking individuals to contribute the amount that they spend for one day of rent or mortgage payments. Efforts included a media campaign with an eight-page insert in a local news weekly and an all-day telethon at a local TV station, as well as a significant effort in the religious community.[24] The campaign raised over $400,000 to match $1.6 million in TANF Emergency Funds that the county will draw down. Because the amount raised exceeded the $400,000 target, this initiative will be able to continue to provide the 20 percent match to draw down additional TANF Emergency Funds if Congress extends the Emergency Fund through 2011. The foundation gives the funds directly to the three

[23] 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(e) and Policy Announcement, TANF-ACF-PA-2004-01, http://www.acf.hhs.gov/programs/ofa/policy/pa-ofa/2004/pa200401.htm.)

[24] See additional information at http://onedaytopreventhomelessness.org/, http://www.sacregcf.org/, and http://sacramentostepsforward.com/.

core HPRP service providers — Volunteers of America, The Salvation Army, and Lutheran Social Services.

Measuring a State's Increased Spending

TANF Emergency Funds reimburse a state for 80 percent of its increased TANF or MOE spending compared to the relevant base year period. In order to accurately capture the real increase in spending, state spending data may need to be adjusted to provide a fair "apples to apples" comparison of spending on a program in 2009 or 2010 compared to the base year.

A state can use a different base year — either 2007 or 2008 — for each of the three Emergency Fund categories (basic assistance, subsidized employment, and short-term, non-recurrent assistance), but it must use a single base year for all of its spending *within* a given category.[25] For example, for the short-term, non-recurrent category, a state cannot use one base year for housing and utility help and a different base year for emergency food assistance. In addition, 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. (Measuring increased spending for short-term non-recurrent spending is the focus here because it is the most common Emergency Fund category for addressing homelessness and because it is the most complex — involving multiple types of programs, and often programs that were not previously included as part of the state TANF or MOE funding.)

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 it is claiming for various types of short-term aid 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. The TANF Emergency Fund reimbursement will equal 80 percent of this total amount.[26]

For new programs 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-

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[25] The Recovery Act requires the base year be either 2007 or 2008, whichever year has lower spending (for the short-term, non-recurrent and subsidized employment categories) or whichever year has lower caseload (for the basic assistance category).

[26] 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. 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.

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.[27])

In some instances, a program that existed in the base year and has since expanded may have served individuals as well as families. In this situation, the service provider would need to determine what portion of the base year spending went to TANF-eligible families. For example, New Jersey's Social Services for the Homeless Program served both individuals and families with state-only funding during the base year. However, the state had sufficient data on those served to identify the portion of the base-year spending that went to families. In situations where detailed data is not available, HHS has indicated that states can estimate past spending for short-term, non-recurrent benefits for TANF-eligible families and explain their methodologies.

Other Key Administrative Details

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 entity administering the benefits.

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, for example, if an initiative starts later than originally planned.

Finally, the 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. 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 that "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."[28] This means that the date of the payment to or on behalf of the family is key: the funds must actually be *provided,* not just obligated, for the services for the family, even if the state reimburses the contractor afterwards. For example, payments of rental assistance made by September 30 would qualify for reimbursement for 2010, even if the assistance was for rent in October and November.

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[27] 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 it had not contributed in the past or that increased from past contributions.

[28] HHS Questions and Answers on ARRA, http://www.acf.hhs.gov/programs/ofa/recovery/tanf-faq.htm#_advance_expenditure.