



TANF Emergency Contingency Fund Fact Sheet

September 20, 2010

What is the TANF Emergency Contingency Fund?

The TANF Emergency Contingency Fund was created by the 2009 American Reinvestment and Recovery Act as a time-limited, \$5 billion funding stream that enables states to create jobs and provide emergency assistance to low-income families struggling to make ends meet. Since its inception, 35 states have partnered with the private sector to create more than 250,000 new jobs for low-income and long-term unemployed workers and to meet the rising need for support services resulting from the Great Recession. Yet it's set to expire on September 30 if Congress does not extend it.

How does the program work?

TANF ECF provides flexible block grants to states, which can then design their own subsidized employment programs tailored to the needs of their workers and businesses. States have used the grant for uses as diverse as summer youth employment programs and partial reimbursement to businesses for the costs of hiring and training new employees. A portion of the funding in each state has also gone toward temporary emergency services that prevent homelessness, increase children's access to food, or provide utilities assistance to protect health and safety during this summer's heat waves.

Who supports the program?

The TANF Emergency Contingency Fund has garnered bipartisan support over the course of the past 18 months from elected officials at the municipal, state, and federal levels who see TANF ECF as a promising model that we should continue

to build upon. South Dakota Gov. Michael Rounds has explained that states use TANF ECF “to help speed economic recovery through subsidized employment and training programs, and vital financial and supportive service offerings for needy families facing increased hardship.”

Small business owners will also testify on behalf of the program’s efficacy. The funds have been used to help local businesses proceed with planned expansions that were put on hold during the recession, and to subsidize entrepreneurs looking to start up a new business and create local jobs.

What are the stakes?

Unfortunately, this successful bipartisan program is set to expire on September 30, 2010. If Congress does not act to extend the program prior to the fund’s expiration date, states will no longer be able to work with the private sector to offer the successful subsidized job programs or to provide the additional assistance families need to weather the recession. At least 250,000 subsidized jobs would be in jeopardy, pushing thousands of low-income workers into poverty and unemployment as states end their successful jobs programs.