

Subsidized Employment and the TANF Emergency Fund

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Subsidized Employment and TANF

- Subsidized public and private sector employment are two of the countable activities toward the work participation rate.
- “Employment for which the employer receives a subsidy from TANF or other public funds to offset some or all of the wages and costs of employing an individual.”

Range of Models

- Direct payments to employers
- Third party as employer of record
- Work-study jobs for college students
- Summer jobs for youth
- Transitional jobs combine real work, skill development, and supportive services, to transition participants into the labor market.
- Supported work for individuals with disabilities

Not Limited to TANF Recipients

- TANF and MOE funds can be used to provide services to low-income families, including non-custodial parents, regardless of cash assistance receipt.
- Wage subsidy is not “assistance” – does not trigger TANF time limits, work requirements, data reporting.

Subsidized Jobs are Better than Workfare

- Can deem hours of participation for 6 months, rather than having to document them every week – less paperwork for states.
- Much better financially for the participant – earnings count towards tax credits.
- Generally, more like real work situations – need to be timely, deal with supervisors and coworkers, can learn skills and workplace norms. Not pushing a broom in the park.

Modest Use of Subsidized Employment in Recent Years

- In FY 2006, only about 4,000 TANF adults were reported in these categories
 - 1 percent of adults with any hours of participation
 - Washington, New York account for ½ of total.
- \$100 to \$200 million in TANF/MOE funds reported as “wage subsidies” in 2006-07.
- Some Transitional Jobs programs were funded with separate “Welfare to Work” funds.

Recession Brings New Attention

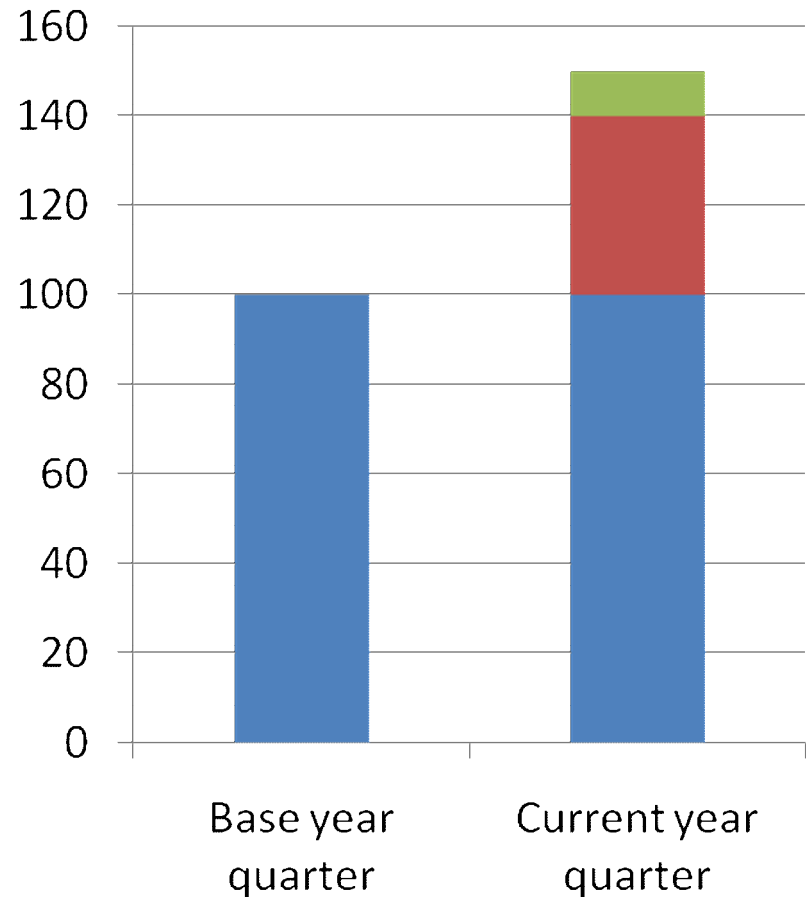
- Declining availability of unsubsidized jobs
 - In FY 2006, nearly half of all TANF recipients who participated in a countable activity were in unsubsidized employment.
- Interest in providing help to families who may not qualify for cash assistance, but have exhausted or are ineligible for UI.
- TANF Emergency Fund

TANF Emergency Fund

- States will receive 80 percent of increases in spending in one or more of three areas:
 - Assistance
 - Non-recurrent, short-term benefits
 - Subsidized employment
- States can receive up to 50 percent of block grant over two years from Emergency Fund and Contingency Fund combined
- Total pool of \$5 billion
- States can apply for funds for upcoming quarter based on projected spending

What Counts for Emergency Fund?

- Combined MOE/TANF spending
- Must be an increase over comparable quarter in FY 07 or 08
- Can be spending from Contingency Fund
- Can be redirected from other TANF categories
- Can be third-party spending claimed as MOE



What Costs can be Claimed as Subsidized Employment?

- Based on the ACF-196 category for “work subsidies.”
- “Payments to employers or third parties to help cover the cost of employee wages, benefits, supervision or training.”
- HHS specifically directs states to include “all expenditures related to operating a subsidized employment program, including the cost of overseeing the program, developing work sites, and providing training to participants.”

Questions to Ask

- What is state planning already?
- How much of Emergency Fund pool is already allocated?
- Are there existing subsidized employment programs that can be scaled up?
- Are there local foundations that might be interested in leveraging funds?

Thank You

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Q and As on the TANF Emergency Contingency Fund:

http://www.clasp.org/publications/tanf_efc_qanda030909final.pdf

Making the Employment Connection: New Opportunities to Support
Transitional Jobs Programs Using the TANF Emergency Fund

<http://www.clasp.org/publications/newoppcontfund.pdf>