

**COMMISSION ON ENHANCING AGENCY OUTCOMES
SUMMARY SHEET**

TANF Emergency Fund Update (Proposal # 37)

The CEAO received a brief update on this proposal at its September 10, 2010 meeting, and there was an interest then in exploring the issue further.

Overall Allocations: Early in 2009, the Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund was appropriated \$5 billion nationwide in federal stimulus monies. Connecticut was eligible to receive emergency funds of approximately \$133 million.

Eligible Programs: There were three categories of expenses that were eligible for funding:

- caseload increases and increased expenditures on basic assistance;
- increased expenditures related to non-recurrent, short-term benefits, such as emergency help to pay rent, short-term food assistance, domestic violence services, vehicle repair, and back-to-school allowances; and
- increased expenditures for subsidized employment.¹

Application Process: The federal agency administering the program is the Administration for Children and Families (ACF) in the Department of Health and Human Services (HHS). The application for funding had to be made by the state, but could have included expenditures by towns or other agencies if they were allowable expenditures in the state's application.

The law required that, in order to be reimbursable, the expenditures must have been incurred prior to September 30, 2010.

Status: As of August 2010, Connecticut had applied for **\$56.3 million² of the \$133 million** maximum allocation (\$76.7 million less).

Issues:

Connecticut (DSS as the applicant) did not submit an application for the latter two categories until May 2010, leaving only a few months until the September expenditure deadline.

¹ According to federal guidance material, states were allowed broad leeway in interpreting subsidized employment. It could be for employment in the private sector, in non-profits and cover all or part of the wages of the subsidized employee. The expenditures could be for a newly created job or to prevent a layoff of in an existing job, so long as the state ensures that it complies with requirements against displacing other workers, and ensures that it is providing a job to a needy parent or youth who would not otherwise be employed. Training costs were allowed to be counted as reimbursable expenses.

² Application material received from DSS indicates \$56 million; the ACF website indicates Connecticut has applied for \$38 million.

It also appears that Connecticut (DSS as the applicant) interpreted eligibility, expenses, and reporting requirements too narrowly. For example, CEAO staff contacted one of Connecticut's largest food banks to ask why the organization was not included in the DSS application. Staff was told that, as the program was explained to that agency, accounting for increased activity and expenses would be required by family or assistance unit, and that the agency would not have been able to comply. However, material on the ACF website states that exceptions and estimating are allowed in determining eligible expenses.

Connecticut's neighboring states of **New York, Massachusetts, and New Jersey all successfully submitted applications for the full amounts allocated to that state.** CEAO staff asked DSS why those states would have been eligible for the full allocations, as they would have had to meet the same eligibility, expense, and reporting requirements. DSS has not responded.

It seemed somewhat unclear to CEAO staff as to what revisions the state might make to its initial applications (due and filed by September 1, 2010.), so CEAO staff made an informal inquiry to the ACF Region I Office. Staff was told that the applications submitted to date cannot be revised to garner more funding, and the total amounts already allocated to each state are the caps. **It therefore appears that Connecticut has missed an opportunity to maximize federal revenue (a potential loss of \$76 million) in this program. However, since there is such a large amount of funding at stake, Connecticut should seek an official interpretation. If Connecticut is allowed to revise its applications, DSS should:**

- **ensure that as broad an interpretation as allowed under federal guidelines for eligibility, eligible expenses, and reporting is used;**
- **work with all agencies that were part of the application to ensure they submit expenses using the broadest interpretation.**

In the longer-term, DSS should immediately designate a high-level staff person as federal revenue ombudsman to ensure that the state does not miss future federal funding opportunities.