

## Using TANF to Support and Improve Efforts to End Family Homelessness

The TANF program is an important resource for homeless advocates and planners to be using to help homeless and low-income families. It is a much more versatile funding stream than many may think. While “TANF” is often used as a shorthand phrase to describe the cash assistance program, states use TANF resources for a host of other supports for low-income families. Many of these supports are also available to families who are not on the cash assistance program. TANF is a critical resource that can be better used to end family homelessness.

### Background on TANF Program

The Temporary Assistance to Needy Families (TANF) block grant program provides \$16.5 billion annually to states to provide assistance to low-income families with children. The purposes of the TANF program include providing assistance to families “so that children may be cared for in their own homes or in the homes of relatives.” The program purposes also include reducing dependence on cash assistance through promoting work and marriage, preventing out-of-wedlock pregnancies, and promoting the formation and maintenance of two parent families.

Only about 30 percent of the state and federal TANF funds that states spend go to providing cash assistance. States typically commit substantial portions of their TANF dollars toward meeting the child care needs of families transitioning into the workforce. States also use the funds for work preparation activities including job training, education, rehabilitative services, and subsidized employment. These services may be available to families both on and off the TANF cash assistance program.

Some states use TANF resources to help meet the housing needs of families, including the use of short- or medium-term rental assistance, eviction prevention assistance, security deposit, and first month’s rent to help families exit or avoid shelter. TANF resources may also be used to support shelters and transitional housing programs serving families. TANF is frequently used to provide motel vouchers to families who are homeless.

The cash assistance states provide with the TANF block grant is an important source of financial support for families without other sources of income. Benefit levels are set by each state, and are typically well below what families need to pay for housing. Most states provide less than \$500 a month for a family of three.<sup>1</sup> The amount of TANF cash assistance provides families with an annual income of less than 50 percent of the poverty

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<sup>1</sup> The maximum amount of cash assistance that a family could receive in each state in 2006 can be accessed from the Office of Family Assistance, U.S. Department of Health and Human Services, *Eighth Annual Report to Congress*, June 2009, page 104-105. <http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport8/ar8index.htm>

level (or under \$8,800 for a family of three); in 20 states the amount provided leaves families with incomes of less than 25 percent of the poverty level (or under \$4,400 for a family of three). Families on TANF cash assistance caseloads have high rates of housing instability and homelessness, likely due to their extremely limited incomes.

The number of families assisted by the TANF cash assistance program has declined by over 60 percent nationally since TANF was enacted in 1996. Even before the current recession, fewer than half of eligible families received assistance and recent data indicates that less than one-fifth of families entering homeless programs receive TANF assistance. The families who are not receiving TANF cash assistance include those who have been sanctioned off the program because they have not complied with program requirements or have reached their state's time limit for TANF cash assistance. These families are at higher risk of homelessness and housing instability.

Families in need may have stopped seeking assistance from their state TANF agency. Throughout the recession, there have been sharp increases in food stamp and unemployment compensation caseloads. In many communities, more and more families are seeking emergency shelter and eviction prevention assistance. Yet, nationally TANF cash assistance caseloads have not significantly expanded to meet the increased needs of families.

#### TANF Emergency Contingency Fund

The American Recovery and Reinvestment Act (ARRA) provided \$5 billion for the TANF Emergency Contingency Fund. The funds are used to reimburse states for increased expenses incurred in providing assistance to families during the recession.

Through September 2010, states are eligible to receive up to 50 percent of their annual TANF allocation from the TANF Emergency Contingency Fund. The funds can be used to reimburse states for 80 percent of the increased costs they incur to provide families with:

- Non-recurrent, short-term benefits (this can cover expenses such as four months of rental assistance for prevention or re-housing, security deposits, first month's rent, utility assistance and other expenses designed to meet needs that are expected to last no longer than four months);
- TANF cash assistance; and
- Subsidized employment.

Close to \$3.2 billion remain available to states through September 30 2010.<sup>2</sup> While some states have accessed a substantial proportion of the funds they are eligible to receive, other states have been slow to use the funds. Many states will need to significantly ramp

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<sup>2</sup> Detailed information on the amount of TANF ECF each state is entitled to receive and the amount of ECF funds already claimed can be accessed from the Office of Family Assistance, U.S. Department of Health and Human Services, *Approved TANF Emergency Fund Applications by Category*, <http://www.acf.hhs.gov/programs/ofa/tanf/apprTANFemerfund.html>

up their efforts if they wish to avoid losing access to this important resource which can advance efforts to end family homelessness.

Congress is currently exploring whether to extend funding for the TANF Emergency Contingency Fund through September 30, 2011. The House approved a measure to extend the program with a supplemental \$2.5 billion. Under the House legislation, each state would be eligible to receive 30 percent of their annual TANF grant program during this additional year of funding. The legislation would also expand allow TANF ECF to be used for subsidized employment for childless adults who have exhausted unemployment insurance benefits.

### **Steps Local Homelessness Leaders Can Take to Improve Family Outcomes**

To improve how TANF resources are used to enhance the outcomes of homeless families, local leaders can:

- Advocate for your state to tap the TANF Emergency Contingency Fund;
- Promote the investment of TANF funds in Housing First; and
- Champion improvements to the TANF cash assistance program

#### **Advocate for Your State to Tap the TANF Emergency Contingency Fund**

Of the \$5 million made available to states through the TANF Emergency Contingency Fund, close to \$3.2 billion remains unspent. Many states have significantly increased efforts to take advantage of the remaining resources they are eligible for, however, other states have not. There are two reasons that states are not spending the money.

#### ***Help States Increase Their Program Activity***

The first reason that states have not tapped TANF EFC is that they have not decided to increase their spending for eligible activities.<sup>3</sup> A state may increase its spending simply by serving more people, including services for families who are not on the TANF cash assistance program, or it may increase its spending by undertaking new activities.

It can be a challenge to get a state to expand its activities during a period of budget deficit. It may lack the staff to implement new subsidized employment or short-term rental assistance programs. However, another stimulus program, the U.S. Department of Housing and Urban Development's Homelessness Prevention and Rapid Re-Housing Program (HPRP) can help solve this problem. Nonprofit agencies that have increased their activities as part of HPRP may be an ideal vehicle through which TANF-funded rent assistance for prevention, utility assistance, re-housing, or other supports are distributed. States can increase TANF expenditures without increasing state staff.

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<sup>3</sup> States access ECF funds by increasing their spending on eligible activities, and then being reimbursed by the federal government for a portion of that increased spending.

Salt Lake City, UT and Alameda County, CA are two communities in which local programs are using both TANF and HPRP funds to provide rental assistance to families. In Alameda, the TANF agency has contracted with each of the agencies responsible for administering the HPRP funds to provide short-term TANF benefits. The local agencies are trained on the use of the TANF funds and reporting requirements and clear guidelines have been developed to help staff determine when to assist families with TANF funds and when HPRP funds should be used. In Utah, the state TANF agency provided funds to be re-granted with HPRP to local providers.

Similarly, homeless providers and other nonprofit organizations serving at-risk families may propose enhancing the services they offer to families with additional resources from the TANF program. In addition to using short-term benefits for expenses that HPRP cannot cover (including paying for temporary shelter, furniture, or move-in expenses), agencies may be able to expand the employment services they offer their clients by offering subsidized employment. This may be an ideal parallel service offering for families who are expected to transition off of the time-limited rental assistance offered by HPRP programs.

*While EveryOne Home prepared for HPRP implementation in Alameda County, CA, they educated public officials about opportunities to capture funds from the TANF Emergency Contingency Fund that could complement the HPRP program. EveryOne Home argued that the newly developed Housing Resource Centers established to disburse \$7.5 million in HPRP resources could also provide TANF-funded prevention and re-housing assistance. The Alameda Board of Supervisors developed separate contracts with each Housing Resource Center to administer TANF short term benefits. The data elements required by the TANF agency were easily added to the data the Housing Resource Centers planned to capture to meet HUD reporting requirements for HPRP. Local residents now have access to \$12 million for HPRP and TANF funded homelessness prevention and rapid re-housing assistance through new Housing Resource Centers located across the County.*

### *Help States Find Matching Funds*

The second reason that states have failed to tap TANF ECF is that they are reluctant to increase their own spending, even with the knowledge that 80 percent of that new spending will be reimbursed by the federal government. There are successful ways to help states address this match issue as well. Some of the most innovative involve counting third party (non-state government) spending as the state match (which is allowable).

For example, many nonprofit organizations increased their spending to provide short-term help to families (for example, food assistance, shelter, eviction prevention assistance) and those increased expenditures may be used by the state to draw down TANF funds. Capturing the spending history of numerous nonprofit programs in eligible areas can be a very challenging task. One Connecticut foundation has provided funding for a consultant who is now working with nonprofit organizations across the state to find

eligible expenditures that the state can use to draw down funds from the TANF Emergency Contingency Fund

Another possibility is to leverage charitable giving. The investments of foundations or corporations in eligible activities can also be counted toward the 20 percent of new spending that TANF ECF will not reimburse. This is a win-win situation, with philanthropy receiving a four-fold return on investment, and states receiving the new funding with no increased expenditure of state funds. A foundation could commit \$200,000 to provide subsidized employment opportunities to formerly homeless families. That \$200,000 can then serve as the state “match.” The state could then allocate \$800,000 and receive 100 percent reimbursement of the public funds they committed to the project. The initial investment of \$200,000 by the foundation was increased four-fold by the state contribution, resulting in \$1 million dedicated to providing subsidized employment opportunities to formerly homeless families.

*The Connecticut Coalition to End Homelessness (CCEH) actively participated in educating state officials about how other states are using philanthropic giving to draw down TANF Emergency Contingency Fund resources. They partnered with other interested non-profit organizations, one of whom has used philanthropic dollars to hire a consultant who worked to identify funds that could be used as a match for the federal funds. As a result of their encouragement, a Governor’s Task Force was established to further explore strategies to capture federal funds which will be used in part to provide short-term rental assistance to homeless and at-risk families. CCEH serves on the committee and is helping to craft the state plan for the use of funds.*

#### Convince Leaders to Invest in Housing First

In many states and localities, significant TANF resources are already being spent to provide funding for eviction prevention assistance, motels, emergency shelters and transitional housing programs serving homeless families. The TANF resources provide support to programs that are critically needed to provide an emergency response to families in crisis. However, there are often refinements that can be made in how the money is used and new initiatives that can be supported with funds that can improve families’ outcomes. While states facing difficult budget deficits may be reluctant to increase spending to expand programs or support new initiatives, they may be responsive to changing how current spending is used.

#### *Demonstrate Effectiveness and Cost-Savings*

The Commonwealth of Massachusetts has been a leader in re-thinking the use of TANF resources to support family shelter. By legislative statute, the Commonwealth is responsible for ensuring that children experiencing homelessness are sheltered. As more and more families were impacted by the recession, emergency shelter and transitional housing options were quickly depleted and the state resorted to sheltering families in motels. Through prior experience and data, the state recognized that motels and shelters are a poor alternative to helping a family return to housing and had already begun work to

transform their investments in family homelessness to one focused on achieving permanent housing outcomes. Local studies found that time limited rental assistance reduced reliance on motels and shelters, was effective in ending family homelessness, and was less costly than shelter stays.

As a result, the state is funneling more resources into prevention, diversion, and rapid re-housing strategies while working to reduce the length of time families reside in shelter. Communities that have implemented these successful approaches are reducing their dependence on motels for sheltering families and are now moving families out of homelessness faster than families are entering shelter. While they are achieving improved family and program outcomes, they are also reducing costs.

### *Explore Current TANF Spending on Homelessness*

Local and state homelessness leaders are exploring how TANF funds are now being used to support homeless families. Based on this, they are developing proposals for how the funds can be used more efficiently through better targeting of prevention assistance and through increased funding of rapid re-housing programs. The reduced demand that can result from effective prevention programs and shorter stays in TANF-supported shelter can result in reduced costs and better outcomes for families.

*To assess the annual costs of the county-funded homelessness system in Mercer County, New Jersey, Mercer Alliance to End Homelessness hired a consultant who had worked with the State's Department of Human Services. She found that the County was spending close to \$10 million annually to support the family homelessness service system, much of it with county TANF funds. Mercer Alliance to End Homelessness then brought in national experts to consult with county and state officials, board members, and homeless service providers to examine how the funds might be more strategically invested to end family homelessness. The state and local government approved a \$250,000 Rapid Re-Housing Pilot for Mercer County which more than doubled when the County won funds from HUD's Rapid Re-Housing Demonstration for Homeless Families Initiative and received new HPRP resources.*

### *Propose Pilots and New Initiatives*

County and state officials may be reluctant to make large investments in new strategies to end homelessness unless they are confident that the strategies will succeed. Local homelessness leaders have proposed piloting new strategies with a small proportion of the funds that the agency currently spends to support homeless families. The pilots are used to demonstrate the effectiveness of new approaches. Pilots that demonstrate cost efficiency and success can attract new resources, including an increased commitment of TANF resources and other public and private investments.

*The Road Home in Salt Lake City proposed to the state TANF agency that \$115,000 of the funds the agency provides to support a winter overflow shelter for families be used for a Rapid Re-Housing Pilot. The pilot, designed to reduce length of stays in the overflow shelter, demonstrated that with minimal rental assistance, many families could successfully, and*

*quickly, exit homelessness. When ARRA funds became available, the state prioritized using HPRP for rapid re-housing for families. The state TANF agency provided \$4 million to be re-granted with HPRP and it plans to reinvest funding from the TANF Emergency Contingency Fund in homelessness prevention and rapid re-housing. With local HPRP and state TANF funds, The Road Home now has \$5 million dedicated to rapid re-housing for families in Salt Lake City. This is a very large return from the TANF agency's initial investment of \$115,000 that demonstrated the strategy can effectively serve Salt Lake City families.*

### Champion Improvements to the TANF Cash Assistance Program

Recent data shows that less than 20 percent of families entering transitional housing programs are receiving TANF cash assistance and most also exit homelessness without TANF assistance. Homelessness leaders should work to improve how their state and local TANF programs serve homeless and at-risk families.

#### *Improve Access to TANF Cash Assistance*

One important step is to ensure that TANF and other state leaders are well informed on how the program is, or is not, providing cash assistance to families experiencing homelessness. One important measure to monitor is program coverage: to what extent is the TANF program serving families who are homeless? Homeless Management Information System (HMIS) data can be used to capture that information and monitor improved coverage.

There are various steps that TANF agencies can put into place to improve program coverage of homeless families. They include engaging in outreach efforts to enroll families, reconciling sanctions, or providing exemptions to time limits. Local homelessness leaders can encourage TANF administrators to undertake such strategies.

#### *Improve Services to Families with Multiple Barriers to Work*

Beyond ensuring that families have access to cash assistance, homelessness leaders should ensure that families are receiving the employment services and work supports from the TANF agency that will provide a foundation upon which families can achieve greater economic self-sufficiency. Of particular concern are families that may have greater barriers to employment due to a parent's or a child's disability, domestic violence, limited education and work skills, or other challenges that may make it difficult for parents to access and maintain employment. Advocacy may be necessary at the program level, to improve how the TANF agency serves needy families, and at the state level to improve the adequacy of benefits and work supports.

#### *Engage TANF Directors in the Effort to End Homelessness*

TANF leaders should be involved in the development and implementation of ten year plans to end homelessness as well as the implementation and monitoring of HPRP initiatives. The involvement of TANF leaders and their shared ownership in the

community's vision for ending family homelessness can be enormously helpful. Their commitment to ending family homelessness can result in new TANF controlled resources and a commitment to improve the TANF programs' effectiveness in serving families impacted by homelessness and housing instability.

In some instances, state and local TANF directors may believe that homelessness is primarily a housing issue and outside of their program mission. Homeless advocates and providers can involve other political leaders, including philanthropic and faith-based leaders, to help educate officials about the intersection of TANF and family homelessness. Education on family homelessness will need to be ongoing in most cases.

### *Lead!*

While TANF administrators are expected to be very knowledgeable about federal requirements and policies for the TANF program, they may not be fully aware of everything the program can do to serve homeless families. Local homelessness leaders well versed in the opportunities available in the TANF program can help. They can identify the promising strategies that other communities have successfully used. They can be sensitive to the issues faced by TANF administrators and the ways in which ending family homelessness can help these administrators achieve their goals. While it can be very burdensome for advocates to become conversant in an unfamiliar program, the payoff can be substantial.