



## Fact Sheet:

# TANF Emergency Fund

*Critical to families in time of need*

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Michigan receives \$775 million a year in federal funds called Temporary Assistance for Needy Families, a block grant that has remained the same for more than a decade. It provides a monthly cash assistance grant (Family Independence Program) for the state's poorest families.

The TANF Emergency Fund was created in 2009, as part of the American Recovery and Reinvestment Act, to provide additional funding to help families during these difficult and uncertain economic times. The fund will expire Sept. 30 without action by Congress.

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### **The Emergency TANF Contingency Fund**

- The Emergency TANF Contingency Fund (ETCF) provided Michigan with an added \$233 million in FY 2010 for increased spending on needy families for cash assistance, short-term benefits or subsidized employment.
- Michigan is depending on these funds but they will expire September 30, 2010 without an extension. The TANF Emergency Fund would be renamed the Emergency Fund for Job Creation and Assistance under H.R. 5893.
- The TANF Emergency fund has helped Michigan during tough times. Michigan's current unemployment rate, of 13.1 percent this July, remains in the double digits, making it even harder for those on assistance to get jobs.
- In periods of high unemployment, citizens need more services just as the state's ability to deliver those services is compromised by sharply falling revenues.

- Michigan draws down the emergency dollars through a state match that is based on estimated state spending of over \$205 million for the Earned Income Tax Credit (EITC) refunded to workers in FY 2010. The EITC rewards work and stimulates the economy because families spend the dollars quickly on basic needs.
- The emergency fund was used for the clothing allowance for kids on assistance and job services for low-income parents. These funds helped low-income families and individuals meet their basic needs.

### **What Will Happen if the Fund Expires?**

If the fund is not renewed for an additional year, Michigan stands to lose \$233 million, which could be used in the next fiscal year to help families meet basic needs. With unemployment remaining very high in the state, cuts to the safety net will further jeopardize the health and well-being of children and families. The TANF emergency fund needs to be renewed until the economy recovers.

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