

Emergency Fund for Job Creation and Assistance in the Investing in American Jobs and Closing Tax Loopholes Act (HR 5893)

- The provision extends for one year an emergency fund which currently helps States meet increased need for assistance among low-income families and establish or expand subsidized jobs programs.
- CBO estimates this extension would cost \$3.5 billion – a cost which is completely offset in the underlying bill.
- 37 States are now operating or planning to operate a subsidized jobs program with funding from the Emergency Fund (AL, AR, CA, CO, CT, DC, DE, FL, GA, HI, IL, IA, KY, MD, MI, MN, MS, MO, MT, NJ, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, WA, WV, and WI.)
- These subsidized jobs programs temporarily provide partial or full wage subsidies to employers who hire unemployed workers.
- Over 247,000 job placements are now in effect or planned in clerical, health care, maintenance, human service, customer service and youth jobs. States and localities have significant flexibility in how they design their programs.
- The emergency fund expires on September 30th.
- On a bipartisan basis, the National Governors Association, the National Conference of State Legislatures, and the National Association of Counties have all urged Congress to continue the emergency fund as a way to create jobs and help families.
- Kevin Hassett of the conservative American Enterprise Institute (AEI) writes, “Given the state of the labor market, it is hard to imagine how any sensible person could oppose [extending the emergency fund].” “If they are to be more than the party of no, Republicans need to rally around the Democrats who have shown such reserved pragmatism.”

Republicans Outside of Congress Say – Emergency Fund is Creating Jobs and Should be Continued

The American Recovery and Reinvestment Act created an emergency fund to help States with increasing expenditures on: basic assistance for families in the Temporary Assistance for Needy Families (TANF) program; short-term, one-time aid for needy families; and subsidized employment programs (such programs temporarily pay for the wages of a worker in a public or private job). This emergency fund is now scheduled to expire on September 30, 2010.

Michael Rounds (R), Governor of South Dakota (in 3/3/10 letter from the National Governors Association to Congress):

- ▶ *States use the emergency fund “to help speed economic recovery through subsidized employment and training programs, and vital financial and supportive service offerings for needy families facing increased hardship.”*
- ▶ *“We urge you to support extending [this fund].”*

Don Knabe (R), Chairman of the Board of Supervisors, County of Los Angeles (in a 2/9/10 letter to Members of the California Congressional Delegation):

- ▶ *“For California, the [emergency fund] has been overwhelmingly successful.” It has enabled the State “to better meet the needs of low-income families, create jobs, and stimulate the economy.”*
- ▶ *“More jobs are needed in California, and the [emergency fund] is an important tool for creating them now.”*

Renee Unterman (R), State Senator, Georgia (in a 2/18/10 National Conference of State Legislatures Letter to Congress):

- ▶ *States have found the emergency fund “essential in the rebuilding of our economy, especially by helping those who have lost their jobs in the recession to find new, stable employment.”*
- ▶ *“It is imperative to maintain the capacity of the [emergency fund] to improve the lives of those hardest hit by the current economic conditions.”*

Haley Barbour (R), Governor of Mississippi (2/17/10 New York Times Article):

- ▶ *“It’s welfare to work.”*
- ▶ *The article reported “Mr. Barbour said he hoped the program would be extended so more jobs could be created.”*

Extending the Emergency Fund for Job Creation and Assistance

The bill would continue funding for creating employment programs and for helping poor families.

- ▶ The American Recovery and Reinvestment Act created an emergency fund to help States with increasing expenditures on: (1) basic assistance for families in the Temporary Assistance for Needy Families (TANF) program; (2) short-term, one-time aid for needy families; and (3) subsidized employment programs (such programs temporarily pay employers for all or a portion of a worker's wages, whether in a public or private job).
- ▶ The emergency fund now provides 80% federal matching funds with two limitations. The overall fund is capped at \$5 billion, and no State's total allocation from both the emergency fund and from a permanent-law contingency fund under the TANF program can exceed 50% of its annual TANF grant amount.
- ▶ This emergency fund is now scheduled to expire on September 30, 2010.
- ▶ Similar to a proposal in President Obama's FY 2011 budget, the bill would make the following changes to the current emergency fund:
 1. States would be able to access the emergency fund for an additional year (through FY 2011).
 2. The limitation on a State's total draw down from the fund would be set at 30% of its annual TANF grant for FY 2011.
 3. Rules for subsidized employment programs would be clarified on such issues as eligibility for individuals exhausting unemployment benefits and limits on subsidizing jobs over certain wage levels.
- ▶ Without an extension of this emergency fund, States may soon reduce or eliminate subsidized employment programs and/or cut assistance to needy families because of the fund's expiration on September 30th.