

## AMERICAN REINVESTMENT AND RECOVERY ACT

The American Reinvestment and Recovery Act (ARRA) was signed into law by President Obama on February 17, 2009. It is an unprecedented effort to jumpstart our economy, create or save millions of jobs, and make a down payment on addressing long-neglected challenges so our country can thrive in the 21st century. The Recovery Act is an extraordinary response to a crisis unlike any other since the Great Depression, and includes measures to modernize our nation's infrastructure, enhance energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, and protect those in greatest need.

The Administration for Children and Families (ACF) has received \$10.15 billion in total ARRA funding. The Recovery Act affects eight ACF programs. Discretionary grants will be awarded in Head Start and Early Head Start, as well as the new Strengthening Communities Fund (New Capacity Building Initiative). Formula grants will be awarded in Child Care and Development, Community Services, Temporary Assistance for Needy Families, and Child Welfare programs. Additionally, states have a new flexibility for Child Support payments. All Recovery Act appropriations, with the exception of the TANF Supplemental Grants, are available for two fiscal years.

Child Care and Development Fund: The Act provides an additional \$2 billion to state, territory, tribe, and tribal organization funds for child care assistance to low-income working families. Specific amounts are reserved for quality improvement activities.

Early Head Start: The Act provides \$1.1 billion specifically for Early Head Start expansion, which will allow the program to serve an additional estimated 55,000 children and their families, nearly doubling the number of children served by the program. Up to ten percent of these funds can be used for technical assistance, and up to three percent can be used for monitoring. Report language directs HHS to work with grantees to sustain their FY 2009 awards through FY 2010.

Head Start: The Act provides \$1 billion to be allocated according to statute. Report language directs HHS to work with grantees to sustain their FY 2009 awards through FY 2010.

Community Services Block Grant: The Act provides \$1 billion to the block grant and stipulates that one percent of the funds awarded to each state be reserved for benefit enrollment coordination activities. States can serve individuals up to 200 percent of the poverty line (instead of the 125 percent specified in the program's authorizing legislation).

Strengthening Communities Fund (New Capacity-Building Initiative): The Act provides \$50 million to award capacity-building grants to non-profit organizations and state, local, and tribal government agencies to expand social services delivery to individuals and communities affected by the economic downturn.

Temporary Assistance for Needy Families (TANF): The Act provides \$5 billion to states, territories and tribes through a new Emergency Contingency Fund to respond to increases in assistance caseloads or certain types of expenditures.

- The Act establishes three criteria to access the Emergency Fund: TANF caseload increases coupled with increased spending on assistance; increased spending on one-time short term benefits; or increased spending on subsidized employment.
- Each grant amount equals 80 percent of the increase over the lesser of FY 2007 or FY 2008 federal and qualified state expenditures for each of the three categories described above.

- The total payable to a jurisdiction under the Emergency Contingency Fund and the TANF Contingency Fund combined for FY 2009 and FY 2010 cannot exceed 50 percent of its TANF annual block grant.
- In addition, the Act:
  - Temporarily modifies the caseload reduction credit calculation, which reduces a state's required work participation rate for a fiscal year by the number of percentage points its caseload declined between FY 2005 and the year prior to the current fiscal year (called the comparison year). In fiscal years 2009, 2010, and 2011, a state may either use the prior fiscal year as its comparison year or it may use the caseload reduction credit it qualified to receive when the comparison year was FY 2007 or FY 2008, whichever had the lower caseload. As a result, the state's required work participation rate will not increase simply because the state assisted more families during this period of increased need.
  - Provides \$319 million to extend TANF Supplemental grants, which would have expired at the end of FY 2009, through FY 2010. These grants provide additional assistance to 17 states with high population growth and/or low levels of welfare spending per poor person.
  - Authorizes states to use carry-over funds from previous years for any TANF benefit or service. Previously, states and tribes were limited in using carry-over funds only for cash assistance to families.

Child Support – States operate programs that provide assistance to families in establishing the paternity of a child, establishing and modifying child support orders and collecting child support owed to them. The federal government reimburses states for 66 percent of state costs. The federal government also pays states federal incentive payments, which are based on state performance. Effective October 1, 2008 through September 30, 2010, the Recovery Act allows states to receive federal matching funds for program costs paid for with federal incentive payments, reversing a change by a previous federal law in 2005.

Child Welfare Programs - A federal match equal to the Medicaid match rate for medical assistance payments (FMAP) is provided for state maintenance payments for foster care, adoption assistance, and guardianship assistance care under title IV-E of the Social Security Act. Beginning in FY 2010, participating tribes also will be eligible for these funds. The Recovery Act temporarily increases the FMAP rate for these title IV-E entitlement programs by approximately 6.2 percent, which will provide states with an estimated additional \$823 million in matching funds. This matching increase is effective October 1, 2008 through December 31, 2010.

More information on these and other ARRA programs can be found at [www.hhs.gov/recovery](http://www.hhs.gov/recovery).