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Department of Human Services
Analyst: Moore

Request: Report on the Department of Human Services (DHS) Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) spending for federal fiscal years 2008 and 2009.

Recommendation: Acknowledge receipt of the report.

Discussion: Senate Bill 5547 (2007), the DHS April 2007 Rebalance plan, contained the following Budget Note.

The Department of Human Services is to report to the Emergency Board or the 2008 Legislative Session, at the time of its 2005-07 budget close-out, on the status of TANF MOE for federal fiscal year 2007 and estimates for federal fiscal years 2008 and 2009, and available federal TANF funds for the 2007-09 biennium.

The current DHS report covers the Budget Note requirements and updates information DHS reported at the December Interim Joint Committee on Ways and Means meeting.

Federal Fiscal Year 2007 MOE Update

DHS reports that an additional \$5.4 million in MOE countable expenditures were identified after the December meeting. This means federal fiscal year 2007 MOE was met using \$81.0 million of DHS expenditures and \$16.7 from other agencies. It also means further headway in reducing the “flip” amount necessary during the first quarter of future biennium.

Federal Fiscal Years 2008 and 2009 MOE Update

For federal fiscal years 2008 and 2009, DHS has identified the following agency expenditure amounts as MOE countable during the 2007-09 biennium:

2007-09 MOE Budgeted Expenditures by Program Area in Millions	
Department of Human Services	\$ 150.5
Housing	\$ 1.0
Commission on Children and Families	\$ 9.9
Education	\$ 20.8
Oregon Student Assistant Commission	\$ 3.9
Department of Revenue - Refund Tax Credits	\$ 10.4
TOTAL	\$ 196.5

If these expenditures are realized DHS anticipates meeting the \$97.7 million MOE for federal fiscal year 2008 and will meet the federal fiscal year 2009 budgeted MOE of \$96.1 with only a “flip” need of \$9.8 million. This would be about a 50 percent reduction in the “flip” for the first quarter of the 2009-11 biennium as compared to the first quarter of 2007-09. Even assuming the anticipated impacts of House Bill 2649 that restructured the TANF program are not timely and the state must pay an additional \$6.1 million of MOE there will be an almost \$4.0 million dollar reduction made in the “flip” amount. For future biennia the “flip” amount should also be reduced and ultimately eliminated if MOE countable programs continue at normal budgeted rates of growth and no reductions occur.

It will, however, be imperative that DHS continue to closely monitor both DHS and other agency expenditures to ensure the estimates are realized or even to identify additional MOE countable expenditures. Budget and Management recommends that DHS include an update on MOE as part of the TANF reauthorization report at the time of any future 2007-09 rebalances.

TANF Block Grant Funds Update

DHS reports that the amount of available TANF federal block grant funds carried forward from federal fiscal year 2007 is \$50.9 million. However, at the end of federal fiscal year 2009 DHS projects the carry forward amount will be reduced to \$8.8 million. While this does include the amounts anticipated in the January 2008 DHS Rebalance report, this does not include any adjustments that may be necessary due to salary increased not covered by the “salary pot.” This may mean further reductions to the carry over available for the 2009-11 biennium. In any event, the TANF block grant is a “capped” grant that even in years that it increases, the revenues do not keep up with the cost of inflation. This will likely mean funding normal “essential budget level” program growth will require significant additional funding sources during the 2009-11 biennium.