



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING



MARIANNE UDOW
DIRECTOR

June 26, 2006

The Honorable Bill Hardiman, Chair
Senate Appropriations Subcommittee on DHS
915 Farnum Building
P.O. Box 30036
Lansing, Michigan 48909-7536

The Honorable Rick Shaffer, Chair
House Appropriations Subcommittee on DHS
House Office Building, Room N0993
P.O. Box 30014
Lansing, MI 48909-7514

Dear Senator Hardiman and Representative Shaffer:

Section 218(1) of 2005 Public Act No. 147 requires the Department of Human Services to prepare a semi-annual report on the status of the Temporary Assistance for Needy Families (TANF) federal block grant. Our second report for Fiscal Year 2006 is attached.

The attached report shows Michigan's projected TANF utilization and state spending countable against the TANF maintenance of effort (MOE). While DHS is the single state agency responsible for this federal block grant, TANF revenues are budgeted in other state agencies as well. For Fiscal Year 2006, TANF revenues were appropriated to the Department of Labor and Economic Growth, the Department of Community Health and the Supreme Court.

In FY 2006, DHS direct spending of TANF is estimated at \$689.87 million. In addition, we expect to transfer \$27.0 million to the Social Services Block Grant.

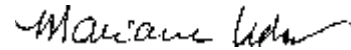
The attached TANF Utilization Report reflects the assumptions contained in the Fiscal Year 2006-2007 Executive Budget and 2006-2007 Consensus Caseload agreement, that all available funding will be fully expended in the current fiscal year with no balance available to be carried forward to Fiscal Year 2007. TANF regulations published in 1999 specify that all unobligated carryforward balances must be spent on assistance.

The state maintenance of effort (MOE) requirement is assumed at the 75% level in the FY 2006-2007 Executive Budget. A substantial portion of the required MOE spending is authorized and appropriated within the DHS budget. Combined General Fund spending in the Department of Education for the School Readiness Program and other School Aid programs comprise the second-largest component of the MOE spending requirement. The state intends to over-satisfy the MOE requirement of \$468.5 million by \$24.59 million, for a total of \$493.11 million in MOE countable spending based on FY 2006-2007 Executive Budget assumptions.

Sen. Hardiman/Rep. Shaffer
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If you have any questions regarding this information, please contact Susan Kangas, director of the DHS Budget Division, at (517) 241-2453

Sincerely,

A handwritten signature in black ink, appearing to read "Marianne Udow". The signature is written in a cursive style with a long, sweeping underline.

Marianne Udow

Enclosure

cc: Senate and House Appropriations Subcommittees on DHS
Senate and House Fiscal Agencies
Senate and House Policy Offices
State Budget Director

FISCAL YEAR 2006
SUMMARY OF PROJECTED T.A.N.F. UTILIZATION AND
STATE SPENDING COUNTABLE AGAINST THE M.O.E. REQUIREMENT /1/

PROJECTED TANF UTILIZATION:

DEPARTMENT OF HUMAN SERVICES: /4/

	Projected TANF Utilization			Projected State Spending Countable Toward TANF MOE
	Direct TANF Draws	TANF Transfer to CCDF /2/	TANF Transfer to Title XX /3/	
Executive Operations	\$5,540,843	\$0	\$0	\$465,500 /6/
Adult and Family Services	\$21,931,388	\$0	\$0	\$2,366,500 /6/
Child and Family Services	\$186,287,473	\$0	\$0	\$160,500 /6/
Juvenile Justice Services	\$29,030	\$0	\$0	\$0
Local Office Staff and Operations	\$87,420,933	\$0	\$0	\$11,884,300 /6/
Central Support Accounts	\$56,236,988	\$0	\$0	\$11,215,200 /6/
Public Assistance	\$323,232,050	\$0	\$0	\$334,238,600 /7/
Information Technology	\$9,145,861	\$0	\$0	\$10,400
Office of Children and Adult Licensing	\$48,391	\$0	\$0	\$0
Work Projects /5/	\$0	\$0	\$0	\$0
SUBTOTALS, DEPARTMENT OF HUMAN SERVICES	\$689,872,958	\$0	\$27,000,000	\$360,341,000
DEPARTMENT OF LABOR & ECONOMIC GROWTH /8/	\$86,142,500	\$0	\$0	\$38,070,000 /10/
DEPARTMENT OF COMMUNITY HEALTH /9/	\$18,069,100	\$0	\$0	\$2,230,000
SUPREME COURT	\$40,000	\$0	\$0	\$0
STATEWIDE COST ALLOCATION PLAN	\$0	\$0	\$0	\$0
DEPARTMENT OF EDUCATION	\$0	\$0	\$0	\$68,059,500 /11/
DEPARTMENT OF EDUCATION	\$0	\$0	\$0	\$24,411,400 /12/
COLUMN TOTALS	\$794,124,558	\$0	\$27,000,000	\$493,111,900
PROJECTED TOTAL TANF TRANSFER TO CCDF	\$0			
PROJECTED TOTAL TANF TRANSFER TO TITLE XX	\$27,000,000			
COST ALLOCATION AND OTHER MISCELLANEOUS ADJUSTMENTS /13/	\$0			
PROJECTED TOTAL TANF UTILIZATION	\$821,124,558			
COMPARISON OF PROJECTED TANF UTILIZATION TO TOTAL BLOCK GRANT AMOUNT				
TOTAL TANF BLOCK GRANT AMOUNT FY 2006	\$775,353,000			
PLUS FY 2005 TANF CARRYFORWARD /14/	\$45,771,558			
BLOCK GRANT AVAILABLE IN FY 2006	\$821,124,558			
LESS PROJECTED TOTAL TANF UTILIZATION	\$821,124,558			
EQUALS BALANCE OF BLOCK GRANT AVAILABLE /5/	\$0			
PLUS FY 2005 TANF HIGH PERFORMANCE BONUSES /15/	\$0			
FY 2006 TANF BALANCE TO CARRYFORWARD INTO FY 2007	\$0			

**FISCAL YEAR 2006
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STATE SPENDING COUNTABLE AGAINST THE M.O.E. REQUIREMENT /1/**

Projected TANF Utilization			Projected State Spending Countable Toward TANF MOE
Direct TANF Draws	TANF Transfer to CCDF /2/	TANF Transfer to Title XX /3/	

PROJECTED TANF UTILIZATION:

MAINTENANCE OF EFFORT SUMMARY

PROJECTED STATE SPENDING COUNTABLE TOWARD THE
T.A.N.F. MAINTENANCE OF EFFORT
LESS STATE MAINTENANCE OF EFFORT AT 75 PERCENT,
EQUALS PROJECTED MOE SURPLUS/(SHORTFALL)

\$493,111,900
\$468,518,375
\$24,593,525

Notes:

- /1/ Temporary Assistance for Needy Families (TANF), Maintenance of Effort (M.O.E.)
- /2/ TANF funds may be transferred to the Child Care and Development Fund (CCDF) pursuant to Sec. 404(d)(1)(b), Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
- /3/ TANF funds may be transferred to the Title XX Social Services Block Grant pursuant to Sec. 404(d)(1)(a), Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The maximum FY 2006 TANF to Title XX transfer amount was restored in FY 2004 to 10% of the available TANF grant of \$775.3M, and remains at that level in the FY 2006 Federal budget.
- /4/ Figures for DHS are based on the 2006-2007 Executive Budget and on the 2006-2007 Consensus Caseload agreement. As the single state agency, DHS reports on TANF appropriated directly to other agencies.
- /5/ Prior year work projects were not authorized in the FY 2006 enacted budget.
- /6/ All State General Fund/General Purpose.
- /7/ State General Fund/General Purpose plus the State share of projected child support collections plus the CCDF MOE in Day Care that can be counted towards TANF MOE.
- /8/ TANF funding in the Department of Labor & Economic Growth currently supports various work-related activities administered by that department. The figure shown reflects FY 2006-2007 Executive Budget assumptions.
- /9/ TANF funds in DCH (\$18.0M) support the Family Support Subsidy Program, which provides assistance to families with impaired children.
- /10/ All private Public Service Commission funding (Low Income & Energy Efficiency Funds) appropriated to the Department of Labor & Economic Growth. DHS has executed an interagency agreement with DLEG to utilize a portion of these funds as TANF MOE spending within the DHS budget.

The purpose of this program is to supplement existing energy assistance programs, enabling the providing organizations to increase the level of assistance provided to clients, serve more clients at the existing assistance levels and under current eligibility guidelines, and/or expand the eligibility requirements to include low-income households not eligible under current eligibility guidelines.
- /11/ General Fund spending in the Department of Education for the School Readiness Program and School Aid Programs and Great Parents/Great Start based on the FY 2006-2007 Executive Budget (\$68.1 million).
- /12/ The CCDF MOE requirement is being met by counting \$19.5M in GF/GP spending in the DHS budget and \$4.8M of General Fund spending in the Department of Education for Pre-K services (the School Readiness Program). This CCDF MOE can also be counted towards the TANF MOE requirement.

**FISCAL YEAR 2006
SUMMARY OF PROJECTED T.A.N.F. UTILIZATION AND
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- /13/ Adjustments include cost allocation revisions, write-offs of accounts payable, fraud collections and processing, recoveries through Month 13, recoupment revenue adjustments and other adjustments made to comply with standard accounting practices and regulations.
- /14/ The FY 2005 carryforward amount includes all obligated and non-obligated FY 2005 TANF balances.
- /15/ Fiscal Year 2005 high performance TANF bonus awards have not yet been awarded. Bonus awards are typically part of the carryforward value that must be spent on assistance in the subsequent fiscal year.