



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING



MAURA CORRIGAN
DIRECTOR

February 23, 2011

The Honorable Bruce Caswell, Chair
Senate Appropriations Subcommittee on DHS
Michigan State Senate
Lansing, Michigan 48933

The Honorable David Agema, Chair
House Appropriations Subcommittee on DHS
Michigan House of Representatives
Lansing, Michigan 48933

Dear Senator Caswell and Representative Agema:

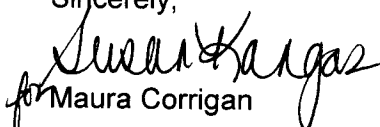
Section 218(3) of 2010 Public Act No. 190 (Enrolled House Bill No. 5882) requires the Department of Human Services (DHS) to prepare an annual report of its efforts to identify Temporary Assistance for Needy Families (TANF) maintenance of effort (MOE) sources from other departments, local units of government, and private sources.

In Fiscal Year 2010, DHS projected a shortfall in meeting the basic Fiscal Year 2010 TANF MOE requirement of 80% of 1994 spending, or \$499.8 million. Failure to meet the 80% MOE requirement would have had a significant negative impact on Michigan's budget. Any state falling short of its MOE requirement has its TANF block grant reduced by the amount of the shortfall and must make up the difference by spending additional state funds in the amount of the reduction.

In order to maximize TANF MOE spending and avoid these penalties, DHS contracted with the Public Consulting Group (PCG) on a contingency fee basis to assist the state in meeting the basic Fiscal Year 2010 TANF MOE requirement. PCG employed numerous strategies in this effort including assisting with claims for refundable earned income tax credit payments, Early Childhood Investment Corporation expenditures, United Ways and 211 expenditures, independent foundation expenditures, and TANF eligible programs operated by the county of Wayne.

The attached report compares Fiscal Year 2009 TANF MOE spending to Fiscal Year 2010 TANF MOE spending.

If you have any questions about the report, please contact Susan Kangas, Chief Administrative Officer, at 517-373-7914.

Sincerely,

for Maura Corrigan

c: Senate and House Appropriations Subcommittees on DHS
Senate and House Fiscal Agencies
State Budget Office

TANF Maintenance of Effort - Fiscal Year 2009 and Fiscal Year 2010 Actual Spending

Maintenance of Effort (MOE)		FY 2009	FY 2010	Difference
		Actual	Actual	
		('000)	('000)	('000)
1	Department of Human Services Programs	443,425.8	124,422.7	(319,003.1)
2	Department of Energy, Labor and Economic Growth Programs	52,987.0	48,928.7	(4,058.3)
3	Department of Education Programs (including School Aid)	140,482.3	203,025.1	62,542.8
4	Department of Community Health Programs	3,676.6	4,221.2	544.6
5	Department of Treasury Programs - Earned Income Tax Credit	71,390.6	203,666.8	132,276.2
6	Local and Private Spending (County of Wayne, United Ways, Skillman, Mott, Kellogg, Michigan 211, Early Childhood Investment Corporation)	38,625.8	32,437.9	(6,187.9)
Total		750,588.1	616,702.4	(133,885.7)