Additional TANF MOE

(FY2020 Appropriation Act - Public Act 67 of 2019)

February 15, 2020

Sec. 274. (1) The department, in collaboration with the state budget office, shall submit to the house and senate appropriations subcommittees on the department budget, the house and senate fiscal agencies, and the house and senate policy offices 1 week after the day the governor submits to the legislature the budget for the ensuing fiscal year a report on spending and revenue projections for each of the capped federal funds listed below. The report shall contain actual spending and revenue in the previous fiscal year, spending and revenue projections for the current fiscal year as enacted, and spending and revenue projections within the executive budget proposal for the fiscal year beginning October 1, 2020 for each individual line item for the department budget. The report shall also include federal funds transferred to other departments. The capped federal funds shall include, but not be limited to, all of the following:

(a) TANF.
(b) Title XX social services block grant.
(c) Title IV-B part I child welfare services block grant.
(d) Title IV-B part II promoting safe and stable families funds.
(e) Low-income home energy assistance program.

(2) It is the intent of the legislature that the department, in collaboration with the state budget office, not utilize capped federal funding for economics adjustments for FTEs or other economics costs that are included as part of the budget submitted to the legislature by the governor for the ensuing fiscal year, unless there is a reasonable expectation for increased federal funding to be available to the department from that capped revenue source in the ensuing fiscal year.

(3) By February 15 of the current fiscal year, the department shall prepare an annual report of its efforts to identify additional TANF maintenance of effort sources and rationale for any increases or decreases from all of the following, but not limited to:

(a) Other departments.
(b) Local units of government.
(c) Private sources.

MDHHS
Michigan Department of Health & Human Services

Identification of Additional Temporary Assistance for Needy Families Maintenance of Effort Sources

The majority of Temporary Assistance for Needy Families (TANF) Maintenance of Effort spending occurs in other state departments. In Fiscal Year 2019, the Department of Health and Human Services incurred $13.9 million of TANF MOE-countable expenditures. This is up from $1.9 million of TANF MOE countable expenditures in Fiscal Year 2018, but still only represents about 3% of the $468.5 million MOE requirement.

Statewide, TANF MOE countable expenditures decreased from $540.8 million in Fiscal Year 2018 to $505.0 million in Fiscal Year 2019. Total expenditures still comfortably exceeded the $468.5 million TANF MOE requirement by $36.4 million.

The only significant decrease to note is in Michigan Energy Assistance Program (MEAP) TANF MOE spending, which decreased from $46.2 million in FY 2018 to $7.1 million in Fiscal Year 2019.

The department learned that the portion of the MEAP funding that goes to energy companies is not only used for arrearages but also as an ongoing credit on customer bills. The ongoing portion would be considered “assistance” under federal TANF rules and therefore make it subject to the rules for TANF assistance. To remedy this situation, for Fiscal Year 2019 the Michigan Public Service Commission provided a list of the households served through MEAP *excluding* the Affordable Payment Plan (APP) households, which are the households that would receive the ongoing credit. Out of the $49,500,000 in state funds allocated to MEAP grantees in Fiscal Year 2019, $28.9 million was spent on ongoing energy assistance through APP. That left just a little over $20M that was issued as “one-time” assistance and from that population, the number of TANF eligible households was determined and the associated TANF MOE spending was calculated. Because TANF MOE was determined on a base of ~$20 million rather than $49.5 million, countable spending significantly declined.