

FISCAL NOTE

Bill #: HB 0615

Title: Revise TANF block grant maintenance of Effort

Primary Sponsor: Dave Lewis

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	(\$395,555)	(\$395,555)
Net Impact on General Fund Balance:	\$395,555	\$395,555

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Department of Public Health and Human Services

1. The Department of Public Health and Human Services (DPHHS) has been able to meet the work participation rates as required by Temporary Assistance for Needy Families (TANF) federal regulations. As long as the state can continue to achieve the required rates, the TANF general fund classified as Maintenance of Effort (MOE) can be lowered to 75 percent.
2. It is assumed that the work participation rates will continue to be met. If, in the future, work participation rates are not attained, the TANF MOE percentage would need to be increased to 80 percent to ensure full TANF block grant receipt from the federal government.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	(\$395,555)	(\$395,555)
<u>Funding:</u>		
General Fund (01)	(\$395,555)	(\$395,555)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	\$395,555	\$395,555

TECHNICAL NOTES:

1. A reduction for this appropriation reflecting this change in MOE percentage has been made by the Health and Human Services Appropriations Subcommittee and is reflected in the current draft of HB2.
2. The reduction of MOE to 75 percent in FY 2000 would have an effect on the Federal Financial Report for federal fiscal year 2000 (FFY 2000). For FFY 2000, the State of Montana spent its maximum limit on administrative expenses (15 percent of the MOE). To reduce the MOE expenditures to 75 percent retroactively for FF 2001 would reduce that 15 percent administration limit causing FFY 2000 administrative expenditures to exceed the allowable limit. These administration MOE expenditures could not be shifted to the TANF federal block grant because the block grant for FFY 2000 has become past year's block grant funds (commonly referred to as "old money"). Old money can only be spent for assistance and the direct expenditures associated with those benefits. It cannot be spent on general administrative costs.