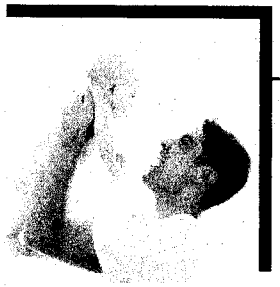
Services funded with TANF funds include:

- Cash assistance for the purchase of basic needs such as food, clothing, housing and personal care items
- Work supports such as transportation, vehicle repair, and items that assist individuals in continuing employment or becoming employed
- Education and training, excluding tuition

The federal TANF grant is authorized through 2011, but the grant amount will not be increased, requiring legislators and the department to balance the cost of services and benefits to ensure Montana maintains sufficient funds in the TANF grant to last through 2011. States have flexibility to use TANF funds to support a variety of programs and services to assist needy families and to determine which families qualify as well as which services will be funded. Through the ebb and flow of TANF caseloads and associated cash assistance costs, DPHHS adjusts or discontinues funding to some programs in order to have adequate funds available to provide cash assistance benefits. DPHHS estimates a fund balance of about $33.05 million will exist at the end of the 2009 biennium. However, DPHHS projects that because the federal TANF grant will not be increased, and estimates of expenditures and transfers from grant funds during the 2011 biennium (including the transfer of almost $16 million to child care) may exceed $86 million, there could be a fund balance of about $19-20 million in 2011. Present law spending into the 2013 biennium would most likely reduce the fund balance to $6.0 million.



Tribal TANF

In accordance with the federal TANF regulations, a tribe may choose to have its members receive services through the state TANF plan or a tribe may choose to operate its own TANF plan. In Montana, four tribes, the Confederated Salish and Kootenai, the Fort Belknap Indian Community, the Blackfeet, and the Chippewa Cree at Rocky Boy's, have chosen to implement a tribal TANF plan.

When a tribe implements a TANF plan, the state's federal grant and maintenance of effort requirement are reduced. Section 53-4-210, MCA, governs the provision of a portion of the state maintenance of effort funds to tribes operating a tribal TANF plan, which is dependant on their targeted population, and provides that $100,000 general fund from existing appropriations be transferred to new tribal TANF plans each fiscal year of the biennium following implementation of the tribal TANF plan.

Legislative Fiscal Division

www.leg.mt.gov/ess/fiscal

LFD Mission Statement

We are committed to enhancing the legislative process through understandable and objective fiscal policy analysis and information.

The Legislative Fiscal Division

Presents

FOCUS ON...

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

EXHIBIT 3
DATE 1-08-09
HB 2

Oct. 2008 **Fiscal Pocket Guide**

"TANF is the federal Temporary Assistance for Needy Families Block Grant, and supports public assistance programs for Montana."

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TANF is the federal Temporary Assistance for Needy Families Block Grant. This grant supports public assistance programs for needy families.

States receive a set level of federal funding to support public assistance programs. Montana's annual federal grant will be about $39.1 million in FY 2009, but should decrease to about $38 million in FY 2010 because FY 2009 is the last year the federal government will provide supplemental grants. In order to receive the federal funds, a state must continue to expend state and local resources at a level known as the "maintenance of effort" or "MOE." Montana's annual MOE is about $13.1 million.

States must also meet other federal requirements including:

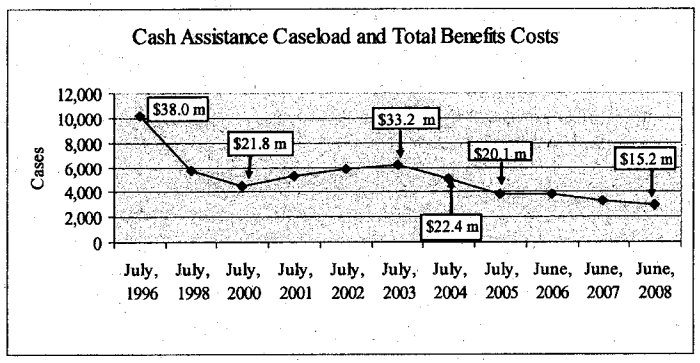
- Work participation rates
- Data reporting requirements
- Limiting beneficiary to a maximum 60 months per lifetime of benefits
- Assignment of child support to the state by the beneficiary

Funds must be expended to achieve one of four TANF purposes:

- To provide assistance to needy families
- To end dependency of needy parents by promoting job preparation, work, and marriage
- To prevent and reduce out of wedlock pregnancies
- To encourage the formation and maintenance of two-parent families

The following graph shows changes in Montana's welfare caseload and related benefit expenditures. Caseload declined from a high of 11,238 cases in February 1996 to lows of 4,390 October 2000 and 3,170 June 2008. The decrease of caseload between 2003 and 2008 was primarily due to:

- Reductions in the amount of the monthly cash benefit and the income level used in determining eligibility for the cash assistance program implemented in August of 2003 by the DPHHS; and
- Reductions in caseload to a low of 3,773 primarily driven by the Blackfeet Reservation assumption of its own Tribal TANF plan August 1, 2005, and an improved employment picture in many Montana communities. (There is more information in the Tribal TANF section.)



While caseloads and total benefit expenditures have declined, monthly cash assistance payments have varied. In FY 2003 a family of four received an average payment of $611 and total expenditures were $33.2 million. In FY 2005, departmental adjustments reduced benefits to $452 for the family of four, and the legislature later raised the cash assistance benefit level to at least 33 percent of the 2005 federal poverty level (FPL), increasing the benefit to $532 in the same year. The result was a total FY 2005 benefit expenditure of $20.1 million. Family of four monthly payments increased in FY 2007 to $568 via legislative approval to use at least 33 percent of the 2007 federal poverty level. As of June 2008 benefits remained the same, total expenditures were $15.2 million and the 3,170 caseload was a historic low.

In addition to cash assistance costs, these funds support administrative costs, computerized systems for data reporting, job training and employment readiness services, and some childcare, child welfare and developmental disabilities services.

To be eligible for cash assistance benefits, the family's countable income must be at or below 30 percent of the 2002 FPL.[1] Please see the following chart.

2002 Annual Federal Poverty Level
Calculations for Countable Income

Size of Family Unit	Annual 2002 FPL	Annual 30% of FPL	Monthly 30% of FPL
1	$8,860	$2,658	$222
2	11,940	3,582	299
3	15,020	4,506	376
4	18,100	5,430	453
5	21,180	6,354	530
6	24,260	7,278	607
7	27,340	8,202	684
8	30,420	9,126	761
Each Additional Person	$3,080	$924	$77

In Montana, TANF and TANF MOE dollars are also used to support services for families whose income falls below 175 percent of the 2005 federal poverty level depending upon the service. (Please see footnote 2.)

The following table shows the change set by the 2007 Legislature that increased the benefit calculation to 33 percent of the 2007 FPL, and the annual income level of the 150 and 175 percent FPL to be eligible for most TANF and MOE services.

2007 Federal Poverty Level Showing
Monthly Benefits at 33% of the FPL and Eligibility for Services

Size of Family Unit	2007 FPL	Monthly Benefits at 33% FPL	Monthly Eligibility For Services 150% FPL	Monthly Eligibility For Services 175% FPL
1	$10,210	$281	$1,276	$1,489
2	13,690	376	1,711	1,996
3	17,170	472	2,146	2,504
4	20,650	568	2,581	3,011
5	24,130	664	3,016	3,519
6	27,610	759	3,451	4,026
7	31,090	855	3,886	4,534
8	34,570	951	4,321	5,041
Each Additional Person	$3,480	$96	$435	$508

[1] Total income less allowable deductions

[2] Exceptions include: TANF funds transferred to Title XX, Social Services Block Grant fund, and the Low Income Housing Revolving loan funds may be used to serve families up to 200 percent of the federal poverty level; and TANF funds used for child care serve families up to 150 percent of the federal poverty level.