

Legislative Analysis



FY 2011-12 SUPPLEMENTAL APPROPRIATIONS: STATE EMERGENCY RELIEF SERVICES

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**House Bill 5189 (Substitute H-1)
Sponsor: Rep. Amanda Price**

**Committee: Appropriations
Complete to 12-6-11**

A SUMMARY OF HOUSE BILL 5189 (H-1)

House Bill 5189 would appropriate, on a 1-time basis, \$62.0 million in federal Temporary Assistance for Needy Families (TANF) funding to supplement current funding for state emergency relief (SER) energy services. The funding could be used to assist needy families by preventing utility shutoffs, restoring utilities, or taking other actions. These TANF funds would assist families with children, allowing other fund sources (e.g. federal LIHEAP) to assist the remaining eligible households.

FISCAL IMPACT:

Recent data on federal Temporary Assistance for Needy Families (TANF) block grant claims indicate that there will be a TANF carryforward of \$160.3 million at the end of FY 2010-11. This carryforward amount is \$75.1 million greater than the previous TANF carryforward projection in February of \$85.1 million, meaning the state spent less TANF than was previously projected. Spending data indicate that less TANF was spent on public assistance caseloads and personnel.

Of the FY 2010-11 TANF carryforward, the Governor proposed and the Legislature concurred with appropriating \$85.1 million in the FY 2011-12 budget. The remaining \$75.1 million is available to support \$62.0 million in TANF for low-income family energy assistance. So there would be no fiscal impact to state funding for FY 2011-12.

However, appropriating \$62 million in TANF during FY 2011-12 could have a state funding impact in FY 2012-13. The FY 2012-13 budget will need to offset the \$85.1 million one-time TANF revenue appropriated in the DHS budget by appropriating GF/GP, appropriating TANF carryforward, and/or through program cuts - as determined through the FY 2012-13 budget development process.

There are a few additional conditions that will cause the TANF carryforward at the end of FY 2011-12 to either increase or decrease, so appropriating \$62 million in TANF in FY 2011-12 will not have a direct dollar-for-dollar impact for FY 2012-13. First, a federal court issued an injunction on closing Family Independence Program (FIP) cases that have exceeded either the federal 60-month or state 48-month lifetime limit. This injunction delayed the implementation of this statutory change to FIP by one month, costing an estimated \$5.5 million. This unanticipated cost should reduce the TANF carryforward.

Second, the State has sufficient TANF Maintenance of Effort (MOE) to draw down additional TANF Contingency Funds. The State is likely to draw down \$25.0 million in new funds, with the possibility of being able to draw down up to \$76 million. These new funds will increase the TANF carryforward at the end of FY 2011-12.

Third, May caseload consensus projected less TANF spending for DHS caseload programs. FY 2011-12 caseload consensus reduced TANF appropriations by \$15.2 million. The May caseload consensus included an initial projection that TANF appropriations could also be reduced for FY 2012-13.

Fourth, actual TANF expenditures have come in lower than TANF allocations for the past three fiscal years (\$20 million in FY 2008-09, \$34 million in FY 2009-10, and \$75 million in FY 2010-11). If the trend continues, which HFA believes it will, then the TANF carryforward should be at least \$20 million greater.

Adding these conditions to the current TANF carryforward balance of \$75.1 million means that a conservative estimate of the balance would be \$129.8 million at the end of Fiscal Year 2011-12 (or a carryforward of \$67.8 million if \$62 million is appropriated for low-income family energy assistance). Meaning the fiscal impact to the FY 2012-13 budget could be a GF/GP increase of \$17 million, \$17 million in TANF funded program reductions, or a combination of GF/GP increases and program reductions.

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