
Department of Human Resources Fiscal 2011 Budget Overview

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

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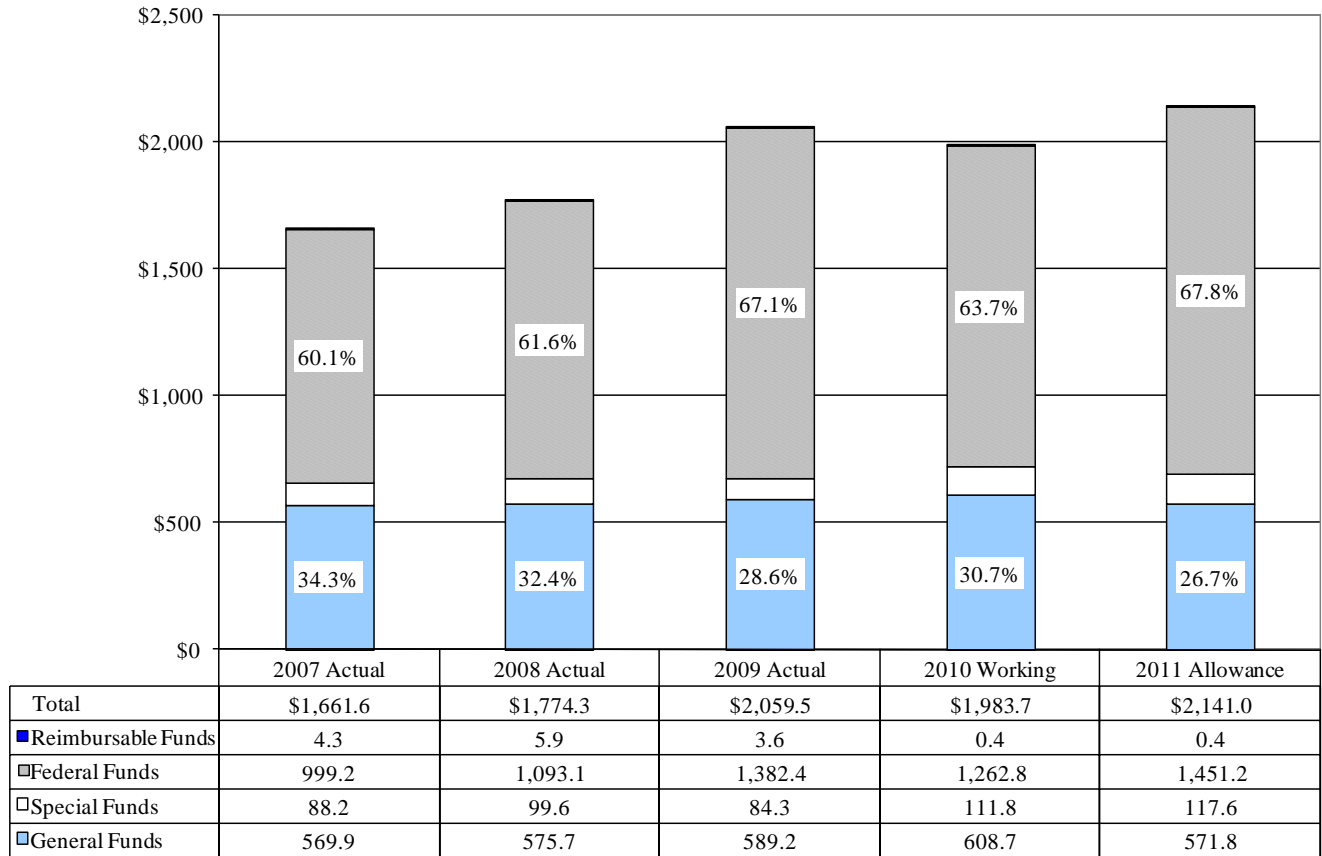
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Analysis of the FY 2011 Maryland Executive Budget, 2010

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

Department of Human Resources – Funding by Source
Fiscal 2007-2011
 (\$ in Millions)



Note: Numbers may not sum due to rounding.

Source: Maryland State Budget

The fiscal 2011 budget for the Department of Human Resources (DHR) grows 7.9% compared to the fiscal 2010 working appropriation. Back of the bill sections making reductions relating to furloughs, health insurance subsidies, workers’ compensation, and consolidation of administrative functions will reduce DHR’s budget by an estimated \$11.5 million, resulting in growth of 7.3%, compared to the current year.

General funds decrease by \$36.9 million. However, absent the proposed fiscal 2010 deficiency appropriation which swaps \$43.7 million in Temporary Assistance for Needy Families (TANF) funds for general funds in order to meet federal maintenance of effort requirements, general funds would actually increase \$6.8 million (1.2%.) Back of the bill sections will further decrease the general fund

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

appropriation by an estimated \$6.4 million and result in a general fund decline of 7.1%, compared to the current year.

Special funds increase by \$5.8 million but decrease as a percent of the budget, from 5.6% in fiscal 2010, to 5.5% in the allowance. Four special funds account for most of the increase: Interim Assistance Reimbursements, representing repayment from clients receiving Temporary Disability Assistance Program benefits once they are approved for federal Supplemental Security Income benefits (\$3 million); Universal Services Benefit Program, used for energy assistance (\$1.5 million); Child Support Reinvestment Fund (\$1.5 million); and Strategic Energy Investment fund (\$525,000.) Back of the bill sections will reduce special funds by an estimated \$117,455.

Federal funds increase by a net \$188.4 million between fiscal 2010 and 2011 and increase as a percent of total funding from 63.7% in fiscal 2010 to 67.8% in fiscal 2011. Increases totaling \$260.8 million in some federal fund programs are partially offset by decreases totaling \$72.4 million in other federal fund programs. The increase in federal funds is primarily attributable to the Supplemental Nutrition Assistance Program (SNAP), funding for which increases \$189.1 million and to TANF, which increases \$69.4 million. The TANF increase is larger than it otherwise would be due to the fiscal 2010 fund swap which decreases the fiscal 2010 TANF in the DHR budget. The largest decreases occur in the Low Income Home Energy Assistance Program (\$32.31 million), Foster Care Title IV-E (\$15.9 million), Child Support Enforcement (\$10.4 million), Medical Assistance (\$6.3 million), and SNAP administrative funding (\$4.9 million). Back of the bill sections will reduce federal funds by an estimated \$5.4 million.

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

**Department of Human Resources
Budget Overview: All Funds
Fiscal 2009-2011
(\$ in Thousands)**

	2009 <u>Actual</u>	2010 <u>Working</u>	2011 <u>Allowance</u>	2010-11 <u>% Change</u>
Family Investment	\$971,891	\$893,015	\$1,098,132	23.0%
TCA Payments	122,156	127,871	138,453	8.3%
TDAP	33,406	44,699	53,699	24.3%
SNAP	585,213	492,648	681,774	38.4%
Other Public Assistance	17,881	16,933	17,986	-2.4%
Work Opportunities	42,150	38,504	38,200	-0.8%
Administration	171,086	172,360	168,020	-2.5%
Office of Home Energy Programs	\$175,399	\$161,162	\$130,931	-18.8%
Social Services	613,652	643,427	621,002	-3.5%
Foster Care/Adoption	351,265	365,897	351,921	-3.8%
Programs/Administration	262,387	277,530	269,082	-3.0%
Child Support Enforcement	\$85,711	\$86,366	\$84,890	-1.7%
Administration	\$212,874	\$199,694	\$206,009	3.2%
Office of the Secretary	62,630	54,317	54,536	0.4%
Operations	26,555	26,077	24,465	-6.2%
Information Management	81,533	77,160	84,582	9.6%
Local Department Operations	42,156	42,139	42,425	0.7%
Total Program Funding	\$2,059,527	\$1,983,663	\$2,140,964	7.9%
General Funds	589,215	608,719	571,831	-6.1%
Special Funds	84,317	111,766	117,554	5.2%
Federal Funds	1,382,394	1,262,803	1,451,203	14.9%
Reimbursable Funds	3,601	375	375	0.0%
Total Funds	\$2,059,527	\$1,983,663	\$2,140,964	7.9%
Planned Actions			-\$11,531	
Adjusted Total			\$2,129,433	7.3%

TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program
SNAP: Supplemental Nutrition Assistance Program

Numbers may not sum to total due to rounding.

Source: Maryland State Budget

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

**Department of Human Resources
Budget Overview: General Funds
Fiscal 2009-2011
(\$ in Thousands)**

	<u>2009 Actual</u>	<u>2010 Working</u>	<u>2011 Allowance</u>	<u>2010-11 % Change</u>
Family Investment	\$95,034	\$150,766	109,067	-27.7%
TCA Payments	2,615	50,288	7,140	-85.8%
TDAP	27,356	38,196	44,196	15.7%
SNAP	0	0	0	–
Other Public Assistance	8,230	8,496	7,944	-6.5%
Work Opportunities	0	0	0	–
Administration	56,833	53,787	49,787	-7.4%
Office of Home Energy Programs	\$21,463	\$0	\$0	–
Social Services	\$354,375	\$345,845	\$350,349	1.3%
Foster Care/Adoption	242,986	240,393	244,893	1.9%
Programs/Administration	111,389	105,452	105,456	0.0%
Child Support Enforcement	\$16,677	\$15,999	\$15,599	-2.5%
Administration	\$101,666	\$96,109	\$96,817	0.7%
Office of the Secretary	31,399	28,829	29,410	2.0%
Operations	13,838	13,624	13,434	-1.4%
Information Management	35,720	31,115	30,865	-0.8%
Local Department Operations	20,709	22,542	23,108	2.5%
Total	589,215	\$608,719	571,831	-6.1%
Planned Actions			-\$6,363	
Adjusted Total			\$565,469	-7.1%

TCA: Temporary Cash Assistance
 TDAP: Temporary Disability Assistance Program
 SNAP: Supplemental Nutrition Assistance Program

Numbers may not sum to total due to rounding.

Source: Maryland State Budget; Department of Human Resources

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

**Department of Human Resources
Budget Overview: American Recovery and Reinvestment Act Funding
Fiscal 2009-2011
(\$ in Thousands)**

<u>Sources</u>	<u>2009 Actual</u>	<u>2010 Working</u>	<u>2011 Allowance</u>	<u>2009-11 Total</u>
10.551 Food Stamps	\$27,271	\$42,865	\$21,698	\$91,833
10.561 State Administrative Matching Grants for Food Stamp Program	2,067	2,133	0	4,200
10.568 Emergency Food Assistance Program (Administrative Costs)	126	494	0	620
16.575 Crime Victim Assistance	0	524	0	524
84.397 State Fiscal Stabilization Fund – Government Services, Recovery Act	1,500	0	0	1,500
93.558 Temporary Assistance for Needy Families	16,114	22,168	23,550	61,832
93.563 Child Support Enforcement	14,131	8,462	2,841	25,435
93.658 Foster Care-Title IV-E	7,218	11,491	0	18,709
SWF503 State Fiscal Stabilization Funds – Discretionary	0	1,500	1,500	3,000
Total	\$68,427	\$89,637	\$49,589	\$207,653
 <u>Uses</u>				
Administration	\$129	\$6,021	\$14,000	\$20,150
Child Support Enforcement	14,128	3,871	2,841	20,841
Family Investment	46,951	68,253	32,748	147,953
Social Services	7,218	11,491	0	18,709
Total	\$68,427	\$89,637	\$49,589	\$207,653

Source: Maryland State Budget

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

**Department of Human Resources
Budget Overview: Planned Actions Affecting Fiscal 2011 Budget**

	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total</u>
Section 18 – Furlough Savings	-\$4,866,345	-\$110,585	-\$4,198,835	-\$9,175,765
Section 19 – Health Insurance Savings	-968,424	-24,209	-1,091,828	-\$2,084,461
Sections 21 and 23 – Workers’ Compensation Savings	-127,780	-2,443	-140,674	-\$270,897
Section 24 – Consolidation of Administrative Functions	-400,000	0	0	0
Total	-\$6,362,549	-\$137,237	-\$5,431,337	-\$11,531,123

Source: Maryland State Budget; Department of Legislative Services

- The fiscal 2011 budget as introduced assumes roughly the same level of savings from employee furloughs as the current year. Health insurance subsidies are being reduced due to an available balance in the statewide fund. For workers’ compensation, savings are expected from a change in the State’s settlement policy and from reducing administrative costs associated with the Injured Workers’ Insurance Fund.
- Section 24 requires DHR to develop a plan by June 1, 2010, to consolidate local department administrative functions including procurement, budget, human resources, and training. The plan must include elimination of at least 15 local department administrative positions effective October 1, 2010.

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

**Department of Human Resources
Budget Overview: Fiscal 2010 Deficiencies**

<u>Unit</u>	<u>Amount</u>		<u>Use</u>
Operations – Division of Budget, Finance, and Personnel	\$555,360	GF	Outstanding rent from fiscal 2009 owed to DGS for department headquarters building.
	868,640	FF	
Operations – Division of Budget, Finance, and Personnel	\$386,093	GF	Supplement appropriation for rent to DGS for department headquarters building.
	603,890	FF	
Office of Technology for Human Resources – Major Information Technology Development Projects	\$2,318,161	SF	Provide funding to complete three enhancements to the Child Support Enforcement System (future payment processing, medical support phase II, and unclaimed/abandoned property).
	4,499,959	FF	
Office of Technology for Human Resources – General Administration	\$46,750	SF	Provide funding for consultant services to assist with the development of a document imaging system to be used by local departments.
	503,250	FF	
Local Family Investment Program	\$3,712,153	FF	Provide funds for 99 grant funded aide positions created by the Board of Public Works to hire Temporary Cash Assistance clients to assist in benefit eligibility and redetermination activities.
Local Child Support Enforcement Administration	\$248,027	SF	Provide additional funding for paternity establishment contractual services.
	257,908	FF	
Assistance Payments	\$18,778,808	GF	Supplement appropriation for the Temporary Disability Assistance Program due to caseload increase.
Assistance Payments	\$43,700,000	GF	Fund swap necessary to meet federal maintenance of effort requirements related to Temporary Assistance for Needy Families grant.
	-43,700,000	FF	

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

<u>Unit</u>	<u>Amount</u>		<u>Use</u>
Work Opportunities	\$1,000,000	FF	Provide funds for Weatherization Paid Internship/Apprentice Partnership program.
Child Support Enforcement – State	-\$2,364,911	SF	Withdraw Child Support Reinvestment funds which will be used to support information technology projects elsewhere in the budget and provide the ARRA funds for child support enforcement activities.
	3,613,366	FF	
Family Investment Administration – Director’s Office	\$43,177	FF	Provide funds for one grant funded aide position created by the Board of Public Works to hire Temporary Cash Assistance clients to assist in benefit eligibility and redetermination activities. This position will monitor and randomly sample the verification of customer eligibility previously approved by local departments of social Services.
Office of Home Energy Programs	\$24,132,000	SF	Provide additional funding to support energy assistance – \$24.1 million is available through the Strategic Energy Investment Fund and \$39.9 million recognizes a higher than anticipated allocation of the federal Low Income Home Energy Assistance Program funding.
	39,945,033	FF	

ARRA: American Recovery and Reinvestment Act of 2009

DGS: Department of General Services

FF: federal funds

GF: general funds

SF: special funds

Source: Maryland State Budget

**Department of Human Resources
Major Changes in the Fiscal 2011 Allowance
(\$ in Millions)**

	<u>Total</u>
Departmentwide	
Health insurance	\$5.1
Retirement contributions	4.4
Reclassifications/workers' compensation	1.0
Abolition of 34 positions/transfer of 1 position	-2.0
Increased turnover	-8.2
Unallocated reduction in the allowance	-17.4
Other personnel expenses	0.9
Remove unallocated November cost containment	8.1
Administration	
Five new information technology projects	18.3
Technology integration, network engineering, and voice communications contract increases	1.4
Electronic Benefit Transfer System contract to reflect caseload increases	1.0
Maryland Emergency Food Program grant increase	1.0
Remove funding for two completed capital leases and reduced funding for remaining capital lease	-3.8
Remove funding for completed information technology projects	-4.2
Remove funding for completed Child Support Enforcement system enhancements	-6.8
Social Services	
Increased foster care/adoptions caseload	5.5
Efficiency reductions to contractual services	-0.8
Decrease in Baltimore Family Recovery Project grant	-1.0
Decrease in average monthly foster care/adoptions payments	-19.5
Child Support Enforcement	
Decrease the ARRA funding support for child support enforcement activities	-1.3
Family Investment	
Federal SNAP caseload increase	189.1
Increased TCA caseload	10.6
Increased TDAP caseload	9.0
Fully fund Food Nutrition Education Program	2.2
Increased Emergency Assistance to Families with Children grant	1.6
Restore contract for non-custodial parent employment program	1.5
Increased program contract and increased grants for refugees and asylees	1.2
Remove the ARRA grant for SNAP administration	-2.1
Office for Home Energy Programs	
Reduced federal funds for energy assistance	-30.2
Other Adjustments	
	-7.3
Total	\$157.3

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

ARRA: American Recovery and Reinvestment Act

SNAP: Supplemental Nutrition Assistance Program

TCA: Temporary Cash Assistance

TDAP: Temporary Disability Assistance Program

Note: Numbers may not sum to total due to rounding.

Source: Maryland State Budget; Department of Human Resources

- Foster care maintenance payments decrease by a net \$14.0 million. The decrease comprises costs associated with an increase in the average monthly caseload of 227 (\$5.5 million) offset by a decrease in the average payments due to a shift in the overall mix of placements to lower cost placements (-\$19.5 million).
- The Temporary Cash Assistance (TCA) benefit rate remains unchanged from fiscal 2010 to 2011. The 13.6% increase in the SNAP benefit provided in ARRA is sufficient, when combined with the current TCA rate, to maintain the combined TCA/SNAP benefits at 61.0% of the Minimum Living Level as required by law.

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

**Department of Human Resources
Caseload Estimates Assumed in the Budget
Fiscal 2008-2011**

<u>Program</u>	<u>2008 Actual</u>	<u>2009 Actual</u>	<u>2010 Estimated</u>	<u>2011 Estimated</u>	<u>2009-10 % Change</u>
Cash Assistance					
TCA	51,554	58,426	59,512	63,987	7.5%
TDAP	11,689	15,388	20,584	23,961	16.4%
Child Welfare					
Foster Care	7,287	7,002	7,420	7,447	0.4%
Subsidized Adoptions	7,552	7,837	7,650	7,850	2.6%
Child Support Enforcement					
TCA Collections	\$20,437,718	\$22,302,074	\$22,525,095	\$22,637,720	0.5%
Non-TCA Collections	\$490,183,828	\$490,180,547	\$495,082,352	\$497,557,764	0.5%

TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Source: Maryland State Budget; Department of Human Resources

- The budget is based on a TCA monthly caseload of 59,512 for fiscal 2010 and 63,987 for fiscal 2011. These projections are well below the levels experienced through the first 5 months of fiscal 2010. The TCA average monthly caseload for the July-November 2009 period was 66,415. Moreover, the caseload has increased every month during fiscal 2009. Fiscal 2010 is most certainly underfunded, and the economy will need to improve significantly in the next 18 months for the fiscal 2011 budget estimate to be adequate to meet demand.
- DHR projects the foster care and adoption caseloads to grow slightly in both fiscal 2010 and 2011.
- Child support enforcement collections are projected to grow modestly. TCA and non-TCA collections are expected to increase by 0.5%.

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

**Department of Human Resources
Employment: Full-time Equivalent Regular Positions
Fiscal 2009-2011**

	2009 <u>Actual</u>	2010 <u>Legislative</u>	2010 <u>Working</u>	2010 <u>Change</u>	2011 <u>Allowance</u>	2010-11 <u>Change</u>
Social Services	3,044.20	2,978.11	2,978.11	0.00	2,972.11	-6.00
Family Investment	2,041.42	1,949.42	2,049.42	100.00	2,046.42	-3.00
Administration	1,018.00	978.00	977.00	-1.00	953.00	-24.00
Child Support Enforcement	730.25	721.50	721.50	0.00	720.50	-1.00
Office of Home Energy Programs	17.53	15.87	15.87	0.00	14.87	-1.00
Total Positions	6,851.40	6,642.90	6,741.90	99.00	6,706.90	-35.00
% Change				1.5%		-0.5%

Source: Maryland State Budget

- The number of regular positions increases by a net 99 in fiscal 2010 comprising creation of 100 federal grant funded positions in Family Investment offset by the abolition of a position in Administration as part of cost containment.
- The fiscal 2011 allowance includes 35 fewer positions than the fiscal 2010 working appropriation. Of these, 34 are vacant positions abolished as a cost saving measure, and 1 is transferred from the Family Investment Administration to the Governor’s Office of Community Initiatives.

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

**Department of Human Resources
Regular Positions: Filled as of December 31
2007-2009**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	Change <u>2008-09</u>
Administration	950.0	935.5	898.0	-37.5
Social Services	2,392.4	2,876.6	2,836.9	-39.7
Community Services Administration	562.7	–	–	–
Child Support Enforcement	700.8	690.4	690.5	0.1
Family Investment	1,914.4	1,848.9	1,863.3	14.4
Total	6,520.2	6,351.5	6,288.7	-62.7

Note: Numbers may not sum to total due to rounding.

Source: Department of Budget and Management

- DHR had 453.2 positions vacant on January 1, 2010, which equates to a vacancy rate of 6.7%. The budgeted turnover rate in the fiscal 2011 allowance is 7.2%. DHR will need to maintain 483.0 positions vacant for all of fiscal 2011 in order to meet turnover. With 34 of the current vacancies slated for abolition in the allowance, DHR will need to allow its level of vacancies to increase by an additional 63.8 positions in order to meet the budgeted level of turnover.
- Overall, the number of filled positions has decreased across the department by 62.7 between fiscal 2009 and 2010.
- Filled position reductions in Administration (-37.5) and Social Services (-39.7) were offset slightly by an increase in the number of filled positions of 14.4 in Family Investment.

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

**Department of Human Resources
Employment: Contractual Positions
Fiscal 2009-2011**

	<u>2009 Actual</u>	<u>2010 Working</u>	<u>2011 Allowance</u>	<u>2010-11 Change</u>
Social Services	3.00	3.00	1.00	-2.00
Family Investment	34.40	68.00	68.00	0.00
Administration	31.67	2.90	2.90	0.00
Child Support Enforcement	9.00	0.00	1.00	1.00
Total Positions	78.07	73.90	72.9	-1.00

Source: Maryland State Budget

- The number of contractual positions in DHR decreases by one between the fiscal 2010 working appropriation and the fiscal 2011 allowance. Elimination of two positions in Social Services as an administrative cost containment measure is partially offset by the addition of a Social Services Attorney position for the local Child Support Enforcement office in Washington County.

Issues

1. Unallocated Budget Reduction of \$17.4 Included in Allowance for DHR

A series of negative entries in the allowance for Salaries, Wages and Fringe Benefits for DHR has the effect of reducing the department’s general fund allowance by \$7.1 million (\$17.4 million total funds). **Exhibit 1** shows the distribution of this reduction across the department’s budget.

**Exhibit 1
Department of Human Resources
Unallocated Fiscal 2011 Budget Reduction**

	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total</u>
DHR Administration	-\$1,406,852	-\$31,284	-\$1,121,938	-\$2,560,074
DHR Child Support Enforcement	-624,870	-20,150	-1,255,483	-1,900,503
DHR Family Investment	-1,835,330	-109,685	-3,094,316	-5,039,331
DHR Office of Home Energy Programs		-23,880	-20,439	-44,319
DHR Social Services	-3,229,753	-46,145	-4,586,814	-7,862,712
Grand Total	-\$7,096,805	-\$231,144	-\$10,078,990	-\$17,406,939

DHR: Department of Human Resources

Source: Maryland State Budget

How the department will achieve this reduction is unclear. The department does not currently have enough vacant positions to meet the level of turnover included in the allowance, calling into question the department’s ability to achieve the necessary savings in personnel. Unallocated reductions of this sort cloud the function of the budget as a plan for allocating resources. Until the reduction decisions are finalized, planned spending in some areas is under represented and in other areas it is over represented. **The department should discuss with the committees the areas of spending most likely to be affected by the allocation of the \$17.4 million reduction.**

The following budget language is recommended to ensure that the reduction is accurately reflected when the *Fiscal Digest* is published.

SECTION XX. AND BE IT FURTHER ENACTED, That

- (1) the Department of Human Resources shall submit to the Department of Budget and Management a plan which allocates the reductions included in the Department of Human Resources’ programs and subprograms in Comptroller Object 0193 (Health Savings) to the objects, programs, and subprograms in which the reductions will actually occur; and

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

- (2) after reviewing and approving the plan submitted by the Department of Human Resources, the Department of Budget and Management shall reflect the allocations of the reductions as contained in the plan in the appropriations listed in the Fiscal 2011 Fiscal Digest.

Further provided that the Department of Human Resources shall submit the report to the Department of Budget and Management on a schedule acceptable to the Department of Budget and Management.

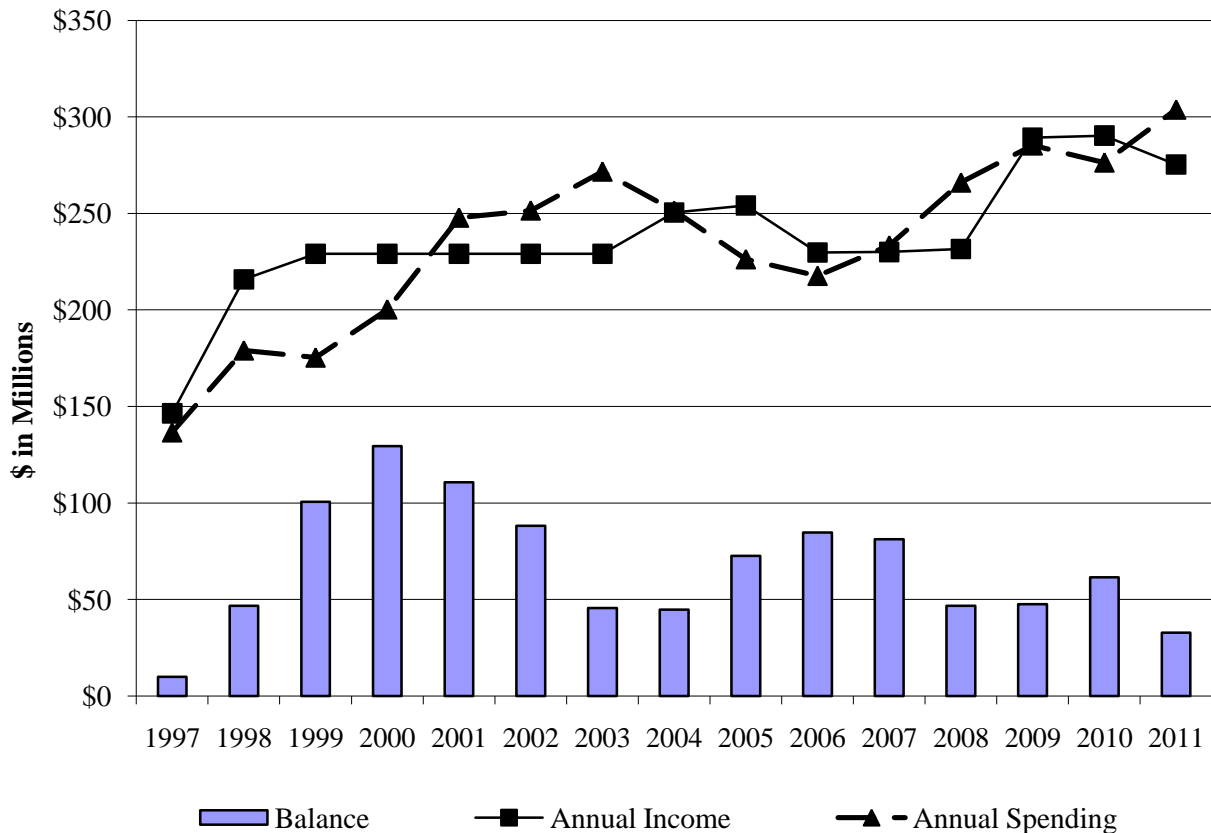
Further provided that the Department of Human Resources shall provide a copy of the plan as approved by the Department of Budget and Management to the Department of Legislative Services no later than July 1, 2010.

2. Federal Stimulus and Contingency Grants Help Maintain TANF Spending and Balance

Maryland receives a base TANF block grant each year of \$229.1 million. From time to time, the State has also received TANF bonus grants for good performance related to TANF goals, such as reducing the number of out-of-wedlock births. With the downturn in the economy, Maryland has been able to access TANF contingency funds which are available to states experiencing high rates of increase in the SNAP caseload. Maryland also received additional TANF dollars from the ARRA. The TANF contingency funds and the ARRA funding has allowed Maryland to maintain TANF spending at levels exceeding the base grant. Without this supplemental funding, Maryland would have had to scale back its TANF spending.

Exhibit 2 shows the relationship between TANF grant levels, spending, and balance. As the graph illustrates, the TANF annual grant exceeded the annual spending from the inception of TANF in fiscal 1997 until 2001. As a result, the balance increased each year until it reached \$129.4 million at the end of fiscal 2000. Annual spending exceeded the annual grant from fiscal 2001 until 2004 when the spending and grant levels were equal. The balance reached a low of \$44.7 million at the end of fiscal 2004, then grew again as spending once again fell below the level of the grant. Spending in fiscal 2008 exceeded the grant by nearly \$34.5 million. With the supplemental funding, income exceeded expenditures in fiscal 2009 and are projected to do so again in fiscal 2010. The fiscal 2011 allowance, however, contains more TANF spending than is projected to be received.

Exhibit 2
TANF Balance, Income, and Spending
Fiscal 1997-2011



TANF: Temporary Assistance for Needy Families

Source: Department of Human Resources

Exhibit 3 shows the beginning and ending TANF balances for fiscal 2009 through 2011. The projected ending balance for fiscal 2011 is \$32.8 million. If additional TANF funds become unavailable, DHR will need to scale back TANF spending within the next few years to align with the base grant level.

Exhibit 3
Availability of TANF Funding
Fiscal 2009-2011
(\$ in Millions)

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Working</u>	<u>2011</u> <u>Allowance</u>
Beginning Balance	\$43.497	\$47.479	\$61.397
TANF Grant	229.098	229.098	229.098
Contingency TANF	38.183	22.910	–
ARRA TANF	18.000	38.313	46.176
Cancelled Obligation	3.948	–	–
Total Income	\$289.229	\$290.321	\$275.274
DHR Appropriation	-\$267.552	-\$212.177	-\$281.631
Local Management Boards	-7.272	-7.324	-7.324
MSDE: Healthy Families/Home Visiting	-4.558	-4.590	-4.590
MSDE: Child Care Subsidy Program	-5.886	-7.432	-10.286
MSDE: Division of Business Services	-0.001	-0.019	–
MSDE: Rehabilitative Services	0.022	-1.161	–
MHEC: Educational Excellence Awards	–	-43.700	–
Total Expenditures	-\$285.247	-276.403	-\$303.831
Ending Balance	\$47.479	\$61.397	\$32.840

ARRA: American Recovery and Reinvestment Act

DHR: Department of Human Resources

MHEC: Maryland Higher Education Commission

MSDE: Maryland State Department of Education

TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding.

Source: Department of Human Resources; Maryland State Budget

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

Exhibit 4 shows the changes in TANF spending in the DHR budget. The increase in cash assistance (\$55.3 million) is largely an artifact of the \$43.7 million fund swap which reduced TANF spending for cash assistance in fiscal 2010 and replaced it with an equal amount of general funds to help meet maintenance of effort (MOE) requirements. Absent the fund swap, an increase in the use of TANF for cash assistance would have been \$11.6 million. The \$15.7 million increase in Administration/Information Technology is due primarily to the ARRA TANF-funded information technology projects to improve the business processes in local Family Investment offices. The decrease of \$42.0 million in other agencies is the flip side of the fund swap. Absent the fund swap in fiscal 2010, funding for other agencies would have decreased by \$1.7 million.

Exhibit 4
Changes in TANF Spending in DHR’s Budget
Fiscal 2009-2011 Allowance
(\$ in Millions)

<u>Activity</u>	<u>2009 Actual</u>	<u>2010 Working</u>	<u>2011 Allowance</u>	<u>2010-11 Change</u>
Cash Assistance	\$116.6	\$77.3	\$132.6	\$55.3
Work Opportunities	42.2	38.5	38.2	-0.3
Family Investment Services	36.8	36.7	41.5	4.8
Foster Care Maintenance Payments	11.1	6.9	6.9	0.0
Child and Adult Social Services	41.6	35.1	29.0	-6.1
General Administration/Information Technology	19.2	17.7	33.5	15.7
Total DHR Expenditures	\$267.6	\$212.2	\$281.6	\$69.5
Other Agencies	17.7	64.2	22.2	-42.0
Grand Total	\$285.2	\$276.4	\$303.8	\$27.4

DHR: Department of Human Resources
TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding.

Source: Maryland State Budget; Department of Human Resources

DHR should brief the committees on its expectations for continued supplemental grant funding and when it expects the TANF balance to be exhausted.

2. TANF Maintenance of Effort Increased Due to Receipt of Contingency TANF Funds

In return for its annual TANF block grant of \$229.1 million, the State must spend \$177.7 million of its own money to meet federal MOE requirements. Spending that helps needy children stay in their own homes or in relatives' homes, and programs that promote job preparation, work, or marriage count toward MOE. States must also spend an additional \$2 in MOE for every \$1 of contingency TANF received. **Exhibit 5** provides a summary of MOE funding in the fiscal 2009 budget and estimates for fiscal 2010 and 2011.

Exhibit 5
TANF Maintenance of Effort
Fiscal 2009-2011 Allowance
(\$ in Thousands)

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Working</u>	<u>2011</u> <u>Allowance</u>	<u>2010-11</u> <u>Change</u>
Traditional Sources of Maintenance of Effort (MOE)				
Cash Assistance	\$30,093	\$13,551	\$14,102	\$551
Child Care Subsidies	25,148	23,301	23,301	0
Employment Services/Caseworkers	27,673	13,897	13,897	0
Administration	2,239	2,239	2,239	0
Kinship Care/Foster Care Payments	6,155	6,155	6,155	0
Social Services Administration	299	299	299	0
Subtotal	\$91,607	\$59,442	\$49,993	\$551
Other Sources of MOE				
Refundable State Earned Income Tax Credit	\$118,461	\$118,461	\$118,461	0
Montgomery County Earned Income Tax Credit	9,513	9,513	9,513	0
Local Government/State Agencies	2,358	2,358	2,358	0
Electric Universal Service Program	47,848	47,848	47,848	0
Subtotal	\$178,180	\$178,180	\$178,180	\$0
Total	\$269,787	\$237,622	\$238,173	\$551

TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding.

Source: Department of Human Resources; Department of Legislative Services

N00 – Department of Human Resources – Fiscal 2011 Budget Overview

Spending on cash assistance, child care subsidies, employment services, caseworkers, administration related to the Family Investment Program, and foster care payments for kinship care have constituted the traditional sources of MOE spending. Spending in these categories is expected to be \$50.0 million in fiscal 2011 which accounts for 25.2% of the estimated total MOE spending. To meet the balance of MOE, DHR has turned in recent years to other spending on eligible families including the refundable earned income tax credits for the State and Montgomery County, local government and State agency spending on eligible populations, and the Electric Universal Service Program. In all, the State plans to claim an estimated \$178.2 million (74.8%) in fiscal 2011 from nontraditional sources.