

# STATE OF COLORADO

## OFFICE OF THE GOVERNOR

136 State Capitol Building  
Denver, Colorado 80203  
(303) 866 - 2471  
(303) 866 - 2003 fax



John W. Hickenlooper  
Governor

January 19, 2012

The Honorable Cheri Gerou  
Chair, Joint Budget Committee  
Colorado General Assembly  
200 E. 14th Avenue, Third Floor  
Legislative Services Building  
Denver, CO 80203

Dear Representative Gerou:

On behalf of Governor John Hickenlooper, I am writing to notify the committee of the current state of the federal Temporary Assistance to Needy Families (TANF) program funding. To date, the state has received \$8.9 million less than anticipated in federal funding in the current fiscal year. This funding was accounted for in the state budget for FY 2011-12 and FY 2012-13 but has not yet been received. Specifically, the state has not yet received \$13.5 million in federal Temporary Assistance to Needy Families Supplemental Awards as expected, but has received \$4.4 million in Temporary Assistance to Needy Families Contingency Funds, which offsets the supplemental funding.

Given the federal uncertainty of the TANF Supplemental and Contingency awards and the insufficient amount of TANF funds available to support appropriations, the Executive Branch is taking action to ensure that expenditures are limited in two ways. First, the Governor has directed the State Controller's Office to restrict several lines in the Department of Human Services that are funded with federal Temporary Assistance to Needy Families funds. Second, the Executive is requesting that the Joint Budget Committee sponsor legislation to allow the State of Colorado to retain a federal Maintenance of Effort (MOE) credit for the Temporary Assistance to Needy Families program totaling \$5.5 million.

### **Restrictions on Temporary Assistance to Needy Families Appropriations:**

On January 18, 2012, the Governor directed the State Controller's Office to restrict appropriations in the following program areas for FY 2011-12:

<b>TANF Appropriation</b>	<b>Federal Funds</b>
Colorado Works County Block Grants	\$514,778
Low Income Energy Assistance Program	\$1,500,000
Colorado Works County Block Grant Support Fund	\$1,000,000
Colorado Works Administrations – Personal Services	\$100,000
Refugee Services	\$100,000
Colorado Works Program Maintenance Fund	\$100,000
Colorado Works Administration – Training	\$55,000
Domestic Abuse Program	\$30,000
<b>Total</b>	<b>\$3,399,778</b>

Each restriction was carefully considered with feedback from counties and local governments to limit to the extent possible adverse impacts on clients. In addition, should the Supplemental Award be reinstated or Contingency funds are further awarded in the current fiscal year, the Executive will lift the restrictions based on the amount of funding available and with the input of county human and social service departments. If federal funding is not reinstated or further awarded on an ongoing basis, a budget request will be submitted to the Joint Budget Committee to true up the appropriation.

**Joint Budget Committee Legislative Request**

The Executive Branch is also requesting that the Joint Budget Committee sponsor legislation to allow the state of Colorado to retain a federal Maintenance of Effort (MOE) credit for the Temporary Assistance to Needy Families program. This credit is typically passed on to counties and totals \$5,524,726 million annually. Allowing the state to keep these funds will help the state fund its TANF appropriations without requiring further reductions to specific programs.

When the state meets TANF federal work participation rates, meaning that an adequate number of TANF recipients are engaged in work activities, the federal government will provide a monetary credit to the state to apply towards its annual Maintenance of Effort Requirements. Colorado counties, as a condition to receiving federal TANF funds, are required to spend an amount equal to roughly 14.7% of the total amount allocated, consisting of local funds to meet the federal Maintenance of Effort Requirement. Because of this local contribution, Colorado has historically passed this credit on to counties. This proposed legislative change will allow the state to keep this credit rather than passing it on to counties.

The proposed legislative change is as follows:

26-2-714 (10) (a) If the state meets federal work participation rates and qualifies for a percent reduction in the state's maintenance of effort as specified in federal law for any year, the actual spending level for the works program of all counties collectively shall MAY be reduced by the same amount as the amount of the reduction in the federal maintenance of effort requirement,

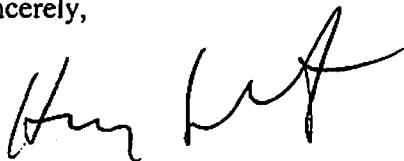
(b) For the purposes of this subsection (10), "percent reduction" means the percent of reduction of historical expenditures as that term is defined in section

409 (7) (b) of the federal social security act, as amended.

(c) For any year in which a percent reduction in the state's maintenance of effort requirement occurs, AND ACTUAL SPENDING LEVELS FOR THE WORKS PROGRAM ARE REDUCED IN ACCORDANCE WITH SUBSECTION (a) OF THIS SUBSECTION (10), the works allocation committee created pursuant to subparagraph (IV) of paragraph (c) of subsection (6) of this section shall determine each county's share of the reduction in actual spending levels. Prior to making such determination, the works allocation committee shall ensure that all counties have been notified of the recommended reduction for each county and given an opportunity to provide comment on the recommendation. In the event that the works allocation committee does not reach an agreement on each individual county's reduction in actual spending levels, the committee shall submit alternatives to the joint budget committee of the general assembly from which such joint budget committee shall identify each individual county's reduction in actual spending levels. The state department is authorized to adjust each county's share of the reduction in actual spending levels. The state department is authorized to adjust each county's actual spending level for any percentage reduction earned in accordance with the determination of the works allocation committee concerning each county's share of the reduction.

We respectfully request that the Committee sponsor these legislative changes to ensure that the Temporary Assistance to Needy Families expenditures are aligned with available funding. Thank you for your consideration on this issue and if you have any questions, please feel free to call me at (303)866-3317.

Sincerely,



Henry Sobanet, Director  
Governor's Office  
Office of State Planning and Budgeting

Cc: Mr. Reggie Bicha, Colorado Department of Human Services, Director  
Mr. Jay Morein, Colorado Department of Human Services  
Mr. Will Kugel, Colorado Department of Human Services  
Mr. Erick Scheminske, Office of State Planning and Budgeting, Deputy Director  
Ms. Ann Renaud, Office of State Planning and Budgeting  
Mr. John Ziegler, Joint Budget Committee, Staff Director  
Ms. Amanda Bickel, Joint Budget Committee

