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Forecast of TANF/OWF Caseloads and Expenditures Before the Conference Committee on H.B. 95 for the FY 2004-2005 Biennial Budget

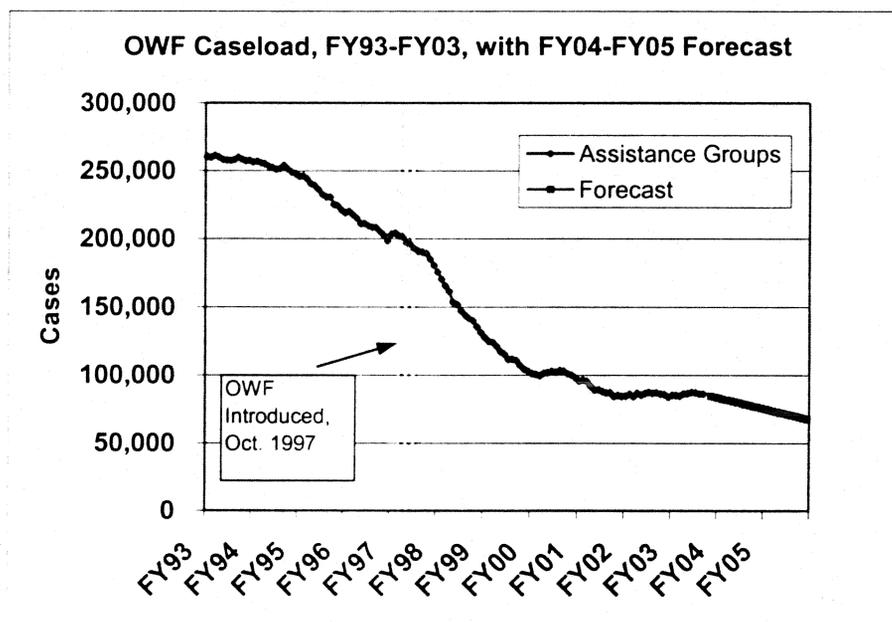
June 11, 2003

*Testimony of LSC Staff by
Steve Mansfield, Fiscal Supervisor*

Good morning, Mr. Chairman and Members of the Conference Committee. My name is Steve Mansfield. I will be presenting the highlights of the Legislative Service Commission's (LSC's) forecast of Temporary Assistance for Needy Families/Ohio Works First (TANF/OWF) cash assistance caseloads and expenditures.

Caseloads: LSC forecasts the total number of TANF/OWF cash assistance cases to decrease in FY 2004 to a monthly average of about 81,100 cases and to about 75,300 average monthly cases in FY 2005. This represents a 5.6% decrease and a 7.2% decrease, respectively.

TANF/OWF Forecast



Spending: The effect of these decreases in the caseload will mean that in FY 2004, assuming that grant levels for recipients remains the same, the total expenditure for cash benefits will be \$290.7 million, a decrease of \$11.2 million from the anticipated FY 2003 level. In FY 2005, expenditures for cash benefits will be \$278.6 million, a decrease of \$26.6 million from FY 2004.

TANF			
TANF - LSC Baseline Estimates			
	FY 2003	FY 2004	FY 2005
Average monthly cases	85,875	81,106	75,276
Total cash grants (millions)	\$311.1	\$290.7	\$266.6

LSC's cash assistance expenditure estimates are \$22.3 million below the Office of Budget and Management's (OBM's) baseline forecast for FY 2004 and \$51.9 million below OBM's forecast for FY 2005. Also, this is \$14.5 million less in FY 2004 and \$12.0 million less in FY 2005 than LSC's previous forecast.

Unspent TANF Federal Award: At the end of FY 2002 (September 30, 2002), Ohio's unspent federal TANF award funds totaled \$420.5 million, with \$135.0 million reported as unliquidated obligations, and \$285.6 million reported as the unobligated balance.

As of March 31, 2003, Ohio's unspent federal TANF funds totaled \$722,684,647. Of this amount \$355,260,198 was reported to the federal government as unliquidated obligations, and \$367,424,449 was reported as the unobligated balance. One year earlier (i.e., as of March 31, 2002), Ohio reported a total of \$628,537,985 as unspent with \$158,077,930 being unliquidated obligations and \$470,460,055 being the unobligated balance. Thus in a year-over-year comparison, Ohio's total unspent federal TANF funds have increased by \$94.1 million, although the unobligated portion is lower by \$103.0 million.

Because the TANF program is a block grant with a known level of federal funding, and fund balances and appropriations are known, an analysis of the appropriation of TANF funds can be made. If all prior appropriation is used and all appropriation for FY 2004 and FY 2005 is also used, the appropriation levels for appropriation item 600-689, TANF Block Grant (Fund 3V6) in FY 2004 (\$786.1 million), and for FY 2005 (\$841.9 million), the total unspent TANF award remaining at the end of FY 2005 will be - \$37.0 million.

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TANF FEDERAL FUNDS--APPROPRIATION ANALYSIS SFY 2003-2005	
Resources SFY03	
Total Unspent TANF Award, end of SFY02	\$420,547,668
TANF Award, SFY03	\$727,968,260
Total Available, FY03	\$1,148,515,928
Spending Authority SFY03	
Fund 3V6 Encumbrance, Beginning Balance SFY03	\$136,544,326
Fund 3G9 Encumbrance, Beginning Balance SFY03	\$82,954,243
Appropriation FY03--Fund 3V6 (see H.B. 94 and CB item JFS076 of March 25, 2002)	\$777,963,666
SFY03 Transfer to CCDF (made Q1)	\$16,000,100
Total Possible Spending, SFY03	\$1,013,462,335
Resources SFY04	
Total Unspent TANF Award, end of SFY03 (assuming all prior appropriation used & transfer made)	\$135,053,593
TANF Award, SFY04	\$727,968,260
Total Available, SFY04	\$863,021,853
Spending Authority SFY04	
H.B. 95 (as passed by Senate) Appropriation SFY04-- Fund 3V6	\$786,095,609
Resources SFY05	
Total Unspent TANF Award, end of SFY04 (assuming all prior appropriation used & transfer made)	\$76,926,244
TANF Award, SFY05	\$727,968,260
Total Available, SFY05	\$804,894,504
Spending Authority SFY05	
H.B. 95 (as passed by Senate) Appropriation SFY05-- Fund 3V6	\$841,909,688
Cumulative Unspent TANF Award, end of SFY05 (assuming all appropriation used & transfers made)	(\$37,015,184)

The result of a negative balance of -\$37.0 million is not possible. States cannot spend in federal funds more than the federal government will make available. The assumption that all appropriations will be used, therefore, cannot be correct. Thus either previously or at the present, the federal TANF block grant had been over-appropriated. Spending in the current fiscal year is considerably less than what is available. As of June 9, 2003, the current balance encumbered in Fund 3V6, TANF Block Grant, was \$304.1 million, with \$236.7 million of that balance being from the current year and \$69.2 million being from the prior year. Also as of June 9, 2003, Fund 3G9, Ford Foundation Reimbursement (to which \$584.4 million in TANF reserve funds was

appropriated and encumbered in September 2000) had a remaining balance of \$32.7 million. Given these balances, it appears possible that a substantial amount of spending authority may be carried forward into FY 2004.

In closing Mr. Chairman, I have simply highlighted the forecast, and analyzed the implications for other TANF expenditures and for the amount of unspent federal TANF grant awards. Additional information is included in the packet.

I would be happy to answer any questions the committee may have.