

N00I00
Family Investment
Department of Human Resources

Operating Budget Data

(\$ in Thousands)

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$111,761	\$98,214	\$106,601	\$8,387	8.5%
Special Fund	20,333	15,460	15,541	80	0.5%
Federal Fund	<u>528,700</u>	<u>563,465</u>	<u>591,396</u>	<u>27,931</u>	<u>5.0%</u>
Total Funds	\$660,793	\$677,139	\$713,537	\$36,399	5.4%

- The budget as introduced includes a fiscal 2007 deficiency of \$272,802 comprising three federal grants.
- The fiscal 2008 allowance is \$36.4 million higher than the current year's budget, representing a 5.4% increase. When one-time health savings are adjusted for, the underlying increase is \$41.8 million, or 6.2%.

Personnel Data

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>
Regular Positions	2,115.42	2,139.42	2,138.42	-1.00
Contractual FTEs	<u>55.25</u>	<u>130.00</u>	<u>121.00</u>	<u>-9.00</u>
Total Personnel	2,170.67	2,269.42	2,259.42	-10.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	138.36	6.47%
Positions Vacant as of 12/31/06	138.00	6.45%

- One long-term vacancy is eliminated in the fiscal 2008 allowance.
- Contractual positions decrease by nine as a result of underutilization in past years.

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

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Analysis in Brief

Major Trends

Increased Earnings After Leaving Welfare: About half of families formerly receiving cash assistance are working almost six years after leaving welfare. Median earnings among these families increase steadily over time. In a change from last year, the most recent leavers are employed at rates slightly above earlier leavers.

Job Placement Rate for Temporary Cash Assistance (TCA) Recipients Increasing: The job placement rate for TCA recipients has increased steadily since fiscal 1999. Job retention increased slightly in fiscal 2006 to 78% and is estimated to remain at the 75% level through fiscal 2008.

Issues

TCA Caseload Declines Significantly Over the Past Two Years: Following relatively small caseload declines in the early years of this decade, the TCA caseload decline accelerated in the past two years falling by 7.2% in fiscal 2005 and 12.4% in fiscal 2006.

Additional Effort Needed to Meet Federal Work Participation Rate: Maryland's work participation rate requirement for federal fiscal 2007 is 36.5%. In November 2006, the caseload subject to the federal work requirements totaled 8,290 of which 3,026 needed to be meeting the federal requirements to reach the 36.5% work participation rate. There was a shortfall of 269 people meeting the work requirements which means an estimated additional 500 people will need to meet the requirements for the remainder of the federal fiscal year in order for Maryland to reach the target.

Recommended Actions

- | | <u>Funds</u> |
|--|---------------------|
| 1. Reduce funding for Temporary Cash Assistance due to overbudgeting. | \$ 7,000,000 |
| 2. Adopt committee narrative requesting quarterly reports on the Temporary Assistance for Needy Families spending. | |

Total Reductions	\$ 7,000,000
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N00I00
Family Investment
Department of Human Resources

Operating Budget Analysis

Program Description

The Department of Human Resources' (DHR's) Family Investment Administration (FIA), along with local Family Investment programs, administers cash benefit and other grant programs that provide assistance to individuals and families in financial need, as well as employment programs to promote self-sufficiency. Programs administered include:

- **Temporary Cash Assistance (TCA)**, the State's largest cash assistance program, provides financial assistance to dependent children and other family members deprived of support due to the death, incapacitation, underemployment, or unemployment of one or both parents. Federal welfare reform legislation enacted in August 1996 eliminated an individual entitlement to cash assistance and replaced it with a Temporary Assistance for Needy Families (TANF) block grant. States receive their share of the block grant as long as they comply with a maintenance of effort requirement of 80% (75% if a state is successful in meeting the federal work participation rate). Under the legislation, states determine the eligibility criteria for TCA. The federal legislation also requires welfare recipients to work in order to receive assistance for more than two years and establishes a five-year time limit on the receipt of benefits with a hardship exemption for as much as 20% of the State's caseload.
- **Family Investment Program (FIP)**, the State's program for serving welfare recipients, encompasses the provision of TCA and efforts to divert potential applicants through employment, move recipients to work, and provide retention services to enhance skills and prevent recidivism. The goal of FIP is to assist TCA applicants/recipients in becoming self-sufficient. After assessing each family's specific needs and resources, staff focus on the services required to move clients into work. TCA is provided only as a last resort. Applicants for cash assistance are required to cooperate with child support enforcement staff as a condition of eligibility and must undertake job search activities if asked. Recipients are sanctioned if they fail to comply with any work or training requirements. Screening of TCA recipients for substance abuse is mandatory, with participation in treatment required of individuals offered appropriate treatment.
- **Temporary Disability Assistance Program**, the State's program for disabled adults, provides a limited monthly cash benefit. The State is responsible for clients with a short-term disability (at least 3 months but less than 12 months). If the disability will last longer, the client may be eligible for federal disability payments through Supplemental Security Income (SSI). If so, they are required to pursue an SSI application and may receive help doing so. Those clients receive State cash assistance until their SSI applications are approved. The federal government reimburses the State for cash assistance paid during the processing of approved SSI applications.

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- **The Burial Assistance Program** subsidizes funeral expenses of public assistance recipients, children receiving foster care, and Medical Assistance recipients. The program is funded by the State and local governments.
- **The Food Stamp Program** provides benefits solely for the purchase of food items to individuals and families who meet income and resource requirements. Benefit costs are 100% federally funded, while the administrative costs are split evenly between the State and federal government. Maryland provided State-funded food stamps to legal immigrant children until October 1, 2003, when the Farm Security and Rural Investment Act of 2002 (commonly known as the Farm Bill) authorized federal food stamp benefits for qualified immigrant children.
- **Emergency Assistance to Families Program** provides financial assistance to resolve an emergency situation as defined by the local department.
- **Public Assistance to Adults** provides payments to indigent clients residing in licensed domiciliary care homes and to Project Home clients. Recipients include mentally and physically disabled adults and individuals with Acquired Immune Deficiency Syndrome who remain in their homes.

The local departments of social services are responsible for making eligibility determinations and re-determinations for the aforementioned programs, the State's subsidized child care program called Purchase of Care, and the Medical Assistance program which is administered by the Department of Health and Mental Hygiene. Local departments have the flexibility to create their own tailor-made welfare program and determine what training and job search activities will be required of applicants. In addition, the local departments are responsible for networking with employers and determining the most appropriate use for job training funds.

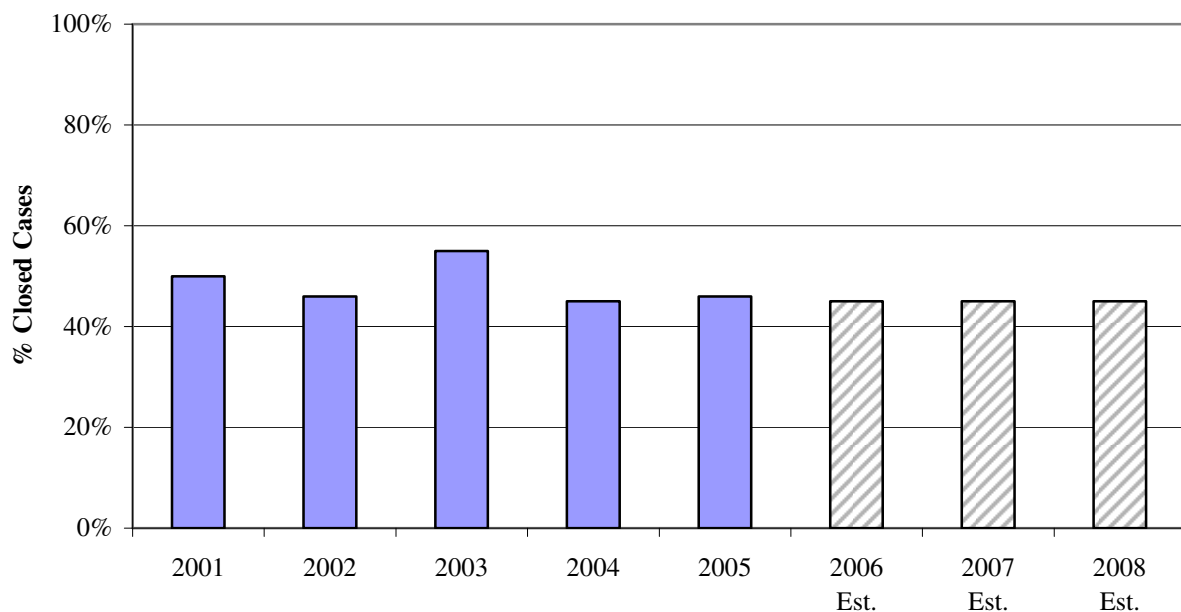
Key goals for FIA include:

- moving families with an employable parent and no children under the age of one toward a speedy and lasting exit from TCA;
- assuring individuals and families receive appropriate benefits;
- placing TCA individuals in employment where earnings increase over time; and
- increasing the number of TCA families where an adult family member obtains and retains employment.

Performance Analysis: Managing for Results

The first goal of FIA is to move families with an employable adult and no children under the age of one toward a speedy and lasting exit from TCA. **Exhibit 1** shows that performance relative to this goal has fluctuated over time but is projected to remain around 45%.

Exhibit 1
Speedy and Lasting Exit from Temporary Cash Assistance
Fiscal 2001-2008

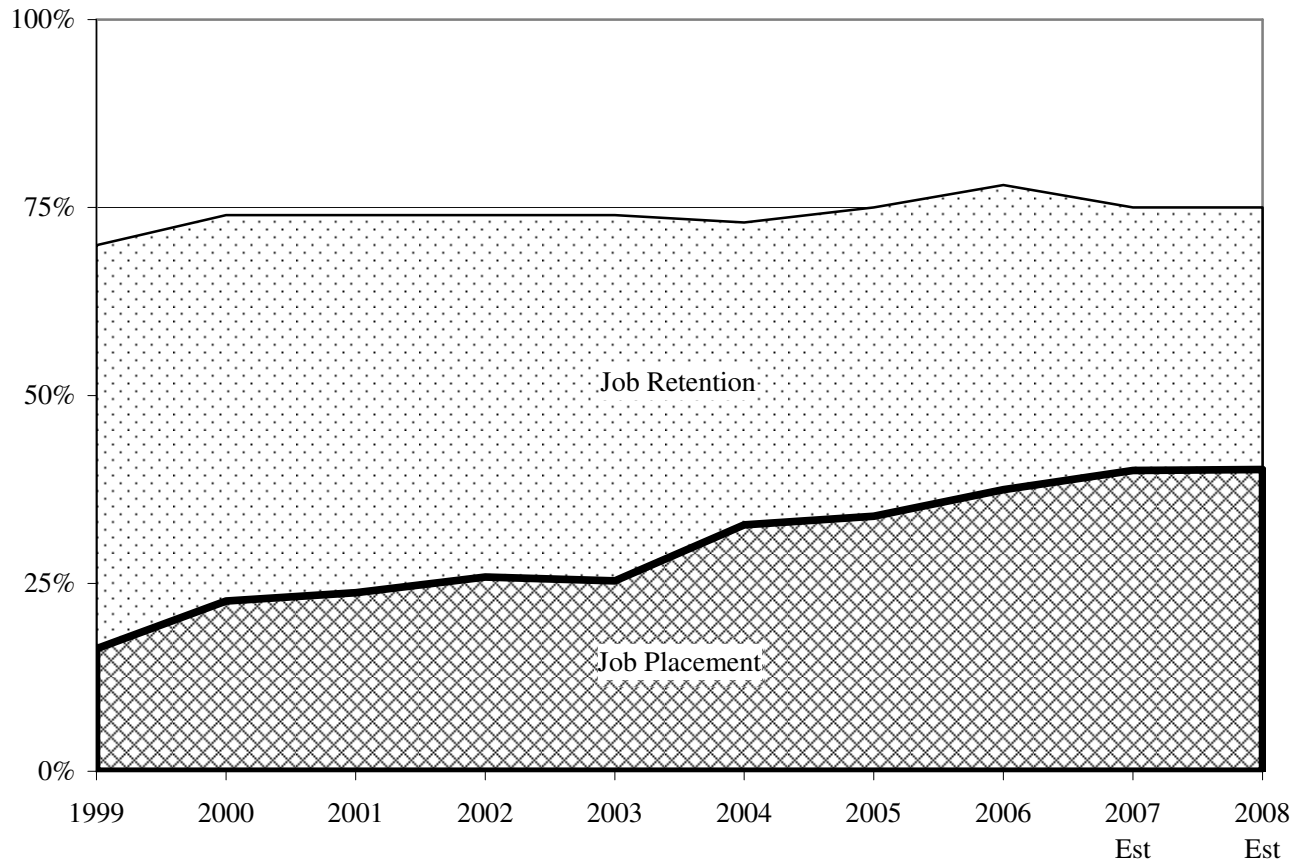


Note: This graph shows the percentage of cases with an employable adult and no children under the age of 1 that remain closed for at least 12 consecutive months.

Source: Governor's Budget Books, Fiscal 2008

The hope of welfare reform is not only that welfare caseloads will decline, but also that parents will get jobs and keep them, eliminating their families' needs for cash assistance. **Exhibit 2** illustrates DHR's success in this regard, showing the job placement and job retention rates. Job placements have increased since fiscal 1999 while job retention has remained stable over time at just under or at 75%.

Exhibit 2
Job Placement and Job Retention
Fiscal 1999-2008



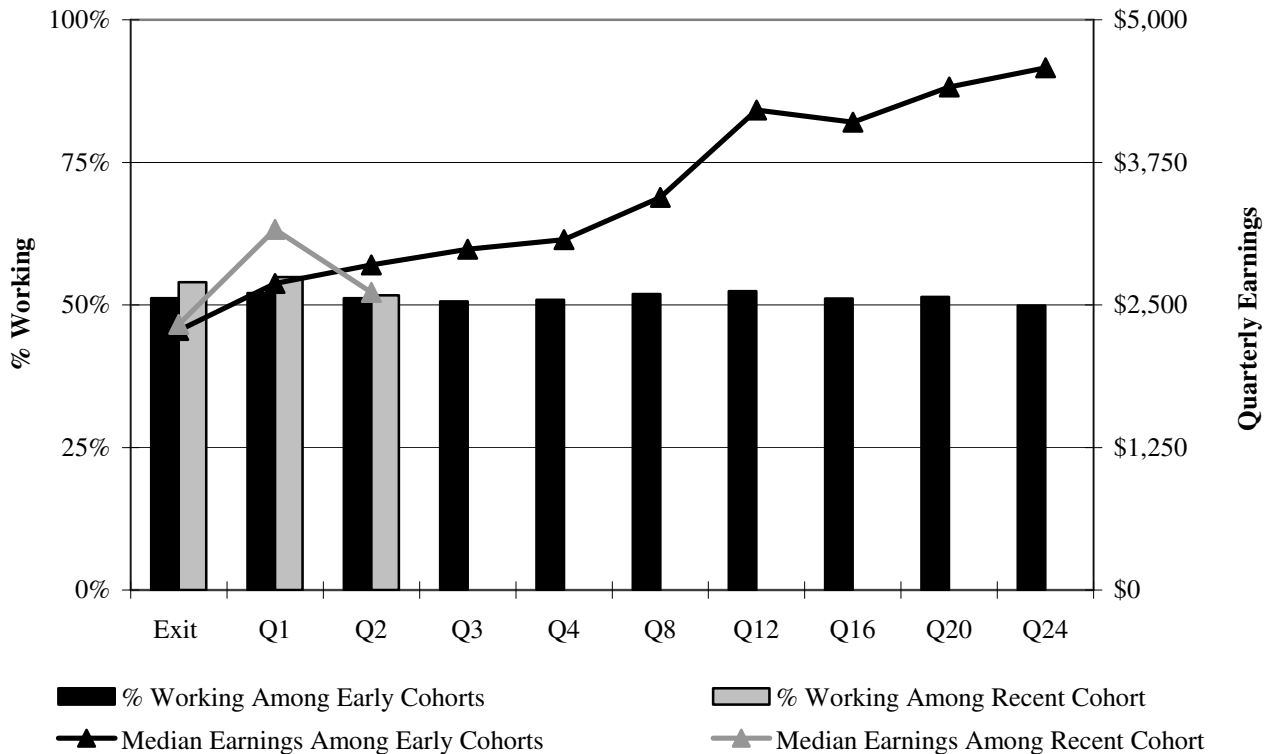
Note: Job placement measures the total number of placements as a percent of the total number of Temporary Cash Assistance cases. Job retention measures the percent of individuals who obtained employment in one calendar quarter and remain employed in the following quarter.

Source: Governor's Budget Books, Fiscal 2008; Department of Human Resources

Exhibit 3 shows the rates of employment and earnings over time for those exiting TCA. It graphs the performance on these indicators for the most recent cohort (those who exited between April 2005 and March 2006) and for earlier cohorts (those who exited between October 1996 and March 2005.)

For earlier cohorts, employment remained slightly above the 50% level until the twenty-fourth quarter. Median earnings among earlier cohorts also steadily increase throughout the study period.

Exhibit 3 Employment and Earnings After Leaving TCA



Note: This figure is derived from data collected by the University of Maryland School of Social Work and presented in *Life After Welfare: Eleventh Report*, October 2006. It follows a sample of TCA leavers beginning in October 1996 through March 2006, adding 5% of new TCA leavers every quarter and excluding any that return to TCA within 30 days. These data include TCA leavers employed in Maryland in jobs covered by unemployment insurance and those working in a border state. Because the data do not include employment in non-border states, with the federal government, with multi-state employers, and in jobs not covered by unemployment insurance, it underestimates the level of post-TCA employment.

TCA: Temporary Cash Assistance

Source: *Life After Welfare: Eleventh Report*, October 2006, University of Maryland School of Social Work

In comparing the most recent cohort to earlier cohorts, the percent working in the two quarters is slightly higher for the most recent cohort. This is a switch from last year's report and suggests that the lingering affects of the 2001 recession are gone.

Fiscal 2007 Actions

Proposed Deficiency

A proposed fiscal 2007 deficiency appropriation would increase federal funds by \$272,802 comprising three fund sources for different purposes. The first is \$148,152 in funding for the Public Assistance Reporting Information System which will be used to match data in federal computers to identify erroneous payments. The original grant of \$149,905 for this project was received in fiscal 2006 but only \$1,754 was expended in that year, leading to this deficiency appropriation. The second item is \$32,143 for the Service Access and Information Link project which represents the remaining amount of a \$938,057 grant to DHR and the United Way of Central Maryland to improve access to and participation in the Food Stamp Program. The final purpose of the deficiency is to recognize increased federal grant funds of \$92,507 which were made available for the Food Stamp Nutrition Education Program. These funds are used for a contract with the University of Maryland, College Park to implement and evaluate nutrition education programs for food stamp participants.

Governor's Proposed Budget

As shown in **Exhibit 4**, the total budget for FIA increases in fiscal 2008 by \$36.4 million, representing a 5.4% increase. If the one-time health savings are adjusted for, the budget increases by \$41.8 million for a 6.2% increase. Without the increases for benefit programs, the budget would increase by 0.8%.

Exhibit 4
Governor's Proposed Budget
DHR – Family Investment
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
2007 Working Appropriation	\$98,214	\$15,460	\$563,465	\$677,139
2008 Governor's Allowance	<u>106,601</u>	<u>15,541</u>	<u>591,396</u>	<u>713,537</u>
Amount Change	\$8,387	\$80	\$27,931	\$36,399
Percent Change	8.5%	0.5%	5.0%	5.4%

Where It Goes:

Personnel Expenses

Retirement	\$1,618
Increments and other compensation	1,520
Reclassifications	175
Deferred compensation.....	133

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Where It Goes:

Health insurance costs decline due to one-time savings	-4,103
Turnover adjustments	-2,021
Abolished/transferred positions	-47
Other fringe benefit adjustments	-40

Benefit Programs

Food Stamps – increased caseload	23,784
Increase in Temporary Cash Assistance grants	20,068
Emergency Assistance to Families with Children – grant and caseload increases	2,087
Temporary Cash Assistance caseload decline	-9,390

Other Changes

Work Opportunities information technology system enhancements required to meet new reporting requirements under the Temporary Assistance for Needy Families reauthorization	1,400
Non-custodial parent employment program	1,000
Montgomery County grant	778
Food Stamps Nutrition Education Program grant increase	576
Increased rent	404
Increased electric and fuel oil costs	347
Postage increased to reflect recent experience	55
Remove one-time costs for new telephone system in Baltimore City	-940
Decrease in Food Stamps Error Reduction Strategies grants because Maryland is no longer subject to federal corrective action compliance	-529
Decrease in Governor’s Workforce Investment Board to reflect recent experience	-150
Decrease in administrative hearings	-106
Transportation costs in Baltimore decrease to reflect recent experience	-77
Telephone usage budgeted to reflect recent experience	-72
Other	-73

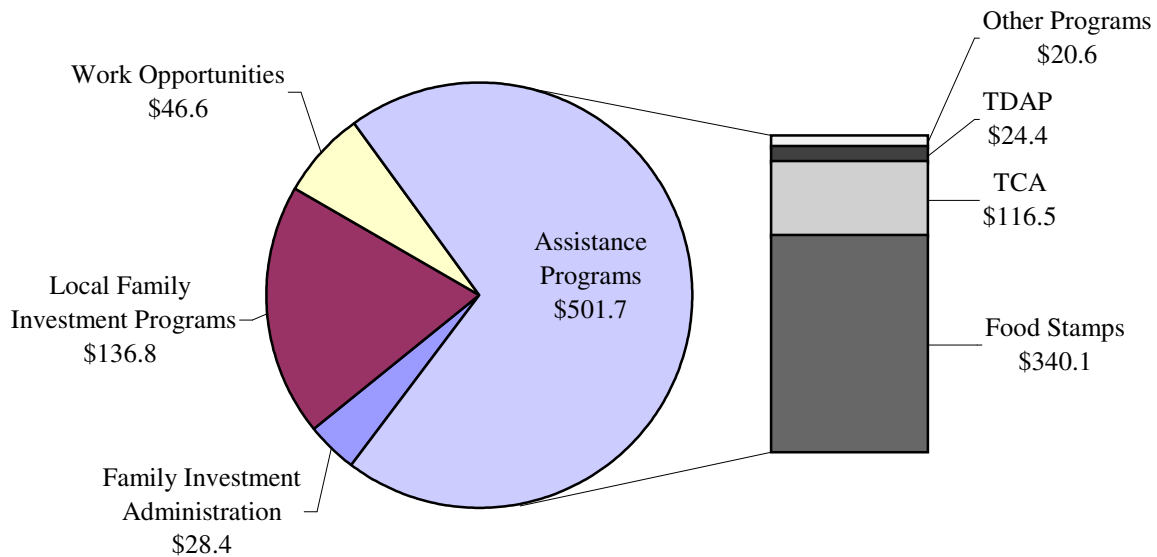
Total	\$36,399
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Note: Numbers may not sum to total due to rounding.

Benefits and Services to Clients

Exhibit 5 shows the fiscal 2008 allowance for Family Investment. Major assistance programs make up just over 70% of the total.

Exhibit 5
Family Investment
Fiscal 2007 Allowance
(\$ in Millions)



TCA: Temporary Cash Assistance

TDAP: Temporary Disability Assistance Program

Note: "Other Programs" comprises General Public Assistance, Burial Assistance, Eviction Assistance, Welfare Avoidance Grants, Emergency Assistance to Families with Children, and Public Assistance to Adults.

Source: Governor's Budget Books, Fiscal 2008; Department of Human Resources

- **Food Stamps:** A majority of the increase in assistance payments occurs in Food Stamps which increases \$23.8 million over fiscal 2007. Since October 1, 2003, when immigrant children were made eligible for federal food stamps, no State funds have been budgeted for the food stamp program.
- **TCA:** The allowance for TCA increases by a net of \$10.7 million comprising a \$20.1 million increase to fund the TCA grants at a level sufficient to bring the combined value of food stamp benefits and the TCA grant to 61% of Maryland's minimum living level, partially offset by a \$9.4 million decrease due to a declining caseload. A family of three is eligible for a maximum monthly grant of \$549.00 in fiscal 2007. The increase in fiscal 2008 is estimated to be 18% or just under \$99.00.

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- ***Temporary Disability Assistance Program (TDAP):*** The allowance for TDAP increases slightly (\$216,294) to reflect a small projected increase in caseload.
- ***Emergency Assistance to Families with Children:*** The increase of \$2.1 million in fiscal 2008 is due to an increase in the average grant (from \$455.50 in fiscal 2007 to \$552.29 in fiscal 2008) and an increase of 126 in the expected monthly caseload.
- ***Eviction Assistance:*** The increase of \$310,886 in fiscal 2008 is due to an increase in the grant amount (from \$2,407 in fiscal 2007 to \$4,182 in fiscal 2008) offset slightly by a caseload decline estimated to result in 70 fewer cases in fiscal 2008.
- ***Public Assistance to Adults, Welfare Avoidance Grants, and General Public Assistance – Refugees:*** These programs are all level-funded in fiscal 2008.
- ***Work Opportunities:*** The Work Opportunities program is not a benefit program but pays for services to clients such as skills assessment, job readiness, job training, and job search services. The program is funded entirely from federal TANF funds and increases by \$1.4 million primarily due to information technology system enhancements needed to comply with new reporting requirements imposed in the reauthorization of the TANF program.

Issues

1. TCA Caseload Declines Significantly Over the Past Two Years

In the early years of welfare reform, Maryland experienced rapid reductions in the number of TCA recipients. After dropping at rates exceeding 20% per year during the 1990s, the pace of caseload decline slowed considerably. The average annual decline between fiscal 2000 and 2004 was just 2.9%. The pace of caseload decline picked up considerably in fiscal 2005 with a decline of 7.2% followed by an even bigger decline of 12.4% in fiscal 2006. As of December 2006, the caseload stood at 50,936, nearly 23,000 less than the same point three years earlier. The accelerated caseload decline in recent years is likely related to DHR's policy of universal engagement which it instituted in September 2003 and other policies designed to move people into employment and self sufficiency. **Exhibit 6** shows the caseload from the beginning of fiscal 2003 through the midpoint of fiscal 2007.

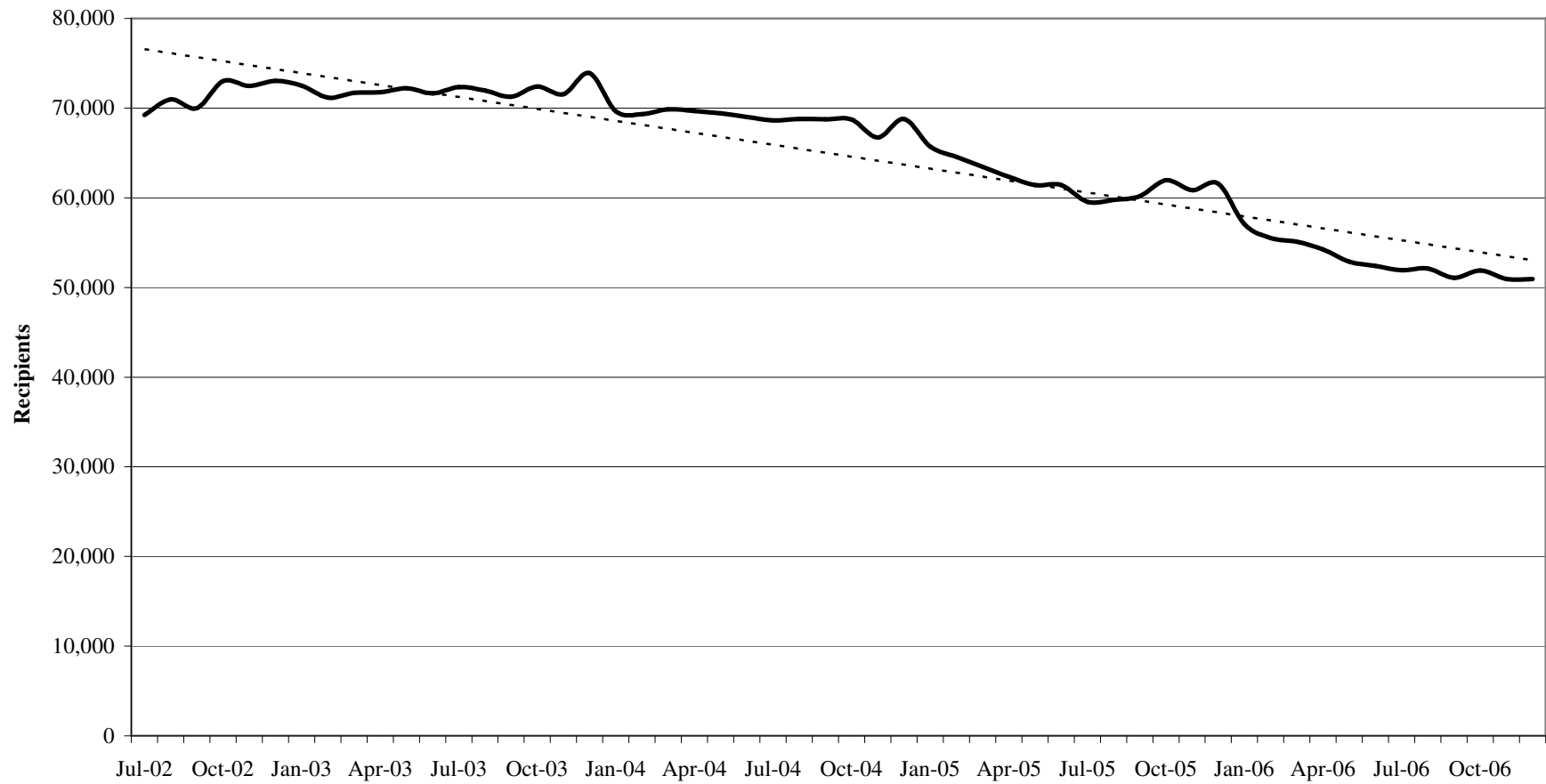
Exhibit 7 shows the TCA caseload, average grant amount, general fund appropriation, and total appropriation for fiscal 2005 through 2008. Italicized items are projections made by the Department of Legislative Services (DLS). The fiscal 2008 average monthly grant includes an increase to bring the value of the TCA grant, when combined with federal food stamps, to 61% of the State minimum living level as required by Section 52(c) of the DHR Article.

Based on these projections, DLS estimates that fiscal 2007 is over-funded by approximately \$6.4 million, and fiscal 2008 is over-funded by approximately \$7.2 million.

Characteristics of the Current Caseload

To track recipients needing employment services, DHR divides the caseload into two main groups: (1) the "core" caseload; and (2) cases headed by an employable adult. The core cases include child-only cases, women with children under age one, disabled cases, relative caretaker, and other cases exempted from work requirements. With the exception of women with children under age one, DHR does not expect the core cases to transition off cash assistance by seeking employment. Child-only cases, for example, typically leave the rolls after reaching adulthood. As employable adults have successfully entered the labor market, the core cases have represented an increasing percentage of the total TCA caseload. As shown in **Exhibit 8**, while the total caseload has declined since 2003, the non-employable core caseload has remained virtually the same. As a result, the non-employable core caseload – as a percent of the total caseload – has increased from just under 46% in 2003 to 61% in 2006. The employable caseload declined as a percent of the total caseload from just more than 54% in 2003 to 39% in 2006.

Exhibit 6
TCA Caseload by Month



Note: The dotted line is the trend line.

Source: Department of Human Resources

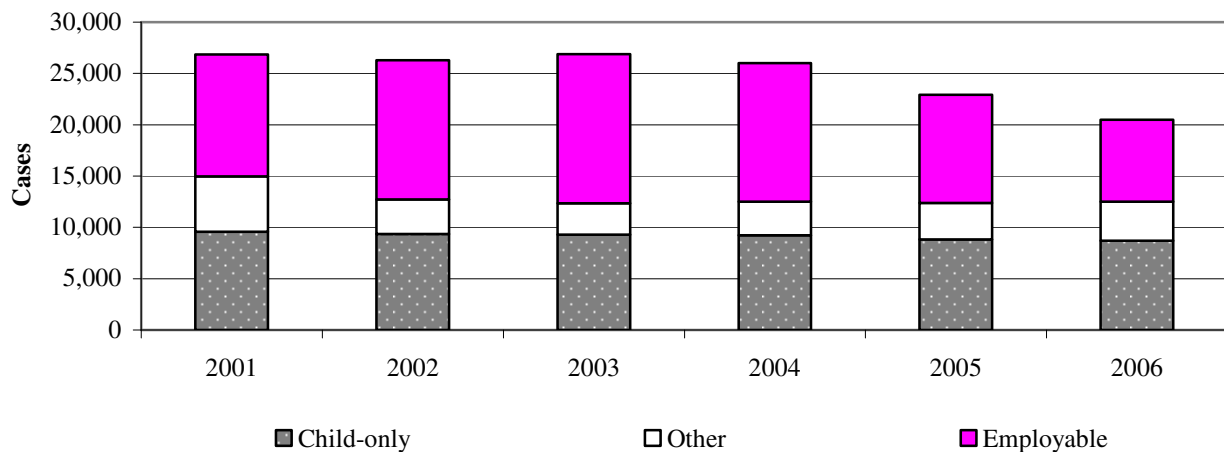
Exhibit 7
TCA Enrollment and Funding Trends
Fiscal 2005-2008

	2005	2006	2007	2008
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Average Monthly Enrollment	65,748	57,589	51,830	49,239
Average Monthly Grant	\$147.24	\$150.23	\$159.85	\$185.08
Budgeted Funds in Millions				
General Funds	\$14.8	\$16.4	\$11.8	\$11.1
Total Funds	\$115.4	\$102.9	\$105.8	\$116.5
DLS Estimate			\$99.4	\$109.4
Difference			6.4	7.2

TCA: Temporary Cash Assistance
DLS: Department of Legislative Services

Source: Department of Human Resources; Department of Legislative Services

Exhibit 8
Temporary Cash Assistance Caseload Characteristics
July Caseloads
Fiscal 2001-2006



Source: Department of Human Resources

In the early years of welfare reform, DHR concentrated on serving those easiest to place in employment. Through its successful efforts, most of these cases have transitioned from welfare to work. Now, the remaining cases headed by an employable adult typically face multiple barriers to employment such as substance abuse and/or mental health issues, poor work histories, low educational attainment, and limited access to transportation and child care. To realize further caseload reductions, DHR must continue to provide intensive services to help these employable adults enter and remain in the labor force.

Five-year Lifetime Limit on Receipt of Cash Assistance

Moving employable adults to self-sufficiency is of particular importance in light of the federal limit placed on receipts of cash assistance. Federal law prohibits cases headed by an adult from receiving TANF funded cash benefits for more than five cumulative years. However, federal law also provides exemptions to the time limit for “hardship” as defined by the State. Under this provision, 20% of the caseload receiving TANF-funded cash assistance from the previous federal fiscal year may continue to receive these benefits beyond five years.

September 2006 was the fifty-seventh month in which some families had reached the five-year benefit limit. The annual average number of families receiving TANF assistance during federal fiscal 2005 was 20,364. The annual average number of cases headed by adults that received assistance for more than 60 months during federal fiscal 2005 was 1,531. Since this number is below the 20% exemption limit for federal fiscal 2006 of 4,073, no one was removed from the caseload. According to DHR’s projections, the earliest that any recipient would lose benefits because of the time limit is federal fiscal 2014. Until that time, the department expects to accommodate, under federal hardship exemptions, all families who cooperate with program requirements.

2. Additional Effort Needed to Meet Federal Work Participation Rate

Under TANF, 50% of the eligible caseload must be engaged at least 30 hours per week in federally approved work activities or states face a reduction in the annual TANF grant and an increased maintenance of effort requirement. For Maryland, the penalties and increased maintenance of effort would total approximately \$34 million per year.

The eligible caseload is not the total caseload. Certain populations, such as child-only cases, those caring for a disabled child, those with a child under age one, and those subject to sanction for not complying with the work requirements are all excluded from the work participation calculation. In addition, in response to the new requirements imposed in the reauthorization of TANF, DHR made changes to its policies which will also allow the exclusion of needy caretaker relatives, legal immigrants, and two-parent households where both parents are able bodied. **Exhibit 9** shows the make up of the November 2006 caseload. Of the total caseload of 20,022, only 9,022 were initially countable under the requirements imposed in the TANF reauthorization. DHR’s policy changes reduced this number by an additional 732 so that for federal fiscal 2007, only 8,290 cases must be included in the denominator in the work participation rate calculation.

Exhibit 9
Temporary Cash Assistance November 2006 Caseload by Population Type

<u>Population</u>	<u>November 2006 Total Caseload</u>	<u>Initially Countable in Work Rate Under TANF Reauthorization</u>	<u>Countable After DHR Policy Changes</u>
Child-only	8,650		
Exempt Caring for Disabled	87		
Child Under One	1,452		
Subject to Sanction	811		
Needy Caretaker Relative	527	527	
Legal Immigrant	49	49	
Two-parent Household	156	156	
Employed	657	657	657
Temporarily Disabled	142	142	142
Domestic Violence	129	129	129
Disabled – Applying for SSI	1,407	1,407	1,407
Employable with No Limitations	5,955	5,955	5,955
Total	20,022	9,022	8,290

DHR: Department of Human Resources

SSI: Supplemental Security Income

TANF: Temporary Assistance for Needy Families

Source: Department of Human Resources

Exhibit 10 shows that the work participation rate that Maryland must meet. Maryland has experienced a 13.5% caseload decline since 2005, and this amount is deducted from the 50% base work participation rate resulting in an adjusted rate of 36.5%. For the November 2006 caseload, this means that 3,026 people should have been meeting the federal work requirements, yet as also shown in Exhibit 10, only 2,757 people met the requirements resulting in a shortfall of 269. For purposes of determining whether states have met the work participation rate, the average monthly eligible caseload and the average number of people meeting the work requirements will be used in the calculation, so that if a state is short in one month, it can make it up in subsequent months. DHR estimates that it will need to have an additional 500 people meet the work requirements for the remainder of federal fiscal 2007 in order to achieve the required 36.5% work participation rate.

Exhibit 10
Maryland Work Participation Rate Requirement
Federal Fiscal 2007

Federal base requirement	50.0%
Less caseload reduction credit	-13.5%
Adjusted federal fiscal 2007 work participation target	36.5%
November 2006 cases required to meet work participation rate (8,290 x 36.5%)	3,026
November 2006 cases meeting work requirements	2,757
Shortfall	-269
Estimated number of additional cases meeting work requirements for remainder of the year needed in order to attain the work participation rate:	500

Source: Department of Human Resources

Recommended Actions

- | | <u>Amount
Reduction</u> |
|---|------------------------------------|
| 1. Reduce funding for Temporary Cash Assistance due to overbudgeting. Given the recent caseload decline, the Temporary Cash Assistance program appears to be overfunded by \$7 million. | \$ 7,000,000 FF |
| 2. Adopt the following narrative: | |

Quarterly Reports on Temporary Assistance for Needy Families (TANF) Spending: The committees would like to continue monitoring TANF expenditures of the Department of Human Resources (DHR). DHR should submit quarterly reports to the committees. The reports should track TANF expenditures and obligations by budget code and report the TANF balance available at the end of each quarter. DHR should submit its first quarterly report on September 15, 2007, and this report should cover the quarter ending June 30, 2007.

Information Request	Author	Due Date
Quarterly reports on TANF spending	DHR	Quarterly beginning September 15, 2007
Total Federal Fund Reductions		\$ 7,000,000

Current and Prior Year Budgets

Current and Prior Year Budgets Family Investment (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2006					
Legislative Appropriation	\$100,370	\$18,388	\$519,205	\$0	\$637,963
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	11,391	1,945	33,777	0	47,113
Reversions and Cancellations	0	0	-24,282	0	-24,282
Actual Expenditures	\$111,761	\$20,333	\$528,700	\$0	\$660,793
Fiscal 2007					
Legislative Appropriation	\$97,268	\$15,432	\$563,465	\$0	\$676,164
Budget Amendments	946	29	0	0	975
Working Appropriation	\$98,214	\$15,460	\$563,465	\$0	\$677,139

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

Fiscal 2006

The fiscal 2006 budget for Family Investment closed out \$22.8 million higher than the legislative appropriation. This increase was the net result of increases by budget amendments totaling \$47.1 million offset by cancellations at the end of the year totaling \$24.3 million.

General funds added by budget amendment totaled \$11.4 million. This comprised increases for the cost-of-living adjustment (\$399,187) and increased spending in the salary account needed to match federal funds (\$13,487,977) partially offset by less than budgeted utilization of assistance funds (-\$1,880,252), realignment of telecommunication expenses (\$167,896), and general administrative savings (-\$448,038). Special funds added by budget amendment totaled \$1.9 million and represent greater than anticipated local government participation. Federal funds increased \$33.8 million by budget amendment comprising increased food stamp caseload (\$32,649,352), food stamp administrative and conference related travel (\$946,701), increased funding for the Disabilities Eligibility Assistance Program contract, and increased funding for the Public Assistance Reporting Information System (\$32,279).

The federal fund cancellation of \$24.3 million resulted from DHR'S activity level eligible for federal funding based on the federally approved time allocation plan for use of Temporary Assistance for Needy Families and food stamp funds (\$15,511,740) being lower than anticipated, a delay in the Request for Proposal for Baltimore City's Job Training, Placement, and Retention Services contract which pushed the award into fiscal 2007 (\$6.9 million), and lower than budgeted expenditures for contractual employees for the local departments of social services (\$1.9 million).

Fiscal 2007

The fiscal 2007 working appropriation is \$974,823 higher than the legislative appropriation and reflects increases in general funds (\$946,317) and special funds (\$28,506) by budget amendment for a general salary increase.

**Object/Fund Difference Report
DHR – Family Investment**

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07-FY08 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	2,115.42	2,139.42	2,138.42	-1.00	0%
02 Contractual	55.25	130.00	121.00	-9.00	-6.9%
Total Positions	2,170.67	2,269.42	2,259.42	-10.00	-0.4%
Objects					
01 Salaries and Wages	\$ 114,617,625	\$ 114,692,313	\$ 111,928,700	-\$ 2,763,613	-2.4%
02 Technical and Spec Fees	1,730,180	4,868,476	5,054,301	185,825	3.8%
03 Communication	2,192,672	3,133,101	2,137,984	-995,117	-31.8%
04 Travel	518,437	288,850	312,062	23,212	8.0%
06 Fuel and Utilities	811,254	808,090	1,155,008	346,918	42.9%
07 Motor Vehicles	48,026	48,822	36,702	-12,120	-24.8%
08 Contractual Services	47,165,864	52,239,715	57,826,773	5,587,058	10.7%
09 Supplies and Materials	862,338	686,458	729,898	43,440	6.3%
10 Equipment – Replacement	157,101	0	0	0	0.0%
11 Equipment – Additional	529,884	8,100	0	-8,100	-100.0%
12 Grants, Subsidies, and Contributions	479,438,558	487,901,585	521,488,082	33,586,497	6.9%
13 Fixed Charges	12,721,549	12,463,480	12,867,989	404,509	3.2%
Total Objects	\$ 660,793,488	\$ 677,138,990	\$ 713,537,499	\$ 36,398,509	5.4%
Funds					
01 General Fund	\$ 111,760,821	\$ 98,213,887	\$ 106,600,829	\$ 8,386,942	8.5%
03 Special Fund	20,333,001	15,460,202	15,540,589	80,387	0.5%
05 Federal Fund	528,699,666	563,464,901	591,396,081	27,931,180	5.0%
Total Funds	\$ 660,793,488	\$ 677,138,990	\$ 713,537,499	\$ 36,398,509	5.4%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.

**Fiscal Summary
DHR – Family Investment**

<u>Program/Unit</u>	<u>FY06 Actual</u>	<u>FY07 Wrk Approp</u>	<u>FY08 Allowance</u>	<u>Change</u>	<u>FY07-FY08 % Change</u>
02 Local Family Investment Program	\$ 130,264,622	\$ 138,544,504	\$ 136,817,865	-\$ 1,726,639	-1.2%
08 Assistance Payments	478,483,649	464,577,050	501,652,971	37,075,921	8.0%
10 Work Opportunities	26,901,065	45,274,808	46,648,398	1,373,590	3.0%
04 Director's Office	25,144,152	28,742,628	28,418,265	-324,363	-1.1%
Total Expenditures	\$ 660,793,488	\$ 677,138,990	\$ 713,537,499	\$ 36,398,509	5.4%
General Fund	\$ 111,760,821	\$ 98,213,887	\$ 106,600,829	\$ 8,386,942	8.5%
Special Fund	20,333,001	15,460,202	15,540,589	80,387	0.5%
Federal Fund	528,699,666	563,464,901	591,396,081	27,931,180	5.0%
Total Appropriations	\$ 660,793,488	\$ 677,138,990	\$ 713,537,499	\$ 36,398,509	5.4%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.