



April 30, 2018

The Honorable Millie Hamner  
Chair, Joint Budget Committee  
Legislative Services Building, 3<sup>rd</sup> Floor  
200 East 14<sup>th</sup> Avenue  
Denver, Colorado 80203

Dear Representative Hamner:

The Colorado Department of Human Services (CDHS) has annually provided a report on the status of federal Temporary Assistance for Needy Families (TANF) funds. This Request for Information (RFI) is provided to the Joint Budget Committee on November 1<sup>st</sup> and January 1<sup>st</sup>. The RFI requires an analysis of the TANF Long Term Reserve, including estimated TANF funds available for appropriation.

In March, the Department identified a discrepancy between amounts reflected on state and federal reports. Upon further study, the Department recognized methodology inconsistencies between the state and federal reports dating back to FY 2001-02. This information was validated in April. This clean up identified an additional \$54 million dollars in TANF Long Term Reserve. As a result, the Department has made the following changes to the RFI – TANF Long Term Reserve projections:

1. The Department aligned the calculation methodology with other federal and state accounting and financial reports. This includes recognizing \$25 million carried forward from previous year grants.
  - In FY 2001-02, the Department received a \$19 million bonus for reducing out of wedlock pregnancies. The Department also underspent the available TANF appropriation by approximately \$18.5 million mainly due to the conversion from the legacy system to the statewide benefit management system (CBMS). The cost of the conversion for this particular fiscal year and various other program under expenditures was the result of this level of underspending.
    - *One of these two factors was not carried forward into the FY 2002-03 RFI.*
  - In FY 2002-03, the Departments ending balance reflected on the RFI did not match the beginning balance of the FY 2003-04 RFI. This was also due to various program and system underspending by approximately \$3 million.



2. The Department discovered that we were not including all four quarters of the Federal TANF appropriation. The RFI traditionally represented three quarters of the appropriation. Beginning FY 2018-19, the Department will include a fourth quarter of estimated appropriation in the report.
  - The TANF \$34 million quarterly totaling a yearly award of \$135,607,703.
  - The Department has reported three quarters of the appropriation dating back to FY 2001-02 because the RFI follows the state fiscal year. This structure depicts funds available in the current state fiscal year.
  - The TANF appropriation is dispersed on the federal fiscal year. The new reporting structure will depict funds across two state fiscal years, however in alignment with the total federal TANF award.
  
3. Federal reports showed as obligated, maximum amounts available to transfer to other programs. Moving forward the Department will reflect amounts actually spent.
  - TANF transfer of funds is allowable to both the Child Care Assistance Program (up to 30% of the annual TANF award) and Child Welfare Program (up to 10% of the annual TANF award). Together the transfer cannot exceed 30% which is equal to \$41 million, annually.
  - The total allowable transfer of \$41 million has traditionally been reflected in the RFI as obligated.
  - Going forward, only the actual transfer amounts will be reflected. In FY 2016-17 the TANF transfer amount to CCCAP and Child Welfare totaled \$5 million.

Due to a lack of historical transaction level data there will be a variance in the amount detailed above and the RFI attached. The variance is representative of this summary as an approximation. State Long Term Reserves reported on the January 1<sup>st</sup> RFI represented \$53 million dollars. After the changes described above, the updated State Long Term Reserve will reflect an additional \$54 million dollars and a total State Long Term Reserve of \$107 million dollars. The State Long Term Reserve does not account for county TANF reserves.

Please see the attached new report for your reference. If you require further information, or have additional questions, please contact Ki'i Powell, Director of the Office of Economic Security at 303-866-2054.

Sincerely,



Reggie Bicha  
Executive Director  
Enclosure

cc: Senator Kent Lambert, Vice-Chair, Joint Budget Committee  
Senator Dominick Moreno, Joint Budget Committee  
Representative Bob Rankin, Joint Budget Committee  
Senator Kevin Lundberg, Joint Budget Committee  
Representative Dave Young, Joint Budget Committee  
John Ziegler, Staff Director, Joint Budget Committee  
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