



MONTANA LEGISLATIVE BRANCH

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Legislative Fiscal Analyst
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DATE: November 15, 2005
TO: Legislative Finance Committee
FROM: Pat Gervais, Senior Fiscal Analyst
RE: TANF cash assistance benefits

The purpose of this memo is to update the Legislative Finance Committee on actions taken subsequent to the legislative session to increase the Temporary Assistance for Needy Families (TANF) cash assistance benefit level.

During the most recent legislative session, legislators were concerned with the use of federal TANF funds and state fund expended as TANF maintenance of effort (MOE) and expressed their concern and priority that the TANF cash assistance benefit level be raised. Some legislators sought reinstatement of the cash assistance benefit level to pre August 2003 levels. However, since statute currently delegates the authority to establish the cash assistance benefit level to the Department of Public Health and Human Services (DPHHS), a statutory change is necessary in order for the legislature to establish a minimum cash assistance benefit level. Proposed legislation that would have established the TANF cash assistance benefit level in statute was not passed by the 2005 Legislature.

In order to indicate its preferences and influence the level of TANF cash assistance benefits, the legislature included in HB 2 several conditions on the use of federal TANF funds and state funds expended as TANF MOE including a provision that these funds could not be expended for certain programs or purposes unless beginning on October 1, 2005, the cash assistance benefit level was at or above 33 percent of the 2005 federal poverty level index and funding for the work readiness component (WoRC) program is maintained at or above fiscal year 2005 .

Effective October 1, 2005 the average cash assistance benefit level was increased to 33 percent of the 2005 federal poverty level or for a family of three increased from \$405 per month to \$442 per month. The table on the right summarizes the average TANF benefit level for certain family sizes at various points in time.

TANF Benefit Level Summary (monthly amount)				
	Effective			
Family Size	Effective 10/01/05	Effective 01/01/05	Effective 08/01/03	Prior To 08/01/03
	33% of 2005	plus \$30	30% of 2002	40.5% of 2002
2	\$353	\$328	\$298	\$403
3	442	405	375	507
4	532	482	452	611