

ALTERNATIVE TANF 7-YEAR FINANCIAL PLAN

**PREPARED AT THE REQUEST OF THE HOUSE COMMITTEE
ON FINANCE APRIL 12, 2010**

**DEPARTMENT OF HUMAN SERVICES
Benefit, Employment, and Support Services Division
April 2010**

Act 162, Section 156, SLH 2009, requires the Department of Human Services (DHS) to submit a detailed financial plan for federal TANF funds that shall encompass the prior two fiscal years, the current fiscal year, and the next four fiscal years, to include anticipated expenditures by type and fiscal year, and the balance of funding in the federal TANF reserve fund, for each of the fiscal years in the report. DHS provided this TANF 7-Year Financial Plan report to the Legislature, dated March 2010.

The House Committee on Finance (FIN), in its hearing on April 12, 2010, requested that DHS prepare an Alternative TANF 7-Year Financial Plan.

The attached Alternative TANF 7-Year Financial Plan, dated April 2010, includes all the TANF funds for State Fiscal Year (SFY) 2011 requested for the Department of Human Services (DHS) in the budget request submitted by the Governor to the 2010 State Legislature. The Senate Committee on Ways and Means (WAM) agreed with the Governor's budget request for SFY 2011 relating to TANF federal funds for DHS so this Alternative Plan is also consistent with WAM's S.D. 1 of H.B. 2200

It is our understanding that the Legislature's policy preference continues to be to conserve substantial TANF Federal Reserve Balances for at least four years past the reporting date.

As such, both the Act 162, Section 156, SLH 2009, TANF 7-Year Financial Plan (March 2010) and the attached Alternative TANF 7-Year Financial Plan (April 2010) indicates how the Legislature, if it so wishes, can retain positive TANF Federal Reserve Balances for four years through SFY 2014 by reducing and/or discontinuing TANF federal fund expenditures on various benefits, programs and services.

Both the Act 162, Section 156, SLH 2009, TANF 7-Year Financial Plan (March 2010) and the Alternative TANF 7-Year Financial Plan (April 2010) contain projected expenditures that would achieve the Legislature's policy preference, and there are many other options available as well.

Both the Act 162, Section 156, SLH 2009, TANF 7-Year Financial Plan (March 2010) and the Alternative TANF 7-Year Financial Plan (April 2010) can be found on line at:
<http://hawaii.gov/dhs/main/reports>.

EXPENDITURE CATEGORIES	TANF PURPOSE	SFY 2008			SFY 2009					SFY 2010					SFY 2011			
		TANF FEDERAL RESERVE FUND	TANF FEDERAL BLOCK GRANT	TANF STATE MOE	TANF FEDERAL RESERVE FUND	TANF FEDERAL BLOCK GRANT	TANF STATE MOE	DRA CONTINGENCY FUNDS	ARRA CONTINGENCY FUNDS	TANF FEDERAL RESERVE FUND	TANF FEDERAL BLOCK GRANT	TANF STATE MOE	DRA CONTINGENCY FUNDS	ARRA CONTINGENCY FUNDS	TANF FEDERAL RESERVE FUND	TANF FEDERAL BLOCK GRANT	TANF STATE MOE	DRA CONTINGENCY FUNDS
BALANCE		120.5	98.9	71.2	78.9	98.9	71.2	4.9	0.0	61.8	98.9	71.2	9.9	34.6	27.2	98.9	71.2	19.8
TRANSFERS TO:																		
CHILD CARE DEVELOPMENT FUND (CCDF)	1, 2		19.9			14.0					19.8					19.8		
SOCIAL SERVICES BLOCK GRANT (SSBG)	3, 4		9.9			9.9					9.9					9.9		
CASH ASSISTANCE TO NEEDY FAMILIES	1	38.4	0.0	13.8	43.2	0.0	14.0			38.8	0.0	18.5	1.6	6.1	25.2	0.0	18.5	19.8
ADMINISTRATION	1, 2	2.6	8.5	7.2	2.4	9.5	7.5			0.0	7.8	5.0			2.0	7.5	5.0	
SYSTEMS COSTS	1	0.6	1.0	1.0	0.4	2.0	1.0			0.0	3.6	1.0			0.0	3.0	1.0	
WORK PROGRAM CONTRACTS	1, 2		12.3	2.8		11.8	4.5	4.9			10.8	3.7	1.4	13.0		11.8	3.7	
SUPPORT SERVICES CONTRACTS & SUPPORTIVE PAYMENTS	1, 2		10.4	11.9		11.6	13.3				10.0	2.0	0.8	8.3		5.3	2.0	
POSITIVE YOUTH DEVELOPMENT & FAMILY STRENGTHENING SERVICES	3, 4		22.7	3.9		1.0	1.3			0.3	11.2	0.0	4.1			10.5	0.0	
ACT 162, SLH 2009, SECTION 146 - UPLINK			0.0	0.0		2.5	0.0				2.6	0.0				2.4	0.0	
ACT 162, SLH 2009, SECTION 147 - OYS TYPE SERVICES			0.0	0.0		0.4	0.0				0.4	0.0				0.4	0.0	
ACT 162, SLH 2009, SECTION 148 - ENHANCED HEALTHY START			0.0	0.0		2.8	0.0				2.8	0.0				3.2	0.0	
ACT 162, SLH 2009, SECTION 149 - CHILD WELFARE SERVICES (CWS) - POS	3, 4		7.0	0.0		0.0	0.0				6.2	0.0				6.2	0.0	
ACT 162, SLH 2009, SECTION 153 - NON-IVE ADMINISTRATION COSTS			0.0	0.0		0.0	0.0			1.0	0.0	0.0		4.4		5.4	0.0	
ACT 162, SLH 2009, SECTION 154 - NON-IVE EMERGENCY ASSISTANCE			0.0	0.0		0.0	0.0			0.7	0.0	0.0		2.8		0.9	0.0	
ACT 162, SLH 2009, SECTION 155 - HEALTHY START PROGRAM			1.7	0.0		1.5	0.0				1.3	0.0				0.0	0.0	
PURCHASE OF SERVICES (POS)			3.6	0.0		3.0	0.0				0.0	0.0				0.0	0.0	
AFTER SCHOOL (A+) PROGRAM	1, 2		1.9	4.5		0.0	6.3				6.3	0.0	2.0			6.3	0.0	
MOE FROM CHILD CARE	1, 2		0.0	16.9		0.0	16.9				0.0	16.9				0.0	16.9	
3RD PARTY MOE FROM Med-QUEST - CFA	1		0.0	28.5		0.0	24.0				0.0	24.0				0.0	24.0	
3RD PARTY MOE FROM OTHER AGENCIES (VOLUNTEER HOURS, ETC)	1		0.0	43.6		0.0	20.0				0.0	20.0				0.0	20.0	
PROJECTED EXPENDITURES		41.6	98.9	134.1	46.0	70.0	108.8	4.9	0.0	40.8	92.7	91.1	9.9	34.6	27.2	92.6	91.1	19.8
TOTAL PROJECTED TANF EXPENDITURES			140.5			116.0					178.0					154.6		
ENDING BALANCE		78.9	0.0		32.9	28.9		0.0	0.0	21.0	6.2		0.0	0.0	0.0	6.3		0.0
TOTAL TANF RESERVE AT THE END OF THE STATE FISCAL YEAR			78.9			61.8					27.2					6.3		

The only time that DHS has reliable figures for the actual amount in the TANF Reserve is, at the earliest, the end of December following the close of the Federal Fiscal Year (FFY).

TANF PURPOSES:

- 1 - Provide assistance to needy families.
- 2 - End the dependence of needy parents by promoting job preparation, work, and marriage.
- 3 - Prevent and reduce out-of-wedlock pregnancies.
- 4 - Encourage the formation and maintenance of two-parent families.

NOTES:

- 1) Federal TANF rules allow up to 30% of the annual block grant to be transferred to CCDF and SSBG, with SSBG share limited to 10% of the grant.
- 2) IM unit operating costs can be charged to prior year TANF grants.
- 3) Health care expenses paid by the State for Compact of Free Association (CFA) residents can be claimed for TANF MOE.
- 4) MOE From Other Agencies - direct services, volunteer social services hours and associated administrative costs can be claimed for TANF MOE.

COMMENTS:

This is not an accurate reflection of the amounts that will be available in the TANF Reserve at any given time and is likely to under-estimate the TANF Reserve amounts because:

1. Contracts are allocated at full contract price and, if not fully expended, the unused amounts lapse to the TANF Reserve;
2. TANF transfer to CCDF in SFY 2010 (\$19.8 Million) is allocated to full appropriation level as authorized by the 2009 Legislature and, if not fully expended, unused amounts lapse to the TANF Reserve;
3. TANF transfer to SSBG (\$9.89 Million) is allocated to full appropriation level as authorized by the 2009 Legislature, and, if not fully expended, unused amounts lapse to the TANF Reserve;
4. Cash assistance is allocated at the full authorized amount while spending is only on families who meet Federal eligibility requirements and unused amounts will lapse to the TANF Reserve;
5. Position vacancy savings from TANF funded positions will lapse to the TANF Reserve;
6. Information and Technology contracts are allocated at full contract price and, if not fully expended, will lapse unused amounts to the TANF Reserve;
7. DRA and ARRA TANF Emergency Contingency Fund federal money for SFY 2011-2014 is based on the budget introduced by the U.S. President for the TANF Program (including reauthorization of TANF Block Grant on October 1, 2010);
8. TANF Transfer to CCDF, from FY 2011 to FY 2014, will be reduced as shown in the Plan above, in line 14. This reduction is made possible because we are planning to roll our child care rates back to the FY 2007 levels and anticipating increased funding for child care under the U.S. President's proposed budget.
9. In SFY 2010, Administration and System costs were not charged to TANF Federal Reserve Fund. Instead, they are charged to the current year TANF Federal Block Grant.
10. In SFY 2010, the Positive Youth Development Services are not charged to the TANF Federal Reserve Fund. Instead, they are absorbed under the TANF Federal Block Grant.
11. In SFY 2010, the line item Purchase of Services (POS) is not funded by the TANF Federal Block Grant. This expenditure was absorbed under the line item "Act 162, SLH 2009, Section 149 - Child Welfare Services (CWS) POS."
12. In SFY 2010, the A+ Program expenditure is moved from the State General Fund to the TANF Federal Block Grant.
13. In SFY 2010, the Non-IVE Administrative and Emergency Assistance costs are not charged to the TANF Federal Reserve Fund. Instead, they are charged to the current year TANF Block Grant.
14. In SFY 2011, the Healthy Start program is not funded by the Legislature.
15. In SFY 2012-2014, expenditure on OYS Type of Services, Enhanced Healthy Start, Non-IV E Administrative and Emergency Assistance costs are zeroed out. If the Legislature wishes to retain positive TANF Reserve balances for four years beyond SFY 2011, these are examples of the types of reductions that the Legislature would have to make to conserve TANF Federal funds. Please note that the Non-IV E Administration and Emergency Assistance costs are not discretionary; these are mandatory costs in the child welfare system; therefore, if TANF Federal Funds are reduced or eliminated, the Legislature would have to appropriate State general funds to cover these mandatory costs.

ARRA CONTINGENCY FUNDS	SFY 2012					SFY 2013					SFY 2014				
	FEDERAL RESERVE FUND	TANF FEDERAL BLOCK GRANT	TANF STATE MOE	DRA CONTINGENCY FUNDS	ARRA CONTINGENCY FUNDS	FEDERAL RESERVE FUND	TANF FEDERAL BLOCK GRANT	TANF STATE MOE	DRA CONTINGENCY FUNDS	ARRA CONTINGENCY FUNDS	TANF FEDERAL RESERVE FUND	TANF FEDERAL BLOCK GRANT	TANF STATE MOE	DRA CONTINGENCY FUNDS	ARRA CONTINGENCY FUNDS
15.0	6.3	98.9	71.2	19.8	15.0	10.0	98.9	71.2	19.8	15.0	10.0	98.9	71.2	19.8	15.0
		10.8					14.5					14.5			
		9.9					9.9					9.9			
		25.2	18.5	19.8			25.2	18.5	19.8			25.2	18.5	19.8	
		7.8	5.0				7.8	5.0				7.8	5.0		
		3.0	1.0				3.0	1.0				3.0	1.0		
13.0		10.7	3.6		13.0		10.7	3.6		13.0		10.7	3.6		13.0
2.0		4.8	2.0		2.0		4.8	2.0		2.0		4.8	2.0		2.0
		9.5	0.0				9.5	0.0				9.5	0.0		
		2.2	0.0				2.2	0.0				2.2	0.0		
		0.0	0.0				0.0	0.0				0.0	0.0		
		0.0	0.0				0.0	0.0				0.0	0.0		
		5.6	0.0				5.6	0.0				5.6	0.0		
		0.0	0.0				0.0	0.0				0.0	0.0		
		0.0	0.0				0.0	0.0				0.0	0.0		
		0.0	0.0				0.0	0.0				0.0	0.0		
		0.0	0.0				0.0	0.0				0.0	0.0		
		5.7	0.0				5.7	0.0				5.7	0.0		
		0.0	16.9				0.0	16.9				0.0	16.9		
		0.0	24.0				0.0	24.0				0.0	24.0		
		0.0	20.0				0.0	20.0				0.0	20.0		
15.0	0.0	95.2	91.0	19.8	15.0	0.0	98.9	91.0	19.8	15.0	0.0	98.9	91.0	19.8	15.0
		130.0					133.7					133.7			
0.0	6.3	3.7		0.0	0.0	10.0	0.0		0.0	0.0	10.0	0.0		0.0	0.0
		10.0					10.0					10.0			