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 Mean (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.
# ALTERNATIVE FINANCIAL PLAN FOR TANF FUNDS (April 15, 2010)

## REPORT DUE TO 2010 LEGISLATURE

### EXPENDITURE CATEGORIES

<table>
<thead>
<tr>
<th>TANF PURPOSE</th>
<th>TANF FEDERAL BLOCK GRANT</th>
<th>TANF STATE FUND</th>
<th>TANF STATE MOE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Services Block Grant</td>
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</tr>
<tr>
<td>Cash Assistance to Needy Families</td>
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<td>9.9</td>
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<tr>
<td>Work Program Contracts</td>
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<td>4.5</td>
<td>4.9</td>
</tr>
<tr>
<td>Support Services Contracts &amp; Supportive Payment</td>
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<td>4.0</td>
<td>4.0</td>
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<tr>
<td>Total Projected TANF Expenditures</td>
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<td>98.9</td>
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<td>Ending Balance</td>
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<td>0.0</td>
<td>32.9</td>
</tr>
</tbody>
</table>

### Comments

- 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. **Social Services Block Grant (SSBG)**: 3, 4
2. **Cash Assistance to Needy Families (CWS)**: 1, 2
3. **Work Programs (Contracts)**: 1, 2
4. **Support Services Contracts & Supportive Payments**: 3, 4
5. **Other Federal Programs**: 1, 2
6. **Projects of Services (POS)**: 1, 2
7. **Early Childhood Services**: 1, 2
8. **Healthy Start Program**: 1, 2

### PROJECTED EXPENDITURES:

- **Social Services Block Grant (SSBG)**: 3, 4
- **Cash Assistance to Needy Families (CWS)**: 1, 2
- **Work Programs (Contracts)**: 1, 2
- **Support Services Contracts & Supportive Payments**: 3, 4
- **Other Federal Programs**: 1, 2
- **Projects of Services (POS)**: 1, 2
- **Early Childhood Services**: 1, 2
- **Healthy Start Program**: 1, 2

### ENDING BALANCE:

- **Social Services Block Grant (SSBG)**: 9.9
- **Cash Assistance to Needy Families (CWS)**: 9.9
- **Work Programs (Contracts)**: 9.9
- **Support Services Contracts & Supportive Payments**: 9.9
- **Other Federal Programs**: 9.9
- **Projects of Services (POS)**: 9.9
- **Early Childhood Services**: 9.9
- **Healthy Start Program**: 9.9

### TOTAL PROJECTED TANF EXPENDITURES:

- **Social Services Block Grant (SSBG)**: 46.0
- **Cash Assistance to Needy Families (CWS)**: 70.3
- **Work Programs (Contracts)**: 134.1
- **Support Services Contracts & Supportive Payments**: 19.8
- **Other Federal Programs**: 19.8
- **Projects of Services (POS)**: 19.8
- **Early Childhood Services**: 19.8
- **Healthy Start Program**: 19.8

### TOTAL TANF RESERVE AT THE END OF THE STATE FISCAL YEAR:

- **Social Services Block Grant (SSBG)**: 78.9
- **Cash Assistance to Needy Families (CWS)**: 61.8
- **Work Programs (Contracts)**: 27.2
- **Support Services Contracts & Supportive Payments**: 91.1
- **Other Federal Programs**: 91.1
- **Projects of Services (POS)**: 91.1
- **Early Childhood Services**: 91.1
- **Healthy Start Program**: 91.1

### Notes:

1. Federal TANF rules allow up to 16% 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 Two Association (CTA) 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:
  - Contracts are allocated at full contract price and, if not fully expended, the unused amounts lapse to the TANF Reserve;
  - TANF transfer to CCDF in SFY 2011 ($15.9 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;
  - TANF transfer to SSBG ($9.9 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;
  - 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;
  - Position vacancies savings from TANF funded positions will lapse to the TANF Reserve;
  - Information and Technology contracts are allocated at full contract price and, if not fully expended, will lapse unused amounts to the TANF Reserve;
  - DRA and ARRA TANF Emergency Contingency Fund federal money for SFY 2011-2012 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);
  - 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.
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<th>TANF FEDERAL RESERVE FUND</th>
<th>TANF FEDERAL BLOCK GRANT</th>
<th>TANF STATE MOE</th>
<th>DRA CONTINGENCY FUNDS</th>
<th>ARRA CONTINGENCY FUNDS</th>
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<td>15.0 6.3 98.9 71.2 19.8 15.0</td>
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G:/Detailed Financial Plan (SFY) - FY 10 Legislature
Alternative Financial Plan for TANF Funds
Last Updated: 04/15/2010