

**REPORT TO THE TWENTY-SIXTH HAWAII STATE
LEGISLATURE 2012**

**IN ACCORDANCE WITH THE PROVISIONS OF
ACT 164, PART VII, SECTION 127,
SESSION LAWS OF HAWAII (SLH) 2011 AND
SECTION 346-51.5 HAWAII REVISED STATUTES**

**DEPARTMENT OF HUMAN SERVICES
Benefit, Employment, And Support Services Division
December 2011**

REPORT ON ACT 164, PART VII, SECTION 127, RELATING TO THE STATE BUDGET, SESSION LAWS OF HAWAII 2011 AND SECTION 346-51.5, HAWAII REVISED STATUTES

ACT 164, PART VII, SECTION 127, SLH 2011, requires the Department of Human Services (DHS) to prepare a report on the Temporary Assistance For Needy Families (TANF) and Temporary Assistance For Other Needy Families (TAONF) programs that includes: 1) outcomes and measures of effectiveness with regards to the TANF program; 2) work participation rates for two-parent families and all families included in the calculation of the federal work participation rate; 3) a listing of Hawaii businesses participating in TANF and TAONF funded work programs and amounts subsidized; 4) a listing of all contracts funded by the TANF and TAONF programs categorized by purpose that identifies program priority levels, amounts contracted, means of financing, an explanation of the benefits derived from each contract, and identification of all laws that require state to provide the service; and 5) utilization levels of each contract funded by the TANF and TAONF programs and populations served.

Section 346-51.5, Hawaii Revised Statutes, 1) requires the Department of Human Services to submit a plan for expenditure of TANF funds to include: a) details how the funds received under TANF shall be expended; and b) descriptions of the desired outcomes from the expenditure of the funds; and 2) requires reports: a) about the continuing strategic planning process, with the assistance of the Financial Assistance Advisory Council, regarding the future use of TANF funds and setting annual goals and outcomes for existing and new programs receiving TANF; b) on the effectiveness and level of success in reaching the desired outcomes from the previous two fiscal years using TANF funds; and c) on any funds received and expended supplemental to the TANF block grant, the purposes for which the funds were expended; and outcomes achieved.

Planned Expenditure of TANF Funds

Planned expenditures of TANF federal funds for FY 2012 are detailed in the financial report required by ACT 164, Part VII, Section 126, SLH 2011.

TANF Outcomes and Measures of Effectiveness

The outcomes for the TANF program, as reflected in the State Budget, are as follows:

Measures of Effectiveness:

- 1) Potentially eligible households receiving TANF assistance:
FY 2011 Planned = 47% Actual = 45%
FY 2012 Planned = 47%

2) Mandatory households meeting work participation requirements:

FY 2011 Planned = 50%

Actual = 40.7%

(exceeded federal requirements after caseload reduction and other credits are applied)

FY 2012 Planned = 50%

(Before any caseload reduction or other credits are applied)

3) Percent of TANF Recipients in Work Program exiting due to employment:

FY 2011 Planned = 35%

Actual = 23%

FY 2012 Planned = 35%

Success in Meeting Desired Outcomes and Work Participation Rates

The federal government mandates that States meet two work participation rates as a condition of receiving and expending TANF federal block grant funding and State Maintenance of Effort (MOE) on assistance. The two work participation rates are: 1) a two-parent participation rate where 90% of cases where there are two parents who are work-eligible, are complying with their federally mandated work participation; and 2) an all-family participation rate where 50% of all cases that have at least one work-eligible individual are complying with their federally mandated work participation.

The 50% compliance rate for the all-family rate is the federal baseline before factoring in caseload reduction credit, which is credit to the State for declining assistance caseloads. Hawaii's caseload reduction credit for FFY 2011 is estimated to be 57.2%. The adjusted all family work participation requirement to be met is -7.2% ($50\% - 57.2\% = -7.2\%$). As of the third quarter of FFY 2011, 40.7% (from 3 quarters of TANF Extract reports) of mandatory households were meeting the work participation requirements. Therefore, Hawaii is currently exceeding the required participation, 40.7% compared to -7.2%.

The 90% compliance rate for the two-parent family rate is the federal baseline before factoring in caseload reduction credit. The same estimated caseload reduction credit for FFY 2011 of 57.2% can be applied. The adjusted two-parent work participation requirement to be met is 32.8% ($90\% - 57.2\% = 32.8\%$). As of the third quarter of FFY 2011, 48.5% (from 3 quarters of TANF Extract reports) of mandatory households were meeting the work participation requirements. Therefore, Hawaii is currently exceeding the required participation, 48.5% compared to 32.8%.

The percentage of TANF recipients in work programs exiting due to employment fell below our planned outcome level. We believe that this outcome is due to the weakened economic conditions that have limited employment opportunities, and wage progression, for our clientele.

Development of Strategic Plan

The Five-Year TANF Strategic Plan can be viewed at www.hawaii.gov/dhs/main/reports.

Listing of Contracts Funded by the TANF Program to Fulfill Federal Requirements and participating employers of TANF and TAONF subsidized employment placements

Please see the attached listings of: 1) the TANF contracts; 2) descriptions of the TANF contracts, which TANF purpose they address, and the numbers of client served; and 3) employers who participated in our SEE Hawaii Work subsidized employment program.

Supplemental Funding Received

In addition to the annual TANF Block Grant funding, Hawaii also received a portion of the TANF Contingency Fund that was available during the first quarter of federal fiscal year (FFY) 2012. The amount of TANF Contingency Funding received was \$3,296,826.

The TANF Contingency Fund was enacted to provide extra funding for states to provide benefits and services to needy families in times of economic downturns. A state may receive 1/12 of 20 percent of its annual block grant for each month that it qualifies as an eligible state. If the state qualifies for contingency funds for the full fiscal year, such expenditures are multiplied by the state's Medicaid match rate in order to determine the amount that the state may keep. However, if the state is an eligible state for less than the full year, the match rate is reduced by the fraction of the year that the state qualified. Thus, a state may receive up to 20 percent of its TANF block grant, if eligible for an entire year.

To qualify for contingency funds, states must spend non-federal funded Maintenance of Effort (MOE) State dollars at 100% of its pre-TANF AFDC level and meet one of two "needy state" triggers — either high unemployment rates or high food stamp caseloads:

- An unemployment rate for a 3-month period that is at least 6.5 percent and 110 percent of the rate for the corresponding period in either of the two preceding calendar years; or
- A Food Stamp caseload that is 10% over the FY 1994-1995 level (adjusted for the impact of the 1996 welfare bill's immigrant and Food Stamp provisions on the Food Stamp caseload).

In FFY 2012, Hawaii met one of the two triggers to qualify for available Contingency Funds. TANF Contingency Funds were available to qualified states for only the 1st quarter of FFY 2012. Hawaii used the full amount of TANF Contingency Funds received to address increased expenditure in the area of assistance payments.