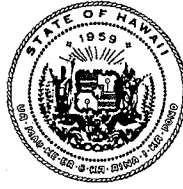


LINDA LINGLE  
GOVERNOR



LILLIAN B. KOLLER  
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STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

P. O. Box 339  
Honolulu, Hawaii 96809-0339

April 6, 2009

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Twenty-Fifth State Legislature  
State Capitol Room 409  
Honolulu, Hawaii 96813

Dear Madam President:

As you know, on January 23, 2009, the Department of Human Services (DHS) transmitted its report to the 2009 Legislature, including a 7-year expenditure and strategic plan for the Temporary Assistance for Needy Families (TANF) program, as mandated by Section 346-51.5, Hawaii Revised Statutes. This report provided a detailed financial plan for TANF federal funds spanning the current fiscal year, the prior two fiscal years, and the next four fiscal years, to include anticipated expenditures by type and fiscal year, and the balance in the TANF federal reserve fund, for each of the fiscal years in the report.

The purpose of this memo is to update that report by submitting the attached revised 7-year TANF financial plan due to new developments. As you know, DHS receives a TANF block grant of \$98.9M TANF federal funds on a federal fiscal year (FFY) basis from October 1 to September 30 each year. The good news is that starting in May 2009, for the first time, due to increased food stamps caseload, DHS will be able to qualify to receive additional TANF federal funds (above the \$98.9M annual TANF block grant for Hawaii) from the TANF Contingency Fund in the Deficit Reduction Act of 2005 (DRA). Also, starting sometime before the end of SFY 2009, DHS will be able to qualify to receive additional TANF federal funds from a new TANF Contingency Fund in the American Recovery and Reinvestment Act of 2009 (ARRA).

The attached revised TANF financial plan is updated to reflect the receipt of these additional TANF federal funds and to propose how the receipt of these additional TANF federal funds impacts the TANF expenditures and the TANF federal reserve fund from 2009 through 2013.

In anticipation of receiving these additional TANF federal funds, the Governor has recently requested the Legislature to increase certain DHS ceilings. In particular, DHS needs an increase in our federal funds (N) ceiling to receive the additional TANF federal funds from the DRA's TANF Contingency Fund and DHS needs an increase in our new "(V)" ceiling to receive the additional TANF federal funds from the ARRA's TANF Contingency Fund for State Fiscal Years (SFY) 2009-2011 for our HMS 302, HMS 305, and HMS 903 FA, FE and FS.

Please note that both the ARRA's TANF Contingency Fund and the DRA's TANF Contingency Fund are available to states immediately subject to terms and conditions set forth in the federal law. Please note that the amounts shown on the attached revised TANF financial plan are our best estimates of the additional TANF federal funds for which DHS will qualify. The actual amounts will depend upon final determination by the U.S. Department of Health and Human Services (HHS). Initial federal guidance from HHS relating to ARRA's TANF Contingency Fund was just published on April 3, 2009 and it appears that, like the DRA's Contingency Fund, additional TANF federal funds from these sources are intended to be expended by states, not put into reserve, nor used to supplant state expenditures.

Accordingly, DHS proposes to increase expenditures in all four purposes of TANF in SFY 2010 to accommodate the expected increase in TANF caseload, increased need for job preparation, work subsidies and work supports, and increased anti-poverty programs to prevent as many families and children from falling into poverty due to the current unprecedented global economic crisis. However, since the TANF Contingency Funds under both the DRA and the ARRA are set to expire by federal law in SFY 2011, DHS proposes to begin reducing TANF expenditures accordingly as reflected on the attached revised TANF financial plan for SFYs 2011-2013.

Our specific expenditure proposals, and the details on how DHS qualifies to receive the additional TANF federal funds to finance each of these proposals, are summarized on the pages following this memo. DHS is available 24/7 to collaborate with the Legislature and has already begun sharing these proposals at Legislative informational briefings and in meetings with stakeholders including many agencies and private vendors currently receiving TANF federal funds.

However, we must point out that time is of the essence. These additional TANF federal funds are time-limited. We must act quickly to take advantage of these additional TANF federal funds and put them to good use in our community to stimulate the economy, save jobs, create jobs, increase benefits and increase services, to serve the purposes of TANF to prevent and ameliorate family poverty.

The revised TANF financial plan may be viewed electronically at:

[www.hawaii.gov/dhs/main/reports/LegislativeReports](http://www.hawaii.gov/dhs/main/reports/LegislativeReports).

Thank you very much for your consideration of the attached revised TANF financial plan and our modest proposals during these challenging times.

Sincerely,

A handwritten signature in black ink, appearing to read "Lillian B. Koller", written in a cursive style.

 Lillian B. Koller  
Director

Enclosure