

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

10:0675

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

October 22, 2010

Ms. Kate Stanley, Chair
Legislative Federal Economic Stimulus Program Oversight Commission
Hawaii State Capitol
415 S. Beretania Street, Room 206
Honolulu, HI 96813

Dear Ms. Stanley:

This is in response to your request, dated September 14, 2010, to submit a written response updating the status and progress of each project our Department has undertaken utilizing ARRA funds. Enclosed are the updates regarding our projects utilizing ARRA funds for Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Child Care and Development Funds (CCDF), Head Start State Advisory Council Grant (SAC), Independent Living Title 1, Independent Living Title IV B, Medicaid, and Homeless Programs.

Please let me know if you need any additional information. Thank you for the opportunity to provide information regarding our ARRA expenditure.

Sincerely,

Lillian B. Koller
Director

Attachments

c: Henry Oliva, Deputy Director, Department of Human Services
Scott Nakasone, ARRA Liaison
Pankaj Bhanot, ARRA Liaison

Adoption Assistance – Title IV-E ARRA Grant

1. For each project (grant), provide the following:

a) A brief project description;

This payment program supports the overall goal of the Child Welfare Services Branch (CWS) to ensure the safety and permanency of children in their own homes or, when removal is necessary, in out-of-home placements. By setting and maintaining reimbursement rates for children’s basic living costs, the program gives adoptive substitute caretakers the means to provide an adequate standard of living for children in their care.

The program meets its goal by providing payments to support subsidies to facilitate adoption for children with special needs. Payments also cover basic daily living needs and other essentials such as clothing, transportation to school, and visitation services to facilitate reunification or to prevent out-of-home placement.

b) Information on the amount of funds secured, encumbered and/or expended to date;

FFY 2010	
Awarded	\$2,235,440
Drawn	\$1,561,901
Expended	\$1,561,901

c) Information on any competitive grants for which the Department has applied, lost, and/or obtained and, if applicable, any explanation as to the reason for the failure to secure such grants; and

d) Information on any funds that have been returned to the federal government and, if so, why.

c) & d) N/A

2. Information on whether the Department’s plans for ARRA funded projects are available on the State’s ARRA website and, if not, why and/or when such information will be made available; and

Information is available on the State’s ARRA website.

3. Information on any problems or concerns the Department has encountered in securing and/or expending ARRA funds or with satisfying any reporting requirements.

No problems.

SEP 03 2010 DDIR

LINDA LINGLE
GOVERNOR



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LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

September 3, 2010

Ms. Kathleen Stanley, Chair
c/o Representative Michael Y. Magaoay
House of Representatives
Hawaii State Capitol
415 South Beretania Street, Room 432
Honolulu, Hawaii 96813

Dear Ms. Stanley:

This letter is in response to the email you had sent me on August 17, 2010, in which you requested a response to the letter from the Healthcare Association of Hawaii (HAH) that you forwarded. The HAH letter inquired as to the Economic Stimulus Oversight Committee's actions in response to House Concurrent Resolution 237 (SLH 2010), particularly in regards to healthcare.

The Med-QUEST Division (MQD) is responsible for Department of Human Services healthcare activities related to the American Recovery and Reinvestment Act (ARRA). ARRA healthcare provisions involving MQD include:


- **Grants to be a Regional Extension Center and the State designated-entity for health information exchange:** With State support, community non-profits applied and a grant for each program was awarded. These federal funds bypass the State and go directly to the non-profits.
- **Medicaid incentives for meaningful use of electronic health records:** MQD submitted a planning Advanced Planning Document (p-APD) to the Centers for Medicare and Medicaid Services that was recently approved. No federal funds have yet been expended under this p-APD.
- **Increased federal medical assistance percentage (FMAP):** Through June 30, 2010, MQD received \$262,504,905 through the increased FMAP. As these funds are drawn down to

Ms. Kathleen Stanley
September 3, 2010
Page 2

reimburse the State, all of these funds have been expended on providing covered services, under our Medicaid State Plan or our Medicaid 1115 Waiver, to Medicaid recipients.

If you request additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Lillian B. Koller", with a stylized flourish at the end.

Lillian B. Koller
Director

Child Care and Development Fund (CCDF) ARRA Supplementary Grant Award

1. For each project (grant), provide the following:

a) A brief project description:

The Department of Human Services (DHS), Benefit, Employment, and Support Services Division (BESSD), received funding through the American Recovery and Reinvestment Act of 2009 (ARRA) to supplement the annual CCDF block grant. The main uses of the CCDF are to provide low-income families with the financial resources to find and afford quality child care for their children, and to enhance the quality and increase the supply of child care for all families.

b) Information on the amount of funds secured, encumbered and/or expended to date:

The DHS-BESSD received \$6,448,415 in ARRA funding. To date, the ARRA funding has been fully expended, and it was used to allow the DHS-BESSD to continue to implement the child care subsidy program as well as to continue current quality improvement contracts already in place.

c) Information on any competitive grants for which the Department has applied, lost, and/or obtained and, if applicable, any explanation as to the reason for the failure to secure such grants:

None for this grant as all states received a fixed amount to supplement their respective CCDF block grant.

d) Information on any funds that have been returned to the federal government and, if so, why:

None to report for this grant as all funds were expended.

2. Information on whether the Department's plan for ARRA funded projects are available on the State's ARRA website, and if not, why and/or when such information will be made available:

Information about the ARRA funds available and utilized for the child care program is posted on the State's ARRA website.

3. Information on any problems or concerns the Department has encountered in securing and/or expending ARRA funds or with satisfying any reporting requirements.

The DHS-BESSD did not experience any problems in securing or expending the ARRA funds for the child care program. There was a slight issue with meeting reporting requirements as the program and accounting office needed to synchronize the information reported on the 1512 reports.

Presentation to the Legislative Federal Economic Stimulus Program Oversight Commission

Pankaj Bhanot, Administrator
Benefit, Employment and Support Services Division
Department of Human Services
State of Hawaii
November 9, 2010

DHS Summary

- \$327,569,589 awarded as of September 30, 2010
- 11 notifications of awards
- No applications denied
- \$323,416,423 or 98.73% expended as of September 30, 2010
- \$4,153,166 or 1.27% unexpended as of September 2010.

Funding Sources

Department of Health and Human Services - Center for Medicare and Medicaid Services (CMS)		\$262,504,905
Department of Health and Human Services - Administration for Children and Families (ACF)	\$ 6,448,415 \$ 49,452,393 \$ 664,277 \$ 2,235,440 \$ 414,376	\$ 59,214,901
Department of Agriculture – Food & Nutrition Service (FNS)		\$ 1,102,949
Department of Education - Office of Special Education and Rehabilitation Services (OSE/RS)	\$ 2,249,150 \$ 242,913 \$ 87,883	\$ 2,579,946
Department of Housing and Urban Development (HUD)		\$ 2,166,888

Award Purposes

- Most are supplemental funds to existing programs
- Medicaid Federal Medical Assistance Percentage – Increased unemployment rate
- CCDF - Child Care Development Funding for childcare subsidies and quality improvement
- Child Protective Service Payments – Funding for payment programs in CWS to ensure safety and permanency of children in in-home and out-of-home placements
- Head Start Grant – Funding for the State Advisory Council (SAC)
- Homeless Programs – Additional funding for homelessness prevention
- SNAP - Extra funding for Supplemental Nutrition Assistance Program
- TANF – Increased unemployment rate, increased SNAP participants, increased TANF caseload, increased spending in federally specified categories
- VR Services – Support for statewide VR State Plan for FY 2009-2010 and funding for independent living services to our disabled population

Clients Served

- MQD FMAP → 234,699 individuals!
- Child Care Subsidies → 7,700 families*
- Homeless Programs → 2,000 individuals/families
- IV-E Adoption Assistance → 3,833 children*
- IV-E Foster Care Payments → 4,267 children*
- SNAP → 39,147 individuals*
- TANF → 8,599 participants*
- TANF – Summer Feeding → 130,772 increased number of meals*
- Vocational Rehabilitation → 1,618 individuals*
(68 students)

! as of June 30, 2010

* as of September 30, 2010

Sub-recipients

- Largest group to benefit from DHS ARRA funding are direct client payments
- Private sector and non-profit social service delivery agencies also receive ARRA funds
- DHS absorbs some administrative overhead for ARRA grants management maximizing available funding for the community

Internal Controls

- DHS ARRA Oversight Workgroup
 - ARRA Coordinator
 - Division Administrator
 - Contracts Specialist
 - DHS ARRA Team:
 - Grants Manager
 - Procurement Officer
 - Fiscal Officer
 - Accounting Specialist
 - Convenes monthly or as needed
 - Recommends corrective actions on issues, provides internal technical support, identifies best practices, ensures regulatory compliance
 - Consultation with SPO as necessary
 - Escalates issues as needed

Internal Controls, cont'd

- ARRA-related expenses are identified for fast tracking
 - “V” fund designation
 - Identified each grant for special handling
 - Record-keeping is segregated
 - Account reconciled to Financial And Management Information System (FAMIS – State accounting system)

Public Input

- Child Care Grant
 - Child Care Advisory Committee and Early Learning Council informed of grant requirements
- VR Grants
 - Provided through established councils focused on Independent Living
 - Public hearing on FFY 2009-2010 State Plan held in May 2009

Inter-Departmental Collaborations

- MQD FMAP
 - Department of Health and Department of Education
- SNAP
 - University of Hawaii
- TANF
 - Department of Labor and Industrial Relations, Department of Education, Department of Defense
- Most funds provided for specific purposes

ARRA Section 1512 of the Act

Reporting Requirements

- A comprehensive list of programs subject to Federal reporting
 - 6 were identified
 - Child Care , Head Start, HPRP, 3 VR grants
- Other programs identified as not being subject to reporting guidelines
- Additional exceptions are entitlement or other mandatory programs, loan guarantees and awards to individuals also were not subject to the reporting requirements
 - The department has 6 that are in this group
 - TANF, SNAP, Foster Care, Adoption Assistance, Medicaid
 - ***Although not required under ARRA Section 1512 reporting, each program must still meet Federal compliance reporting requirements***

Lessons Learned

- Federal
 - Subject-matter expert areas need to continually review Federal agency communications
- State
 - Implementation of early awards delayed due to evolution of requirements
 - Ensure registration with Federal grants system well in advance to facilitate reporting and application

Questions and Follow-up

Henry Oliva

Deputy Director

Hawaii Department of Human Services

(808) 586 – 4998

HenryOliva@hawaii.gov

Foster Care- Title IV-E ARRA Grant

1. For each project (grant), provide the following:

a) A brief project description;

This payment program supports the overall goal of the Child Welfare Services Branch (CWS) to ensure the safety and permanency of children in their own homes or, when removal is necessary, in out-of-home placements. By setting and maintaining reimbursement rates for children's basic living costs, the program gives substitute caretakers the means to provide an adequate standard of living for children in their care.

The program meets its goal by providing payments to support the following: foster care, emergency shelter, children living with permanent custodians or legal guardians, foster youth attending higher education, and subsidies to facilitate adoption for children with special needs. Payments also cover basic daily living needs and other essentials such as clothing, transportation to school, and visitation services to facilitate reunification or to prevent out-of-home placement.

b) Information on the amount of funds secured, encumbered and/or expended to date for FFY 2010;

Awarded:	\$414,376
Drawn:	\$352,080
Expended	\$352,080

c) Information on any competitive grants for which the Department has applied, lost, and/or obtained and, if applicable, any explanation as to the reason for the failure to secure such grants; and

d) Information on any funds that have been returned to the federal government and, if so, why.

N/A for c) & d)

2. Information on whether the Department's plans for ARRA funded projects are available on the State's ARRA website and, if not, why and/or when such information will be made available; and

Information is available on the State's ARRA website.

3. Information on any problems or concerns the Department has encountered in securing and/or expending ARRA funds or with satisfying any reporting requirements.

No problems.

Head Start State Advisory Council ARRA Grant Award

1. For each project (grant), provide the following:

a) A brief project description:

Section 642 B(b)(1)(A)(i) of the Head Start Act, 42 USC 9837B(B)(1)(A)(i), which was added by “The Improving Head Start for School Readiness Act of 200”, required the Governor of each “State” as defined in Section 637.25 to designate or establish a council to serve as the State Advisory Council on Early Childhood Education and Care for children from birth to school entry (referred to as State Advisory Councils). The overall responsibility of the State Advisory Council (SAC) is to lead the development or enhancement of a high-quality, comprehensive system of early childhood development and care that ensures statewide coordination and collaboration among the wide range of early childhood programs and services in the State, including child care, Head Start, IDEA preschool, infant and family programs, and pre-kindergarten programs and services.

The Department of Human Services (DHS), Benefit, Employment, and Support Services Division (BESSD), was designated by the Governor’s Office as the administering agency to receive funding through the American Recovery and Reinvestment Act of 2009 (ARRA) to implement activities specified in the ARRA grant application. The activities of the grant application include hiring a Project Coordinator to serve the needs of the SAC and to provide financial resources to preschools to assist them in getting accredited.

b) Information on the amount of funds secured, encumbered and/or expended to date:

The State was recently awarded \$664,277 in ARRA funding for a three-year period. To date, no ARRA funds have been expended.

c) Information on any competitive grants for which the Department has applied, lost, and/or obtained and, if applicable, any explanation as to the reason for the failure to secure such grants:

None for this grant as all states received a fixed amount.

- d) Information on any funds that have been returned to the federal government and, if so, why:

None to report as this grant was only recently awarded.

2. Information on whether the Department's plan for ARRA funded projects are available on the State's ARRA website, and if not, why and/or when such information will be made available:

Due to the recent award of this grant, information about the ARRA funds available has not been posted to date.

3. Information on any problems or concerns the Department has encountered in securing and/or expending ARRA funds or with satisfying any reporting requirements.

The DHS-BESSD did not experience any problems in securing the ARRA funds for this grant, and submitted the first 1512 report by the deadline, although no funds had been expended to date.

Homelessness Prevention and Rapid Re-housing Program (HPRP) ARRA Grant Award

Department of Human Services
Homeless Programs Office
Three Year ARRA Award of \$2,166,888

1. a) *Project Description*

The purpose of the HPRP funds is to provide economically distressed households and individuals with financial and other assistance to prevent them from becoming homeless and help those who are experiencing homelessness to be quickly re-housed and stabilized. The funds under this program are intended to target individuals and families who would be homeless but for this assistance. The funds provide for a variety of assistance, including: Short term or medium term rental assistance and housing relocation and stabilization services, including such activities as mediation, security or utility deposits, utility payments, moving cost assistance, and case management.

b) *Amount of Funds Secured, Encumbered and/or Expended*

The Department of Human Services provides homeless prevention and rapid re-housing to all eligible individuals and households who apply through contracted organizations that deliver services within the three rural county communities of Maui, Kauai and Hawaii. The allotment for the three rural counties is \$2,166,888, all of which has been encumbered. To date 49.67% or \$1,076,338 has been expended.

c) *Competitive Grants Applied For, Lost, or Obtained*

None.

d) *Funds Returned to the Federal Government*

None.

2. The Department's plan for ARRA HPRP funded projects is to provide assistance to homeless and homeless-at-risk people. The plan is on the State's ARRA website.
3. There are no problems or concerns related to securing and/or expending ARRA funds or with satisfying reporting requirements.

LEGISLATIVE BRIEFING ON NOVEMBER 9, 2010
MEDICAID ARRA INFORMATION

1. For each project (grant), provide the following:

a) A brief project description;

The Department of Human Services (DHS), Med-QUEST Division (MQD), is the State agency responsible for the administration and operation of the public health insurance programs under Medicaid. Medicaid is a federal and state partnership program created by Congress in 1965, to provide health insurance coverage to qualified uninsured and underinsured individuals. In Hawaii's Medicaid program, the majority of health benefits are offered through managed care health plans identified as QUEST, QUEST-Net, QUEST-Adult Coverage Expansion (ACE), and QUEST Expanded Access (QExA) programs.

Currently, Hawaii's Med-QUEST program covers approximately 251,000 individuals (208,000 in QUEST and 43,000 in QExA) statewide. In addition to income and asset limits, the basic eligibility requirements for Medicaid include 1) being a U.S. citizen or qualified alien; 2) a Hawaii resident; and 3) not residing in a public institution such as a prison or the State psychiatric hospital. Different eligibility categories such as pregnant women and children have different income thresholds and are not subject to an asset limit.

The American Recovery and Reconciliation Act of 2009 (ARRA), Title V, State Fiscal Relief, enacted on February 17, 2009, provided fiscal relief to the states in the period of economic downturn (retroactive to October 2008 through December 2010) to protect and maintain state Medicaid programs to help avert cuts to provider payments, benefits or services. Formulas to calculate the ARRA increased FMAP (federal matching funds) are generally based on the state's increased unemployment rates in addition to a 6.2% base increase. Based on the determined formula, Hawaii has benefitted with an ARRA increased FMAP to 67.35% (Federal share of \$ 0.6734 for each \$1.00 spent on Hawaii's Medicaid benefit costs.) Prior to ARRA, the FMAP was at 55.11%, 54.24% and 51.79% for the affected federal fiscal years, respectively.

On August 10, 2010, the Education, Jobs and Medicaid Assistance Act was enacted. This legislation extends the increased FMAPs under Section 5001 of the ARRA Act from January 1, 2011 through June 30, 2011, at slightly reduced percentages (64.35% effective January 1, 2011 and 62.35% effective April 1, 2011 for Hawaii).

- b) Information on the amount of funds secured, encumbered and/or expended to date;

The ARRA Medicaid funds are received through quarterly grant awards from the federal oversight agency, the Centers for Medicare and Medicaid Services (CMS). The State of Hawaii has earned \$262,504,905 in ARRA funding from the period October 1, 2008 to June 30, 2010.

- c) Information on any competitive grants for which the Department has applied, lost, and/or obtained and, if applicable, any explanation as to the reason for the failure to secure such grants; and

Not applicable.

- d) Information on any funds that have been returned to the federal government and, if so, why.

No ARRA funds are returned to the federal government. The amounts of Medicaid ARRA funds earned from the quarterly grants are dependent on the quarterly CMS 64 expenditure reports filed and approved by CMS.

2. Information on whether the Department's plans for ARRA funded projects are available on the State's ARRA website and, if not, why and/or when such information will be made available; and

Not applicable. Medicaid ARRA funds are not used for special projects.

3. Information on any problems or concerns the Department has encountered in securing and/or expending ARRA funds or with satisfying any reporting requirements.

None.

Supplemental Nutrition Assistance Program (SNAP) ARRA

1. For each project (grant), provide the following:

a) A brief project description;

The American Recovery and Reinvestment Act of 2009 allocated separate ARRA grants to states for FY 2009 & FY 2010. The funds are to be used for state administrative cost associated with carrying out the change in benefits levels for SNAP recipients. Hawaii SNAP received the following allocations:

b) Information on the amount of funds secured, encumbered and/or expended to date;

Awarded:	\$1,102,949
Drawn:	\$1,102,949
Expended	\$1,102,949

c) Information on any competitive grants for which the Department has applied, lost, and/or obtained and, if applicable, any explanation as to the reason for the failure to secure such grants; and

None.

d) Information on any funds that have been returned to the federal government and, if so, why.

Hawaii had to refund \$6,244 of the FY 2009 ARRA allocation as it was determined that the funds claimed in 2009 were actually expended in 2010.

2. Information on whether the Department's plans for ARRA funded projects are available on the State's ARRA website and, if not, why and/or when such information will be made available; and

SNAP is listed on the State's ARRA website as one of the State Entities not subject to 1512 Reporting Requirements

3. Information on any problems or concerns the Department has encountered in securing and/or expending ARRA funds or with satisfying any reporting requirements.

None.

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
Benefit, Employment & Support Services Division
820 Mililani Street, Suite 606
Honolulu, Hawaii 96813

October 25, 2010

Refer to: 10-0671

Ms. Kate Stanley, Chair
Legislative Federal Economic Stimulus Program Oversight Commission
c/o Senator Shan Tsutsui
Hawaii State Capitol
4115 S. Beretania Street, Room 206
Honolulu, HI 96813

Dear Ms. Stanley:

Thank you for your letter dated September 14, 2010, requesting a written response to a question you posed to Department of Human Services (DHS) Director Lillian Koller as to whether the unused funds our agency offered to the Department of Education's summer meals program could be used for another worthy program within the State.

Director Koller forwarded your letter to me for a response.

I am pleased to report that DHS has invested all \$49.4 million it earned in additional Temporary Assistance for Needy Families (TANF) federal funds. As you know, this money had to be spent by September 30, 2010, or it would have lapsed to the U.S. Treasury.

DHS invested this money on items such as the Summer Youth Employment Program, which provided temporary jobs for well over 5,000 young people statewide. DHS also spend the extra TANF money on items such as SEE Hawaii Work, positive youth development and family strengthening programs, and basic assistance.

Under the American Recovery and Reinvestment Act (ARRA), Hawaii was eligible for an additional 50 percent of its annual TANF block grant, or \$49,452,393, over Federal Fiscal Year (FFY) 2009 and 2010 in either:

- Regular Contingency Funds; and/or
- 80% federal reimbursement of Emergency Contingency Fund (ECF) expenditures.

The regular 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. For Hawaii, this would be nearly \$20 million in extra funding. This fund was initially established at \$2 billion in PRWORA and the Deficit Reduction Act of 2005 (DRA) extended availability of the remaining funds through FY 2010. At the end of FFY 2007, \$1.747 billion in the Contingency Fund remained available.

To qualify for Contingency Funds, a state must spend non-federal funded Maintenance of Effort (MOE) state dollars at 100 percent 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 percent 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 both FFY 2009 and 2010, Hawaii met one of the two triggers to qualify for available Contingency Funds.

The purpose of the TANF ECF is to reimburse states 80 percent of their expenditures in the following three areas:

- Increase in assistance caseloads and basic assistance expenditures (TANF Purpose 1);
- Increase in expenditures related to short-term benefits (TANF Purpose 1 or 2); or
- Increase in expenditures in subsidized employment (TANF Purpose 2).

Any or all of these three areas must have increases in spending for the Federal Fiscal Year (FFY) period of 2009 and 2010 when compared to comparative spending for the base years of FFY 2007 or 2008. For increase in assistance caseloads and basic assistance expenditures, in addition to an increase in expenditure there must also be an increase in caseload to qualify for the ECF.

To receive the ECF, a state must apply for these funds and provide verification that expenditures in one or all of the three areas is in excess of what the state spent in either of the FFY base years 2007 or 2008. An application for each FFY (2009 and 2010) needs to be submitted. The state would receive 80% of the amount that is in excess of the base year expenditures.

These are the only areas in which the ARRA funds are made available, therefore, continued spending in these areas would trigger the ability to qualify for additional reimbursement. The state is responsible for 20% of the share of the expenditures in the areas for which ECF funding is being applied.

Ms. Kate Stanley
October 25, 2010
Page 3

To date, Hawaii has received \$11,538,892 (FFY 2009) and \$10,655,289 (FFY 2010) in regular Contingency Funds for a total of \$22,194,181, leaving eligibility of \$27,258,212 for funding under the ECF.

Hawaii has received \$10,076,235 (FFY 2009) and \$17,181,977 (FFY 2010) in ECF funding for a total of \$27,258,212.

The combined total of the TANF Contingency Fund plus the TANF ECF that Hawaii received was \$49,452,393, the 50% of its annual TANF Block Grant maximum limit allowed by the federal government.

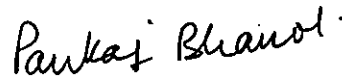
It should be noted that regular Contingency Funding received must be expended in the FFY it is received, therefore the Contingency Funds were expended by September 30, 2010.

Also, projected expenditure claims that qualified Hawaii for ECF funding must be realized by the State on or before September 30, 2010. These expenditures were incurred by the State on or prior to this date and will be reported by the State through its federal expenditure reports by the end of this month.

In reference to the issue regarding Healthcare Association of Hawaii (HAH), I have attached a copy of an earlier response dated September 3, 2010.

We hope that the information provided addresses the Commission's concerns. If there are further questions on TANF ARRA matters, please feel free to contact me at 586-5230 or e-mail at pbhanot@dhs.hawaii.gov.

Sincerely,



Pankaj Bhanot
Division Administrator

Attachments

c: Lillian B. Koller, Director, Department of Human Services

Temporary Assistance for Needy Families (TANF) ARRA Recovery Plan

1. For each project (grant), provide the following:

a) A brief project description:

The State of Hawaii currently receives \$98.9 million annually in Temporary Assistance for Needy Families (TANF) funding. TANF funding can only be spent on services that meet its four purposes. The four purposes of TANF are: 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; and 4) Encourage the formation and maintenance of two-parent families.

In addition to the annual TANF Block Grant funding, the American Recovery and Reconciliation Act of 2009 (ARRA) created the TANF Emergency Contingency Fund (ECF). The purpose of these funds is to reimburse states 80% of their expenditures in the following three areas: (1) increase in assistance caseloads and basic assistance expenditures (TANF Purpose 1); (2) increase in expenditures related to short-term benefits (TANF Purpose 1 or 2); or (3) increase in expenditures in subsidized employment (TANF Purpose 2). Any or all of these three areas must have increases in spending for the Federal Fiscal Year (FFY) period of 2009 and 2010 when compared to comparative spending for the base years of FFY 2007 or 2008. For increase in assistance caseloads and basic assistance expenditures, in addition to an increase in expenditure, there must also be an increase in caseload to qualify for the ECF.

In order to receive the ECF, the state must apply for these funds and provide verification that expenditures in one, or all, of the 3 areas is in excess of what they spent in either of the FFY base years 2007 or 2008. An application for each FFY (2009 and 2010) needs to be submitted. The state would receive 80% of the amount that is in excess of the base year expenditures. These are the only areas in which the ARRA funds are made available, therefore continued spending in these areas would trigger the ability to qualify for additional reimbursement. The state is responsible for 20% of the share of the expenditures in the areas that ECF funding is requested.

In all the three expenditure areas discussed above, expenditures reported must be for expenses incurred during the period of October 1, 2008 through September 30, 2010. The state may apply for continued reimbursements up until September 30, 2010, or until there is no ECF funding available from ACF, or until the total of both the ECF funding and TANF Contingency funding (non-ARRA federal funding that was created in PWORA and later extended through DRA) received by the state equals 50% of its annual Block Grant funding, whichever occurs first.

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 both FFY 2009 and 2010, Hawaii met one of the two triggers to qualify for available Contingency Funds.

The TANF Contingency and ECF funding was used to support already established programs and services such as financial assistance to eligible families, services to promote positive youth and family strengthening, and our subsidized employment program, SEE Hawaii Work. In addition to these services, we were also able to fund, and have implemented, new programs such as the Summer Food Service through agreement with the DOE, and the Summer Youth Employment Program through agreements with City and County of Honolulu, Department of Labor and Industrial Relations, and the Department of Defense.

In summary, Hawaii qualified for, drew down, and expended the full compliment of \$49,452,393 that was used to provide services to eligible families and participants in the areas of basic assistance, subsidized employment and work supports, positive youth and family strengthening, and non-recurring short term benefits, all uses that fulfilled a TANF Purpose.

- b) Information on the amount of funds secured, encumbered and/or expended to date:

Please refer to Attachment 1.

- c) Information on any competitive grants for which the Department has applied, lost, and/or obtained and, if applicable, any explanation as to the reason for the failure to secure such grants:

None to report. Hawaii has exhausted all available TANF ECF and Contingency funding.

- d) Information on any funds that have been returned to the federal government and, if so, why:

None to report.

- 2. Information on whether the Department's plans for ARRA funded projects are available on the State's ARRA website and, if not, why and/or when such information will be made available:

The information is available on the State's ARRA website.

- 3. Information on any problems or concerns the Department has encountered in securing and/or expending ARRA funds or with satisfying any reporting requirements.

The Department had encountered instances of delays with obtaining approvals for its ECF applications from the federal funding source, ACF (Administration for Children and Families). The reason for delays was due to uncertainty by ACF as to how to treat non-federal expenditures that the State proposed in its application to use to meet the spending threshold needed to qualify for ECF funding. In one situation, after 6 months of consideration, ACF agreed with Hawaii's expenditure methodology and expenditures and subsequently approved the ECF application. With its most recent application submittal, after 2 months of consideration, ACF negotiated with Hawaii to accept about 60% of its ECF claim amount in the form of TANF Contingency Funds to allow ACF more time to consider a non-federal expenditure that the State proposed in its application to use to meet the spending threshold needed to qualify for ECF funding.

Vocational Rehabilitation Services Title I ARRA Grant

1. For each project (grant), provide the following:

a) A brief project description;

This program provides grants to states to support a wide range of services designed to help individuals with disabilities prepare for and engage in gainful employment consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choice. Eligible individuals are those who have a physical or mental impairment that results in a substantial impediment to employment, who can benefit from vocational rehabilitation (VR) services for employment, and who require VR services. Priority must be given to serving individuals with the most significant disabilities if a state is unable to serve all eligible individuals.

Funds are distributed to states and territories based on a formula that takes into account population and per capita income to cover the cost of direct services and program administration. Grant funds are administered under an approved State Plan by VR agencies designated by each state. The state-matching requirement is 21.3 percent; however, the state share is 50 percent for the cost of construction of a facility for community rehabilitation program purposes.

b) Information on the amount of funds secured, encumbered and/or expended to date;

Drawn down: \$756,063.76

Expended: \$756,063.76

c) Information on any competitive grants for which the Department has applied, lost, and/or obtained and, if applicable, any explanation as to the reason for the failure to secure such grants; and

d) Information on any funds that have been returned to the federal government and, if so, why.

N/A for items c & d.

2. Information on whether the Department's plans for ARRA funded projects are available on the State's ARRA website and, if not, why and/or when such information will be made available; and

The plans for the use of VR ARRA funds are on the State's ARRA website.

3. Information on any problems or concerns the Department has encountered in securing and/or expending ARRA funds or with satisfying any reporting requirements.

There have been no problems to date with the ARRA funds.

Independent Living Title IV Part B ARRA Grant

1. For each project (grant), provide the following:

a) A brief project description;

A state program to provide independent living services to individuals with significant disabilities, support the operation of centers for independent living and the Statewide Independent Living Council, provide training on the independent living philosophy and outreach to unserved and underserved populations, conduct studies and analysis and present information to policymakers to enhance independent living services, and support activities that increase the capacity of independent living service providers.

Funds are distributed to states and territories based on a formula that takes into account population and per capita income to cover the cost of direct services and program administration. Grant funds are administered under an approved State for Independent Living Plan by the Vocational Rehabilitation agencies and their State Independent Living Council designated by each state.

b) Information on the amount of funds secured, encumbered and/or expended to date;

Drawn down: \$73,495.70

Expended: \$73,495.70

c) Information on any competitive grants for which the Department has applied, lost, and/or obtained and, if applicable, any explanation as to the reason for the failure to secure such grants; and

d) Information on any funds that have been returned to the federal government and, if so, why.

N/A for items c & d.

2. Information on whether the Department's plans for ARRA funded projects are available on the State's ARRA website and, if not, why and/or when such information will be made available; and

The plans for the use of IL ARRA funds are on the State's ARRA website.

3. Information on any problems or concerns the Department has encountered in securing and/or expending ARRA funds or with satisfying any reporting requirements.

There have been no problems to date with the ARRA funds.