

A Bill for an Act Relating to Human Services.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that Hawaii, like other states, now receives limited federal temporary assistance for needy families (TANF) moneys to replace the previously open-ended categorical need system of welfare. However, administrative decisions and actions are required to optimize the use of these funds.

For example, to maintain maximum flexibility, states must obligate TANF funds in the federal fiscal year they are received. However, if a state has an unobligated balance after October 1, it must spend the money on ongoing assistance such as cash, food, and housing. States obligating or transferring funds also may transfer up to thirty per cent of TANF funds to the child care development block grant, the access to jobs program, and the social services block grant. The maximum amount that may be transferred to the social services block grant is ten per cent.

TANF funding is a result of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. States may need to set eligibility levels depending on which purpose the funds are to be used. For example, the four purposes of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 are:

- (1) To provide assistance to needy families;
- (2) To end dependence on welfare by promoting job preparation, work, and marriage for needy families;
- (3) To prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- (4) To encourage the formation and maintenance of two-parent families.

A state wishing to address either or both of the first two objectives must set eligibility levels for as many different programs as it creates. Eligibility need not be the same for each program, nor does it need to have a direct correlation with TANF eligibility. However, if a state's priorities are to address either or both of the last two objectives, a state need not set any eligibility levels, but may use TANF funds to serve expanded populations without regard to income. Target populations could include teens, custodial parents, noncustodial parents, ex-welfare recipients, those who have transitioned off welfare, and those who have never been on welfare.

The legislature also finds that states need to carefully distinguish between providing "assistance" and "not assistance" under TANF regulations. If a state uses TANF moneys for payments to meet ongoing basic needs such as cash, food, or housing, the payments are considered "assistance" and federal requirements apply. These requirements include work participation rate requirements, time limits, child support assignment, and data collection. However, if TANF moneys are used to pay for other services such as education, short-term assistance (non-recurring assistance of less than four months), and work subsidies, these payments are considered "not assistance" and are thus not subject to these federal requirements. This allows states to provide services to families not receiving cash support under the program.

States are also required to take certain actions under the rubric "maintenance of effort" to continue receiving TANF moneys. This entails making further decisions, such as whether to commingle state funds with TANF moneys. If com-

mingled, state funds are subject to TANF rules. If segregated, funds are subject to TANF requirements, except time limits. Separate state programs using maintenance of effort dollars are not subject to federal time limits, work participation rates, child support assignment, or data collection requirements. If a state has a separate state program and wants to be eligible for a high performance bonus, receive work participation caseload reduction credit, or receive penalty relief, the state must collect data. A state can also use maintenance of effort moneys to fund medical assistance, including medication, health insurance, and medical treatment. However, if a state spends maintenance of effort funds in an existing program, it will be subject to a new spending test where the state can only count the amount it spends above what it spent in 1995 towards its maintenance of effort requirement. Furthermore, all maintenance of effort spending must coincide with TANF eligibility.

States also need to check work participation requirements. As caseloads have declined, states received a caseload reduction credit, reducing the number of individuals a state needs to claim to meet work participation rates. This also means that a state needs to know it can spend seventy-five per cent, rather than eighty per cent of maintenance of effort moneys.

States are also required to report quarterly on the amount of money they spend. The legislature finds that these reports need to be carefully scrutinized to ensure that appropriated moneys do not go unspent. If a state fails to obligate money by October 1 of each year, the state loses flexibility. Thus, the legislature finds that the following are necessary:

- (1) Public input over implementation of use of TANF funds;
- (2) Conducting hearings to receive public input; and
- (3) Performing evaluations of TANF program spending.

Evaluations can provide the legislature with specific and accurate details concerning how welfare reform is working. It also affords a critical opportunity for mid-course correction by identifying unintended consequences, newly identified needs, and areas for expansion and innovation.

The purpose of this Act is to provide a mechanism for public comment regarding the expenditure of TANF funds and implementation of TANF programs.

SECTION 2. Chapter 346, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§346- Temporary assistance for needy families; funding and programs; public comment. (a) The department, to the extent allowed under section 346-10, shall make all data relating to temporary assistance for needy families funds available to the senate and house of representatives committees having primary jurisdiction over fiscal, health, and human services issues, upon request. The committees shall jointly evaluate the implementation of the state temporary assistance for needy family program and program expenditures and make annual recommendations for appropriations.

(b) The legislature may conduct hearings to receive public comment relating to the implementation of the state temporary assistance for needy families program and the optimal expenditure of program funds. The legislature shall determine the number and timing of hearings to be held; provided that if hearings are held, no fewer than one hearing on each island of the State shall be held annually; provided further that the senate and house of representatives committees having primary jurisdiction over fiscal, health, and human services matters shall jointly conduct the public hearings.”

SECTION 3. New statutory material is underscored.¹

ACT 165

SECTION 4. This Act shall take effect upon its approval.

(Approved June 27, 2005.)

Note

1. Edited pursuant to HRS §23G-16.5.