



North Carolina Department of Health and Human Services
Division of Budget and Analysis
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Beverly Eaves Perdue, Governor
Lanier Cansler, Secretary

James B. Slate, Jr., Director

March 10, 2010

The Honorable Marc Basnight, President Pro Tempore
NC Senate
16 W. Jones Street, Room 2007
Raleigh, NC 27601-2808

The Honorable Joe Hackney, Speaker
NC House of Representatives
16 W. Jones Street, Room 2304
Raleigh, NC 27601-1096

Co-Chairs, Joint Legislative Commission on Governmental Operations

Dear President Pro Tempore Basnight and Speaker Hackney:

Pursuant to Section 6.6C.(b) of Session Law 2009-451, funds received from American Recovery and Reinvestment Act (ARRA) not expressly delineated in this act, require consultation with the Joint Legislative Commission on Governmental Operations prior to allocation.

Additionally, Section 10.78.(s) of Session Law 2009-451 details specific requirements for Temporary Assistance for Needy Families (TANF) Emergency Contingency Funds received through ARRA. Specifically, session law requires that (\$1,959,020) of TANF Emergency Funds be used to implement a Conversion Pay for Performance Work First Benefits Program to improve work participation among Work First Family Assistance recipients. Additionally this section specifies that if any additional TANF Emergency Contingency Funds are received based on increased Work First Family Assistance caseloads and payments, that additional Emergency Contingency Funds shall be used to support the Work First Family Assistance program.

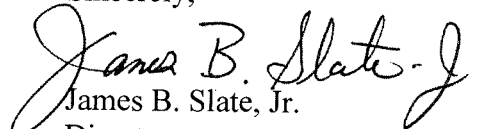
The purpose of this letter is to satisfy the reporting requirements as they relate to each of these special provisions.

March 10, 2010

In total, North Carolina is eligible to and is expecting to earn \$151,119,800 in TANF Emergency and TANF Emergency Contingency funding over the FFY 08-09 and FFY 09-10 periods. To date, we have earned \$71,741,946 in TANF Contingency Funding. We expect to earn an additional \$79,377,854 in TANF ARRA Emergency Contingency Funding.

Of these funds, a total of \$1,345,712 was earned based upon increased Work First Family Assistance caseloads and payments. Pursuant to Section 10.78.(s) of Session Law 2009-451, \$1,345,712 of TANF ARRA Emergency funds have been allocated to support this increase in Work First caseloads. Legislation was passed that allowed for the implementation of "Pay for Performance" for Work First Participants. This best practice had been piloted in several counties and allowed Work First Benefits (checks) to align with real work and pay. The Division of Social Services has successfully implemented and transitioned to Pay for Performance in its Work First program and as a result has experienced an increase in its work participation rates. The Division has also received approval to implement a subsidized employment program using TANF Recovery funding and to date has received grant awards totally \$8,792,000. Twenty-two counties are creating nearly 900 jobs through both private and public partnerships. Individuals who are TANF eligible will have the opportunity to work for up to one year in a subsidized employment slot gaining practical experience and on the job training that will hopefully lead to unsubsidized employment in the future. The Division is submitting a subsequent plan that will allow North Carolina to continue its efforts in supporting families who are struggling due to job loss and the overall economic downturn.

Sincerely,


James B. Slate, Jr.
Director

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cc: Representative Beverly Earle, Chair, House of Representatives Appropriations
Subcommittee on Health and Human Services
Representative Bob England, Chair, House of Representatives Appropriations
Subcommittee on Health and Human Services
Representative Verla Insko, Chair, House of Representatives Appropriations
Subcommittee on Health and Human Services
Senator Doug Berger, Chair, Senate Appropriations Committee on Health and Human
Services
Senator William Purcell, Chair, Senate Appropriations Committee on Health and
Human Services
Charlie Perusse, State Budget Director, Office of State Budget and Management
Marilyn Chism, Director, Fiscal Research Division