



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Economic Services Administration

January 27, 2009

Dear Tribal Leader:

The purpose of this letter is to provide you with important information concerning the impact of the state budget deficit on the Economic Services Administration (ESA) and funding for Tribal TANF programs. While I wish that I was writing you to discuss topics other than the budget, I believe that it is important that we approach this issue in candor and partnership.

As we begin a new year, the current state budget deficit and overall economic downturn present unprecedented challenges for ESA. Washington State is currently facing a significant budget shortfall -- \$500 million for the current biennium and over \$5 billion for the 2009-2011 biennium that begins July 1 of this year.

The Governor's proposed budget for 2009-11 that was released in December contains a number of reductions that impact ESA, our partners, and the people we serve. Among them was a proposed 10 percent reduction in State Maintenance of Effort (MOE) funding for Tribal TANF programs.

Last week, however, we were able to get agreement from Sub 2 to limit the reduction to five percent. Sub 2 is the WorkFirst policy oversight group comprised of policy-making administrators from the WorkFirst partner agencies: DSHS; Employment Security Department; State Board for Community and Technical Colleges; Department of Community, Trade and Economic Development; and Office of Financial Management.

Our current allotment for Tribal TANF programs is \$14.3 million per year. A five percent reduction would bring the funding down to \$13.6 million a year.

To ensure that we stay within budget, it would be fiscally prudent for us to take action now. For this fiscal year, we project that the costs for Tribal TANF programs under existing Intergovernmental TANF Agreements (IGA) will total \$13.2 million, which is very close to the proposed allotment level.

To avoid making across-the-board reductions in funding to Tribes that currently operate a Tribal TANF program, the Economic Services Administration plans to freeze funding at current levels.

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ESA will honor the current Intergovernmental TANF Agreements with Tribes. There will be no reductions taken at this time.

What will change as we renegotiate Tribal TANF Agreements during the next two years is the funding we have provided called Unique Needs. This is additional, discretionary MOE funding. We will begin, as each IGA comes up for renewal, or a new program starts, implementing criteria for awarding funding for Unique Needs that will impact the amount a tribe may receive for this type of funding.

In identifying Unique Needs funding amounts, the state would consider these four elements: specific needs/challenges faced by a Tribal TANF program, review of Unique Needs services or programs proposed, a Tribe's unspent MOE amounts, and current caseload size.

While the Governor's budget proposal for 2009-11 must be approved by the Legislature, we believe that this approach will help us stay within budget, and prevent us from having to make larger cuts later on. Significant revisions by the Legislature to the Governor's proposed budget, a new Tribal TANF program starting operations, or other unforeseen events could happen that would impact available funding.

I welcome your input and feedback. If you have any concerns or questions regarding this approach, please contact Sarah Colleen Sotomish of ESA's State Tribal Relations Office. Sarah Colleen can be reached at (360) 725-4661 or by e-mail at sotomsc@dshs.wa.gov.

Now is the time for us to work together to help find solutions during this difficult period. I appreciate the opportunity to continue building on the government to government relationship between the Tribes and the State. It is through this relationship that we can partner to better the lives and outcomes of all of our families.

Sincerely,



Troy Hutson, Assistant Secretary
Economic Services Administration

cc: IPAC Delegates
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