



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

GOV. MSG. NO. **724**

June 14, 2006

The Honorable Robert Bunda, President
and Members of the Senate
Twenty-Third State Legislature
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

This is to inform you that on June 14, 2006, the following bill was signed into law:

SB2323 SD2 HD1 CD1

A BILL FOR AN ACT RELATING TO FEDERAL
REVENUE MAXIMIZATION IN THE JUDICIARY.
(ACT 194)

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

THE SENATE
TWENTY-THIRD LEGISLATURE, 2006
STATE OF HAWAII

S.B. NO. 2323
S.D. 2
H.D. 1
C.D. 1

A BILL FOR AN ACT

RELATING TO FEDERAL REVENUE MAXIMIZATION IN THE JUDICIARY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The state judiciary, through its district and
2 family courts, provides important services to children in Hawaii
3 who have been placed in foster care or are deemed to be at risk
4 of removal from their homes because of:

- 5 (1) Abuse or neglect; or
- 6 (2) Serious acting-out or delinquent behavior that
7 constitutes harm to themselves or the community.

8 Many of the activities that court staff engage in are
9 eligible for partial reimbursement under the provisions of Title
10 IV-E of the Social Security Act and Public Law No. 96-272, the
11 Adoption Assistance and Child Welfare Act of 1980.

12 The judiciary recently has begun to explore innovative uses
13 of Title IV-E moneys by developing student internships for law
14 students and social workers serving these families. The
15 internship program is through the department of human services
16 and the University of Hawaii. This project has received support
17 from the family court judges and establishes the foundation for



1 continued collaboration between the department of human services
2 and the University of Hawaii.

3 However, this internship project represents only a fraction
4 of the potential for enhanced services. Currently, the services
5 available through the district and family courts in Hawaii are
6 funded overwhelmingly by state revenues. Through the pursuit
7 and optimal use of available federal funds, the judiciary should
8 increase the moneys available for services to the children under
9 its care and supervision by a factor of thirty to thirty-five
10 per cent.

11 Title IV-E very likely will be converted to a block grant
12 program from its current status as a federal entitlement
13 program. This would eliminate federal financial participation,
14 instead capping federal funding at the block grant appropriation
15 amount. This means that Hawaii's allocation would be capped
16 based on current reimbursement levels. It is therefore critical
17 that the State submit claims for all federal reimbursements to
18 which it is entitled before the block grant conversion occurs.

19 A block grant, which would freeze allocations at current
20 reimbursement levels, would have a devastating impact on the
21 State, particularly in light of the projected rapid increase in
22 Hawaii's youth population. In 2002, the last full year for



1 which complete data is available, Hawaii received \$17,045,476 in
2 Title IV-E reimbursements. This figure put the State of Hawaii
3 in thirty-eighth place among the fifty states, the District of
4 Columbia, and the Commonwealth of Puerto Rico in terms of total
5 reimbursements. Hawaii's youth population, on the other hand,
6 is increasing at a faster rate than in most of the rest of the
7 country. In 1995, Hawaii ranked twenty-fourth in the nation in
8 the percentage of its population under twenty years of age, and
9 it is estimated by the United States Census Bureau to rank sixth
10 in the nation by 2025.

11 It is imperative, therefore, that the State increase its
12 federal reimbursements as quickly as possible, to ensure that
13 the baseline upon which a future block grant would be based
14 accurately reflects the amount for which the State is entitled
15 to be reimbursed.

16 The purpose of this Act is to authorize the judiciary to
17 establish and implement, in collaboration with the department of
18 human services, a federal revenue maximization program for all
19 services that may be eligible for federal financial
20 participation to establish a maximum baseline before the Title
21 IV-E program is converted to a block grant by the federal
22 government.

1 SECTION 2. (a) The judiciary, in collaboration with the
2 department of human services, may work to establish a federal
3 revenue maximization program to:

4 (1) Identify services provided through the district and
5 family courts, either directly or indirectly through
6 contracted providers, to children under their care
7 that are eligible for federal reimbursement; and

8 (2) Submit claims for federal reimbursement through the
9 department of human services for all eligible
10 services.

11 (b) In establishing the federal revenue maximization
12 program, the chief justice of the supreme court and the director
13 of human services may work to execute a memorandum of agreement
14 to develop and implement a federal revenue maximization program
15 for all services provided by the district and family courts to
16 children in their care that are eligible for federal
17 reimbursement.

18 (c) The judiciary may contract with a third party to
19 administer this program or may elect to participate in the
20 current contract between the department of human services and
21 its federal revenue maximization consultants. Any third-party
22 contract shall be established either at no cost to the State or



1 on a contingency-fee basis with no up-front costs to the State,
2 including but not limited to costs to train staff, adapt data
3 collection systems, or comply with relevant federal regulations.

4 (d) The federal revenue maximization program shall, if
5 implemented, capture at least the following information:

6 (1) The service recipient and the recipient's eligibility
7 for Title IV-E or other federal reimbursements;

8 (2) The service provider; and

9 (3) The total of eligible reimbursement claims generated
10 by the judiciary that the department of human services
11 shall submit to the relevant federal authorities.

12 (e) The judiciary may:

13 (1) Procure and contract for the development,
14 implementation, and maintenance of the federal revenue
15 maximization program, including an information
16 technology system or any required interfaces with the
17 judiciary's existing system;

18 (2) Consider whether standardized modifications to initial
19 court orders and judicial determinations are
20 appropriate to establish eligibility standards for
21 Title IV-E reimbursements for all children in the care
22 of the court; and

1 (3) File retroactive claims for federal reimbursement for
2 the preceding eight quarters, as permitted by
3 available documentation or other supporting
4 information that can reasonably be obtained.

5 (f) The department of human services shall provide
6 technical assistance and support to the judiciary in its efforts
7 to obtain federal reimbursements under this Act.

8 SECTION 3. The judiciary shall, if the program is
9 implemented, submit a report to the legislature no later than
10 twenty days prior to the convening of each of the 2007 to 2010
11 regular sessions that shall include but not be limited to:

12 (1) The amount of federal reimbursements received for the
13 prior federal fiscal year;

14 (2) The amount of additional federal funding that has been
15 secured;

16 (3) The amount of claims pending;

17 (4) The amount of additional federal funding that is
18 projected to be secured over the next five years; and

19 (5) Plans for the reinvestment of additional federal funds
20 to expand needed services to the State's children.

21 SECTION 4. This Act shall take effect on July 1, 2006.

S.B. NO. 2323
S.D. 2
H.D. 1
C.D. 1



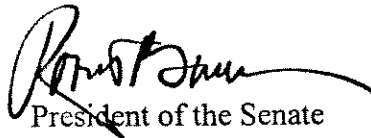
GOVERNOR OF THE STATE OF HAWAII

Approved this day: JUN 14 2006

THE SENATE OF THE STATE OF HAWAII

Date: May 2, 2006
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Twenty-third Legislature of the State of Hawaii, Regular Session of 2006.


President of the Senate



Clerk of the Senate

**THE HOUSE OF REPRESENTATIVES
OF THE STATE OF HAWAII**

Date: May 2, 2006
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the House of Representatives of the Twenty-third Legislature of the State of Hawaii, Regular Session of 2006.


Speaker, House of Representatives


Clerk, House of Representatives