

JAN 25 2006

S.B. NO. 2326

A BILL FOR AN ACT

RELATING TO FEDERAL REVENUE MAXIMIZATION FOR THE UNIVERSITY OF HAWAII.

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

1 SECTION 1. The University of Hawaii and the department of
2 human services have established several joint partnerships and
3 collaborative initiatives, in which the university, through its
4 various departments and faculties, provides many services that
5 substantially support the department of human services in
6 fulfilling its mission to assist needy families and children in
7 Hawaii. These services include student internships, research,
8 evaluation, and quality assurance, and staff training and
9 development. These ventures have been well received by both
10 agencies and the community-at-large.

11 Many of these activities are eligible for partial
12 reimbursement under the provisions of title IV-E of the *Social*
13 *Security Act*. Public Law No. 96-272, the *Adoption Assistance*
14 *and Child Welfare Act of 1980*, title IV-E offers federal
15 financial participation.

16 The university's participation in these joint endeavors is
17 most beneficial to the State because public universities can use

1 their administrative and overhead costs as a state match to draw
2 down federal dollars. This substantially reduces the amount of
3 state funds necessary to claim the relevant federal financial
4 participation.

5 The collaborative projects have been uniformly successful,
6 but represent only a small fraction of the potential enhanced
7 services that could be provided by a fuller utilization of these
8 federal funding streams that have been largely untapped in
9 Hawaii. Through the pursuit and optimal utilization of all
10 available federal funds, the State will be able to substantially
11 increase the moneys available for services to the children and
12 families under its care and supervision.

13 Title IV-E, in particular, is in imminent danger of being
14 converted to a block grant from its current status as a federal
15 entitlement program. This would eliminate the required federal
16 financial participation contribution by the federal government,
17 instead capping federal funding at the block grant appropriation
18 amount. This means that Hawaii's allocation would be capped
19 based on its current reimbursement levels. It is, therefore,
20 critical that the State maximize its claims for federal
21 reimbursements before the block grant conversion occurs.

1 In 2002, the last full year for which complete data is
2 available, Hawaii received \$17,045,476 in title IV-E
3 reimbursements. This figure put the State in thirty-eighth
4 place among the fifty states, the District of Columbia, and the
5 Commonwealth of Puerto Rico in terms of total reimbursements.
6 Hawaii's youth population, on the other hand, is increasing
7 faster than the rest of the country. In 1995, Hawaii already
8 ranked twenty-fourth in the nation in the percentage of its
9 population under twenty years of age and it is estimated by the
10 U.S. Census Bureau to rank sixth in the nation by 2025. A block
11 grant that would freeze allocations at current reimbursement
12 levels would have a devastating impact on the State,
13 particularly in light of the projected rapid increase in
14 Hawaii's youth population.

15 It is imperative, therefore, that the State do everything
16 in its power to increase the level of its reimbursements as
17 quickly as possible, so as to augment the baseline upon which a
18 future block grant would be based. The services available in
19 Hawaii through the department of human services and its various
20 subcontractors that are potentially eligible for title IV-E
21 claiming, are currently not optimally utilizing federal funds.

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1 The purpose of this Act is to mandate the University of
2 Hawaii to develop, establish, and implement as many joint
3 ventures and partnerships as possible with the department of
4 human services to enhance the receipt of federal dollars by the
5 university and the department. Time is of the essence and it is
6 important that the university devote the time and resources
7 needed to coordinate with the department of human services in
8 quickly establishing new programs, projects, and joint endeavors
9 designed to enhance the receipt of federal dollars by the
10 university and the department.

11 SECTION 2. (a) The University of Hawaii, in collaboration
12 with the department of human services, shall establish a federal
13 revenue maximization program to:

14 (1) Identify, develop, and establish services, programs,
15 and joint ventures provided through the university or
16 in collaboration with the department of human services
17 that are eligible for federal reimbursement; and

18 (2) Submit claims for federal reimbursement for such
19 services through the department of human services.

20 (b) In establishing the federal revenue maximization
21 program, the president of the University of Hawaii and the
22 director of human services shall execute a memorandum of

1 agreement to develop and implement a federal revenue
2 maximization program for services provided through the
3 university or in collaboration with the department of human
4 services that are eligible for federal reimbursement.

5 (c) The university shall expedite the approval and funding
6 processes necessary to successfully develop and implement the
7 programs, endeavors, and services envisioned herein; and

8 (d) The department of human services and the university
9 shall provide mutual technical assistance and support to one
10 another in order to obtain the maximum level of federal
11 reimbursements under this Act.

12 SECTION 3. The University of Hawaii shall submit a report
13 each year to the legislature no later than twenty days prior to
14 the convening of each of the 2007 to 2010 regular sessions that
15 shall include, but not be limited to:

16 (1) The number of new initiatives that have been
17 established and implemented pursuant to this Act;

18 (2) The amount of additional funding that has been
19 secured;

20 (3) The amount of claims pending;

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

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

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

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INTRODUCED BY:  _____

6

BY REQUEST

SB. NO. 2326

JUSTIFICATION SHEET

DEPARTMENT: Human Services.

TITLE: A BILL FOR AN ACT RELATING TO FEDERAL REVENUE MAXIMIZATION FOR THE UNIVERSITY OF HAWAII.

PURPOSE: The purpose of this Act is to mandate the University of Hawaii (UH) to develop, establish and implement as many joint ventures and partnerships as possible with the Department of Human Services to enhance the receipt of federal dollars by the University and the Department.

MEANS: Enactment of this bill as a session law, 2006.

JUSTIFICATION: The University of Hawaii and the Department of Human Services have established several joint partnerships and collaborative initiatives, in which the University, through its various departments and faculties, provides many services that substantially support the Department of Human Services in fulfilling its mission to assist needy families and children in Hawaii. These services include student internships, research, evaluation, and quality assurance, and staff training and development. These ventures have been well received by both agencies and the community-at-large.

Many of these services are eligible for partial federal reimbursement under the provisions of Title IV-E of the *Social Security Act*. Public Law No. 96-272, the *Adoption Assistance and Child Welfare Act of 1980*, Title IV-E offers federal financial participation (FFP) reimbursements for programs for needy

families, children and youth in the State's care.

The University's participation in these joint endeavors is very beneficial to the State because public universities can use their administrative and overhead costs as a state match to draw down federal dollars. This substantially reduces the amount of State funds necessary to claim the relevant FFP.

The current collaborative projects have been uniformly successful but represent only a small fraction of the potential enhanced services that could be provided by a fuller utilization of these federal funding streams which are largely untapped in Hawaii. Through the pursuit and optimal utilization of all available federal funds, the State will be able to substantially increase the monies available for expanding services to the children and families under its care and supervision and for developing new programs and services beneficial for staff and clients.

Title IV-E in particular, is in imminent danger of being converted to a block grant from its current status as a federal entitlement program. This would eliminate the required, currently unlimited, FFP contribution by the federal government, instead, capping federal funding at the block grant appropriation amount. This means that Hawaii's allocation would be capped based on its current reimbursement levels. It is therefore, critical that the State maximize its claims for federal reimbursements before the block grant conversion occurs.

In 2002, the last full year for which complete data is available, Hawaii

received \$17,045,476 in Title IV-E reimbursements. This figure put the State in 38th place among the 50 States, the District of Columbia and the Commonwealth of Puerto Rico in terms of total reimbursements. Hawaii's youth population, on the other hand, is increasing faster than the rest of the country. In 1995, Hawaii already ranked 24th in the nation in the percentage of its population under 20 years of age and it is estimated by the U.S. Census Bureau to rank 6th in the nation by 2025. A block grant which would freeze allocations at current reimbursement levels would have a devastating impact on the State, particularly in light of the projected rapid increase in Hawaii's youth population.

Therefore, time is of the essence. It is imperative that the State do everything in its power to increase the level of its reimbursements as quickly as possible, so as to augment the baseline upon which a future block grant would be based. It is important that the University devote the time and resources needed to collaborate with and assist the Department of Human Services in quickly establishing new programs, projects, and joint endeavors to enhance the receipt of Title IV-E federal funding. The services available in Hawaii through the Department of Human Services and its various subcontractors that are potentially eligible for Title IV-E reimbursements, are currently not optimally utilizing these federal funds.

Impact on the public: Millions more of State general funds would be available for other programs if the UH maximized claims for federal reimbursements for

eligible services to children and youth.

Impact on the department and other agencies: The University of Hawaii will have to implement a process for claiming federal Title IV-E reimbursements. The DHS will provide technical assistance and support to the University for Title IV-E claim efforts.

GENERAL FUNDS: -0-

OTHER FUNDS: -0-

PPBS PROGRAM
DESIGNATION: HMS 301.

OTHER AFFECTED
AGENCIES: University of Hawaii.

EFFECTIVE DATE: Upon approval.