



STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

February 2, 2009

**MEMORANDUM**

LATE

TO: The Honorable Suzanne Chun Oakland, Chair  
Committee on Human Services

FROM: Lillian B. Koller, Director

SUBJECT: **S. B. 252 - RELATING TO SOCIAL SERVICES**

Hearing: Thursday, February 5, 2009, 1:15 p.m.  
Conference Room 016, State Capitol

**PURPOSE:** The proposed amendments will prohibit the use of the electronic benefits transfer (EBT) card for the purchase of alcoholic beverages or tobacco, or in any transaction in which alcoholic beverages or tobacco are purchased; requires the Department of Human Services to establish a program to pay rental payments directly to the owner of the rental property for any person eligible for financial assistance by the Department; and requires the Department of Human Services to establish rules for both programs.

**DEPARTMENT'S POSITION:** The Department of Human Services respectfully opposes S. B. 252 for the following reasons.

Regarding the electronics benefits transfer program, the Department currently has both the financial assistance cash benefits and the Supplemental Nutrition Assistance Program (SNAP) formerly known as the Food Stamps Program benefits

posted onto the household's EBT card. Each of these benefits, the cash and SNAP benefits, are maintained in separate sub-accounts in the household's EBT accounts. While the Federal regulations governing the SNAP program specifically limit the purchasing of only food eligible items with the SNAP benefits, the Department has no restrictions on what items our clients can purchase using their cash benefits. This policy is in place because once the household withdraws their cash benefits from an ATM, the Department has no control over how the clients expend their cash.

While it may be possible for the Department to prohibit the use of the Department's EBT card from specific establishments, like liquor stores, the purchase of these restricted items from grocery stores where such items are sold will become problematic. It will be very difficult to "police" or monitor the purchase of these restricted items when the stores are certified SNAP establishments, that have also opted to accept cash EBT transactions from our clients who wish to purchase legitimate non-food items, such as soap, toiletries, etc.

This bill will also require super markets to either 1) re-program their cash registers to prevent the purchase of these restricted items from being rung up on their cash registers when customers request to use their cash benefits from their EBT cards to purchase non-food eligible items, which will be an additional cost to the supermarkets, or 2) scan these restrictive items as a separate purchase.

The Department wishes to point out in sub-section 2 of the proposed new language of the electronic benefits transfer section, the use of the phrase "other than" seems to contradict the intent of the proposed legislation. The use of "other than" in this sub-section is confusing and it could be interpreted as all alcoholic beverages or tobacco purchases are prohibited, not just those purchased with the Department's EBT card.

Regarding rental assistance, as the Department's Standard of Assistance is a flat grant amount, an amount for rental payments is not designated. The Department amended the Standard of Assistance effective July 1988 to create it as a flat grant amount as a corrective action measure to reduce errors created by computing the rent portion of the Standard of Assistance. The proposed measure will require extensive modification to the Department's computerized eligibility system, administrative rules, procedures, and has the potential of increasing errors caused by Departmental staff for which the Federal government imposes substantial financial penalties on the State.

A critical goal of the Department of Human Services (DHS) is to help people to become as self-sufficient as possible. To this end, the Department provides an effective array of education, training and work activities, as well as support services, to assist clients in achieving this goal. Our programs require work and promote self-reliance, responsibility, and family stability.

This is why the Department does not directly pay our clients' bills. Rather, the Department provides the financial literacy training, case management, and other services to help clients learn to budget and appropriately use the cash assistance that the Department provides to our clients.

Thank you for the opportunity to provide comments on this bill.