

Honolulu, Hawaii

March 24, 2010

RE: H.R. No. 148
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred H.R. No. 148 entitled:

"HOUSE RESOLUTION DIRECTING THE DEPARTMENT OF HUMAN SERVICES TO STOP ITS PROPOSED REORGANIZATION OF THE BENEFITS, ENMPLOYMENT, SUPPORT SERVICES AND MED QUEST DIVISIONS UNTIL A LEGISLATIVE TASK FORCE EVALUATES THE PROPOSAL,"

begs leave to report as follows:

The purpose of this resolution is to establish a Legislative Task Force to evaluate the proposed reorganization of the Benefits, Employment, Support Services Division (BESSD) and the Med Quest Division.

The State Council on Developmental Disabilities, the Hawaii Government Employment Association (HGEA), the National Association of Social Workers (NASW), and a concerned individual submitted testimony in support of this measure. Another concerned individual submitted comments.

Your Committee recognizes that due to the current economic landscape, more and more Hawaii residents are financially struggling. In turn, they are seeking assistance from their government and looking to social welfare for that help.

However, your Committee is concerned that this reorganization will likely result in fewer people receiving benefits and hurt those greatest in need. Under this proposed plan, eligibility



offices and local community units will be replaced by two processing centers in Honolulu and Hilo. This will result in at least 232 DHS employee layoffs and an overworked, understaffed workforce.

Therefore, your Committee has amended this resolution by:

- (1) Inserting language to further document possible difficulties of the proposed reorganization:
 - A. WHEREAS, the eligibility offices and community units will be replaced by two processing centers in Honolulu and Hilo to handle all applications and the work previously done in local offices and units; and
 - B. WHEREAS, it is doubtful that non-profit social service organizations can assist in the event that there are problems with this policy proposal since they are already struggling to serve their existing clients; and
 - C. WHEREAS, the Chief Investigator of the DHS Investigation and Restitution office, as well as a Deputy Prosecutor from the island of Hawaii both testified that the EPOD plan would result in rampant welfare fraud as the "checks and balances" currently in place would be eliminated, primarily due to the fact the front line eligibility workers are required witnesses to prosecute welfare fraud; and
 - D. WHEREAS, due to the increase in welfare fraud, millions of dollars in court ordered restitution that the State of Hawaii receives would be lost; and
 - E. WHEREAS, the DHS Director is rushing to implement the EPOD by July 2010 even though there is strong precedent that similar call center schemes have failed miserably in other states such as Florida, Oregon, Indiana and Texas, resulting in tremendous suffering by needy clients not being able to access available Federal assistance programs; and
 - F. WHEREAS, the Florida model, which the proposed EPOD proposal is modeled after, took over two years to implement; and



- G. WHEREAS, Florida was the 43rd ranked state for food stamp participation after their system converted to call centers; and
- H. WHEREAS, testimony was received regarding the Oregon model by a former recipient who stated that the Oregon public assistance program was a terribly inadequate and inefficient system; furthermore, this recipient and their child was denied assistance they were lawfully entitled to; and
- I. WHEREAS, although eligibility offices remained open in each respective Oregonian county, the program was fraught with worker errors, dropped calls and major delays; and
- J. WHEREAS, Hawaii has a proven community assistance model that has won Federal cash awards for the State of Hawaii by providing timely and accurate assistance to the needy population for the past 42 years; and
- K. WHEREAS, Hawaii was recognized for outstanding service and accuracy in SNAP between 2003 through 2008; and
- L. WHEREAS, to date over 6,300 DHS employees and clients have submitted signed petitions stating that they have "no confidence" in the DHS Director's ability to properly administer the mission of the department; and
- M. WHEREAS, the State of Hawaii House of Representatives Finance Committee has reduced the Governor's DHS budget by 18,521,400 million dollars, and protected DHS positions the Governor wanted to eliminate that provides essential community assistance services to over 300,000 needy Hawaii residents; and
- N. WHEREAS, the DHS Director, as of the current date, has not provided an operational EPOD implementation plan, as well as a contingency plan in the event EPOD meets with catastrophic failure; and

(2) Adding PHOCUSED to the task force


(3) Adding an appropriate agency, as determined by the Legislature, to staff the task force



- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 148, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.R. No. 148, H.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Human Services,



JOHN M. MIZUNO, Chair



