

February 10, 2011

L A T E

The Senate Committees on Ways and Means (WAM)

The Honorable Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair

SUBJECT: TESTIMONY IN FAVOR OF SB 777, RELATING TO PAYMENT FOR
GOODS AND SERVICES

Hearing: Thursday / February 10, 2011
9:00Am
Conference Room 211, Hawai'i State Capitol

Aloha Chairman Ige, Vice Chair Kidani, and members of this committee,

Thank you for the opportunity to provide testimony in **support** of this measure. Partners In Development Foundation (PIDF) like many non-profit organizations contracted by the State, provides services for the benefit and betterment of our community.

The ability to successfully do so can oft be hindered by the receipt of late payments, as a great amount of time and energy is expended to keep a program afloat whilst awaiting said income.

Other sources of funds must be found to cover expenditures during this period, and it has become increasingly necessary for PIDF to borrow from a line-of-credit to make up the difference until contract payments are received and deposited. This puts us in a predicament, as we cannot be reimbursed by the State for the interest we pay on the loan, and must utilize monies from other sources. Usually these monies are from "unrestricted funds" which are the result of fundraisers and/or private donations.

With the passage of this measure we hope that a sense of urgency for the benefit of those who serve our community will be realized, and goodwill expediency on the part of the State will become standard practice.

We appreciate the time that this committee has taken to address and hear our concerns.

Mahalo A Nui Loa,

Mr. Jan E. Dill

President
Partners In Development Foundation



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LATE TESTIMONY

TO: Senator David Y. Ige, Chair, Senate Ways & Means Committee

FROM: Kathi Kreinik, Board President

DATE: February 10, 2011

SUBJECT: Support for SB 777 RELATING TO PAYMENT FOR GOODS AND SERVICES

This testimony is in support of SB 777. Mr. Chairman and members of this committee, thank you for holding a hearing on this important issue.

We have been contracting with the state for 30 years to deliver quality effective program services to prevent and treat problems of child abuse and neglect. While we have always had to wait some time for payments, it has never been as bad as it has been for the past 4 years and it has gotten even worse this year. We receive payment 60 – 90 days after services have been delivered. We are a small agency and we do not have a reserve fund to meet our monthly financial obligations. We always use our Line of Credit (LOC) to the maximum and, in addition, we have had to take out short-term loans. This is very costly to our agency and we think we should be reimbursed by the state for these expenses. We have to fundraise just to pay these bank fees. There have been times that we have not been able to meet our payroll on time. We have very dedicated professional staff who deal with crisis situations on a daily basis such as domestic violence, death of a family member, client suicides, child abuse and severe neglect, etc. This can be very emotionally difficult for our staff but they perform their services with care, concern and professionalism. They deserve to be paid on time and to know that our agency will be able to keep our commitment to them and that the state will be able to meet its commitment to our agency. They have families of their own who depend upon them.

Our creditors also expect to be paid in a timely manner and we admit that we have been late in paying them as well at times.

We submit our invoices on time to DHS and we frequently have been promised we will receive payment by a certain date only to find out at the last minute that it will not happen. The reason given is the department does not have the funds to release. We don't understand why the state does not make it a priority to meet its legal obligations to nonprofits. Nonprofit agencies are able to deliver higher quality, more effective, and more timely services to the populations that are in the greatest need in our community than state agencies are able to do. While the state relies on nonprofit agencies, we ask that we in turn can also rely on the state.

If this situation continues in the future, we are not certain we will be able to survive as an agency. Our staff and our clients rely on us and we urge you to pass this legislation to help us reassure them that the state cares about them and will meet its financial obligations.