



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

February 25, 2013

MEMORANDUM

TO: The Honorable Sylvia Luke, Chair
House Committee on Finance

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 1375 - RELATING TO HUMAN SERVICES**

Hearing: Monday, February 25, 2013; 1:30 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of H.B. 1375 is to establish a task force that shall develop a restructured welfare payment system and re-establishes the exit and retention bonus program to encourage welfare recipients to transition back into the workforce.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of this bill, provided it does not adversely impact nor replace the priorities in the Executive Biennium Budget.

In October 2006, the Department implemented the "Reward Work" initiative which included "exit and retention bonus payments." The bonus payments provided an incentive for families, who received less than twenty-five months of Temporary Assistance for Needy Families (TANF) benefits, to obtain employment; exit early from financial assistance thereby saving eligible months for future needs; and to maintain

their employment statuses after exit. The bonus payments were based on a family's average number of employment hours per week.

Exit and Retention Bonus Payments

Bonus Type	Avg 20 Hrs/Week	Avg 30 Hrs/Week	Avg 40 Hrs/Week
At TANF Exit	\$ 500	\$ 700	\$ 1,000
3-Month Job Retention	\$ 700	\$ 950	\$ 1,250
6-Month Job Retention	\$ 1,000	\$ 1,250	\$ 1,500
12-Month Job Retention	\$ 1,200	\$ 1,700	\$ 2,000
24-Month Job Retention	\$ 1,400	\$ 2,250	\$ 2,500

Between SFY 2010 and 2012, a total of 640 TANF recipient families received exit bonuses. The average exit bonus payment was \$774 which meant they were working an average of 30 hours per week at time of TANF exit. In addition, a total of 1,878 families received 3-month, 6-month, 12-month and 24-month retention bonuses for maintaining their employment statuses after TANF exit. The average retention bonus payment was \$1,480.

	SFY 2010			SFY 2011			SFY 2012 ¹		
	Total Clients	Total Payments	Avg Payment	Total Clients	Total Payments	Avg Payment	Total Clients	Total Payments	Avg Payment
Exit	299	\$ 230,800	\$ 772	222	\$ 173,600	\$ 782	119	\$ 90,900	\$ 764
3-mos	283	\$ 287,550	\$ 1,016	165	\$ 169,150	\$ 1,025	103	\$ 104,000	\$ 1,010
6-mos	245	\$ 343,500	\$ 1,402	146	\$ 190,250	\$ 1,303	88	\$ 117,250	\$ 1,332
12-mos	251	\$ 436,200	\$ 1,738	136	\$ 237,700	\$ 1,748	71	\$ 125,900	\$ 1,773
24-mos	180	\$ 307,050	\$ 1,706	147	\$ 320,950	\$ 2,183	63	\$ 140,600	\$ 2,232

An early exit and job retention program will encourage TANF families to move from public assistance to employment and will supplement their earnings as they work towards self-sufficiency. Furthermore, retention bonus cases may be reported as TANF Separate State Program (SSP) cases which will allow the Department to report the employment hours, thereby making a positive impact on the State's TANF work participation rate.

The DHs respectfully recommends that the task force, if established, study both the feasibility of a restructured welfare payment system and an early exit and job retention program before implementation.

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