

HB 1375

Measure Title: RELATING TO HUMAN SERVICES.

Report Title: Human Services; Welfare (\$)

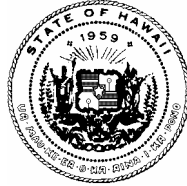
Description: Establishes a task force that shall develop a restructured welfare payment system and re-establishes the exit and retention bonus program to encourage welfare recipients to transition back into the workforce.

Companion:

Package: None

Current Referral: HMS, WAM

Introducer(s): JOHANSON, BELATTI, CARROLL, CHEAPE, FALE, FUKUMOTO, ING, C. LEE, MIZUNO, NISHIMOTO, SAIKI, SOUKI, TAKAI, THIELEN



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

March 9, 2013

MEMORANDUM

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

FROM: Patricia McManaman, Director

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

Hearing: Saturday, March 9, 2013; 3:00 p.m.
Conference Room 229, 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 addition, rather than a task force, the Department suggests that it be allowed to submit a report to the Legislature next session in collaboration with the Financial Assistance Advisory Council.

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.

UNIVERSITY OF HAWAII

Bridge to Hope
Serving UH Welfare Recipient Students

Date: March 7, 2013

To: SENATE Committee on HUMAN SERVICES
Sen. Suzanne Chun Oakland, Chair
Sen. Josh Green, Vice-Chair

From: Teresa Bill, Univ. Hawai'i Bridge to Hope Coordinator
Ph: 956-9313

Re: Supporting HB 1375, Relating To Human Services (Restructuring TANF Payments)
Sat. March 9, 2013 3:00 p.m.
Conference Room 229 Committee Clerk, room 226

I am Teresa Bill, **testifying in support of HB 1375, with Amendments.** As the Coordinator for UH Bridge to Hope which supports TANF participants in their pursuit of higher education as a means of economic self-sufficiency - I always support initiatives to increase families' ability to earn more and keep more of what they earn. I am testifying on my own behalf, and do not represent the official testimony of the University of Hawai'i. The "benefit cliff" (situations where families earn \$5 more and they instantly lose hundreds of dollars of assistance benefits) is real, it has a negative impact on families and is often a dis-incentive to earning more. I applaud the intent of this bill.

However, the current language charges the Department (DHS) to convene the taskforce to revise and restructure the payment system, (beginning no later than Jan. 2014; reporting by Dec 2014) but the bill also mandates implementation of select elements (exit and bonus payments) by January 2014, before the work of the task force is completed.

I wholeheartedly endorse a revision and restructuring of the welfare payment system; but I also believe there may be other ways to do so that might positively impact more families than exit and employment bonuses.

I suggest deleting Section 3. Language in Section 3, legislatively mandates a specific kind of incentive or bonus payment. It has been my experience that the Department (DHS) typically implements such detailed changes through Administrative Rules.

As a member of the Financial Assistance Advisory Council (identified as a participating body in the bill) I am very interested and engaged with these issues and find it constraining to be charged with "restructuring" but then mandated to include particular elements. I would hope that while the task force is charged with "revising the payment structure" that their revision would be implemented, and not only those bonuses legislatively mandated. For instance, an increase in the amount of earnings that are "exempted" before a family's payment is reduced would also incentivize increased earnings; increasing the % of Federal Poverty Level a family could earn before losing benefits would incentivize increased earnings. These are just 2 ideas that could also achieve the goal of addressing the problem of "benefit cliffs" without mandating the outcome of the revised payment schedule.

Please support HB1375 with amendments. This will begin the process to address the difficult issue of "benefit cliffs" and give DHS the opportunity to revise the payment structure for TANF - which is sorely needed and overdue.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 1375: Relating to Human Services

TO: Senator Suzanne Chun Oakland, Chair, Senator Josh Green, Vice Chair, and Members, Committee on Human Services

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawaii

Hearing: Saturday, March 9, 2013; 3:00 pm; Conference Room 229

Chair Chun Oakand, Vice Chair Green, and Members, Committee on Human Services:

Thank you for the opportunity to testify **in support of HB 1375**, which establishes a task force to develop a restructured welfare payment system and an exit and job retention bonus program for welfare recipients transitioning into the workforce.

Catholic Charities Hawaii has a strong commitment to decreasing poverty. Poverty is clearly linked to poor social and health outcomes. People living below the poverty line are especially hard hit in Hawaii, with the highest cost of living in the U.S. A family of four in Hawaii pays 61% more for food than families on the mainland. Our cost for housing is also the highest in the nation. 75% of people at or below the poverty line spend more than 50% of their income on housing. This population is frequently teetering at the brink of homelessness, a very complicated and costly problem in our state. Government policies need to support this group in escaping poverty. The design of our welfare system should support efforts towards self-sufficiency by providing greater reward for obtaining work and exiting the system than for remaining dependant.

An exit and job retention bonus program can encourage Temporary Assistance for Needy Families (TANF) recipients to stop receiving payments before their eligibility runs out, which will save the state money and also preserve some eligibility for the family should they need it in the future. It also encourages participants to stay employed and seek raises and promotions. The system can be a financial safety net that includes a ladder to self-sufficiency.

The proposed task force will contribute to the overall goal of reducing poverty in Hawaii. Poverty reduction will improve the quality of life for our constituents and create a safer, healthier, and more successful Hawaii. We thank you for your concern and dedication to helping the working poor in our community. **We urge your support for HB 1375.** Please contact me at (808)527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.





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Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting HB 1375 Relating to Human Services
Senate Committee on Human Services
Scheduled for Hearing Saturday, March 9, 2013 at 3:00 PM, Room 229

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Thank you for an opportunity to testify in **strong support** House Bill 1375, which establishes a task force to develop a restructured welfare payment system and an exit and job retention bonus program for welfare benefit recipients transitioning into the workforce. An early exit from welfare can help preserve eligibility for future benefits for Temporary Assistance to Needy Families should they again fall on hard times.

For people living in poverty, Hawai'i can be far from paradise. Our state has been ranked as the "worst state to earn a living" based on the low wages paid relative to the cost of living, which is the highest in the nation. Low-income people also face one of the most regressive tax systems in the country. Public benefits are a critical safety net for those who are already struggling to survive and experience financial hardship.

Benefits such as Temporary Assistance to Needy Families are also designed to help families build financial self-sufficiency. An early exit and job retention program promotes this goal during the transitional period from welfare to stable, long-term employment.

An exit and job retention bonus can:

- Allow a family to build assets. Almost one in five families in Hawai'i is asset poor, meaning that they only have enough savings to survive at the poverty level for three months.
- Purchase necessary items for their job, such as work attire or transportation expenses.
- Make necessary household purchases that have been delayed, such as new appliances
- Promote housing stability, ensuring that families can continue paying rent. Seventy-five percent of households living in poverty pay more than half of their income in rent. Job retention bonuses can help alleviate this burden as families are getting back on their feet.

Exit and job retention bonuses give recipients a major incentive to find employment as quickly as possible and work toward financial self-sufficiency.

We also respectfully encourage the committee to consider a bonus payment immediately upon exit from the welfare program, as the Department of Human Services had established in its "Reward Work" initiative. Such a bonus at the time of exit can help families begin saving immediately and for recipients to pay employment-related expenses, such as transportation or work attire.

Again, thank you for the opportunity to testify in strong support of this bill.

Jossilyn Miller
91-1468 Pukanala Street
Ewa Beach, Hawaii 96706
jossilyn@hawaii.edu

March 3, 2013

To: Senator Suzanne Chun Oakland, Chairperson
Senator Josh Green, Vice-Chairperson
And members of the Senate Committee on Human Services

From: Jossilyn Miller

RE: HB1375, Relating to Human Services – SUPPORT

Chair, Vice-Chair, and members of the Senate Committee on Human Services, I am testifying in **strong support** of HB1375.

My name is Jossilyn Miller; I am student representing the University of Hawaii at Manoa's Bachelor of Social Work program. As a social work student, I have learned about the importance of empowering clients to become productive members of society. Sometimes uncontrollable circumstances force individuals of society to rely on outside resources to meet basic needs for themselves and also for their family. In order to empower our clients we need to provide them with substantial resources for them to be able to help themselves.

The goal of financial welfare is to be a temporary means of assistance for needy families. I have reviewed the table presented by Patricia McManaman of the Department of Human Services which supports the idea that recipients of TANF can successfully not need to use the system extending two years. This fact is supported if, in fact clients are provided with enough supplemental assistance to allow them to become self-sufficient. The proposed law would encourage recipients of TANF to end their life of poverty and begin a lifetime of self-sufficiency within a reasonable amount of time.

This proposed law should be detailed with a plan and specific amounts of money that will successfully implement the plan.

I, Jossilyn Miller, strongly support this HB 1375.

Thank you for the opportunity to testify.

Sincerely,

/S/

Jossilyn Miller