



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

February 4, 2014

TO: The Honorable Mele Carroll, Chair
House Committee on Human Services

The Honorable Mark M. Nakashima
House Committee on Labor and Public Employment

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 2296 – RELATING TO ESTABLISHING A SECOND DEPUTY
DIRECTOR POSITION FOR THE DEPARTMENT OF HUMAN SERVICES**

Hearing: Tuesday, February 4, 2014, 11:00 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to restore the second deputy director position for the Department of Human Services.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill which would restore the second deputy director position for the Department of Human Services. The second deputy position was deleted by Act 223, Session Laws of Hawaii 1994 and was prompted by the State's poor economy at that time.

An additional Deputy Director position will assist the Director in managing the resources of this very large and complex department. The DHS has the largest operating budget of any state department, over \$2.5 billion, including 67% of all the state's federal operating funds. The Department also has the fifth largest staff of any department, with

over 2,000 employees staffing its four divisions and three administratively attached agencies.

The Department of Human Services serves vulnerable and needy adults and children across the Islands. Our programs are diverse and complex with each driven by its own set of laws, rules and regulations, both State and federal. Each requires specialized leadership and expertise. It is difficult to develop the breadth of knowledge over all the Department's programs that is necessary for effective management of all the programs.

In addition to helping Hawaii's vulnerable individuals, the Department manages significant federal and state funds and processes vast amounts of information - its mainframe computer is the largest in state government. The department's accounting and budget functions have grown more complex as requirements to track the receipt and expenditure of federal funds has increased the number of departmental appropriation accounts from 51 to 118. The Department also takes on new federal and state programs or mandates on a regular and on-going basis. In this past year alone, the Affordable Care Act (ACA) required the Department to expend significant resources conforming its administrative rules to ACA's new requirements and the development of Kolea – Med-Quest's new integrated eligibility system - which also determines eligibility for advance premium tax credits and cost share reductions for the Hawaii Health Connector's clients. This effort severely taxed the resources of the Director's Office.

Effective management of the Department and its programs requires collaboration within the Department, with other state, federal and local agencies, with the community and the clients served. Maintaining these necessary collaborations further erodes the ability of the Director's Office to fully oversee personnel matters, fiscal and budget issues, IT

development, and operational matters related to quality control, program oversight and reporting.

The Department's \$2.5 billion budget also makes it especially critical that programs are run well with broad collaboration to ensure that tax payer dollars are well spent and that program objectives are being met and the community is being served as intended.

Successful programs help Hawaii residents to achieve self-sufficiency, self-determination, independence, healthy lifestyles and personal dignity as well as contributing to the State's economic base.

Restoring the second deputy position is necessary for the effective and efficient administration of the Department.

Thank you for the opportunity to provide testimony on this measure.

NEIL ABERCROMBIE
GOVERNOR



BARBARA A. KRIEG
DIRECTOR

LEILA A. KAGAWA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

February 3, 2014

**TESTIMONY TO THE
HOUSE COMMITTEE ON HUMAN SERVICES AND
LABOR AND PUBLIC EMPLOYMENT**

For Hearing on Tuesday, February 4, 2014
11:00 a.m., Conference Room 329

BY
BARBARA A. KRIEG
DIRECTOR

House Bill No. 2296

**RELATING TO ESTABLISHING A SECOND DEPUTY DIRECTOR POSITION FOR
THE DEPARTMENT OF HUMAN SERVICES**

WRITTEN TESTIMONY ONLY

TO CHAIRPERSONS MELE CARROLL, MARK M. NAKASHIMA AND MEMBERS OF
THE COMMITTEE:

The purpose of H.B. 2296 is to restore the second deputy position for the
Department of Human Services.

The Department of Human Resources Development (DHRD) **strongly supports**
this bill which would restore the second deputy director position for the Department of
Human Services that was deleted by Act 223, Session Laws of Hawaii 1994.

Currently, the Department has only one deputy director. Restoring the second
deputy position is necessary for the effective and efficient administration of one of the
State's largest departments which administers an annual budget of \$2,000,000,000 and
employs almost 2,000 employees.

Thank you for the opportunity to provide testimony on this measure.