



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

April 2, 2013

MEMORANDUM

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

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 1101, S.D. 2 - RELATING TO THE ESTABLISHMENT OF
THE INTERIM ASSISTANCE REIMBURSEMENT SPECIAL FUND**

Hearing: Tuesday, April 2, 2013; 2:00 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of S.B. 1101, S.D. 2, is to allow the Department of Human Services (DHS) to establish a special fund, the Interim Assistance Reimbursement Special Fund, into which shall be deposited funds received from the federal government pursuant to section 346-57, Hawaii Revised Statutes, which authorizes state loans to applicants of federal Supplemental Security Income (SSI). The special fund requires the DHS to expend Interim Assistance Reimbursements (IAR) for state-funded financial assistance payments and programs that support and assist recipients to qualify for supplemental security income; and to make an appropriation out of the fund.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill. The DHS respectfully requests that the effective date of July 1, 2013 be reinstated in this bill.

In accordance with section 346-57, Hawaii Revised Statutes, state-funded financial assistance is paid to qualified general assistance (GA), assistance to the aged, blind and disabled (AABD) and temporary assistance for needy families (TANF) program recipients while their applications for SSI is pending a determination with the federal Social Security Administration (SSA). If the SSI is approved, the SSA will retroactively reimburse Hawaii for the state-funded assistance provided.

The determination for SSI may take several months or years if an SSI appeal is filed. At one time the average length of time for an initial SSI determination took from three to five months. Presently the average length of time has grown to four to eight months. Consequently, the IAR in a majority of cases is not received in the fiscal year in which the state-funded benefits were paid. The Department of Human Services is not allowed to retain interim assistance reimbursements received for a prior fiscal year and instead is required to deposit the IAR into the state treasury.

In state fiscal year 2011, the State received interim assistance reimbursements totaling \$1,971,041 of which \$837,407 was retained by the Department for state-funded benefits paid, with \$1,064,080 lapsing to the general fund. In state fiscal year 2012, the State received interim assistance reimbursements totaling \$1,613,740 of which \$632,074 was retained by the Department for state-funded benefits paid, with \$897,335 lapsing to the general fund.

The General Assistance program is the largest of the three programs and therefore receives the largest IAR. Pursuant to section 346-53(b), Hawaii Revised Statutes, General Assistance is a block grant program. The DHS must adjust GA payments to remain within the GA appropriation when caseloads increase or decrease.

In recent years the Department has requested several emergency appropriations for the GA program with the latest request for fiscal year 2012. For fiscal year 2012, the payment level began at \$353, but due to caseload increases the benefit payment amount

was reduced to \$319 in October 2011. The benefit payment would have been reduced further to \$275 in April 2012 without the approval of an emergency appropriation of \$736,478 in general funds by the 2012 Legislature. Without an emergency appropriation for fiscal year 2013, the continual rise in the caseload has required a reduction to \$298 in February 2013. The greatest disparity of assistance payments to the poverty level, exists for disabled persons: \$298 being the current financial assistance payment for GA disabled individual and \$1,103 the 2013 Federal Poverty Level (FPL) for an individual in Hawaii. By comparison the current federal SSI payment for a disabled individual is \$710, while the current GA payment is just 27% of FPL or 73% **below** the FPL.

The necessity for the reductions and fluctuations in benefit payments provide no stability to households who already live far below poverty levels. Reducing the amount of the benefit payment for these individuals poses a real threat to the individuals' health and safety. It is also almost certain to trigger increased homelessness.

To stabilize payments to beneficiaries at a equitable benefit amount and to reduce the future need for emergency appropriations for the GA program, this bill proposes to allow the Department of Human Services to retain the IAR from prior fiscal years in a new special account, designated as the interim assistance reimbursement special account, to be used by the Department of Human Services for state-funded financial assistance programs. Had the Department been able to retain the \$897,335 in prior year reimbursements that was received during fiscal year 2012, rather than have it lapse to the general treasury, the emergency appropriation of \$736,478 to maintain and stabilize payment levels for fiscal year 2012 would not have been necessary.

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

To: The Honorable Representative Sylvia Luke, Chair
Representative Scott Nishimoto, Vice Chair
Representative Aaron Johanson, Vice Chair
House Committee on Finance

From: Laura Smith, President/CEO
Scott Fuji, Assistant Director of Community Services
Goodwill Industries of Hawaii, Inc.

Date: April 2, 2013

Re: **Testimony in Support of SB 1101 SD2 – Relating to the Establishment of the Interim Assistance Reimbursement Special Fund.**

Goodwill Industries of Hawaii, Inc. (Goodwill) is among the largest human service non-profit organizations in Hawaii. Our mission is to help people find and succeed in employment. With a Statewide footprint, and offices on Oahu, Maui, Hilo, Kona and Kauai, last year Goodwill served over 15,000 people, placing more than 1,500 into jobs in our community.

Goodwill Industries of Hawaii stands in strong support of SB 1101, which establishes an interim assistance reimbursement fund. The purpose of this fund is to prevent reductions in the General Assistance (GA) payments by establishing an interim fund for federal supplemental security income (SSI) payments. The creation of this fund will allow DHS to prevent uncertainty and reductions in payments for the General Assistance program.

The GA payments are a critical part of the social safety net. GA payments help to bridge the interim period for individuals living with a disability until their SSI payments are approved. These payments go to those with no other means to support themselves and any reduction to their GA payments will have a drastic effect on their standard of living. The creation of the interim fund will allow DHS to retain reimbursement payments from the Social Security Administration and maintain the necessary level of funding for GA payments. Reductions in GA payments occur when a rise in applicants are not matched by an increase in funds. Currently, an emergency appropriation is required to prevent such reductions.

Stabilizing the GA payment fund will offer stability to one of the most vulnerable populations in Hawaii. Many beneficiaries of GA have no other sources of income and any reductions risk their health, safety, and homelessness.

Thank you for this opportunity to provide testimony on this matter.