



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 21, 2013

MEMORANDUM

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

FROM: Patricia McManaman, Director

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

Hearing: Thursday, March 21, 2013; 10:15 a.m.
Conference Room 329, 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 programs; and to make an appropriation out of the fund.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration 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 – 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 having 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.

The DHS respectfully requests that the effective date of July 1, 2013 be reinstated in this bill.

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



**LEGAL AID
SOCIETY OF HAWAII**

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Calvin Pang, Esq.
President, Board of Directors

M. Nalani Fujimori Kaina, Esq.
Executive Director

**TESTIMONY IN SUPPORT OF
SB1101 SD2 - RELATING TO THE ESTABLISHMENT OF THE INTERIM ASSISTANCE
REIMBURSEMENT SPECIAL FUND**

Committee on Human Services - Room 329

Representative Mele Carroll, Chair
Representative Bertrand Kobayashi, Vice-Chair

March 21, 2013 at 10:15 a.m.

The Legal Aid Society of Hawaii submits testimony in support of SB1101 SD2 – Relating to the Establishment of the Interim Assistance Reimbursement Special Fund. This bill would create a special fund where funds received by the federal government to reimburse the state for the provision of general assistance upon the successful award of social security benefits to a disabled Hawai'i resident.

For over fifteen years, under contract with the Department of Human Services, Legal Aid has provided legal advocacy to disabled Hawai'i residents who receive state funded general assistance and state funded assistance to the aged blind and disabled to receive federal social security benefits. To receive state funded disability assistance, recipients are required to sign a loan agreement with the state which indicates that the state shall be reimbursed from any retroactive payment for benefits to be paid to the recipient by the federal government. Currently, a large portion of these funds are deposited into the general fund and the Department of Human Services over the last several years has had to seek Emergency Appropriations to maintain a small, but valuable benefit to our disabled residents.

The amount of benefits to brought to the state cannot be understated. Legal Aid's efforts in just the last ten years has netted over \$8.3 million in back payments to reimburse the state and current monthly payments of over \$2 million in previously unrecognized federal funds now flow to the state for use in our economy.

We strongly support this effort to create a special fund so that the Department of Human Services is able to continue to provide adequate benefits to disabled Hawai'i residents without having to seek continued Emergency Appropriation.

Thank you for this opportunity to provide testimony.

Sincerely,

M. Nalani Fujimori Kaina
Executive Director

The Legal Aid Society of Hawaii (Legal Aid) is the only legal service provider with offices on every island in the state, and in 2012 provided legal assistance to almost 10,000 Hawai'i residents in the areas of consumer fraud, public assistance, family law, the prevention of homelessness, employment, protection from domestic violence, and immigration. Our mission is to achieve fairness and justice through legal advocacy, outreach and education for those in need.



Community Alliance for Mental Health

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To: The State of Hawai'i House of Representatives Committee on Human Services
Re: SB1101 SD2

To: The Honorable Representative Carroll and the members of the committee

Aloha,

The Community Alliance for Mental Health along with United Self Help supports SB1101 SD2. We see this as a reasonable measure which will help insure that the State's neediest and most vulnerable populations can receive support in a timely manner while ensuring that the State can receive a just re-imbusement of funds. To us it seems a win-win.

Mahalo,
Scott Wall
Vice-President

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To: The Honorable Representative Mele Carroll, Chair
Representative Bertrand Kobayashi, Vice Chair
Committee on Human Services

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

Date: March 20, 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.

kobayashi1-Joni

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 18, 2013 6:19 PM
To: HUS testimony
Cc: tabraham08@gmail.com
Subject: Submitted testimony for SB1101 on Mar 21, 2013 10:15AM

Categories: Blue Category

SB1101

Submitted on: 3/18/2013

Testimony for HUS on Mar 21, 2013 10:15AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments: I support urgent passage of this bill to reimburse funds to ALL people that needs the money.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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