

JAN 24 2013

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# A BILL FOR AN ACT

RELATING TO THE ESTABLISHMENT OF THE INTERIM ASSISTANCE  
REIMBURSEMENT SPECIAL FUND.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to establish a  
2 special fund within the state treasury, to be known as the  
3 interim assistance reimbursement special fund, into which  
4 interim assistance reimbursements from the federal Social  
5 Security Administration shall be deposited for reimbursements  
6 for state-funded financial assistance payments for recipients  
7 who are retroactively approved for federal supplemental security  
8 income.

9           SECTION 2. Chapter 346, Hawaii Revised Statutes, is  
10 amended by adding a new section to be appropriately designated  
11 and to read as follows:

12           "§346-           Interim assistance reimbursement special fund.

13           (a) There is established within the state treasury to be  
14 administered by the department, the interim assistance  
15 reimbursement special fund, into which shall be deposited:

16           (1) Moneys received from the federal government pursuant  
17           to section 346-57;

S.B. NO. 1101

- 1        (2) Appropriations made by the legislature to the fund;
- 2                and
- 3        (3) Any other revenues designated for the fund.
- 4        (b) Moneys in the interim assistance reimbursement special
- 5 fund may be used for:
- 6                (1) State-funded financial assistance payments; and
- 7                (2) Programs that support and assist recipients to qualify
- 8                for supplemental security income.

9        All interest on special fund balances shall accrue to the  
10 special fund. Upon dissolution of the interim assistance  
11 reimbursement special fund, any unencumbered moneys in the fund  
12 shall lapse to the general fund.

13        (c) Any appropriation from the fund may be used for the  
14 general assistance program but shall not be considered in  
15 determining the assistance allowance as set forth in section  
16 346-53(b)."

17        SECTION 3. There is appropriated out of the interim  
18 assistance reimbursement special fund the sum of \$        , or so  
19 much thereof as may be necessary, for fiscal year 2013-2014 to  
20 carry out the purposes of this Act.

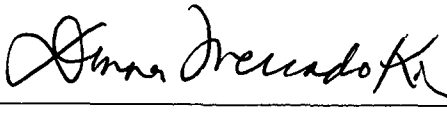
21        The sum appropriated shall be expended by the department of  
22 human services.

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1           SECTION 4. This Act, upon its approval, shall take effect  
2 on July 1, 2013.

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INTRODUCED BY: 

5

BY REQUEST

S.B. NO. 1101

**Report Title:**

Human Services; Interim Assistance Reimbursement Special Fund

**Description:**

Establishes a special fund, the Interim Assistance Reimbursement Special Fund, into which interim assistance reimbursements received from the Social Security Administration are deposited for repayment of state-funded financial assistance provided under the general assistance, aged, blind and disabled or temporary assistance for needy families for recipients who are retroactively approved for supplemental security income and authorizes the Department of Human Services to expend the funds for state-funded financial assistance programs. Appropriation.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Human Services

TITLE: A BILL FOR AN ACT RELATING TO THE ESTABLISHMENT OF THE INTERIM ASSISTANCE REIMBURSEMENT SPECIAL FUND.

PURPOSE: 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 loans to applicants of federal supplemental security income (SSI); to authorize the Department of Human Services (DHS) to expend the Interim Assistance Reimbursement (IAR) funds for state-funded financial assistance programs; and to make an appropriation out of the fund.

MEANS: Add a new section to chapter 346, Hawaii Revised Statutes.

JUSTIFICATION: In accordance with section 346-57, state-funded financial assistance is paid to qualified general assistance (GA), assistance to the aged, blind and disabled and temporary assistance for needy families program recipients while their applications for SSI are 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. Consequently, the IAR may not be received for the fiscal year in which the state-funded benefits were paid. DHS 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 general fund.

In state fiscal year 2010-2011, the State received interim assistance reimbursements totaling \$1,971,041, of which \$837,407 was retained by DHS for state-funded benefits paid, with \$1,064,080 lapsing to the general fund.

In state fiscal year 2011-2012, the State received interim assistance reimbursements totaling \$1,631,740, of which \$632,074 was retained by DHS 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 receives the largest IAR. Pursuant to section 346-53(b), Hawaii Revised Statutes, General Assistance is a block grant program. The DHS must adjust the GA payments to remain within its GA appropriation with caseload increases or decreases.

In recent years, DHS has requested several emergency appropriations for the GA program, with the latest request for the fiscal year 2011-2012. For fiscal year 2011-2012, 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.

The necessity for the reductions and fluctuations in benefit payments provide no stability to households who already live below poverty levels. Stopping the benefit payment or 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 minimum benefit amount and to reduce the future need for emergency appropriations for the GA program, this bill proposes to allow DHS to retain the IAR from prior fiscal years in a new special fund, designated as the Interim Assistance Reimbursement Special Fund, to be used by DHS for state-funded financial assistance programs.

Impact on the public: The general assistance payment can be maintained at a level to better ensure that potential harm to eligible disabled individuals' health and safety is prevented.

Impact on the department and other agencies: DHS will be better able to administer the general assistance program budget and to stabilize payment benefits. Reduction in benefits may cause an increase in services requested from other public and private agencies.

GENERAL FUND: Any federal IAR received after this bill takes effect will also be deposited into the new Interim Assistance Reimbursement Special Fund instead of the general fund.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: HMS 204.

OTHER AFFECTED AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: July 1, 2013.