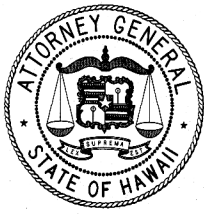


SB 2344

- Measure Title:** RELATING TO HUMAN SERVICES.
- Report Title:** Public Assistance; Income; Resources; Section 8; Supplemental Nutrition Assistance Program
- Description:** Requires the department of human services to disregard subsidies received directly by an applicant or recipient or payments made on behalf of or directly to an applicant or recipient of public assistance from the section 8 housing voucher program of the United States Department of Housing and Urban Development for purposes of qualifying for the supplemental nutrition assistance program.
- Companion:** [HB1816](#)
- Package:** None
- Current Referral:** HMS, WAM
- Introducer(s):** SHIMABUKURO, Baker, Ihara, Keith-Agaran, Riviere



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-EIGHTH LEGISLATURE, 2016**

ON THE FOLLOWING MEASURE:

S.B. NO. 2344, RELATING TO HUMAN SERVICES.

BEFORE THE:

SENATE COMMITTEE ON HUMAN SERVICES

DATE: Thursday, February 11, 2016 **TIME:** 1:20 p.m.

LOCATION: State Capitol, Room 016

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Lila C. A. King, Deputy Attorney General

Chair Chun Oakland and Members of the Committee:

The Attorney General supports the intent of this bill, but raises the following concern and recommendation.

The purpose of the bill is to modify the income eligibility standard of the federally funded Supplemental Nutrition Assistance Program (SNAP) that is administered by the Department of Human Services (DHS). This bill proposes to amend section 346-29(c), Hawaii Revised Statutes (HRS), by adding a new paragraph that would require DHS to exclude United States Housing and Urban Development (HUD) Section 8 housing subsidy payments for purposes of qualifying for SNAP benefits.

Section 1 of this measure, at page 5, lines 13-19, adds a new paragraph to section 346-29(c), HRS, as follows:

(c) In determining the needs of an applicant or recipient for public assistance by the department, the department shall:

. . .

(13) Not consider as income or resources subsidies received directly by the applicant or recipient or payments made on behalf of or directly to the applicant or recipient from the section 8 housing voucher program of the United States Department of Housing and Urban Development for purposes of qualifying for the supplemental nutrition assistance program.

This provision would exclude HUD Section 8 housing subsidies from the SNAP income eligibility calculations for subsidy payments that are either (1) paid directly to the landlord or paid by a third party on behalf of the SNAP applicant or recipient, or (2) paid directly to the

SNAP applicant or recipient. If the housing subsidy is included in an applicant or recipient's monthly income, it may result in a reduction of SNAP monthly allotments.

This provision is partially inconsistent with federal law. Under SNAP federal regulations, HUD vendor payments, which are housing subsidies paid directly to the landlord or mortgagee on behalf of the recipient, are excluded from a household's income calculations for SNAP purposes. However, under the same federal regulations, subsidies received directly by the applicant or recipient are not excluded from the applicant or recipient's income for determination of SNAP eligibility benefits. Title 7, section 273.9 of the Code of Federal Regulations, provides in part:

(c) Income exclusions. Only the following items shall be excluded from household income and no other income shall be excluded:

(1) Any gain or benefit which is not in the form of money payable directly to the household, including in-kind benefits and certain vendor payments. In-kind benefits are those for which no monetary payment is made on behalf of the household and include meals, clothing, housing, or produce from a garden. A vendor payment is a money payment made on behalf of a household by a person or organization outside of the household directly to either the household's creditors or to a person or organization providing a service to the household.

. . .

(iii) Department of Housing and Urban Development (HUD) vendor payments. *Rent or mortgage payments made to landlords or mortgagees by HUD are excluded.*

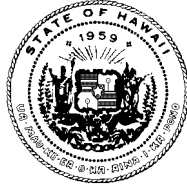
[Emphasis added].

To address this concern, we suggest the following changes on page 5, lines 13-19:

(13) Not consider as income or resources [~~subsidies received directly by the applicant or recipient or~~] payments made on behalf of [~~or directly to~~] the applicant or recipient from the section 8 housing voucher program of the United States Department of Housing and Urban Development for purposes of qualifying for the supplemental nutrition assistance program.

The Department urges the Committee to pass this bill only if this concern is addressed. We are available to provide further assistance to the Committee as needed.

DAVID Y. IGE
GOVERNOR



RACHAEL WONG, DrPH
DIRECTOR

PANKAJ BHANOT
DEPUTY DIRECTOR

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

February 11, 2016

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

FROM: Rachael Wong, DrPH, Director

SUBJECT: **SB 2344 – RELATING TO HUMAN SERVICES**

Hearing: Thursday, February 11, 2016; 1:20pm
Conference room 016, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) opposes this bill. While the Department understands the purpose of this bill is to help low-income households access Supplemental Nutrition Assistance Program (SNAP) benefits, part of the proposed bill is not consistent with federal law.

PURPOSE: The purpose of this measure is to require the Department of Human Services to disregard subsidies received directly by an applicant or recipient or payments made on behalf of or directly to the applicant or recipient of public assistance from the Section 8 Housing voucher program of the United States Department of Housing and Urban Development for purposes of qualifying for the Supplemental Nutrition Assistance Program (SNAP).

SNAP is an exclusively federally funded program. The U.S. Code charges the Secretary of the U.S. Department of Agriculture with establishing national uniform standards of eligibility. As stated, "No State agency shall impose any other standards of eligibility as a condition for participating in the program." We would not be allowed to implement this proposal.

In accordance of 7 CFR 273.9 (b) (2) (i), assistance payments from Federal or federally aided public assistance programs or other assistance programs based on need are counted as unearned income even in the form of a vendor payment unless the vendor payment

is specifically exempt from consideration as countable income under the provisions of paragraph (c) (1). Under 7 CFR 273.9 (c) (1), "Income exclusions," vendor payments are not counted as income under SNAP. A vendor payment is a money payment made on behalf of a household by a person or organization outside of the household directly to either the household's creditor or to a person or organization providing a service to the household. Per 7 CFR 273.9 (c) (1) (iii), rent or mortgage payments made *directly* to landlords or mortgagees by HUD are excluded as income.

Consequently, the Department concludes that subsidies received by the applicant cannot be excluded as income or resources as this measure proposes.

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

From: HMS Testimony
To:
Cc: Testimony for SB 2344 from Carol Schmidt
Subject:

I am testifying in favor of this bill with an amendment to include section 8 home ownership vouchers in the vouchers covered. I believe I had to turn in my rental voucher in favor of my home ownership voucher when I purchased my home.

My name is Carolyn Schmidt and I am a very thankful disabled Section 8 Home owner since 2008. I was assured by Lea Burton, head of the state home ownership program, that none of my benefits would be affected by this change in section 8 program. She told me others in my situation had successfully purchased homes without losing their SNAP and other benefits. I later discovered this only applied to the city section 8 program since their computer is apparently programmed to send checks to multiple vendors. Since the State Section 8 computer was programmed to cut only one check per client to a vendor, I was cut of all SNAP BENEFITS after I closed escrow. Since I had a first mortgage, condo fees, and a city and county down payment loan, sections 8 sent their check directly to me. SNAP counted it as income and I became ineligible. I appealed and won my case. A month later I was sued by the State of Hawaii in Federal court and lost. Fortunately I retained my SSI benefits since all SSI beneficiaries are presumptively eligible for SNAP. Their federal regs don't require section 8 monies be only sent to vendors to be exempt. Then I was told the State section 8 program was getting a new computer system and the problem would be fixed at that time. Just be patient. The new system was put in but this problem was not addressed as promised. Mr. Isobe informed me they were not working on the problem and had no plans to that effect.

I am caught in the middle of a very difficult situation. Nearly every year I have to write a letter to LIHEAP to explain this whole situation to receive energy assistance. No one knows when this conflict will surface again. I love my home and the security it provides. I love this State and want to remain in Hawaii. Please support this bill and whatever it takes to resolve this matter.

Respectfully,

Carolyn Schmidt