

SB2558

Measure Title:	RELATING TO AN APPROPRIATION FOR THE HOMELESS.
Report Title:	Homeless Projects and Programs; Appropriation (\$)
Description:	Appropriates \$5 million in general funds for fiscal year 2016-2017 for the cost of developing emergency and transitional shelters and non-recurring costs of other homeless projects and programs. Lapses the appropriation at the end of fiscal year 2019-2020 instead of fiscal year 2016-2017. Reduces the general fund appropriation under Act 202, Session Laws of Hawaii of 2015, to the emergency and budget reserve fund by \$5 million. Requires the Department of Human Services to submit reports based on the expenditures of the appropriation.
Companion:	
Package:	None
Current Referral:	HOU/HMS, WAM
Introducer(s):	TOKUDA, BAKER, CHUN OAKLAND, DELA CRUZ, ENGLISH, GALUTERIA, INOUYE, KIDANI, KOUCHI, Nishihara

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON HUMAN SERVICES AND HOUSING
ON
SENATE BILL NO. 2558

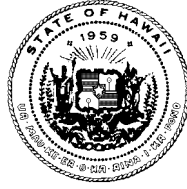
February 9, 2016

RELATING TO AN APPROPRIATION FOR THE HOMELESS

Senate Bill No. 2558 appropriates \$5,000,000 in general funds for Fiscal Year (FY) 2017 for the cost of developing emergency and transitional shelters for the homeless and other non-recurring costs of projects or programs to assist homeless families and individuals. The bill also provides that the \$5,000,000 appropriation shall not lapse at the end of FY 17, but that unencumbered balances of the appropriation shall lapse at the end of FY 20.

The Department of Budget and Finance appreciates the intent of this bill to provide funding resources for homeless shelters and for other homeless projects; however, the bill has a problem with the lapsing of funds.

The \$5,000,000 general fund appropriation cannot be made to lapse at the end of FY 20. The Department of the Attorney General has opined that Article VII, Section 11 of the Hawaii State Constitution, provides that funds may not be appropriated for a biennial appropriation period with a lapse date more than one year beyond the close of the biennial period. Thus, the \$5,000,000 appropriation must lapse no later than the end of FY 2018, which is one year beyond the close of the current Fiscal Biennium 2015-17.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
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February 9, 2016

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

The Honorable Senator Breene Harimoto, Chair
Senate Committee on Housing

FROM: Rachael Wong, DrPH, Director

SUBJECT: **SB 2558 – RELATING TO AN APPROPRIATION FOR THE HOMELESS**

Hearing: Tuesday, February 09, 2016, 1:20 p.m.
Conference Room 016, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this measure, however we are concerned about the potential adverse impact this may have on the priorities identified in the Executive Budget. The Department offers comments about the strategy and direction of developing additional emergency and transitional homeless shelters.

PURPOSE: The purpose of the bill is to appropriate \$5 million in general funds for fiscal year 2016-2017 for the cost of developing emergency and transitional shelters and non-recurring costs of other homeless projects and programs. Lapses the appropriation at the end of fiscal year 2019-2020 instead of fiscal year 2016-2017. Reduces the general fund appropriation under Act 202, Session Laws of Hawaii of 2015, to the emergency and budget reserve fund by \$5 million, and would require the Department of Human Services to submit reports based on the expenditures of the appropriation.

The Department currently administers contracts for 43 emergency and transitional homeless shelters across the state at a cost of approximately \$13 million. We are working on a new Request for Proposal (RFP) that will move our system of care closer to being a true Housing First

system (i.e., one that focuses on permanent housing outcomes, removes barriers for the homeless to enter into services, and utilizes evidenced-based practices such as Housing First and Rapid Rehousing to achieve positive outcomes). This systemic change has been more than four years in the making and driven by the need to optimize limited resources, implement evidence-based best practices that have been effective in multiple other cities and states across the nation, and provide the level of care and resources that is needed by each homeless individual and family.

For the past 3+ years, our community has benefited from technical assistance from the leaders in our field from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Veterans Affairs (VA).

The policy statements of HUD and its funding priorities illustrate that emergency and transitional shelters are not a high priority in their strategy to end homelessness. HUD adopted performance measures such as reducing the length of stay for individuals and families who enter shelter programs, and instead encourage rapid re-housing of homeless individuals and families as a more cost effective strategy.

While shelters will necessarily be a resource in our system, DHS is concerned about development of additional shelter inventory that is temporary in nature. The Department respectfully notes that if additional shelter inventory is developed, then the facilities should be built with an ability to convert units to permanent housing because Hawaii ultimately needs to increase the inventory of permanent housing. In 2015 through a partnership with the Hawaii Housing Finance & Development Corporation (HHFDC), DHS was able to achieve the conversion of 48 units of transitional shelter to permanent housing in Kahikolu in Waianae. A similar conversion from transitional shelter to permanent housing will also occur in the next four years as Ulu Ke Kukui in Waianae is reverted back to the Department of Hawaiian Home Lands (DHHL) via a pre-existing agreement.

DHS is currently working with the State's Continuum of Care (CoC) to customize our Homeless Management Information System (HMIS) to be able to provide a real time picture of shelter utilization on a day-to-day basis. The growing number of chronic homeless individuals in our community and the general availability of services suggest that there are many reasons that homeless individuals and families choose not to enter or re-enter homeless shelters. The Department intends that through the development of our procurement for these services, many of

those barriers will be removed, and that a more efficient utilization of our existing shelter inventory will be achieved.

Thank you for the opportunity to testify on this bill.