

STAND. COM. REP. NO. 1737-18

Honolulu, Hawaii

MAR 28, 2018

RE: H.C.R. No. 63
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Health & Human Services, to which was referred H.C.R. No. 63 entitled:

"HOUSE CONCURRENT RESOLUTION REQUESTING STUDIES ON INDIRECT AND OVERHEAD COST REIMBURSEMENTS AND TIMELINESS OF PAYMENTS TO NONPROFIT HEALTH AND HUMAN SERVICE PROVIDERS CONTRACTED BY THE GOVERNMENT,"

begs leave to report as follows:

The purpose of this measure is to request that the State Procurement Office:

- (1) Conduct a review of indirect costs and limits, if any, imposed by the contracts awarded to nonprofit service providers under chapter 103F, Hawaii Revised Statutes, over the period of 2015 to 2017;
- (2) Address processes, policies, or practices that impact the ability of nonprofit service providers to adequately be reimbursed for administrative and overhead costs; and

This measure also requests the Auditor to review the length of time payments are received by nonprofit service providers and the reasons for delayed government payments.

HCR63 HD1 HSCR HHS HMS 2018-3350



The Hawaii Youth Services Network, Child & Family Services, Hawai'i Alliance of Nonprofit Organizations, PHOCUSED, Kupuna Caucus of the Democratic Party of Hawaii, Mental Health America of Hawai'i, Aloha United Way, Adult Friends for Youth, Catholic Charities of Hawai'i, Hale Kipa, Life Foundation, The CHOW Project, City Mill Co. Ltd., and many individuals submitted testimony in support of this measure. The State Procurement Office, Office of the Auditor, Office of Information Practices, and Parents and Children Together submitted comments.

Your Committee has amended this measure by:

- (1) Changing its title to conform with substantive amendments focusing upon contracts with the Department of Health, Department of Human Services, and Department of Public Safety;
- (2) Requesting the State Procurement Office Administrator to establish a chapter 103F working group to assess and recommend proposals to address adequate reimbursement for overhead and indirect costs in contracts under chapter 103F, Hawaii Revised Statutes, with the Department of Health, Department of Human Services, and Department of Public Safety;
- (3) Requesting the Auditor to conduct a review of the extent that overhead and other indirect costs were contractually limited by the Department of Health, Department of Human Services, and the Department of Public Safety from 2015 to 2017; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health & Human Services that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 63, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.C.R. No. 63, H.D. 1.



Respectfully submitted on
behalf of the members of the
Committee on Health & Human
Services,



JOHN M. MIZUNO, Chair



