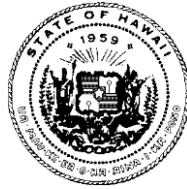


DAVID Y. IGE  
GOVERNOR



PANKAJ BHANOT  
DIRECTOR

CATHY BETTS  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96808

February 22, 2018

TO: The Honorable Representative Sylvia Luke, Chair  
House Committee on Finance

FROM: Pankaj Bhanot, Director

SUBJECT: **HB 2204 HD1 - RELATING TO HUMAN SERVICES**

Hearing: Friday, February 23, 2018, 11:00 a.m.  
Conference Room 308, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports the intent of this bill and provides comments.

**PURPOSE:** The purpose of this bill is to establish a task force that shall develop a restructured welfare payment system; re-establishes the exit and retention bonus program to encourage welfare recipients to transition back into the workforce; and appropriates funds.

The Financial Assistance Advisory Council (FAAC) was established in accordance with section 346-14.5, Hawaii Revised Statutes. The purpose of the FAAC is to render advice and information relating to the financial assistance programs. The proposed task force will be duplicative of what is already established in the Hawaii Revised Statutes. The department suggests that the committees consider utilizing the FAAC for this purpose, rather than establishing a task force.

Regarding the exit and retention bonus program, in October 2006, DHS implemented the "Reward Works" initiative which included the exit and retention bonus payments. The bonuses were based on a family's average number of employment hours per week. The Reward Works initiative ended February 1, 2012 because DHS did not have funds to fiscally sustain the exit and retention bonuses. To restart the program would require an appropriation.

The following was the payment structure for the Exit and Retention Bonus Payments:

### Exit and Retention Bonus Payments

Bonus Type	Avg 20 Hrs/Week	Avg 30 Hrs/Week	Avg 40 Hrs/Week
At TANF Exit	\$ 500	\$ 700	\$ 1,000
3-Month Job Retention	\$ 700	\$ 950	\$ 1,250
6-Month Job Retention	\$ 1,000	\$ 1,250	\$ 1,500
12-Month Job Retention	\$ 1,200	\$ 1,700	\$ 2,000
24-Month Job Retention	\$ 1,400	\$ 2,250	\$ 2,500

Between SFY 2010 and 2012, a total of 640 TANF recipient families received payments for exit bonuses that averaged about \$774, and a total of 1,878 families received payments for 3-month, 6-month, 12-month and 24-month retention bonuses that averaged about \$1,878. DHS paid \$1,605,000 in SFY 2010; \$1,091,650 in SFY 2011; and \$578,650 in SFY 2012, for a total of \$3,275,300 for the last three years of the Reward Works initiative. These numbers are provided for consideration regarding appropriations.

	SFY 2010			SFY 2011			SFY 2012 <sup>1</sup>		
	Total Clients	Total Payments	Avg Payment	Total Clients	Total Payments	Avg Payment	Total Clients	Total Payments	Avg Payment
Exit	299	\$ 230,800	\$ 772	222	\$ 173,600	\$ 782	119	\$ 90,900	\$ 764
3-mos	283	\$ 287,550	\$ 1,016	165	\$ 169,150	\$ 1,025	103	\$ 104,000	\$ 1,010
6-mos	245	\$ 343,500	\$ 1,402	146	\$ 190,250	\$ 1,303	88	\$ 117,250	\$ 1,332
12-mos	251	\$ 436,200	\$ 1,738	136	\$ 237,700	\$ 1,748	71	\$ 125,900	\$ 1,773
24-mos	180	\$ 307,050	\$ 1,706	147	\$ 320,950	\$ 2,183	63	\$ 140,600	\$ 2,232

Additionally, DHS is implementing the ‘Ohana Nui initiative that focuses the department’s service delivery to a multigenerational approach to reduce the time a child and family spends in poverty, and to prevent intergenerational reliance on government assistance. Investments in family-oriented services such as home visiting programs, financial capability services, and family literacy, will make a great impact in stabilizing a child’s basic needs and environment to enhance their ability to learn, improve all recipients’ economic security, and ultimately reduce intergenerational poverty in Hawaii. HB 1926 HD1 would support this transformation to become a multigenerational service delivery model and we ask for the committee's support by passing HB1926 HD1.

We request that if the measure moves forward, that any appropriation not supplant an appropriation requested in the Governor's supplemental budget, nor redirect a current resource to another project or program.

Thank you for the opportunity to testify.

**HB-2204-HD-1**

Submitted on: 2/22/2018 10:44:14 AM

Testimony for FIN on 2/23/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
Supporting HB 2204 HD1 -- Relating to Human Services  
House Committee on Finance  
Scheduled for hearing on Friday, February 23, 2018, 11:00 AM, Conference Room 308

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Dear Chair Luke, Vice Chair Cullen, and members of the Committee:

Thank you for the opportunity to testify in SUPPORT of **HB 2204 HD1**, which would establish a task force that would develop a restructured welfare payment system and re-establish the exit and retention bonus program to encourage welfare recipients to transition back into the workforce.

Hawai'i's exit bonus and job retention bonus programs were terminated at the end of 2011 due to the state fiscal crisis. With the budget back on strong footing, this is a good time to restore the programs.

These bonus payments to workers leaving TANF when they obtain employment can promote job retention and help stabilize themselves and their families. These payments could also be targeted to address the up-front costs of starting employment, such as purchasing uniforms or other work attire, or repairing a car.

Since TANF has a five-year lifetime limit, keeping former TANF recipients employed also would help them retain months or years of future eligibility, in case they were to run into hard times again.

In reference to the task force established by this bill: With some of the lowest unemployment rates and TANF caseload levels in our state's history,<sup>1</sup> the task force could explore how to use our current savings to provide coverage to more families living in poverty, more adequate levels of basic assistance, and better support for parents with small children.

In 2015-16, only 38 out of 100 poor families with children in Hawai'i received TANF, a decline of 70 points from 20 years earlier.<sup>2</sup> This represents a real loss of cash that is crucial for families to stay out of debt and in their homes, since other anti-poverty programs cannot fulfill this role.

The limited availability of TANF puts impoverished families, and especially their keiki, at risk of much greater hardship and the attendant long-term negative consequences. Research shows that decreasing TANF caseloads is a main factor in rising "extreme poverty" across the nation. In Hawai'i, the number of families with children in deep poverty has more than doubled from 3,300

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<sup>1</sup> <https://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families>

<sup>2</sup> [https://www.cbpp.org/sites/default/files/atoms/files/tanf\\_trends\\_hi.pdf](https://www.cbpp.org/sites/default/files/atoms/files/tanf_trends_hi.pdf)

in 1995-96 to 8,600 in 2015-16.<sup>3</sup> This increase in deep poverty is likely a driving factor behind our state's homelessness crisis.

The task force could also consider restoring the full value of TANF benefits that have been lost, as well as establishing a mechanism to prevent the future erosion of benefit values in the future. In Hawai'i, the value of TANF for a single parent family of three dropped by 45 percent between 1996 and 2017.<sup>4</sup> Some states automatically adjust TANF benefits annually to keep up with inflation. Not only does that improve the lives of families receiving TANF, but it also helps local businesses, as poor families quickly plow their benefits back into the local economy.

In addition, the task force could examine how to use TANF funds to better support parents. Hawai'i is below the national average in TANF spending on childcare and pre-K. While 17 percent of TANF spending nationally was on childcare in 2015, in Hawai'i it was only 7 percent. For pre-K, the national average was 6 percent, but in Hawai'i none of TANF spending was for pre-K.<sup>5</sup>

TANF recipients who are determined to be work-eligible are expected to perform 30 hours per week of work activities, but single custodial parents with a child under the age of six are exempted from this requirement if they cannot find suitable childcare. Increasing TANF spending on childcare and pre-K could help more of these parents transition to work.

The reduction in TANF's reach over the past two decades in Hawai'i has meant that families that have lost a job, are fleeing a domestic violence situation, or face a health crisis have had less access to the cash assistance that could help them get back on their feet. These families need TANF to pay their rent, for necessities, and for childcare. Without adequate TANF support, these families are more likely to spiral downward and find it even harder to escape poverty, with its long-term negative effects, especially for their children.

We appreciate your consideration of this testimony.

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<sup>3</sup> [https://www.cbpp.org/sites/default/files/atoms/files/tanf\\_trends\\_hi.pdf](https://www.cbpp.org/sites/default/files/atoms/files/tanf_trends_hi.pdf)

<sup>4</sup> <https://www.cbpp.org/research/family-income-support/tanf-cash-benefits-have-fallen-by-more-than-20-percent-in-most-states>

<sup>5</sup> [https://www.cbpp.org/sites/default/files/atoms/files/tanf\\_spending\\_hi.pdf](https://www.cbpp.org/sites/default/files/atoms/files/tanf_spending_hi.pdf)

## Helping Hawai'i Live Well

To: Representative Sylvia Luke, Chair, Representative Ty Cullen, Vice Chair, Members, House Committee on Finance

From: Trisha Kajimura, Executive Director

**Re: TESTIMONY IN SUPPORT OF HB 2204 HD1 RELATING TO HUMAN SERVICES**

**Hearing: February 23, 2018, 11:00 am, CR 308**

Thank you for hearing **House Bill 2204 HD1**, which establishes a task force that shall develop a restructured welfare payment system and re-establishes the exit and retention bonus program to encourage welfare recipients to transition back into the workforce.

Mental Health America of Hawaii is a 501(c)3 organization founded in Hawai'i 76 years ago, that serves the community by promoting mental health through advocacy, education and service.

This policy aligns with our interest in supporting economic justice issues that level the playing field for vulnerable populations. People living in poverty are at higher risk for mental illness, particularly depression, making it more difficult than it already is to improve their economic circumstances through work that pays a living wage. This measure, providing financial incentive to work and stay employed without losing welfare beneficiary status abruptly, coupled with other economic justice measures, will contribute to a more just system.

Thank you for considering my **testimony in support of HB 2204 HD1**. Please contact me at [trisha.kajimura@mentalhealthhawaii.org](mailto:trisha.kajimura@mentalhealthhawaii.org) or (808)521-1846 if you have any questions.



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF HB 2204, HD1: Relating to Human Services

TO: Representative Sylvia Luke, Chair, Representative Ty J. K. Cullen, Vice Chair, and Members, Committee on Finance

FROM: Terrence L. Walsh, Jr., President and Chief Executive Officer

**Hearing: Friday, 2/23/18; 11:00 AM; CR 308**

Chair Luke, Vice Chair Cullen, and Members, Committee on Finance:

Thank you for the opportunity to provide testimony **in support** of HB 2204, which would establish a task force to develop a restructured welfare payment system, including an exit and retention bonus program to encourage welfare recipients to transition back into the workforce. I am Terry Walsh, with Catholic Charities Hawai'i.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i.

Catholic Charities Hawai'i supports legislation that brings economic justice and dignity to those living in poverty or with low-incomes. We support this measure to provide financial incentives for welfare recipients to work and stay employed without abruptly losing their welfare benefits. In Hawaii's high cost economy with many jobs paying low salaries, measures like this are needed to help to transition people into the workforce.

We support the task force to consider how to best support welfare recipients in other ways to support them in hard times, yet assist them to move back to work with job stability.

We appreciate your consideration of our testimony.

Please contact our Legislative Liaison, Betty Lou Larson, at 373-0356, or at [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org), if you have any questions.



**HB-2204-HD-1**

Submitted on: 2/21/2018 1:32:59 PM

Testimony for FIN on 2/23/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dr. Frank H. Sayre, D.D.S.	Individual	Support	No

Comments:



**HB-2204-HD-1**

Submitted on: 2/21/2018 9:35:22 PM

Testimony for FIN on 2/23/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ann S Freed	Individual	Support	No

Comments:

Aloha Chair Luke and members,

An informal poll of Hawaii Women's Coalition members resulted in general support for this idea, with two provisos. 1. That the idea of incentives is not designed to push needy families off assistance and 2. That the task force include members from nonprofits and community groups such as Appleseed (economic justice group) and the Hawaii Women's Coalition (economic parity for women).

Mahalo,

Ann S. Freed