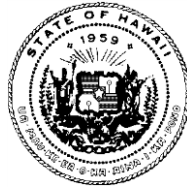


DAVID Y. IGE  
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PANKAJ BHANOT  
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STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
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Honolulu, Hawaii 96808

March 28, 2018

**LATE**

TO: The Honorable Senator Donovan M. Dela Cruz, Chair  
Senate Committee on Ways and Means

FROM: Pankaj Bhanot, Director

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

Hearing: Tuesday, April 3, 2018, 10:00 a.m.  
Conference Room 211, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports the intent of this bill and provides comments. DHS requests an effective date of January 1, 2020 to ensure the program is appropriately funded, and the administrative and system modifications are completed to implement the program.

**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. This measure appears to duplicate the purpose of the FAAC. The department suggests that the committee consider utilizing the FAAC for this purpose, rather than establish a task force.

Regarding the exit and retention bonus program, in October 2006, the 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		
	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 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 (final referral to WAM) is the (final) vehicle consistent with DHS administration measure and will support this transformation to become a multi-generational service delivery model.

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.

Lastly, DHS requests an effective date of January 1, 2020 to ensure the program is appropriately funded, and the administrative and system modifications are completed to implement the program.

Thank you for the opportunity to testify.



To: Hawaii State Senate Committee on Ways and Means

Hearing Date/Time: Tuesday, April 3, 2018 10AM

Place: Hawaii State Capitol, Rm. 211

### **Position Statement Supporting House Bill 2204 HD1**

Thank you, Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee, for the opportunity to provide testimony in **support of House Bill 2204 HD1**.

The Exit and Retention bonus programs were discontinued in 2011 after 10 years of implementation. The goal of the programs were to assist people in transitioning out from certain benefits programs. YWCA O'ahu works with women who are receiving temporary assistance to needy families (TANF) and we understand the challenges faced when earned income starts to diminish benefits. There is a fear that they will not be able to make it on their income alone. Creating a sliding scale, as HB 2204 proposes, would help alleviate that fear and possibly enable some to transition from TANF. Additionally, providing bonuses through a twenty-four month period helps prevent a benefits cliff, or a reduction of total income through loss of cash-like benefits.

House bill 2204 is a measure that looks to assist our families in the most need. For these reasons, we support HB 2204 and ask the committee to report favorably on the measure.

Kathleen Algire  
Director, Public Policy and Advocacy



CATHOLIC CHARITIES HAWAII

**LATE**

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

TO: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S. C. Keith-Agaran, Vice Chair, and Members, Committee on Ways and Means

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

**Hearing: Tuesday, 4/3/18; 10:00 AM; CR 211**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members, Committee on Ways and Means:

Thank you for the opportunity to provide testimony **in support** of HB 2204, HD1 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.



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