

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

January 24, 2018

TO: The Honorable Senator Josh Green, Chair
Senate Committee on Human Services

The Honorable Senator Will Espero, Chair
Senate Committee on Housing

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 2027 – RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS**

Hearing: Friday, January 26, 2018, 3:30 p.m.
Conference Room 16, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill to provide funding to address the State's response to homelessness. DHS offers comments.

PURPOSE: The purpose of the bill appropriates an unspecified amount of funds to DHS for the coordinated statewide homeless initiative (CSHI), subject to certain conditions.

The response to homelessness remains one of the most important issues of our time, and the State's coordinated effort to end homelessness is moving forward with positive results. In particular, the 2017 statewide Point in Time (PIT) count found that **the number of homeless people in Hawaii decreased for the first time in eight years.** Between 2016 and 2017, the number of homeless people statewide decreased by 701 people – nearly a 9% decrease. We have also established a Housing First program that is being implemented with 97% of participants, who are hardest to serve, remaining in housing with supportive services and rent subsidies.

DHS is continually working to improve efficiencies and our service delivery model, and per Act 124 (2014), DHS initiated major changes to the state funded homeless services contracts to include performance based measures. As proposed, this bill provides no requirement that performance measures established by DHS at the direction of the legislature will be followed by the master contractor; this makes analysis very difficult when certain providers must perform to performance measures, and others do not.

DHS has also improved the data reporting and data sharing system by requiring homeless services providers to request consent to release forms from all clients, and report utilization data on a timely basis. With training, these two requirements have improved the entire homeless system's access to data and analysis. It is unclear how interaction with the data collection system will be managed or what other memorandum of understanding will have to be developed.

The proposal, while appearing to create more efficiencies, creates additional administrative burden for DHS, the master contractor, as well as providers who will be held to additional administrative processes to report to the department and/or the master contractor.

The proposal exempts the vendor from provisions of chapters 42F, 103D, and 103F, Hawaii Revised Statutes. It is unclear, what oversight or compliance provisions would remain for DHS or any oversight agency to assure the master contractor to "be accountable to funds expended." If the legislature is intent on providing funding to a single contractor in this fashion, chapter 42F, is the most likely avenue and still provides a means of oversight and due diligence for the contracting agency and vendor.

DHS appreciates the willingness of the legislature to explore ways to be innovative to improve the state's response to homelessness. DHS asks that the committee continue to support the Governor's Executive supplemental budget request to address homelessness and the framework plan established to address homelessness in Hawaii.

DHS defers to the opinions of the Department of the Attorney General and the State Procurement Office.

Thank you for the opportunity to testify on this bill.



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

January 26, 2018

TO: The Honorable Senator Josh Green, Chair
Senate Committee on Human Services

The Honorable Senator Will Espero, Chair
Senate Committee on Housing

FROM: Scott Morishige, MSW, Governor's Coordinator on Homelessness

SUBJECT: **SB 2027 – RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS**

Hearing: Friday, January 26, 2018, 3:30 p.m.
Conference Room 016, State Capitol

POSITION: The Governor's Coordinator on Homelessness appreciates the intent of this bill, as it addresses key aspects of the State's work to end homelessness, and offers the following comments. The Coordinator is concerned about potential adverse impact on priorities identified in the Executive Budget, and asks for the Legislature's support of the Governor's Executive Budget request. The Executive Budget includes appropriations to the Department of Human Services (DHS) for the Rapid Rehousing program, which address both homelessness prevention and housing placement. The Coordinator defers to the State Procurement Office and DHS with regard to contracting and implementation of homeless services.

The Coordinator notes that further clarification is needed as provisions of oversight and accountability for the use of public funds appropriated and expended for the Coordinated Statewide Homeless Initiative (CSHI) described in this bill. The bill provides the "master contractor" with "authority to modify the scope of services of any subcontract to the master contract, eligibility criteria, and program operations." As currently drafted, the bill is unclear if the authority of the master contractor would supersede the authority of DHS to define the scope of services and eligibility criteria for the CSHI.

PURPOSE: The purpose of the bill is to continue the Coordinated Statewide Homeless Initiative (CSHI), subject to a number of conditions that include the total sum of funding for the program upfront to the “master contractor.” The bill appropriates an unspecified amount in general funds to DHS to implement this program, and enables administrative fees of up to 15%.

The State has adopted a comprehensive framework to address homelessness, which includes a focus on three primary leverage points – affordable housing, health and human services, and public safety. All three of these leverage points must be addressed to continue forward momentum in addressing the complex issue of homelessness.

Accordingly, the Governor’s Executive Budget request includes \$3 million for the Rapid Rehousing program. In addition, DHS administers contracts for the Housing Placement Program and State Homeless Emergency Grant program that provide assistance with first month’s rent or security deposit, as well as past due rent assistance, for households that are homeless or at imminent risk of homelessness. The Housing Placement Program, State Homeless Emergency Grant, and Rapid Rehousing programs – together with the Housing First program for chronically homeless households – collectively represent an array of financial resources designed to provide both one-time crisis assistance, as well as medium-term (3-24 months) and longer-term support.

The Housing Placement Program, State Homeless Emergency Grant, and Rapid Rehousing program collectively represent an array of financial resources designed to provide both one-time crisis assistance, as well as medium-term (3-24 months) of support. This mixture of short-, medium-, and long-term assistance is designed not only to transition at-risk and homeless individuals and families into stable housing, but also designed to prevent homelessness by maintaining housing over time.

The State approach to homelessness includes a focus on oversight and accountability for public funds used for this purpose. DHS established performance measures in response to Act 124 (2014). This approach emphasizes reporting and transparency, and ties payment for homeless services to provider performance. In 2017, DHS executed a series of contracts for housing placement, emergency grant, homeless outreach, and shelter that establish specific performance benchmarks and condition payment in part upon meeting these benchmarks. The

State's intent is to apply similar benchmarks and conditions to new contracts for homeless services.

The Coordinator notes that providing authority to the master contractor to modify the scope of services or program eligibility criteria may hamper the alignment of CSHI services with other parts of the overall State strategy to address homelessness.

The Coordinator further notes that, as currently drafted, the bill requires "the total sum of funding" to be provided to the master contractor at the start of the contract. If the master contractor does not use public funds for the intended purpose, it will be difficult for DHS to retrieve these funds and ensure they are properly used. Further, there is a risk of public funds being lost if the master contractor were to close business or declare bankruptcy.

Financial resources to address homelessness are limited, and the State must provide proper oversight to ensure efficient and effective use of the resources available. Establishing unique procedures where the recipient of public funds is not subject to chapters 42F, 103D and 103F does not leave the administering agency with much oversight.

Thank you for the opportunity to testify on this bill.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2018**

ON THE FOLLOWING MEASURE:

S.B. NO. 2027, RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS.

BEFORE THE:

SENATE COMMITTEES ON HUMAN SERVICES AND ON HOUSING

DATE: Friday, January 26, 2018

TIME: 3:30 p.m.

LOCATION: State Capitol, Room 016

TESTIFIER(S): Russell A. Suzuki, First Deputy Attorney General, or
Melissa L. Lewis, Deputy Attorney General

Chairs Green and Espero and Members of the Committees:

The Department of the Attorney General provides the following comments on this measure.

The purpose of this bill is to appropriate funds for fiscal year 2018-2019 to continue and improve the coordinated statewide homeless initiative to prevent homelessness and re-house homeless people in the State. The measure would accomplish this by authorizing the Department of Human Services to procure a master contractor to procure and oversee subcontracts for the coordinated statewide homeless initiative. In accomplishing this, the master contractor is to: (1) have authority to modify "the scope of services" in subcontracts; (2) have "deciding" authority to select agency providers; (3) require the subcontracted provider to integrate the Aloha United Way (AUW) proprietary 2-1-1 telephone navigation system; (4) retain administrative fees of fifteen percent; (5) manage the funding, which is to be paid to the master contractor at the start of the program; and (6) perform other program duties. In addition, the bill exempts subcontracts entered into by the master contractor from the requirements of chapters 42F, 103D, and 103F, Hawaii Revised Statutes (HRS).

This bill contains provisions that may impede implementation. Our concerns include the following.

1. On page 2, lines 14-15, the measure provides that the department shall "[h]ave oversight or manage the funds expended by the master contractor;" The

meaning of this sentence is unclear and subject to various interpretations. The use of the word “or” in this sentence creates confusion. This provision can be read to mean either that the department shall have oversight of the funds expended by the master contractor, or that the department shall manage the funds expended by the master contractor. If the intent is to allow the master contractor to manage the funding expended and that the department will oversee such expenditures we suggest the following amendment be made on page 2, lines 14-15:

The department shall “[h]ave oversight or manage] oversee the funds expended by the master contractor;”

2. On page 2, lines 16-19, the measure provides that the department shall:

(C) Develop policies and procedures for a fair and equitable procurement process consistent with the goals of public accountability and public procurement practices;

As written it is unclear whether this provision applies to the contract between the department and the master contractor, or whether it applies to contracts between the master contractor and subcontracted provider agencies. If the provision is intended to apply to the contract between the department and the master contractor it is unnecessary, because the bill on page 2, lines 9-13, would require the department to procure the services of the master contractor in accordance with chapter 103D or 103F, HRS. If, on the other hand, the provision is intended to apply to contracts between the master contractor and subcontracted provider agencies, we suggest that the provision be amended as follows for clarity:

The department of human services shall:

. . . .
(C) Develop policies and procedures for a fair and equitable procurement process for subcontracts made between the master contractor and subcontracted provider agencies which are consistent with the goals of public accountability and public procurement practices;

3. On page 3, lines 7-8, the bill provides that the master contractor shall “[h]ave the deciding authority over selection of provider agencies.” In state contracts under chapters 103F and 103D, HRS, General Condition 3.2 requires contractors to

obtain approval of the State for all subcontractors. The purpose of this General Condition is to assure that subcontractors comply with insurance, business licensing, and tax laws. To ensure that subcontracted provider agencies comply with State laws we recommend deleting this provision.

4. On page 3, lines 9-13, the measure states that the master contractor shall:
[m]aintain decisive capacity over levels of staffing, integration of 2-1-1 telephone navigation services, and the operations budget of the program in order to maximize operational efficiency;

It is unclear what the phrase “maintain decisive capacity over levels of staffing” means. We are happy to meet with you to assist with the wording of this section to better reflect the Legislature’s intent. In addition, it is our understanding that the 2-1-1 telephone navigation service is a proprietary business system that is owned by the AUW. This provision would require that the AUW’s 2-1-1 telephone navigation system be used. Requiring integration and utilization of the specific AUW owned 2-1-1 navigation system may limit the selection of a master contractor and other service providers from subcontracting with the master contractor. If the intent is to have the master contractor and subcontracted service providers use a telephone navigation system, not necessarily the AUW’s system, we suggest that the wording be amended to reflect that meaning. If, on the other hand, the intent of this measure is to provide funding to a specific non-profit, the AUW, a chapter 42F grant is the more appropriate vehicle.

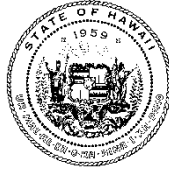
5. On page 4, lines 5-10, the bill would provide for the total amount of funding to be paid to the master contractor at the start of the program, “provided that the administration of such funds shall conform to accepted industry financial accounting and performance standards.” It is unclear whether paying the total amount of funding upfront to the master contractor conforms to required industry financial accounting and performance standards. We recommend that this measure be amended to include fiscal accountability safeguards that address upfront payment accountability measures, or that the bill be amended to require incremental payments.

6. On page 4, lines 11-14, the measure provides that: “[a]ny subcontracts to the master contract executed and using the appropriations authorized pursuant to this Act shall not be subject to chapters 42F, 103D, and 103F, Hawaii Revised Statutes.”

The procurement methods of source selection and contract formation do not typically apply to a contractor's selection of subcontractors. We recommend that this provision be deleted.

If this bill proceeds we respectfully request that the recommended modifications be made.

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
MARA SMITH+
ASSISTANT ADMINISTRATOR

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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEES
ON
HUMAN SERVICES
AND
HOUSING

Friday, January 26, 2018, 3:30PM

SENATE BILL 2027
RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

Chairs Green, Espero, Vice-Chairs Chang, Harimoto, and Members of the committees, thank you for the opportunity to submit testimony on Senate Bill 2027.

The State Procurement Office (SPO) opposes SB 2027.

1. SB 2027 states in section (1)(A): "The department of human services shall: (A) Procure the services of a master contractor **to procure and oversee subcontracts** for the provision of coordinated statewide homeless initiative services, in accordance with chapter 103D or 103F, Hawaii Revised Statutes."

SPO response: This statement directly conflicts with the procurement statutes and rules as to the intent and purpose of public procurement. The code has no allowability to procure for a third party to "procure and oversee" other contractors as this conflicts with fundamental, inherent governmental duties that cannot be passed onto a prime contractor. What is allowable, is a prime contractor who is value-added, and actively engaged in the required services, and who manages their subcontractors in order to achieve a pre-determined set of government requirements. When specific requirements for each project, and the period for these projects are unknown at the time of procurement, a general base scope is included in the contract and as task requirements are developed, so they can be submitted at time of need. This is called a requirements contract or Indefinite Delivery, Indefinite Quantity (IDIQ) contract type.

The Hawaii Public Procurement Code (code) is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government.

Per Procurement Circular 2014-14, dated September 12, 2014, the SPO considers the following responsibilities to be inherently governmental:

- (i) Determining what supplies or services are to be acquired by the Government;
- (ii) Approving any solicitation documents, to include documents defining requirements, specifications, incentives, and evaluation criteria;
- (iii) Negotiating cost and pricing;
- (iv) Awarding contracts;
- (v) Approving post-award contract changes to include, but not limited to, ordering changes in contract scope, schedule, budget, taking action based on evaluations of contractor performance, and accepting or rejecting contractor products or services; and
- (vi) Terminating contracts.

2. SB 2027 states in section (1)(B): “(1) The department of human services shall: (B) Have oversight or manage the funds expended by the master contractor”

SPO response: The Department of Human Services (DHS) must manage and oversee all of their procurements. In addition, there is a clear conflict whereby the master contractor, further down in the bill writing, is given the sole authority to modify the scope of services and select provider/ subcontractors (A), maintain the operations budget (C), be accountable for funds (F), and receives all funds upfront (4).

3. SB 2027 states in section (1)(C): “(1)The department of human services shall: (C) Develop policies and procedures for a fair and equitable procurement process consistent with the goals of public accountability and public procurement practices;”

SPO response: SPO guidance in this respect was for DHS to create an internal evaluation process for vetting subcontractors. This process is in no way supposed to take precedence over already existing procurement statutes, rules and current SPO policy. Chapters 103D and 103F are the single source of public procurement policy that is applied equally and uniformly, while providing fairness open competition, and a level playing field. It also provides government disclosure, accountability and transparency in the consistent application of procurement and contracting processes, which is vital to good government and prevents favoritism, collusion, or fraud in awarding of a contract. To legislate exemption from compliance or to circumvent procurement statutes conveys a sense of disproportionate equality in the law's application, creating an imbalance wherein the future competitive environment becomes an arbitrary decision, less efficient and costlier for the taxpayers, state and vendors/providers.

4. SB 2027 states in section (2)(C): “(2) The master contractor shall: (C) Maintain decisive capacity over levels of staffing, integration of 2-1-1 telephone navigation services,…”.

SPO response: The 2-1-1 telephone navigation services is a proprietary program of Aloha United Way. The "integration of 2-1-1 telephone navigation services" appears to be the singular defined specification within this proposal, as such, it would likely give an unfair advantage to any master contractor that could demonstrate greater proficiency in this single area. In other words, this restrictive scope only benefits master contractors that presently perform "integration of 2-1-1 telephone navigation services" and penalizes those who do not.

5. SB 2027 states in section (2)(E): "(2) The master contractor shall: (E) Develop reporting procedures and timelines for providing performance information to respective state agencies".

SPO response: Performance measures, key indicators and timelines must be developed by the respective state agencies, in this case, DHS, and the master contractor along with any subcontractors, are held accountable to those performance measures. The master contractor cannot define performance measures for itself or the subcontracts for which it is entering as a surrogate for the government. It is important to recognize that the government/state/city organization has fundamental inherent government functions that cannot be delegated to a contractor. If these inherent functions are delegated, it implies the contractor is now acting as an employee of the government. Ultimately, it is the government's responsibility to manage the contracts it procures, to make all final decisions on what they want and how much they will pay for it, with the ever-present goal in mind of achieving a successful outcome whilst safeguarding taxpayer's money.

6. SB 2027 states in section (3): "(3) The master contractor may retain administrative fees of fifteen per cent in total from the amounts paid under the master contract between the master contractor and subcontractors".

SPO response: The state is required to award only to those contractors whose price is found fair and reasonable. Why should the State pay anyone a 15% markup for passing through work?

This language raises a variety of questions and concerns. Is a fifteen per cent administrative fee fair and reasonable or is this an excessive pass through that does not justify the proposed fee?

Does the master contract add sufficient value to warrant fifteen per cent in total from the amounts paid under the master contract? Will this fee be earned by a master contractor that employs two individuals or twenty? The proposal states that the master contractor shall "maintain decisive capacity over levels of staffing."

At a minimum, sufficient market research data should be collected on the fee at which the same or similar services have been previously acquired and a determination if the data is adequate for evaluating the reasonableness of the price.

Normally, adequate price competition establishes a fair and reasonable price, but this Bill does not require the master subcontractor to propose a fee for its services. Therefore, it is

incumbent of the purchasing agency to determine if the fee is fair and reasonable in advance. There are a variety of analysis techniques to achieve this objective.

Finally, the fifteen per cent fee has no upper limit. The more funds appropriated and passed through to subcontractors the more total fee is earned, regardless of the value added or operational expenses of the master contractor.

7. SB 2027 states in section (4): “(4) The total sum of funding shall be provided at the start of the coordinated statewide homeless initiative program to be managed by the master contractor; provided that the administration of such funds shall conform to accepted industry financial accounting and performance standards; provided further that any subcontracts to the master contract executed and using the appropriations authorized pursuant to this Act shall not be subject to chapters 42F, 103D, and 103F, Hawaii Revised Statutes.

SPO response: Providing total funding upfront and complete authority and autonomy to the master contractor is antithetical to equitable procurement processes consistent with the goals of public accountability and public procurement practices. It eviscerates any kind of control that DHS can have over public tax payer monies, nullifies the Bill's intent for DHS to manage and oversee funds expended, and greatly increases risk of lack of performance and liability to the state.

Providing the total sum of funding to the master contractor with no pre-determined performance measures and total autonomy in the distribution of funds is a high-risk contract. Stating that the master contractor shall use “accepted industry financial accounting and performance standards” is inadequate and does not mitigate the risks.

Conclusion:

The Hawaii Public Procurement Code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in awarding of contracts. To legislate that any entity should be exempt from compliance with both HRS chapter 103D and 103F conveys a sense of disproportionate equality in the law's application.

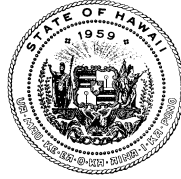
It means that there is no requirement for due diligence, proper planning or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. Exception also means that the State of Hawaii or the purchasing agency is not adequately protected by the public procurement laws.

The SPO opposes SB 2027 and recommends the following:

Should the legislature wish a particular master contractor to have the ability to dispense grants for a specific purpose such as homelessness, there is an existing mechanism through HRS Chapter 42F, for grants and subsidies in which the Legislature may issue grants in response to grant requests that are typically due by the first week of legislature.

Our discussions with DHS and the Governor's State Homeless Coordinator confirm they already have specific plans going forward to address the use of various private and non-profit organizations to assist in the fight against homelessness. Should DHS and the Governor's State Homeless Coordinator reassess and decide they need this service, the SPO recommends they conduct a services procurement in accordance with best practices and real controls to enable successful performance of the contract while safeguarding taxpayers monies.

Thank you.



STATE OF HAWAII
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TESTIMONY COMMENTING ON SB2027
RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

SENATOR JOSH GREEN, CHAIR
SENATE COMMITTEE ON HUMAN SERVICES

SENATOR WILL ESPERO, CHAIR
SENATE COMMITTEE ON HOUSING

Hearing Date and Time: Friday, January 26, 2018 at 3:30 p.m. Room Number: 16

1 The Department of Health (DOH) acknowledges that homelessness is one of the
2 State's most significant and challenging social concerns. The DOH and the Adult
3 Mental Health Division (AMHD) partner with other state agencies and with both AMHD
4 contracted and non-AMHD contracted community programs to address the mental
5 health needs of individuals experiencing homelessness. Key partners include the
6 Department of Human Services (DHS), Department of Transportation (DOT),
7 Department of Public Safety (PSD), the City and County of Honolulu, law enforcement,
8 and community based health and human service programs.

9 The purpose of this bill is to appropriate funds to the DHS for the coordinated
10 statewide homeless initiative subject to funding of administrative fees at 15% of
11 amounts paid under the master contract and funding 100% of the coordinated statewide
12 homeless initiative program at the start of the program.

13 The AMHD appreciates the intent of this bill and offers the following comments.

1 The AMHD continues its commitment to increasing and strengthening linkages to
2 housing and community based referrals that support recovery. The AMHD continues to
3 work with Projects for Assistance in Transition from Homelessness (PATH) Formula
4 Grant Homeless Outreach providers to link homeless individuals to case management
5 and recovery support services so that the realization of recovery may reduce the barrier
6 of discrimination and the stigma of mental illness.

7 The DHS and the AMHD provide services in different regions statewide. For
8 example, AMHD Homeless Outreach providers focus their outreach efforts on locating
9 individuals who live with Serious Mental Illness (SMI), who are chronically homeless,
10 and who meet AMHD's eligibility criteria for AMHD funded services.

11 Linkage to health care services, Social Security benefits, entitlements, workforce
12 development, job training opportunities, emergency shelters, transitional housing,
13 clothing, mental health treatment, substance use treatment, service coordination,
14 collateral contacts, advocacy on their behalf, and/or assistance with finding individuals
15 with a home in the private marketplace are examples of tasks that Homeless Outreach
16 providers assist with. Homeless Outreach case managers help to complete
17 Supplemental Security Income (SSI)/Social Security Disability Insurance (SSDI)
18 applications using the SSI/SSDI Outreach, Access, and Recovery (SOAR) model.

19 Homeless Outreach is provided on the islands of Kauai, Oahu, Maui, and Hawaii.

1 The DHS focus on unsheltered homeless individuals and families transitioning to
2 permanent housing. For example, services provided by DHS Homeless Outreach
3 providers include assistance with developing housing plans, obtaining income through
4 public benefits and employment and providing legal services to resolve legal challenges
5 that prohibit individuals from obtaining permanent housing.

6 When a provider is dually contracted by the DHS and the AMHD and they identify
7 an individual who lives with a SMI diagnosis, the provider transfers the individual to an
8 AMHD Homeless Outreach provider who will engage with the individual and assist them
9 with linkage to services.

10 The AMHD continues to provide residential services statewide to 150 consumers
11 living in supported housing and 796 consumers living in 24 hour, 8-16 hour, and semi-
12 independent group homes.

13 The AMHD asks for the Legislature's support of the Governor's Executive Budget
14 request. In the Governor's Executive Budget request, appropriations to the DHS for the
15 Rapid Rehousing program is included. The Rapid Rehousing program addresses both
16 homelessness prevention and housing replacement. The AMHD defers to the State
17 Procurement Office and the DHS with regard to contracting and implementation of
18 homeless services.

19 We thank the committee for considering our testimony.



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Josh Green, Chair
The Honorable Stanley Chang, Vice Chair
Members, Committee on Human Services

The Honorable Will Espero, Chair
The Honorable Breene Harimoto, Vice Chair
Members, Committee on Housing

From:  Paula Yoshioka, Vice President, Government Relations and External Affairs, The Queen's Health Systems

Date: January 25, 2018

Hrg: Senate Committee on Human Services and Senate Committee on Housing Joint Hearing;
Friday, January 26, 2018 at 3:30 PM in Room 16

Re: S.B. 2027, Relating to Appropriations to Address Homelessness

My name is Paula Yoshioka and I am the Vice President for Government Relations and External Affairs for The Queen's Health Systems (Queen's). I appreciate the opportunity to provide support for the intent of S.B. 2027, Relating to Appropriations to Address Homelessness. Queen's believes any additional resources to increase capacity, improve coordination of services, and leverage current programs in the community for individuals experiencing homelessness would be a cost effective benefit to the state.

The mission of Queen's is to provide quality health care services to improve the well-being of Native Hawaiians and all the people of Hawai'i, which includes our most vulnerable and underserved patient populations like the homeless. Hawaii has the highest per capita rate of homelessness in the nation, with roughly 5,000 homeless individuals heavily distributed on Oahu and concentrated in Honolulu and on the Waianae Coast. Queen's provides the majority of medical care to our homeless population in Hawai'i. In 2015, Queen's had 10,126 homeless encounters, up from 6,958 in 2013. This represents 64% of the state's homeless hospital encounters.

Queen's has partnered with the Institute for Human Services to provide medical respite care to those experiencing homelessness through the Tutu Bert's House and Ka Uka Respite House. Both of these facilities provide a stable and transitional supervised environment for homeless patients who have been discharged from Queen's and may need additional time to heal in a more appropriate level of care setting. This partnership ensures that our patients have access to community resources and the care they need in more appropriate settings. The Centers for Medicare and Medicaid Services has recognized the merits of programs that target super utilizers and many states across the country (e.g. New Jersey, Pennsylvania, and California) have leveraged these community-based super-utilizer teams to deliver care coordination and navigation in a cost-effective manner.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.



THE QUEEN'S HEALTH SYSTEMS

The costs to the entire continuum of care—from hospitals to long-term care facilities to home-based services—of treating the homeless population are large and growing. There are still unmet needs for our homeless patients and while Queen's has been a leader in care coordination, we know that much more needs to be done within the community to close the gaps in services and supports for our homeless population. Thank you for the opportunity to testify on this measure.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.



DOING THE MOST GOOD

Founded in 1865

William Booth
Founder

André Cox
General

Kenneth G. Hodder
Territorial Commander

John Chamness
Lani Chamness
Divisional Leaders

The Salvation Army

Hawaiian & Pacific Islands Division

TESTIMONY IN SUPPORT OF HB 2027 RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

To: Senator Josh Green, Chair, Committee on Human Services
Senator Stanley Chang, Vice-Chair, Committee on Human Services

Senator Will Espero, Chair, Committee on Housing
Senator Breene Harimoto, Vice Chair, Committee on Housing

Hearing: **Friday, January 26, 2018; 3:30 p.m.; Conference Room 16**

Honorable Chairs & Committee Members:

The Salvation Army strongly supports SB 2027 which appropriates funding to continue the Diversion portion of the Coordinated Statewide Homeless Initiative (CSHI), a program originally funded under the State's Homeless Emergency Proclamation. In 18 months, CSHI assisted 1,610 households (4,944 individuals) by either preventing an imminent eviction or helping homeless move into permanent housing. These numbers include those who have accessed assistance through The Salvation Army Pathway of Hope/Family Services Office. The total cost to provide this critical assistance was \$3.7M, while the sustained, favorable impact of the investment will have far reaching implications to our State's future.

Forty-two percent of households in Hawaii are renters (fourth highest rate in the country) and 54% of these households pay 50% or more of their monthly income for housing (the second highest rate in the country). Finally, 63% of household's lack emergency savings to deal with an unexpected \$500 expense. These numbers highlight the need for a program that can help a family with a short-term financial crisis weather the setback without becoming homeless. CSHI has done that effectively and efficiently.

A key learning from the CSHI grant is that for every homeless person served, there were three individuals in the eviction process. As a direct result of CSHI, total evictions dropped by 25% on Oahu. Additionally, only 3% of the at-risk households assisted on Oahu eventually fell into homelessness; 97% remained housed. It is an effective diversion program that must be included in any comprehensive plan to address Hawaii's homelessness issue.

Thank you for the opportunity to submit a testimony in behalf of The Salvation Army. Thank you for your dedication to ending homelessness. We urge your favorable consideration of Senate Bill 2027.

Please contact me at (808)988-2136 or john.chamness@usw.salvationarmy.org if you have any questions.

Sincerely,

John Chamness, Maj.
Divisional Commander
Hawaiian and Pacific Islands Division



Aloha United Way
Hawaii Island United Way
Kauai United Way
Maui United Way

Our AUW Designation
Number is 96450

P.O. Box 620 • Honolulu, Hawai'i 96809-0620 • Tel: (808) 988-2136 • Fax: (808) 988-5285
Visit us at: www.Hawaii.SalvationArmy.org



Aloha United Way

January 26, 2018

Senator Josh Green, Chair
Senator Stanley Chang, Vice Chair
Senate Committee on Human Services

Senator Will Espero, Chair
Senator Breene Harimoto, Vice Chair
Senate Committee on Housing

RE: SB 2027 - Relating to Appropriations to Address Homelessness – IN SUPPORT, REQUESTING AMENDMENTS

Aloha Chairs Green and Espero, Vice Chairs Chang and Harimoto and members of the committees:

Aloha United Way supports SB 2027, which appropriates funds to continue the Diversion portion of the Coordinated Statewide Homeless Initiative (CSHI), however, would like to propose the following amendments regarding the master contractor's responsibilities to address the concerns raised regarding procurement:

1. Delete (2) (A) – (C); page 2, line 20 – page 3, lines 1-13 and replace with the following:

The contractor shall:

- (A) Operate a coalition of agencies providing homeless diversion services for the State by providing short-term financial assistance to households that have entered the eviction process;**
 - (B) Coordinate with the coordinated entry system mandated by the United States Department of Housing and Urban Development to provide navigation services and placement of homeless households into permanent housing**
- 2. The appropriation amount is blank in this bill. We believe \$2,000,000 funding is needed for fiscal year 2018-2019 to continue and improve the coordinated statewide homeless initiative and \$500,000 for fiscal year 2018-2019 to continue and improve landlord outreach and liaison activities within the coordinated statewide homeless initiative.**

The CSHI program was originally funded under the State's Homeless Emergency Proclamation. In 18 months of operation, CSHI assisted 1,610 households (4,944 individuals) by either preventing an imminent eviction or helping homeless move into permanent housing. The total cost to provide this critical assistance was \$3.7M.

Forty-two percent of households in Hawaii are renters (fourth highest rate in the country) and 54% of these households pay 50% or more of their monthly income for housing (the second highest rate in the country). Finally, 63% of households lack emergency savings to deal with an unexpected \$500 expense. These statistics highlight the need for a program that can help a family with a short-term financial crisis weather the setback without becoming homeless. CSHI has done that effectively and efficiently.

A key learning from the CSHI grant is that for every one homeless person served, there were three individuals in the eviction process. As a direct result of CSHI, total evictions dropped by 25% on Oahu.

Additionally, only 3% of the at-risk households assisted on Oahu eventually fell into homelessness; 97% remained housed. This very effective diversion program must be included in any comprehensive plan to address our homeless issue.

Thank you for the opportunity to submit testimony. We ask for your favorable consideration in passing SB 2027 with our requested amendments.

Sincerely, •

A handwritten signature in black ink, appearing to read "Cindy Adams", with a long horizontal flourish extending to the right.

Cindy Adams
President & CEO



49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

COMMITTEE ON HUMAN SERVICES
COMMITTEE ON HOUSING

Friday, January 26, 2018, 3:30 PM, Conference room 016
SB 2027 Relating to Appropriations to Address Homelessness

TESTIMONY

Rosemarie Muller, President, League of Women Voters of Hawaii

Chair Green, Committee on Human Services Chair Green; Chair Esperio, Committee on Housing Chair Esperio; and Committee Members:

The League of Women Voters of Hawaii supports SB 2027 that appropriates funds to the department of human services for the coordinated statewide homeless initiative.

We note that the appropriation will continue and improve the coordinated statewide homeless initiative which originated in April 2016, to prevent homelessness and rehouse homeless people in the state. This appropriation will involve the procurement of the services of a master contractor to continue this important initiative.

Thank you for the opportunity to submit testimony.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice

Supporting SB 2027

Relating to Appropriations to Address Diversion of those at risk for Homelessness

Joint Senate Human Services and Housing Committees

Scheduled for Hearing Friday, January 26, 2018 at 3:30pm, Conference Room 016

Hawai'i Appleseed Center for Law and Economic Justice Hawai'i Appleseed is committed to a more socially just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.

Dear Chair Green, Chair Espero, and members of the committees on Human Services and Housing:

Thank you for the opportunity to testify in **strong support** of SB 2027, which appropriates funding to continue the Diversion portion of the Coordinated Statewide Homeless Initiative (CSHI), a program originally funded under the State's Homeless Emergency Proclamation.

Homelessness is one of the biggest problems facing Hawai'i. Our state has the highest housing costs in the nation and the lowest wages when adjusted for cost of living. Not surprisingly, we also have the highest homelessness rate in the nation, with 7,220 unsheltered homeless at last count. Thanks to a growing focus on homelessness in recent years, we have started to turn the tide on homelessness, reducing the homelessness rate for the first time in years last year. The CSHI program has been tremendously effective at preventing homelessness. It is one of a handful of proven homelessness programs, and its continuation is critical to making further progress on eliminating homelessness in Hawai'i.

In just eighteen months of operation, at a total cost of \$3.7 million, CSHI helped 4,944 individuals retain housing or obtain a housing placement. The program is credited as playing a significant role in a 25% reduction in evictions on Oahu. According to judges, property managers, and eviction attorneys, the program had a dramatic and immediate effect on the prevention of evictions (see <http://www.staradvertiser.com/2016/12/22/hawaii-news/rent-funding-through-auw-makes-a-dent-in-evictions/>).

Not only has CSHI prevented homelessness for thousands of individuals, but it has done so in a cost-effective way. Forty-eight percent of Hawai'i's households are living paycheck to paycheck. Many families are just a paycheck or illness away from homelessness. CSHI helps the families who are teetering on the brink, providing them with a small, but tremendously effective subsidy to help at a critical point in their lives. Cessation or underfunding of the CSHI program will undoubtedly result in families becoming homeless when a relatively small assistance payment could have prevented it. Once a family becomes homeless, not only does it carry significant and potentially life-long consequences for the family, but also the societal costs and burden on our public resources increase dramatically.

CSHI has proven itself to be one of the most effective tools that has been developed in the fight against homelessness. For this reason, Hawai'i Appleseed strongly supports SB 2027. Thank you for your consideration of this very important bill.

SB-2027

Submitted on: 1/25/2018 3:24:55 PM

Testimony for HMS on 1/26/2018 3:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES**

DEMOCRATIC PARTY OF HAWAII

TO THE COMMITTEE ON HUMAN SERVICES

AND COMMITTEE ON HOUSING

THE HAWAII STATE SENATE

TWENTY-NINTH LEGISLATURE

REGULAR SESSION OF 2018

Friday, January 26, 2018

3:30 p.m.

Hawaii State Capitol, Conference Room 16

RE: Testimony in Support of SB 2027, RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

To the Honorable Josh Green, Chair; the Honorable Stanley Chang, Vice Chair, and Members of the Committee on Human Services; and

To the Honorable Will Espero, Chair; the Honorable Breene Harimoto, Vice Chair, and Members of the Committee on Housing:

Good afternoon, my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on Senate Bill No.

2027, relating to appropriations to address homelessness. The OCC Legislative Priorities Committee is in favor of Senate Bill No. 2027 and support its passage.

Senate Bill No. 2027, is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it appropriates funds to the department of human services for the coordinated statewide homeless initiative. Specifically, the DPH Platform states, "We support dedicated social services and housing opportunities for Hawaii's homeless population to get them off the streets and reintegrated into society with specific devoted services for disenfranchised groups including but not limited to the Hawaiian community, aged-out foster kids youth, returning veterans, the aged, and lesbian, gay, bisexual and transgender homeless." (Platform of the DPH, Lines 355-358 (2016)).

Given that Senate Bill No. 2027 appropriates funds to the department of human services for the coordinated statewide homeless initiative in furtherance of improving the health and well-being of Hawaii's homeless, it is the position of the OCC Legislative Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Tel.: (808) 258-8889

SB-2027

Submitted on: 1/25/2018 3:25:21 PM

Testimony for HMS on 1/26/2018 3:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Johnson	Hawaii Substance Abuse Coalition	Support	No

Comments:

Aloha Senators. The Hawaii Substance Abuse Coalition (**HSAC**) supports continuing the funding for the Diversion portion of the Coordinated Statewide Homeless Initiative (CSHI). Helping over 1,610 households to prevent eviction or move into permanent housing, this program has been effective to help families weather a short-term crisis without becoming homeless. Thank you for your support. Aloha Alan Johnson Chair HSAC.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice

Supporting SB 2027

Relating to Appropriations to Address Diversion of those at risk for Homelessness

Joint Senate Human Services and Housing Committees

Scheduled for Hearing Friday, January 26, 2018 at 3:30pm, Conference Room 016

Hawai'i Appleseed Center for Law and Economic Justice Hawai'i Appleseed is committed to a more socially just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.

Dear Chair Green, Chair Espero, and members of the committees on Human Services and Housing:

Thank you for the opportunity to testify in **strong support** of SB 2027, which appropriates funding to continue the Diversion portion of the Coordinated Statewide Homeless Initiative (CSHI), a program originally funded under the State's Homeless Emergency Proclamation.

Homelessness is one of the biggest problems facing Hawai'i. Our state has the highest housing costs in the nation and the lowest wages when adjusted for cost of living. Not surprisingly, we also have the highest homelessness rate in the nation, with 7,220 unsheltered homeless at last count. Thanks to a growing focus on homelessness in recent years, we have started to turn the tide on homelessness, reducing the homelessness rate for the first time in years last year. The CSHI program has been tremendously effective at preventing homelessness. It is one of a handful of proven homelessness programs, and its continuation is critical to making further progress on eliminating homelessness in Hawai'i.

In just eighteen months of operation, at a total cost of \$3.7 million, CSHI helped 4,944 individuals retain housing or obtain a housing placement. The program is credited as playing a significant role in a 25% reduction in evictions on Oahu. According to judges, property managers, and eviction attorneys, the program had a dramatic and immediate effect on the prevention of evictions (see <http://www.staradvertiser.com/2016/12/22/hawaii-news/rent-funding-through-auw-makes-a-dent-in-evictions/>).

Not only has CSHI prevented homelessness for thousands of individuals, but it has done so in a cost-effective way. Forty-eight percent of Hawai'i's households are living paycheck to paycheck. Many families are just a paycheck or illness away from homelessness. CSHI helps the families who are teetering on the brink, providing them with a small, but tremendously effective subsidy to help at a critical point in their lives. Cessation or underfunding of the CSHI program will undoubtedly result in families becoming homeless when a relatively small assistance payment could have prevented it. Once a family becomes homeless, not only does it carry significant and potentially life-long consequences for the family, but also the societal costs and burden on our public resources increase dramatically.

CSHI has proven itself to be one of the most effective tools that has been developed in the fight against homelessness. For this reason, Hawai'i Appleseed strongly supports SB 2027. Thank you for your consideration of this very important bill.



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January 25, 2018

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To: Senator Josh Green, Chair, Committee on Human Services
Senator Stan Chang, Vice-Chair, Committee on Human Services
Senator Will Espero, Chair, Committee on Housing
Senator Breene Harimoto, Vice Chair, Committee on Housing

Re: SB 2027

Relating to Appropriations to Address Diversion of those at risk for Homelessness –
SUPPORT

Hearing: Date, January 26, 2018; Hearing Time 3:30pm; Conference Room 16

Honorable Chairs & Committee Members:

Family Promise of Hawaii strongly supports SB 2027 which appropriates funding to continue the Diversion portion of the Coordinated Statewide Homeless Initiative (CSHI), a program originally funded under the State's Homeless Emergency Proclamation. In 18 months of operation, CSHI assisted 1,610 households (4,944 individuals) by either preventing an imminent eviction or helping homeless move into permanent housing. The total cost to provide this critical assistance was \$3.7M.

Family Promise of Hawaii encounters families who are on the brink of homelessness on a daily basis. Rather than disrupting their lives and entering them into our emergency shelters, diversion is a national best practice which can prevent families from entering the homeless system by providing housing support, short-term financial assistance and case management to help these families maintain/secure permanent housing prior to becoming homeless. A diversion program must be included in any comprehensive plan to address our homeless issue.

Thank you for the opportunity to submit testimony. We urge your favorable consideration of SB 2027.

Sincerely,

Samantha Church, MSW
Executive Director

SB-2027

Submitted on: 1/23/2018 11:14:16 PM

Testimony for HMS on 1/26/2018 3:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
De MONT R. D. CONNER	Ho'omanapono Political Action Committee (HPAC)	Support	No

Comments:

DAVID W.H. CHEE

Attorney at Law
1001 Bishop Street
ASB Tower, Suite 2755
Honolulu, Hawaii 96813

Telephone: 808-539-1150
Facsimile: 808-208-8689

Email: dchee@dcheelaw.com

January 24, 2017

Committee on Human Services
Josh Green, Chair
Stanley Chang, Vice Chair

Committee on Housing
Senator Will Espero, Chair
Senator Breene Harimoto, Vice Chair

Dear Representatives:

I am writing to support SB2027.

I am an attorney and practice landlord/tenant law. Generally, I represent landlords and file eviction matters for them. I have been doing this for over twenty years. I handle evictions in all of the judicial circuits of Hawaii. My clients collectively manage over 4,000 rental units on Oahu as well as units on Maui, Kauai, and Hawaii Island.

According to statistics from the Hawaii State Judiciary, in the Honolulu District Court approximately 1,500 eviction cases, both commercial and residential, were filed in 2016 and a comparable number in 2017. Typically I file approximately 250 residential evictions per year in Honolulu and handle other payment arrangements outside of court. About 90% of the evictions involve late rent.

One of the largest groups of persons who are at risk of eviction is working people. Ordinary working people who have a seemingly small financial setback make up a significant proportion of the people I evict.

People who live paycheck to paycheck and who miss a week or more of work often do not have the resources necessary to meet their rent obligations. Such a setback causes tenants to be late on their rent.

Landlords depend on the rent coming in so that they can meet their own obligations, so tenant debts cannot be ignored. Landlords still need to make timely payment of their mortgages and other expenses even if their tenant does not pay the rent. When tenants carry a balance from one month to the next landlords will generally file an eviction lawsuit.

Eviction lawsuits in Hawaii move quickly. It can take as little as two weeks from the time a tenant is late on the rent to the time that a landlord has a court order evicting the tenant.

Charitable aid programs have always attempted to provide financial aid to those in need, but almost always move too slowly to stop an eviction. Charitable programs often take a month to decide whether to aid an applicant. Some of them will only cut checks once per month, usually at the beginning of the month. This means if you apply for aid on January 2nd, if you are approved, you will not receive the aid until February 1st. The timing of aid is generally incompatible with the timing of the standard eviction.

In most rental agreements rent is due on the 1st of the month and late fees will be incurred after a three or four day grace period. Notices of default will be sent out soon after and evictions will generally proceed a week after notices are delivered, if payment has not been made. In many cases eviction proceedings will begin mid-month, during a time when charitable aid is not available.

By the time typical aid programs are ready to help a family the eviction has already occurred. In the past ten years I can recall charitable assistance preventing evictions only a handful of times.

I have referred many tenants to charities, such as Helping Hands and Catholic Charities and other relief agencies, to assist them when rent is owed. Unfortunately, until the State of Hawaii funded the CSHI program in 2016, charities were generally not able to provide help to tenants quickly enough to prevent eviction.

The CSHI program was the first program that I have seen in over 20 years that stopped a significant number of evictions and kept working people in their homes.

The CSHI program really changed the dynamics. While the CSHI program had funds, eviction lawsuits were being prevented and stopped with regularity.

What made the CSHI program different from other charity aid programs is the speed with which the program worked. Commitments of funds from the CSHI program were usually available in less than two weeks, which is fast enough to stop an eviction. That means that the costs and disruption that results from an eviction can be avoided. Tenants don't need to move. Families can stay together. Employees can go to work and become self-sustaining again. Students can go to school. Landlords get paid and can pay their own bills. Life for everyone can go back to normal.

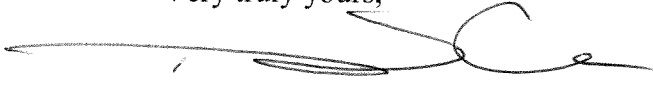
I observed that the CSHI aid often allowed tenants to get back on their feet and to maintain their housing. I also observed that most landlords were very willing to cooperate and be flexible with the charities providing aid. While the program had funds, many families were able to get enough breathing room to avoid homelessness and become self-sustaining again.

I have no doubt that the CSHI program did more to help Hawaii's working people than any other recent housing initiative. When the CSHI program ran out of funds in about April 2017, charitable aid became a much smaller factor in preventing evictions of working families.

Re SB2027
January 24, 2018
Page 3

I urge the Legislature to pass SB2027.

Very truly yours,



David W.H. Chee, Esq.