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DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
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February 27, 2019

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

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 474 SD 1 - RELATING TO THE DEPARTMENT OF HUMAN SERVICES**

Hearing: February 28, 2019, 10:30 a.m.
Conference Room 211, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports this bill and requests amendments. DHS appreciates the Committee on Human Services and committee staff for their collaborative work to restore DHS budget requests. This measure appears to capture the department's biennium budget request or add-ons requested in the executive budget bill to be added-on to the DHS base budget. We request the following additional amendments:

- **OFFICE OF YOUTH SERVICES – CAPITAL IMPROVEMENT PROJECTS – HMS 503**

This request is included in the Executive Budget bill SB126, and is referred to in testimony of SB 859.

Capital improvement funds are needed to plan and make campus improvements at the Hawaii youth correctional facility (HMS 503). Funds are needed to address health and safety needs of the wards as addressed in the Department of Justice Memorandum of Agreement with the State of Hawaii (2009), and to make necessary capital improvements to the existing infrastructure and facilities at the

Hawaii Youth Correctional Facilities. Also, improvements are required as the Office of Youth Services and the Hawaii Youth Correctional Facility expand its capacity to provide services to multiple high-risk youth and young adult populations and their families. Planning funds of approximately \$800,000 is required.

Recent communication from the United States Environmental Protection Agency, Region IX, sought information related to the subsurface wastewater infrastructure at the HYCF campus. Based on the requirements, the facility's operational staff discovered two cesspools still in operation. These cesspools are in apparent violation of Title 42 USC §300j-4 of the Safe Drinking Water Act.

One of the cesspools serves the Kawaihoa Youth and Family Wellness Center's Homeless Shelter that houses 20 homeless young adults; the other cesspool serves Building 5 and will be removed under a separate capital improvement project. Approximately \$600,000 is required for sewer improvements.

The need for an assessment of the campus water system is warranted. Recent operational problems with the water pump station, the in-ability to cut off water for pipe repairs, and water tank deterioration have provided an opportunity to evaluate the water system, implement much needed repairs, and develop a future maintenance plan. Approximately \$900,000 is needed for water system improvements.

HYCF campus gymnasium was built in 1928 as part of the Kawaihoa Training School for Girls; its foundation needs repair as the campus gymnasium continues to be an intricate part of the mission of the Kawaihoa Youth and Family Wellness Center. Currently, the gym is utilized for recreational and programs by the students of Olomana School, students of a construction and mechanical vocational program called Kina'i Eha, community volleyball clubs, and the HYCF incarcerated population.

The scope of the HYCF campus gymnasium foundation repair is to correct the loss of bearing soils. The consultant will need to assess the condition of the floor to determine if the building has settled and if the work should involve re-leveling of the

building before the foundation is repaired. Anticipated work includes: demolition of the concrete footing, excavation for the new footing, temporary framing to support the building, constructing the concrete footing, backfilling, hazardous materials removal, and related work. Once the foundation is secured, the gym will play an important role in the proposed master plan of the Kawaiiloa Youth and Family Wellness Center’s sports complex that will also include its swimming pool and recreational fields. These facilities and fields will be utilized for recreational activities for the youth and young adults on property as well as community DOE athletic programs. Approximately \$225,000 is required to address the campus gymnasium foundation repair.

In summary, the HYCF requests for fiscal year 2019-2020 for the purpose of planning and repairing capital improvements at HYCF, including the hiring of necessary staff or contracting necessary consultants, as follows:

Campus Improvements Planning, Oahu (FY19.1)	\$800,000 C
Sewer Improvements, Oahu (FY20.1)	\$600,000 C
Water System Improvements, Oahu (FY20.5)	\$900,000 C
Gym Foundations Repair, Oahu (FY20.6)	<u>\$225,000 C</u>
Total funding:	\$2,525,000 C

- **DIVISION OF VOCATIONAL REHABILITATION – CAPITAL IMPROVEMENT PROJECT**
HMS 802

This request is included in Governor's Message #6, and is also referred to in testimony on measures SB 859 and SB475 SD1. Also, though the Governor's Message #6 indicates the appropriation for FY2019-2020, we request the appropriation for FY2020-2021.

The Division of Vocational Rehabilitation, Ho'oponono Services for the Blind facility requires additional capital improvement project funds to address recent changes in flood zone regulations.

Act 49, Session Laws of Hawaii (SLH) 2017, appropriated \$521,000 to DHS Division of Vocational Rehabilitation (DVR), for design and construction to replace basement walls with a structure to withstand forces due to potential flooding, elevate wall openings, and protect the equipment around the Ho'opono Services for the Blind building. The capital improvement project is known as the Ho'opono Flood Zone Remediation.

The Department of Accounting and General Services advised DVR that additional capital improvement funding in the sum of \$810,310 C is required to respond to new flood zone mitigation requirements established by the City and County of Honolulu after the initial 2017 planned improvements were completed. The request is for fiscal year 2020-2021.

In summary, DHS requests capital improvement funds for fiscal year 2020-2021 for the purpose of planning and repairing the Ho'opono Services for the Blind facilities, including the hiring of necessary staff or contracting necessary consultants, as follows:

Construction and plan design	\$811,000 C ¹
Total funding:	\$811,000 C

- **General Administration: Adjustments to the Operating Budget Request HMS 904/AA**

This request is to convert 1.00 full-time equivalent (FTE) general-funded Public Information Officer (PIO) position from temporary to permanent to promote longer tenures within the position to help retain institutional knowledge and maintain consistency in DHS' policies and decision-making regarding public information across administrations.

As the budget reflects, DHS is a complex organization with four division, six

¹ Note: \$810,310 C was the original amount requested and included in SB 475 SD1; however, through the GM process, the amount was rounded to \$811,000 C.

staff offices, two attached agencies and two attached commissions, staffed by almost 2,500 employees and with a budget of \$3.8 billion. DHS administers numerous complex programs including the state's Medicaid program, TANF, SNAP, child care licensing and subsidies, homeless services, vocational rehabilitation, child welfare services, and adult protective services. Each of these programs has unique needs, regulations, and confidentiality requirements.

The Public Information Officer (PIO) functions as the communications officer for the department. The communications officer requires a strong command of all major programs and its functions, the regulations and statutes that govern information sharing for each program, as well as statewide public information laws. Additionally, the communications lead best serves the department when he or she has a strong understanding of key decision-makers and the history of the department.

For this reason, continuity in communications is important for the department to best fulfill its obligations and process to be open, accessible and transparent. The PIO position has historically changed with the department director. This has led to a disconnect for programs and previous information sharing decisions. If the PIO or communications lead position is made permanent, the department and each DHS Director would be better served, so that policies, decisions and institutional knowledge can be transmitted across director administrations.

Thank you for the opportunity to submit testimony in support of this measure.



**Testimony to the Senate Committee on Ways and Means
Thursday, February 28, 2019; 10:30 a.m.
State Capitol, Conference Room 211**

RE: COMMENTING ON SENATE BILL NO. 0474, SENATE DRAFT 1, RELATING TO THE DEPARTMENT OF HUMAN SERVICES.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **COMMENTS** on Senate Bill No. 0474, Senate Draft 1, RELATING TO THE DEPARTMENT OF HUMAN SERVICES.

The bill, as received by your Committee, would appropriate funds for the operating expenses for the Department of Human Services (DHS) for the 2019-2020 fiscal biennium.

The HPCA wishes to share its concerns on Program ID HMS401 -- the Medicaid Program.

Over the past seven legislative sessions, the HPCA has urged the Legislature to appropriate additional funds to HMS401 for the reinstatement of adult dental Medicaid coverage, without success. As such, during the 2018 Regular Session, we offered an alternative solution for your consideration. Last year, we believed additional funds for fiscal year 2018-2019 were not necessary because it was our contention that there were sufficient resources within HMS401 to reinstate this essential benefit immediately.

Our position has not changed and we continue to assert that there are sufficient resources in HMS401 to reinstate the benefit immediately.

Based on our review of the Ige Administration's disclosures, it would appear that there are sufficient funds to reinstate this benefit immediately. Also, because this is the reinstatement of a pre-existing benefit, and that no additional statutory authorization is needed for DHS to reinstate the benefit, any subsequent change in resources for this benefit could be incorporated into the "base" budget so that future adjustments could be made citing "changes in utilization" as DHS did this year.

Furthermore, because of the scale of the appropriations in HMS401, DHS has more options at its disposal to ensure that funds are available for this benefit.

If the Legislature continues to find merit in DHS' plea for additional resources for the reinstatement of this benefit, we offer for your consideration this -- deny DHS's request to reduce the budget for fiscal year 2019-2020 in Line Item HMS401 by \$16,511,000 in general funds. This amount is more than what the Administration requested in all means of financing last year for the reinstatement of the benefit. If DHS believes it needs even more funding the following year, they can request it in the Supplemental Budget. However, at that time, DHS will need to reconcile their projected increases with the actual amounts spent and any **variance** with the previously budgeted amounts.

To do this, the appropriation authorized pursuant to Act 53, Session Laws of Hawaii 2018 for HMS401 for fiscal year 2019-2020 would need to be reinstated without the \$16,511,000 reduction proposed in the base budget as found on page 8, lines 9-15 of Senate Bill No. 474, Senate Draft 1.

We propose that this language be deleted and replaced with the following if and only if you agree with DHS that there is insufficient funds in HMS401 to reinstate the benefit:

"28. 401/PE-BF

MEDICAID CAPITATION ADJUSTMENT AND APPROPRIATE FUNDS FOR HEALTH CARE PAYMENTS.

OPERATING HMS 0A 38,369,000A"

We reiterate that it is our contention that there is more than enough funds in HMS401 as well as the authority to use these funds to reinstate the benefit without having to make this or any other change.

In addition, if your Committee is inclined to put back these funds into HMS401, to ensure that the \$16 million is used for the reinstatement of adult dental Medicaid coverage, we further suggest that proviso language be added to this bill.

To do this, we propose a new SECTION be added to the bill as follows:

"SECTION. . . Of the appropriations for health care payments (HMS401), \$16,511,000 in general funds or so much thereof as may be necessary for fiscal year 2019-2020, shall be expended only for the restoration of adult dental benefits which include preventative and restorative oral health services."

In closing, we greatly appreciate this opportunity to share our MANAO with you today. It is our hope that the Legislature will agree with our assessment and urge the Governor to reinstate this essential benefit immediately.

Should you have any questions, please do not hesitate to contact us.

LATE

SB-474-SD-1

Submitted on: 2/27/2019 10:42:27 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Goodman	Testifying for Hawaii Kai Homeless Task Force	Support	No

Comments:

TO: The Committee on Ways and Means

FROM: Mike Goodman, Director of the Hawaii Kai Homeless Task Force, Member, Partners In Care

FOR: Hearing, Thursday February 28, 2019, Room 211, 10:30 AM

RE: SB474

Senator Donovan, Chair, Senator Keith-Agaran, Vice-Chair, and all Members of the Committee, thank you for the opportunity to provide testimony in strong support of budget items 1 through 4 in SB474.

I'm Mike Goodman, Director of the Hawaii Kai Homeless Task Force, and a member of Partners in Care (PIC), which is a coalition of more than 50 non-profit homelessness providers. Members include The Salvation Army, Aloha United Way, Hawaii Harm Reduction, The Institute for Human Services, U.S. Vets and Many others.

The Hawaii Kai Homeless Task Force and PIC wants to ensure that budget items 1 through four are at the very least kept intact, and at best, increased.

The fact is that the many service providers in Hawaii already know how to end homelessness. They are doing it every day. Homelessness has decreased by about 18% in the last two years. We can end the homeless crisis in Hawaii quickly, by increasing the scale of proven programs to a sufficient level. The irony is that we are already spending (and wasting) far more money maintaining the status quo.

The programs embodied in this bill have proven track records at ending homelessness. They also save the State money.

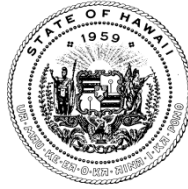
Budget item # 1 Housing First programs have a 98.7% success rate housing the most difficult segment of the Homeless population to serve; The chronic, unsheltered homeless, most of whom are disabled by severe mental illnesses and substance addictions. A recent study by the U.H. Center on the family reported that Housing First saves \$74,364 dollars per person, per year, just on healthcare costs. If all chronic homeless are served, the State would save roughly \$200 million a year on healthcare, law enforcement, the judiciary and property damage.

Budget item # 2; Rapid Rehousing rent subsidies, quickly enables homeless families with employed heads of households, to obtain market rental housing. The Urban Institute report released in October of 2018, found this model worked to help families and veterans move into housing faster and for a lower cost. Although families continue to struggle financially, the majority do not become homeless again. These findings suggest that Rapid Rehousing could be a cost-effective intervention at a large enough scale to re-house ALL newly homeless families in less than a month. It also saves money, because it's much cheaper to prevent someone from becoming homeless than to rehouse them after they become homeless.

Budget item # 3; The Family Assessment Center, has a 99% success rate. This bill will fund a second Family Assessment Center, enabling us to double the amount of clients served.

Budget item # 4; Outreach is critical for connecting unsheltered, chronic homeless to housing navigation and resources to escape homelessness. For severely mentally impaired homeless people, it can take 300 or more contacts to build the trust necessary to get them off the streets.

Thank you very much for the opportunity to provide testimony.



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

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STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 28, 2019
10:30 a.m.
State Capitol, Room 211

S.B. 474
RELATING TO THE DEPARTMENT OF HUMAN SERVICES.

Senate Ways and Means

The Department of Transportation (DOT) **supports** this bill for providing \$5 million for Program ID 224HS-05 - "Appropriate Funds for Stored Property and Debris Removal Services for State Lands".

Since June 2017, the appropriated funds for fiscal year 2017 and 2018 allowed the DOT to clear structures and store items found within the DOT Right of Ways and other State properties. The largest of the cleanups was performed in October 2017 at the Nimitz Viaduct area. The DOT continues to clear shoulders, rights of ways, and other state properties to ensure safety and proper maintenance of these thoroughfares.

This worthy effort has aided the DOT to respond to the needs of the community, allowing traffic and pedestrian access, while keeping areas clear for safety and for maintenance purposes. We work in direct coordination with service providers and the Governor's Homeless Coordinator to encourage individuals to enter into shelters and gain access to human and social services. Through this program, we have successfully placed over 300 individuals into shelter, most who are experiencing severe and chronic homelessness.

Thank you for the opportunity to provide testimony.



LATE

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

February 28, 2019

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

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

SUBJECT: SB 474 SD1 – RELATING TO THE DEPARTMENT OF HUMAN SERVICES

Hearing: Thursday, February 28, 2019, 10:30 a.m.
Conference Room 211, State Capitol

POSITION: The Governor's Coordinator on Homelessness supports this measure. In particular, the Coordinator supports funding for core homeless service programs, such as Housing First, Rapid Re-Housing, homeless outreach and civil legal services, the Family Assessment Center, and stored property and debris removal services for State lands.

While the Coordinator is supportive of the appropriations for homeless services contained in this measure, the Coordinator prefers the Governor's executive proposal in SB 126 or HB 964, which includes the base budget and requested biennium budget increases for the Department of Human Services (DHS) in one measure.

PURPOSE: The purpose of the bill is to appropriate funds for operating expenses of the department of human resources. The Coordinator respectfully requests an amendment to the description for this measure, which incorrectly DHS as the Department of Human Resources.

Homelessness remains one of the most pressing challenges facing Hawaii, and the State has adopted a comprehensive framework to address homelessness that focuses on three primary leverage points – affordable housing, health and human services, and public safety. The Coordinator works closely with multiple state agencies to implement this framework by working with State agencies and law enforcement to connect trespass and other enforcement efforts together with the offer of services and housing-focused programs, such as Housing First

and Rapid Rehousing. The coordinated efforts to implement the State's framework to address homelessness have made progress in reducing the number of homeless individuals statewide. Between 2017 and 2018, the number of homeless individuals in Hawaii decreased by 690 individuals (9.6%). The decrease was one of the largest numeric decreases in homelessness in the country, only exceeded by decreases in California, Florida and Michigan. This recent decrease is the second consecutive decrease in homelessness in Hawaii – representing an overall 18% reduction since 2016.

A key factor supporting the continued progress in addressing homelessness is an emphasis on services focused on housing and public safety, such as those described in Items 1, 2, 3, 4, 27, and 45 in Section 2 of this measure. In particular, Housing First, Rapid Re-Housing, homeless outreach and civil legal services, and Family Assessment Center services create a clear pathway to permanent housing for individuals and families experiencing homelessness. Performance metric data collected by DHS indicates that these core homeless services have contributed to increased placements into permanent housing for homeless individuals over the past two years.

Per the Hawaii Interagency Council on Homelessness (HICH) strategic plan and framework, and as instructed by the Legislature, DHS executed new contracts for all homeless service programs in February 2017, with a focus on tying funding to performance metrics that reflect a system where homelessness is a rare, brief, and non-reducing occurrence. One specific metric that is captured for homeless services are the number of exits to permanent housing, and total length of stay in homeless programs. The percentage of homeless individuals exiting a homeless service program to permanent housing has increased since the new DHS contracts began nearly two years ago. In the second quarter of calendar year 2017, the percentage of individuals exiting to permanent housing was 31%. In the most recent quarter (July 2018 to September 2018), over half (51%) of all individuals exiting homeless services were exiting to permanent housing. In addition to increased rates of permanent housing placement, the DHS Housing First program has demonstrated a high retention rate of 92.5%, which reflects the percentage of the participating chronically homeless individuals and families who sustained placement in permanent housing with the assistance of rental subsidies

and supportive services. Accordingly, the Coordinator respectfully requests support of these core homeless services that have demonstrated their effectiveness in placing homeless individuals into housing and helping individuals to maintain housing over time.

Thank you for the opportunity to testify on this bill.