

DAVID Y. IGE
GOVERNOR



EXECUTIVE CHAMBERS
HONOLULU

March 31, 2021

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

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

SUBJECT: **SB 1127 SD1 HD1 – MAKING AN EMERGENCY APPROPRIATION FOR THE
DEPARTMENT OF HUMAN SERVICES.**

Hearing: Wednesday, March 31, 2021, 2:30 p.m.
VIA VIDEO CONFERENCE
Conference Room 308, State Capitol

POSITION: The Governor's Coordinator on Homelessness strongly supports this administrative bill, and respectfully requests that passage of this bill be expedited to ensure this appropriation is available in the current State Fiscal Year 2021.

PURPOSE: The purpose of this bill is to make an emergency appropriation from the general revenues of the State for fiscal year 2020-2021 to address the budget shortfall for the general support for the General Assistance (GA) program (HMS 204) in the Department of Human Services (DHS).

This measure will enable DHS to continue GA payments for single disabled adults at the current level of benefit, which is \$388 per month, for the remainder of the current fiscal year. Individuals receiving GA benefits include individuals experiencing homelessness and individuals at imminent risk of homelessness. Reducing the current level of GA benefit will further limit the ability of these individuals to pay for rent or shelter, as well as for necessities including food and medical expenses.

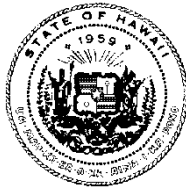
Potential reductions to the GA program should be considered in the context of current economic conditions related to the COVID-19 pandemic. Following the last economic recession in 2009, historical statewide Point in Time (PIT) count data shows the number of people

experiencing homelessness increased by 37% - or over 2,100 persons – between 2009 and 2016. Given the higher rates of unemployment and prolonged nature of the current economic decline, we can anticipate higher rates of homelessness over a period of several years following the pandemic.

It is critical that the social services safety net – including GA, other public benefits, and core homeless services – be maintained and benefit levels remain stable to mitigate any future increases in homelessness. During the past recession, GA benefits fluctuated to as low as \$234 per month in April 2009, which made it difficult for individuals receiving benefits to plan and to anticipate if the benefit amount would be sufficient to cover monthly expenses. If GA benefits are reduced or if benefit amounts fluctuate to adjust to changing caseloads, it may result in additional housing instability for individuals statewide.

Thank you for the opportunity to testify on this bill.

DAVID Y. IGE
GOVERNOR



CATHY BETTS
DIRECTOR

JOSEPH CAMPOS II
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 30, 2021

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

FROM: Cathy Betts, Director

SUBJECT: **SB 1127 SD1 HD1 – MAKING AN EMERGENCY APPROPRIATION FOR
THE DEPARTMENT OF HUMAN SERVICES.**

Hearing: Wednesday, March 31, 2021, 2:30 p.m.
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this administrative bill, and respectfully requests that:

- Passage be expedited, and the effective date be amended to effective upon approval to ensure the appropriation is available in this current State Fiscal Year (SFY) 2021.
- Additionally, at this time, based on a decreasing caseload since January 2021, we reduce our request for emergency appropriation from \$5.4 million to **\$3.2 million** for state fiscal year 2021.

The Senate Committee on Human Services passed the measure unamended. The Senate Committee on Ways and Means defected the effective date. The House Committee on Health, Human Services, and Homelessness further defected the effective date.

PURPOSE: The purpose of the bill makes an emergency appropriation from the general revenues of the State of Hawaii for fiscal year 2020-2021 to address the budget shortfall for the general support for the general assistance program (HMS 204) in the Department of Human Services. Effective 7/1/2060.

Due to the COVID-19 pandemic and related economic crisis, the current appropriation of \$23,889,056¹ for the General Assistance (GA) program is not sufficient to meet the number of GA recipients through the balance of the current fiscal year. DHS continues to monitor the situation and has seen a decrease in the caseload beginning in January 2021 (see chart below). Despite the decreasing caseload, to stay within the appropriated amount DHS needed to reduce the GA monthly benefit from \$388 (which is 41 percent of the 2006 Federal Poverty Level) to \$260 for more than 6,500 disabled individuals; this benefit change started on **March 1, 2021**.

Importantly, with the decreasing caseload, DHS is lowering its original emergency appropriation request of \$5.4 million to **\$3.2 million** for state fiscal year (SFY) 2021 to restore monthly GA payments to \$388 retroactive to March 2021.

The GA program is 100 percent state-funded. Sections 346-53(b) and 346-71(e)(1), Hawaii Revised Statutes, restrict GA to the appropriated amount; consequently, GA operates as a block grant. DHS cannot cover this program shortfall with other program savings, if any. An additional legislative appropriation is required and urgently needed.

DHS appreciates this Committee's increase in HB200 HD1 of \$5.4M for the GA program in SFY 2022. The additional appropriation for SFY 2022 is necessary as we continue to project the caseload will hover around 6,300 and the Interim Assistance Reimbursement Special Fund will require time to replenish. We will continue to reassess the caseload fluctuations in SFY 2022 in preparation for the supplemental SFY 2023 budget.

The GA program like other public benefits is counter cyclical – caseloads increase as the economy slows. Also, to maintain access to benefits and address COVID-19 mitigation procedures, we suspended certain program requirements that likely contributed to the increased caseloads.

Since the pandemic, the GA caseload increased 34% from 5,201 in February 2020 to 6,946 in August 2020, and the monthly payment expenditures went from \$1,903,417 to \$2,533,305. As of February 2021, the GA caseload, though lower than last summer's caseload, remains 26% higher than it was in February 2020, please see the chart below for monthly caseload amounts.

¹ The amount in previous testimony is incorrect, this is the correct appropriation per Act 9 (SLH 2020).

General Assistance Program: Cash assistance for adults with temporary disabilities, without dependent minor children Caseload: February 2020 through February 2021													
Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	% Increase
5,201	5,472	5,977	6,647	7,015	7,094	6,946	6,802	6,814	6,732	6,765	6,626	6,540	26%

The emergency appropriation for the current SFY 2021 will allow DHS to restore monthly benefits to \$388 to disabled adults who are unemployable and suffering from a psychological or physical disability or a mixture of both. The monthly assistance allowance helps with basic needs such as personal essentials, household expenses, and shelter. The payment provides some compensation to family and friends who take GA recipients into their homes and may prevent homelessness.

As cases dramatically rose from March through June 2020, to make it out of last SFY 2020, DHS avoided the need for an emergency appropriation and expended \$202,222.97 from the Interim Assistance Reimbursement (IAR) special fund. However, for SFY 2021, DHS began drawing on the IAR special fund in December 2020 and has already encumbered the available \$3,000,000 in the IAR special fund. There is currently a \$3,000,000 ceiling on the IAR special fund and DHS cannot expend more from the IAR special fund in SFY 2021.

As background on the IAR special fund, following the impacts of the Great Recession, by Act 196, Session Laws of Hawaii 2015, the Legislature established the IAR Special Fund to avoid revenue shortfalls in the GA program. The IAR special fund is funded with federal reimbursements paid to the State by the Social Security Administration (SSA) and received in the fiscal year following the issuance of Social Security benefit awards. The SSA reimburses the State for GA payments made to individuals pending the SSA's eligibility determination of Supplemental Security Income (SSI) or Social Security Disability Income benefits (SSDI).

The IAR special fund is an important source of funds in economic crises to avoid a program fund shortfall when caseloads run high; in SFY 2020, the IAR served its purpose as we were able to meet the GA program needs by drawing from the IAR. However, as we know, the magnitude and duration of the impacts of the COVID-19 pandemic were unanticipated and

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unimaginable prior to 2020, and the IAR special fund \$3,000,000 ceiling is not enough to meet the challenges of COVID-19.

Thank you for the opportunity to provide testimony on this measure.

SB-1127-HD-1

Submitted on: 3/31/2021 6:07:03 AM

Testimony for FIN on 3/31/2021 2:30:00 PM



Submitted By	Organization	Testifier Position	Present at Hearing
Scott Nakasone	DHS	Support	No

Comments:

Standing on the Department's written testimony in support and available for questions.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 1127 SD1 HD1: MAKING AN EMERGENCY APPROPRIATION FOR THE DEPARTMENT OF HUMAN SERVICES

TO: House Committee on Finance

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i

Hearing: Wednesday, 3/31/21; 2:30 PM ; via videoconference

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

Thank you for the opportunity to provide testimony **in strong support** of SB 1127 SD1 HD1, which makes an emergency appropriation from general revenues for FY 2020-2021 for the budget shortfall for the general assistance program (HMS204) in the Department of Human Services (DHS). I am Rob Van Tassell, 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 70 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i.

The pandemic has eliminated the incomes of many disabled people leading them to apply for General Assistance (GA). The February 2021 GA caseload was 26% higher than in February 2020. Workers who are temporarily disabled and unable to work as they seek treatment, depend on GA for help. Criteria to receive aid are rigorous. People receive re-evaluations usually every 3 months to ensure they are still disabled and seeking treatment. Many of these recipients are applying for permanent disability via social security, but this is a very lengthy and uncertain process. In the meantime, they rely on the small benefit of General Assistance as their safety net. Now that is being threatened. **Imagine trying to live on \$388/month and then being told, it will decrease to only \$260/month!** Reducing their benefit puts these people at great risk. Truly, they are among the most vulnerable in our state.

The unexpected surge of need has led to a crisis. DHS will run out of funds in the fourth quarter of this fiscal year. DHS has already had to implement the cut in benefits to \$260/month. Without this emergency appropriation, these cuts to this very vulnerable population will continue. The human impact would be great for this already at risk population. Can we tell disable people who are barely surviving that no help is available? As a society, we must take care of those who are most vulnerable, that is, disabled people with no other sources of income.

We strongly urge your support for this bill to cover the emergency shortfall in funding created by the economic crisis of the pandemic. We cannot allow these disabled people to fall into homelessness which creates even greater costs to the state.

Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.



PARTNERS IN CARE

Oahu's Continuum of Care

Our mission is to eliminate homelessness through open and inclusive participation and the coordination of integrated responses.

TESTIMONY IN SUPPORT OF SB1127 SD1, HD1 MAKING AN EMERGENCY APPROPRIATION FOR THE DEPARTMENT OF HUMAN SERVICES

TO: House Committee on Finance
FROM: Partners In Care (PIC)
Hearing: Tuesday, 3/31/21; 2:30am; via videoconference
Position: **Strong Support**

Chair Luke, Vice Chair Cullen and Members of the House Committee on Finance:

Partner In Care, Oahu's Continuum of Care, stands in **Strong Support of SB1127 SD1, HD1, Making an Emergency Appropriation for the Department of Human Services.** General Assistance is a critical safety net for individuals who are disabled in our community. General Assistance often determines whether or not an individual falls into homelessness or not. Reduction of this already limited support will be devastating for many within our community. The process to assess eligibility for this program is strict and ensures that the neediest in our community receive some funds to assist them.

It is crucial that the social services safety net, including core homeless services, GA and other public benefits, be maintained during this very difficult economic time. The homeless service system is already overburdened and additional people joining the rolls of the homeless will not only further exacerbate the number of homeless on our streets, but it will have a very dramatic impact on future expenses for the state. Maintenance of housing is crucial to preventing people from entering homelessness.

Thank you for your consideration of this measure. Please do not hesitate to contact us if you have any questions.

Aloha



**Testimony to the House Committee on Finance
Wednesday, March 31, 2021; 2:30 p.m.
State Capitol, Conference Room 308
Via Videoconference**

RE: SENATE BILL NO. 1127, SENATE DRAFT 1, HOUSE DRAFT 1, MAKING AN EMERGENCY APPROPRIATION FOR THE DEPARTMENT OF HUMAN SERVICES.

Chair Luke, Vice Chair Cullen, 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 **SUPPORTS** Senate Bill No. 1127, Senate Draft 1, House Draft 1, MAKING AN EMERGENCY APPROPRIATION FOR THE DEPARTMENT OF HUMAN SERVICES.

As received by your Committee, Senate Bill No. 1127, would authorize an emergency appropriation of \$5,400,000 in general funds for fiscal year 2020-2021 to be used for general assistance payments.

The bill would take effect on July 1, 2060, to facilitate further discussion.

By way of background, the HPCA represents Hawaii Federally-Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

According to the bill:

"Due to the COVID-19 pandemic, the number of individuals receiving general assistance benefits increased more than thirty-one percent from February through October 2020. Based upon the October caseload of 6,814, the Department of Human Services projects that the general assistance program will expend all appropriated funds before the end of the current fiscal year and would not be able to maintain the current

**Testimony on Senate Bill No. 1127, Senate Draft 1, House Draft 1
Wednesday, March 31, 2021; 2:30 p.m.
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monthly general assistance allowance of \$388 to the projected caseload of 6,834 general assistance recipients."

This finding seems to reinforce HPCA's observation that the COVID-19 pandemic has severely threatened the health and welfare of our citizens, especially Hawaii's underprivileged and rural communities. With so many people unemployed, entire families are struggling to put food on the table on a consistent basis. All one needs to do is visit one of our member FQHC's food distribution events and see the line of cars stretch for miles and the large number of people who wait for hours to receive some surplus food.

The HPCA understands that the State is experiencing its worst financial crisis since the Great Depression and appreciates how difficult your job will be in deciding where very limited resources will go over the next two years. But, a wise person once wrote that the true test of a society is how it treats its most vulnerable populations especially during hard times. We ask that you consider that as you deliberate on this measure.

We urge your favorable consideration of this bill.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

March 31, 2021

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

FROM: Christy MacPherson, Director, PHOCUSED

SUBJECT: Testimony: Emergency Appropriation for the Department of Human Services

Hearing: March 31, 2021 at 2:30 pm
Via videoconference

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance,

Thank you for the opportunity to provide testimony in **strong support** of SB1127, SD1 HD1.

PHOCUSED is a nonpartisan project of Hawai'i Appleseed Center for Law and Economic Justice and comprises health and human service organizations and the people they serve across the State of Hawai'i. We have been collaborating on advocacy pertaining to critical procurement and service delivery issues that directly impact our providers.

Many of our PHOCUSED providers serve hundreds of residents who receive General Assistance. These individuals were already struggling financially before the assistance reduction to \$260 in March, 2021 and it is unimaginable to think about how they are managing with anything less.

We ask that these appropriations be fast-tracked so that retroactive payments can be made to GA recipients who depend on this assistance to pay for their essential needs.

Thank you again for the opportunity to submit testimony on SB1127, SD1 HD1.

PHOCUSED IS A PROJECT OF HAWAII APPLESEED

733 BISHOP STREET, SUITE 1180 • HONOLULU, HI 96813 • (808) 587-7605 • PHOCUSED.ORG

SB-1127-HD-1

Submitted on: 3/29/2021 9:10:53 PM

Testimony for FIN on 3/31/2021 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara J. Service	Individual	Support	No

Comments:

It is unconscionable to take money away from the most needy in our society. Please restore funds for the General Assistance program.

Mahalo for the opportunity to provide testimony.

BarbaraJ. Service MSW (ret.)

Senior Advocate

SB-1127-HD-1

Submitted on: 3/31/2021 10:50:07 AM

Testimony for FIN on 3/31/2021 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Nik Torgrimson	Individual	Support	No

Comments:

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

I am in support of SB1127.

I manage a clean and sober living house in Kalihi that is home to men who are active in drug and substance abuse and mental health counseling. Many have recently left the penal system. Our residents work hard to make good choices that will help them reconnect with their families and their community, and have healthy lives going forward.

Across our state people are struggling to find jobs right now and residents of our house face added barriers to employment. Income insecurity is a major contributing factor in recidivism rates for substance abuse and crime. While the previous GA of \$388 a month by no means provided income security, it did provide some much-needed assistance to our residents and many like them around the state who find themselves in need of support as they work to rebuild. Many people are struggling with the new rate. I encourage the Committee to pass this measure and help restore this important safety net for people who need it.

Thank you for the opportunity to testify.