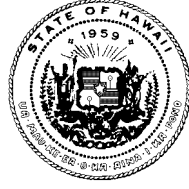


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DEPARTMENT OF HUMAN SERVICES

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March 28, 2022

TO: The Honorable Representative Ryan I. Yamane, Chair
House Committee on Health, Human Services, & Homelessness

FROM: Cathy Betts, Director

SUBJECT: HCR 58/HR 52 - REQUESTING THE DEPARTMENT OF HUMAN SERVICES TO ESTABLISH A ONE-YEAR PILOT PROGRAM TO PROVIDE A BASIC INCOME TO QUALIFIED ADULTS WHO ARE VERIFIED VICTIMS OF SEX TRAFFICKING OR WHO ARE FEMALE OR SEXUAL AND GENDER MINORITY INDIVIDUALS SEEKING TO EXIT THE SEX TRADE.

HEARING: March 29, 2022, 10:00 a.m.
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of these resolutions and offers comments.

PURPOSE: These resolutions request the Department of Human Services to establish a one-year pilot program to provide a basic income to qualified adults who are verified victims of sex trafficking or who are female or sexual and gender minority individuals seeking to exit the sex trade.

The Department agrees that a basic income pilot would be an innovative program to assist victims of sex trafficking. Communities across California and Canada have initiated successful universal or guaranteed basic income initiatives. For example, the Stockton Economic Empowerment Demonstration (SEED) showed positive findings of the 125 randomly selected participants that received \$500 per month. Research of 1-year data from SEED participants showed increased full-time employment and improvements in their financial,

physical, and emotional health. Notably, the SEED program was privately funded and implemented by a nonprofit. Basic income programs tend to limit the number of participants; some have application processes, require proof of residency, and set participant income limits. Additionally, programs differ in whether the amount should cover all monthly expenses "universal basic income," or whether the amount is a supplement or floor – described as "guaranteed" income. Also, other programs target low-income populations versus a specific group.

The Department is currently not aware of initiatives that address supporting victims exiting the sex trade, and it does not regularly take the lead role in exploratory research.

The Department recognizes that economic viability is a strong preventive factor against recidivism to being sex trafficked. Women, people of color, and members of the LGBTQIA+ community are exploited at higher rates than others, and DHS notes that men and boys, heterosexual and otherwise, are also exploited and often overlooked.

For DHS to develop and administer the proposed program requires an appropriation and a session law that gives authority to DHS to administer the proposed program.¹ The Department currently administers cash assistance programs that are means-tested and require mandatory federal or state compliance by a recipient to participate in employment, a training program, or a treatment plan. The resolution proposes a program that does not impose such requirements or require income eligibility testing.

Also, for the Legislature's information, the \$2,000 proposed amount exceeds the other monthly cash assistance amounts and is higher than what DHS is allowed to provide per section 346-53, that limits the standard of need to,

"no higher than sixty-two and one-half per cent of the standard of need and set no lower than thirty-four per cent of the standard of need. The standard of need shall

¹DHS would need state general funds appropriations for additional positions and to fund the benefit to administer this pilot program. The current funding for positions that administer and operationalize the cash assistance programs is cost allocated to the federal programs and is limited to those federal programs' target population and service objectives.

The Department requires a minimum of two FTEs to administer the program as proposed and procurement of services to operationalize the program, including the issuance of the proposed payments. The Department further recommends adding a procurement exemption to streamline the process given the one-year time frame.

be determined by dividing the 2006 federal poverty level by twelve and rounding down the quotient[.]”²

There is also an issue of equity to consider if DHS implements the program. For example, the Child Welfare Services Branch has a program to respond to minors identified as trafficking victims. However, the rate of eligible board payments for foster youth is much less than \$2,000 per month, though those minors and young adults would also be eligible to apply for Medicaid coverage.

Regarding access to health care coverage, for a single adult participant of this proposed program, this income and other household income would be counted as income for Medicaid eligibility. The proposed \$2,000 per month would be above Medicaid's Low Income Adult standards; the single participant would not qualify. However, if a program participant were in a household of 2 or more, they may qualify for Medicaid.

Further, the federal Supplemental Nutrition Assistance Program (SNAP) considers the proposed benefit as countable unearned income for SNAP eligibility. Consequently, if the participant applies for SNAP or is a current SNAP recipient, DHS will count the proposed income benefit as unearned income, which may reduce the amount of SNAP benefits. The reduction of SNAP would be a cost shift from federal funds to state funds available for food.

Alternatively, the Legislature may consider appropriating funds to an organization through a Grant in Aid, per Chapter 42F, HRS.

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

² See https://www.capitol.hawaii.gov/hrscurrent/Vol07_Ch0346-0398/HRS0346/HRS_0346-0053.htm

HR52

Karyn Kovalick, resident and graduate student at the University of Hawai'i at Manoa.

Dear Chair Yamani, Vice Chair Tam, Representative Gates, Representative Har, Representative Kapela, Representative Nishimoto and Representative Ward:

As a concerned citizen and Master of Social Work student at the University of Hawai'i at Manoa, I feel compelled to express my support for HR52. More specifically, this bill establishes a pilot program to provide basic income to qualified adults who are verified victims of sex trafficking, or those who are female or sexual and gender minorities seeking an exit from the sex trade. Per a report conducted by the Hawai'i Commission on the Status of Women (HSCSW), approximately sixty-four percent of those involved in sex trafficking within their study reported being all or some Native Hawaiian. Overrepresentation among Native Hawaiians indicates that this resolution should afford Native Hawaiian women, women of color, and sexual and gender identity minorities the same opportunities as their white counterparts when exiting the sex trade.

When survivors of trauma are provided tax-free monetary income and supportive services, they can focus solely on healing and promoting their own wellbeing with the help of trauma-informed care. As a social worker, I witness the damaging and long-lasting impacts that trauma can have on those who endure it. Relieving some, if not all, of the financial burden from someone exiting the sex trade allows them to depart from the practice in a safer and more conducive way. Moreover, as indicated in the resolution, individuals should not be required to maintain employment or further their education while involved in the program, as it creates more barriers to accessing treatment and diminishes client self-determination.

Once again, as a social worker, graduate student, and resident of Hawai'i, I fully support HR52. Thank you for the opportunity to share my position in the form of legislative testimony, and I appreciate your time and consideration.