

**STATE OF HAWAII**  
**DEPARTMENT OF HEALTH**  
**KA 'OIHANA OLAKINO**  
P. O. Box 3378  
Honolulu, HI 96801-3378  
doh.testimony@doh.hawaii.gov

**WRITTEN  
TESTIMONY ONLY**

**Testimony in SUPPORT of HCR 143**  
**URGING THE DEPARTMENT OF HUMAN SERVICES, DEPARTMENT OF HEALTH, AND**  
**JUDICIARY TO PRIORITIZE ENSURING THAT CONTRACTS FOR GOVERNMENT SERVICES ARE**  
**ADEQUATELY RESOURCED TO COVER THE COSTS OF PROVIDING THOSE SERVICES.**

SENATOR ANGUS L. K. MCKELVEY, CHAIR  
SENATOR MIKE GABBARD, VICE CHAIR  
SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Thursday, April 11, 2024, 3:05PM, Room 225

1 **Department Position:** The Department of Health (Department) supports this measure.

2 **Department Testimony:** The Behavioral Health Administration (BHA) provides the following  
3 testimony on behalf of the Department.

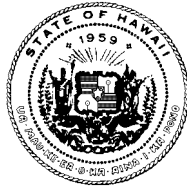
4 This resolution asks the Department, amongst others, to ensure that purchase of service  
5 (POS) contracts are adequately funded to cover the costs of providing the contracted service.  
6 The Department strongly supports this.

7 The POS contracts and providers are integral to meeting the Department's fiduciary  
8 responsibility. The Department is committed to ensuring that community-based organizations  
9 are able to continue to provide the high level of services expected by the State without financial  
10 burden.

11 To this end, the Child and Adolescent Mental Health Division has requested \$10.8  
12 million and the Family Health Services Division has requested \$4,962,487 to increase rates for  
13 POS contracts as part of its base budget. The Department appreciates the Legislature's support  
14 in including these amounts in both the House and Senate version of the budget. Additionally,  
15 the Adult Mental Health Division (AMHD) and Alcohol and Drug Abuse Division are undertaking

- 1 rate studies to inform the funding level needed to support its POS contracts. The Harm
- 2 Reduction Services Branch is also examining their rates as part of the AMHD rate study.
- 3 Thank you for the opportunity to testify in support of this measure.

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



CATHY BETTS  
DIRECTOR  
KA LUNA HO'ŌKELE

JOSEPH CAMPOS II  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'ŌKELE

STATE OF HAWAII  
KA MOKU'ĀINA O HAWAI'I  
DEPARTMENT OF HUMAN SERVICES  
KA 'OIHANA MĀLAMA LAWELAWE KANAKA  
Office of the Director  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

TRISTA SPEER  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'ŌKELE

April 9, 2024

TO: The Honorable Senator Angus L.K. McKelvey, Chair  
Senate Committee on Government Operations

FROM: Cathy Betts, Director

SUBJECT: **HCR 143 – URGING THE DEPARTMENT OF HUMAN SERVICES,  
DEPARTMENT OF HEALTH AND JUDICIARY TO PRIORITIZE ENSURING THAT  
CONTRACTS FOR GOVERNMENT SERVICES ARE ADEQUATELY RESOURCED TO  
COVER THE COSTS OF PROVIDING THOSE SERVICES.**

Hearing: April 11, 2024, 3:05 p.m.  
Conference Room 308, State Capitol & Video Conference

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of this resolution and offers comments. Additionally, DHS respectfully requests support for the executive budget, which includes a request for a 5% increase in homeless service contracts and continued support for DHS staff required to procure and provide appropriate and transparent contract oversight.

**PURPOSE:** This resolution urges DHS, the Department of Health (DOH), and the Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing services.

The Department recognizes the need to fund contracted community-based services adequately so that providers can serve targeted populations timely and effectively. To ensure adequate funding for contracts, the Legislature must appropriate enough funds for the purchase of services. As the cost of doing business has increased, the appropriations for most contracted

services have not increased or have not increased at the same rates as the costs of doing business, including, for example, the statutory increases in the minimum wage. Currently, there is no statutory mechanism that automatically increases program budget appropriations with increases in the minimum wage. For contract amounts to keep up with minimum wage increases, each program must request separate budget appropriations, which may take several legislative sessions to accomplish. If government contracts aim to be adequately resourced, then there should be across-the-board budget appropriations that reflect other mandated increases, such as the minimum wage.

Additionally, for permanent programs, appropriations need to be recurring. Having non-recurring budgets makes it very difficult for the Department and organizations to innovate or invest in staff or systems. For new or pilot programs, there needs to be a commitment to appropriate funds over some time to figure out the best implementation strategies and to account for unique community or population requirements. Funding for one-year or one-off contracts is not efficient from a continuity or quality perspective or an administrative perspective.

To spend public funds appropriately, the purchase of services must comply with the procurement process unless an emergency or other important considerations require exemptions from the procurement code. For the Department, this means it needs human and operational resources that include a team of staff who are experienced and qualified in all aspects of procurement, contract oversight, and compliance. The oversight of procured services requires performance metrics and IT and business processes to ensure data is adequately collected and reported to measure performance and adjust.

For community-based providers to engage in competitive processes and government contracts requires providers to have management and financial capacities to deliver services with government funds. Many government contracts operate on a reimbursement model, so organizations need adequate operational funds that many government contracts may not currently cover. Non-profit organizations engage in philanthropic fundraising that helps with operational costs that are not covered by government contracts. Smaller organizations can benefit from more significant fundraising efforts, such as the efforts of Aloha United Way or

other events that benefit many not-for-profit organizations. Also, government contracts do not necessarily cover employee benefits, such as retirement contributions or other benefits that assist with retention and recruitment. Hence, government contracts need to be able to fund wages adequately.

As an example, in the current executive budget, DHS includes a request for a 5% increase for contracted homeless services administered by the DHS Homeless Programs Office. Funding for these services has not increased since 2016, while the average weekly wages in Hawaii have increased by 36%. As operating and personnel costs have increased and funding levels have remained flat, providers have experienced a high turnover of outreach and shelter staff, which reduces the effectiveness of those services. Individuals and families experiencing homelessness, who may also be suffering from mental health or substance abuse disorders, need frequent engagement to develop rapport and trust to return to housing. The lack of staff capacity and continuity leads to multiple cascading impacts that lengthen unsheltered experiences, increase the vulnerability of individuals served, and impact public and private landowners whose encampments become more entrenched.

DHS asks the Legislature to support its funding requests to increase funds for contracted services and budget requests that support the Department's workforce and operational needs.

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



## CATHOLIC CHARITIES HAWAII

### **TESTIMONY IN SUPPORT OF HCR 143: Urging the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services**

**TO:** Senate Committee on Government Operations  
**FROM:** Rob Van Tassell, President and CEO, Catholic Charities Hawai'i  
**Hearing:** **Thursday, 4/11/24; 3:05 pm; via Videoconference or Room 225**

Chair McKelvey, Vice Chair Gabbord, and Members, Committee on Government Operations:

Thank you for the opportunity to provide **Strong Support for HCR 143**, which urges the Department of Human Services, the Department of Health, and Judiciary to ensure that contracts for government services are adequately resourced to cover the costs of providing these services. 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 75 years. CCH has programs serving elders, children, families, homeless and immigrants. Our mission is to provide services and advocacy to the most vulnerable of the people in Hawai'i.

**The crisis is now. A recent survey found that 91% of Hawai'i non-profits that provided services with these government contracts were paid less than the full operating costs. Now programs may be closed or services reduced, if action is not taken.**

The State depends on community-based agencies to provide essential services to hundreds of thousands of our residents. Now many of these agencies are struggling. **Their missions are to serve but they cannot recruit staff or continue to provide services when the State has not increased their funding for many years. These services are heavily dependent upon workers who must be paid a living wage.** For example, for many of our State contracts, Catholic Charities Hawai'i is actually paying 26% of the true cost to provide services. What for-profit vendor of the State would be willing to eat 25% of the cost, to provide a service to the State? What will Hawai'i be like in 5 or 10 years if this continues? How will Hawaii end homelessness or address the critical mental health needs of youth, etc. If the State has to take over providing these essential services, the costs will soar!

We are a member of the Hawai'i True Cost Coalition, comprised of 50 community-based nonprofit organizations, serving over 500,000 people across the state. We have come together to ensure that government funding adequately covers the true costs of providing governmental services by Hawai'i nonprofit organizations.

We urge your Committee to support adequate funding to these three critical state departments. We respectfully ask you to urge these departments to prioritize ensuring that contracts for government services are adequately resourced to cover the full cost of providing these many essential services. If you have any questions, please contact our Legislative Liaison, Betty Lou Larson at (808) 527-4813.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eumoku Street, Honolulu, HI 96822  
Phone (808) 527-4813 •



# Hawai`i True Cost Coalition

DATE: April 11, 2024  
TIME: 3:05PM  
PLACE: Via Videoconference and Conference Room 225  
BILL: HCR143 URGING THE DEPARTMENT OF HUMAN SERVICES, DEPARTMENT OF HEALTH, AND JUDICIARY TO PRIORITIZE ENSURING THAT CONTRACTS FOR GOVERNMENT SERVICES ARE ADEQUATELY RESOURCED TO COVER THE COSTS OF PROVIDING THOSE SERVICES.  
Committee: Senate Committee on Government Operations

Aloha Chair McKelvey, Vice Chair Gabbard, and members of the Committee,

On behalf of the Hawai`i True Cost Coalition (TCC), we are writing in support of HCR143 urging the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services.

The TCC is comprised of over 50 community based nonprofit organizations, serving over 500,000 people across the state, that have come together to ensure that government funding adequately and sustainably covers the true costs of providing governmental services by Hawai`i community-based nonprofit organizations.

We support having the DHS, DOH, and Judiciary prioritize ensuring contracts are adequately resourced in conjunction with funding increases to these contracts which provide services to the most vulnerable in our community. Many of these contracts have not been increased in over a decade, while program expenses including wages, utilities and administrative costs have all increased. Despite the rising costs and increased demand for assistance, local nonprofits have continued to provide these critical services, relying on their own resources to fill this gap, which is no longer sustainable. Having the departments prioritize ensuring that contracts are adequately resourced along with increased funding for these contracts will help ensure the continuation of these essential programs and preserve the social safety net our community relies on.

Thank you for the opportunity to testify in support of HCR143.

## TESTIMONY IN SUPPORT OF HCR 143

**TO:** Chair McKelvey, Vice Chair Gabbard, & GVO Committee Members

**FROM:** Nikos Leverenz  
Grants & Advancement Manager

**DATE:** April 11, 2024 (3:05 PM)

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Hawai'i Health & Harm Reduction Center (HHHC) **supports** HCR 143, which urges the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced.

HHHC administers Hawai'i's statewide syringe services program in collaboration with the Harm Reduction Services Branch of the Department of Health. It also provides homelessness services in Regions 1 and 6 on O'ahu and is a member of [Partners in Care \(PIC\)](#), a planning, coordinating, and advocacy alliance that develops recommendations for programs and services to fill needs within O'ahu's continuum of care for homeless persons. In alignment with PIC and other non-profit members of the [True Cost Coalition](#), we have met with legislators and supported legislative efforts to increase baseline funding for work that is outlined in multi-year service contracts.

Recruitment and retention of front line staff have become increasingly difficult with flatlined salary structures and acute increases in the cost of living in the wake of the COVID-19 pandemic. Many employees, including those with valuable lived experience with homelessness, behavioral health issue, and criminal legal system involvement, have taken part-time jobs in the service sector or have departed our agency for full-time service sector employment.

HHHC's mission is to reduce harm, promote health, create wellness, and fight stigma in Hawai'i and the Pacific. We work with many individuals impacted by poverty, housing instability, and other social determinants of health. Many have behavioral health problems, including those related to substance use and mental health conditions, and have also been deeply impacted by trauma related to histories of physical, sexual, and psychological abuse.

Mahalo for the opportunity to provide testimony.





**Parents And  
Children Together**

**BUILDING THE RELATIONSHIPS  
THAT MATTER MOST**

ParentsAndChildrenTogether.org

## TESTIMONY IN SUPPORT OF HCR 143

**TO:** Chair McKelvey, Vice-Chair Gabbard, & Members,  
Senate Committee on Government Operations  
**FROM:** Ryan Kusumoto, President & CEO  
**DATE:** April 11, 2024 at 3:05 PM

**Parents and Children Together (PACT) supports HCR 143, “URGING THE DEPARTMENT OF HUMAN SERVICES, DEPARTMENT OF HEALTH, AND JUDICIARY TO PRIORITIZE ENSURING THAT CONTRACTS FOR GOVERNMENT SERVICES ARE ADEQUATELY RESOURCED TO COVER THE COSTS OF PROVIDING THOSE SERVICES.”**

We submit this testimony as a member of the Hawai'i True Cost Coalition – over 50 community-based non-profit organizations fighting to sustain essential social services for our communities.

Service providers work under the most challenging circumstances and must have specific skills to both engage individuals and navigate complex systems. They must be supported by high-quality organizations that are sustainable and state funding is an important part of that. State contracts that do not increase over time as operating costs increase make this important work unsustainable. We support increases to these contracts because the need for social services in our state is higher than ever.

Founded in 1968, PACT is a statewide community-based organization providing a wide array of innovative and educational social services to families in need. Assisting more than 15,000 people across the state annually, we help identify, address, and successfully resolve challenges through our 20 programs. Among our services are early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, childhood sexual abuse supportive group services, child and adolescent behavioral health programs, sex trafficking intervention, poverty prevention and community building programs.

Thank you for the opportunity to testify. Please contact me at (808) 847-3285 or [rkusumoto@pacthawaii.org](mailto:rkusumoto@pacthawaii.org) if you have any questions.

# PARTNERS IN CARE

*Oahu's Continuum of Care*

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

## TESTIMONY IN **SUPPORT OF HOUSE CONCURRENT RESOLUTION 143**

URGING THE DEPARTMENT OF HUMAN SERVICES, DEPARTMENT OF HEALTH, AND JUDICIARY TO  
PRIORITIZE ENSURING THAT CONTRACTS FOR GOVERNMENT SERVICES ARE ADEQUATELY  
RESOURCED TO COVER THE COSTS OF PROVIDING THOSE SERVICES.

TO: Committee on Government Operations

FROM: Partners In Care (PIC)

HEARING: **Thursday, April 11<sup>th</sup>, 2024; 3:05 Conference Room 225 or via videoconference**

Chair McKelvey, Vice Chair Gabbard and members of the Senate Committee on Government Operations:

Thank you for the opportunity to provide testimony **in support of HCR 143 which Urges the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services.**

Partners In Care is an organization made up of more than 60 programs that address the crisis of homelessness and lack of affordable housing on the Island of O'ahu. Budgets for many of these agencies has not been increased in more than a decade making it harder to retain workers who often have some of the toughest job in our community. Currently, contracts do not take into account the increased costs of running a non-profit, which includes increases in the cost of living in Hawaii and salary increases for jobs well done. Most, if not all for-profit businesses take these items into consideration when they provide costs to their customers. This should also be a requirement for government programs.

As a member of the Hawai'i True Cost Coalition which includes over 50 community-based non-profit organizations we have seen the challenges non-profits have in covering costs associated with State contracts. We need to recognize that the safety net for our communities is weak and needs to be addressed as soon as possible. A recent survey found that 91% of Hawai'i non-profits that provided services with these government contracts were paid less than the full operating costs. Now programs may be closed or services reduced, if action is not taken.

Non-profit entities are having a difficult time hiring and retaining people due to low wages that cannot be increased on an annual basis. We respectfully request a review of State contracts to ensure that community based programs are funded appropriately and adequately so that the good work that is currently being done in our community continues. Thank you for the opportunity to testify in support of HCR143.

Aloha,

Laura E. Thielen Executive Director

Partners In Care – O'ahu Continuum of Care

Advocacy Committee, **PARTNERS IN CARE, OAHU'S CONTINUUM OF CARE**

200 North Vineyard Boulevard • Suite 210 • Honolulu, Hawaii 96817 • (808) 380-9444 • [PICadvocate@gmail.com](mailto:PICadvocate@gmail.com)

**LATE**

**HCR-143**

Submitted on: 4/11/2024 2:24:17 AM

Testimony for GVO on 4/11/2024 3:05:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Laurie Tochiki	Testifying for EPIC `Ohana	Support	In Person

Comments:

EPIC Ohana is a community based organization that has been serving families and children in the child welfare system for more than 26 years. We provide numerous services to families in the child welfare system, such as Ohana Conferencing, Wraparound and Family Finding. These services help to strengthen families and support permanent placement or reunification when children are removed. For our youth we are the lead agency for HI HOPES, and we also provide youth peer support through the Department of Health.

We urge the legislature to pass this resolution emphasizing the importance of contracts like ours. Our budgets are thin and do not cover the true cost of the services we provide. The financial model is not sustainable. In addition, our reimbursement contracts are rarely paid on time. There have been occasions when EPIC has had to utilize a line of credit to make payroll because the state was several months delinquent in payment.

We belong to the True Cost Coalition that is actively seeking solutions so that we can be the strong partnership that will together help our children and families through difficult times.

Thank you for your support and your leadership.

Laurie Tochiki

Executive Director

EPIC Ohana



HAWAI'I STATE  
COALITION AGAINST  
DOMESTIC VIOLENCE

**LATE**

April 11, 2024

Members of the Senate Committee on Government Operations:

Chair Angus L.K. McKelvey  
Vice Chair Mike Gabbard  
Sen. Joy A. San Buenaventura  
Sen. Glenn Wakai  
Sen. Brenton Awa

Re: HCR143 HCR143 URGING THE DEPARTMENT OF HUMAN SERVICES, DEPARTMENT OF HEALTH, AND JUDICIARY TO PRIORITIZE ENSURING THAT CONTRACTS FOR GOVERNMENT SERVICES ARE ADEQUATELY RESOURCED TO COVER THE COSTS OF PROVIDING THOSE SERVICES.

Dear Chair McKelvey, Vice Chair Gabbard, and Members of the Senate Committee on Government Operations:

The Hawai'i State Coalition Against Domestic Violence (HSCADV) addresses the social, political, and economic impacts of domestic violence on individuals, families, and communities. We are a statewide partnership of domestic violence programs and shelters. We are also a Hawai'i True Cost Coalition (TCC) member.

On behalf of HSCADV and our 28 member programs statewide, I respectfully submit testimony supporting HCR143 urging the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services.

We understand that the state is facing a serious budget crisis not seen in over 15 years. Still, it's important to recognize that members of HSCADV and TCC are on the frontlines providing government services necessary to address domestic violence, sexual assault, homelessness, mental health, childcare, early learning, and so much more.

We also understand the legislature's commitment to serving survivors of the Lāhaina and Upcountry Wildfires. We want to take this opportunity to remind the Legislature of the [intersection between natural disasters and gender-based violence](#). Survivors and their children are more vulnerable to violence due to the focus on providing first disaster response, then competition for limited resources and infrastructure and the overall need for survival.



Additionally, families affected by gender-based violence face additional trauma due to forced displacement and exposure to adverse effects such as those linked to environmental toxicity.

One of our HSCADV member programs in Maui, Women Helping Women, [reported in November](#) their call volume doubled from 250 a day to more than 550 and included requests for help related to sexual assault, domestic violence, and substance use. In the same article, FEMA reiterated the link between violence and natural disasters and reported seeing the impact of secondary trauma setting in. In recent months, HSCADV has received requests from community-based organizations in Maui seeking our assistance to address increased domestic violence, sexual assault, and trafficking all in the aftermath of the wildfires. We are only beginning to see the disclosure of gender-based violence over the next several years, we expect more, exacerbating the current statewide problem of gender-based violence and stretching programs and the people who work with these survivors beyond their means.

We support having the DHS, DOH, and Judiciary prioritize ensuring contracts are adequately resourced in conjunction with funding increases to these contracts which provide services to the most vulnerable in our community. Many of these contracts have not been increased in over a decade, while program expenses including wages, utilities, and administrative costs have all increased. Despite the rising costs and increased demand for assistance, local nonprofits have continued to provide these critical services, relying on their other resources to fill this gap, which is no longer sustainable. Having the departments prioritize ensuring that contracts are adequately resourced along with increased funding for these contracts will help ensure the continuation of these essential programs and preserve the social safety net our community relies on.

Thank you for the opportunity to testify on this important matter.

Sincerely,  
Angelina Mercado, Executive Director



The Institute for Human Services, Inc.  
Ending the Cycle of Homelessness

**LATE**

**TO:** Honorable Sen. Angus L.K. McKelvey  
Chair, Senate Committee on Government Operations  
  
Honorable Sen. Mike Gabbard  
Vice Chair, Senate Committee on Government Operations

**FROM:** Angie Knight, Community Relations Manager  
IHS, The Institute for Human Services, Inc.

**RE:** HCR143 / HR125

**HEARING:** Thursday, April 11, 2024 at 3:05 PM

**POSITION:** IHS **strongly supports** the passing of HCR143/HR125

IHS, The Institute for Human Services, strongly supports House Concurrent Resolution 143/ House Resolution 125, which requests the HI Department of Health (DoH), HI Department of Human Services (DHS), and the Judiciary to ensure contracts are adequately resourced.

For over 45 years, The Institute for Human Services (IHS) has offered critical support to those experiencing homelessness, from emergency shelter and meals to healthcare, job training, and housing. Such services come at a cost that often cannot be passed onto our clients, so we rely on government contracts supplemented with private donations from individuals, businesses, and foundations.

Currently, the HPO contracts are meant to cover core services such as emergency shelters, general outreach, case management and housing navigation, homeless prevention for those at risk for eviction and rapid rehousing programs for those already unsheltered. However, these government contracts have increased minimally over a decade and have not been adjusted for inflation or wage compression due to increased minimum wage or other operating cost increases.

Since 2015, the minimum wage has increased from \$7.75 to \$14 an hour, while the HPO contracts have not increased over the past nine years. An increase will not only assist in helping the HPO increase their administration staff, but it will also help fill the funding gap predominantly shouldered by frontline staff: guest services, shelter case managers, and housing navigators and outreach specialists. With a narrowed funding gap, service providers can increase the wages for these critical positions to be competitive with the current workforce demand and increase our staffing.

To truly end cycles of homelessness, wraparound, holistic solutions are needed. Our services are rooted in a mission to equip individuals with the skills and resources to live independently in permanent housing for the long term. The administrative burden of doing so requires building greater capacity to do so which includes more funding.

To: Senate Committee on Government Operations  
Re: **HCR143**

Hawai'i State Capitol, Conference Room 225 & Via Videoconference  
Thursday April 11, 2024, 3:05PM

Dear Chair McKelvey, Vice Chair Gabbard, and Committee Members,

**On behalf of HCAN Speaks!, I am writing in strong support of House Concurrent Resolution 143, requesting HI Department of Health (DOH), HI Department of Human Services (DHS), and the Judiciary to ensure contracts are adequately resourced.**

Government contract rates fail to cover the true cost for services provided by community-based non-profit organizations serving more than 500,000+ adults and children who receive such government services. Government contract rates have not increased in the past decade and are set below the full operating costs required to provide the contracted services. Thus, community-based non-profit organizations face constraints in meeting the demand for services.

Community-based nonprofit organizations need adequately resources contracts to provide the services vital to support victims of violence, houseless and foster youth, those who are food insecure, people with mental health and substance abuse disorders, keiki, kupuna, and every other member of our community who receives government services. Organizations have been able to fill the gap through their own fundraising efforts but are now at a critical tipping point.

This resolution urges the departments to prioritize ensuring that contracts for essential government services adequately cover the costs of providing the services. Please look out for our keiki and families and adopt this resolution.

Thank you,  
Noreen Kohl, Ph.D.  
Children's Health and Wellness Policy Advocate



April 11, 2024

Senate Committee on Government Operations

**RE: Testimony in support of HCR 143 urging the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services.**

Dear Chair McKelvey, Vice Chair Gabbard, and Committee Members,

On behalf of Hawai'i Foodbank, I am writing in **strong support of HCR143**.

We work closely with partner community-based organizations that rely on government contract funding from the Department of Human Services, Department of Health, and the Judiciary to provide services to the community we all serve.

Many of the state funding allocations for health and human services contracts have not increased for over a decade, while program expenses including wages, utilities and administrative costs have all increased. Despite the rising costs and increased demand for assistance, the community-based organizations who partner with us provide critical services, relying on their own resources to fill this gap.

Hawai'i Foodbank is Hawai'i's largest hunger relief organization, fiercely dedicated to our mission of nourishing our 'ohana today while working to end hunger tomorrow. We work with a network of more than 200 partner agencies across O'ahu and Kaua'i to provide food assistance to an average of more than 150,000 people each month.

Thank you for the opportunity to testify in support of HCR143.

Mahalo for your consideration.

With aloha,

Amy Miller

President and CEO, Hawai'i Foodbank



**Committee on Government Operations**  
**Hearing Date: Thursday, April 11, 2024**

**Submitted by The Mediation Center of the Pacific, Inc.**  
**HCR 143**

Dear Chair McKelvey, Vice Chair Gabbard, and Members of the Committee:

The Mediation Center of the Pacific (MCP) is submitting testimony in **STRONG SUPPORT OF HCR 143**, which urges the Department of Human Services, Department of Health, and Judiciary, to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services.

Community-based organizations (CBO) throughout the State such as MCP located on Oahu and the other four community mediation centers located on the islands of Hawaii, Maui, and Kauai, provide critical services that address community needs such as housing stability, family strengthening, the elderly, and more. And while the provision of these services by the mediation centers and other CBOs reduces government costs overall, the government contract rates do not cover the CBOs costs for providing those services. In fact, while the need for the services provided by CBOs continues to grow and the cost of doing business increases, government contract rates generally remain the same.

The services provided by CBOs are critical for the people of Hawaii and the need for those services has increased. For example, the work of the community mediation centers has more than doubled over the past ten years. In Fiscal Year 2013-2014, the five community mediation centers collectively opened 1,654 new cases and conducted 1,287 mediations. Whereas in the recently ended Fiscal Year 2022-2023, the mediation centers collectively opened 4,369 new cases (an increase of 2,715 new cases) and conducted 2,403 mediations (an increase of 1,116 mediations).

To continue providing a high volume of services that meet critical community needs, CBOs require the financial resources that cover the cost of providing those services. We urge you to pass HCR 143 to ensure government contracts that subsidize CBO services adequately cover the costs of their work.



Tracey S. Wiltgen  
The Mediation Center of the Pacific, Inc.



FOR YOUTH DEVELOPMENT®  
FOR HEALTHY LIVING  
FOR SOCIAL RESPONSIBILITY

April 9, 2024

FR: Greg Waibel  
President and CEO  
YMCA of Honolulu

RE: TESTIMONY-HCR143 Support

The costs to deliver programs on behalf of the State by community based organizations continue to rise, the reimbursement rates have been stuck in neutral for a long time. The equation does not work. As community based organizations our missions are to serve people in need. We do that willingly and eagerly and we want to do it at the highest quality. We care about the people we serve. There are the economic realities that go along with service such as inflation and being able to pay our staff liveable wages. In order for us to deliver our high quality programs, we need State contracts to reflect the true costs of delivery. We operate with efficiency and tenacity and we ask the State to support us in our delivery by making adjustments to our contract rates so that we can continue to deliver to all those we serve.

Mahalo for hearing our concerns and ask you to take action to help us provide these critical community programs.



COMMITTEE ON GOVERNMENT OPERATIONS

BILL HCR143

POSITION: SUPPORT

Hearing Date: April 11, 2024, 3:05pm, Room 225

Aloha Chair McKelvey, Vice Chair Gabbard, and Committee Members:

**Aloha United Way supports HCR143** which urges the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services.

At Aloha United Way, we work with dozens of non-profit agencies that undertake the critical work for our community to function, yet must subsidize government contract work with their own funds to execute on delivering essential services to our state's most vulnerable populations.

It is deeply concerning and unsustainable that many government contract rates are well below the costs of providing services. According to recent data, **91% of Hawaii community-based nonprofit organizations in contracts with government agencies are resourced below the full operating costs** required to provide those services. This funding gap undermines the ability of these organizations to effectively provide critical services to those who rely on them, and increasingly, well run agencies who provide proven, quality services will opt out of applying for state contracts. The **federal government has recognized this gap and increased the federal de minimis rate from 10% indirect costs to a base of 15% indirect costs in 2024**, and further simplified the reporting and requirements to receive this cost on a grant or contract. This is a great step and we urge the State also fill the gap in contracts with a similar resolution and increase indirect cost rates and simplify rules.

We urge you as elected officials to support non-profit services providers and ensure the Department of Human Services, Department of Health, and Judiciary have the means to fund and prioritize allocating sufficient resources to cover the full, reasonable costs of providing services under government contracts with community-based organizations. Adequately resourcing these contracts is essential to ensuring the well-being of Hawaii's vulnerable communities and maintaining access to critical services that improve lives and strengthen communities.

Thank you for the opportunity to testify in support of HCR143.

Sincerely,

A handwritten signature in blue ink that reads "John Fink".

John Fink  
President & CEO  
Aloha United Way

A handwritten signature in blue ink that reads "Suzanne Skjold".

Suzanne Skjold  
Chief Operating Officer  
Aloha United Way

## **Hawai'i's Nonprofits are Struggling to Provide Critical Services – The State Must Fund Our Contracts at their True Costs**

Hawai'i's nonprofits are rapidly reaching a breaking point. Here is how we got there and why something must change.

In recent years, the demand for social services has steadily increased. The COVID-19 pandemic further exacerbated homelessness, food shortages, mental health problems, and other pressing issues. We don't expect this imperative to return to pre-pandemic levels anytime soon. In addition, the cost of providing these critical services is rising.

The state, cities, and counties can't meet these social service needs. So, they turn to those who do it best – organizations such as Hale Kipa, a 501(c)(3) nonprofit agency that works with youth and their families who often have nowhere else to turn.

The expertise that community-based organizations like Hale Kipa provide is indispensable, and the partnership between state, county, and city governments is the most efficient, cost-effective way to deliver these necessary services.

Just as the local governments rely on us to support our youth and families, we depend on them for funds to run our programs. Roughly 90% of Hale Kipa's revenue comes from state, city, and county contracts.

However, despite the community's growing needs, state contracts have been level for almost 10 years. The state isn't funding our contracts at their true costs. In fact, at the height of the pandemic, when job loss and isolation were devastating Hawai'i's communities, the state *reduced* our contract amounts by 10 percent.

Even with these challenges, Hale Kipa continues to provide the same scope of work. Our heart's mission is to serve. We simply will not turn people away in their time of need.

In addition to inadequate funds, payments are frequently late, and it can take three to six months to receive them. To avoid gaps in services, Hale Kipa often has to front costs. Other smaller nonprofits typically end up borrowing money to operate their programs.

Hale Kipa and other nonprofits have only one option to help fill financial gaps and keep their programs running – fundraising. But organizing galas, auctions, or other events takes time, manpower, and money. We already struggle to do more with less. Fundraising diverts energy from our core mission - strengthening families and communities.

While we grapple with these cash shortfalls, our employees contend with low wages and burnout. Last year, the state gave its deserving employees a cost-of-living salary increase, yet it won't approve the same for our hardworking, dedicated staff. As mālama, we are caring

stewards of our programs, providing hope and light for youth and families in darkness. Hale Kipa employees love their work, but it can be emotionally draining. They are often deeply affected by clients' past traumas. Because we can't provide competitive wages for this rewarding but intense work, it is challenging to hire and retain qualified staff.

The state also limits funds for overhead, making it difficult to cover salaries for essential positions such as CEO and CFO. Overhead isn't bloat. It's necessary. Nonprofits are businesses and businesses need money to cover operating expenses.

Lastly, we are paying to advocate for ourselves. Hale Kipa is one of 50 nonprofit member organizations that fund the True Cost Coalition. The True Cost Coalition works to ensure the government provides the true costs of contracts and improves how the state and nonprofits partner to deliver quality services.

If the state, counties, and cities continue to underfund nonprofit contracts, the quality and breadth of our programs will decline. For example, instead of providing shelter for four homeless families, we may only be able to accommodate two. Instead of providing services for 100 youth, we will only be able to serve 80. Gaps in service are even more concerning. Where does a homeless teen go if their shelter temporarily (or permanently) shuts down?

If we continue this trajectory, nonprofits like Hale Kipa will have no other choice than to say no to these underfunded contracts. We urge the state, county, and city governments to fully fund our contracts at the true cost of what it takes to provide these programs and services. The state must give us the resources to care for vulnerable community members.



To: The Honorable Angus L.K. McKelvey, Chair  
The Honorable Mike Gabbard, Vice Chair  
Senate Committee on Government Operations

From: Paula Arcena, External Affairs Vice President  
Mike Nguyen, Public Policy Manager

Hearing: Thursday, April 11, 2024, 3:05 PM, Conference Room 225

RE: **HCR143 – Urging the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services.**

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AlohaCare appreciates the opportunity to provide testimony in **support of HCR143**. This measure urges the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services.

Founded in 1994 by Hawai'i's community health centers, AlohaCare is a community-rooted, non-profit health plan serving over 84,000 Medicaid and dual-eligible health plan members on all islands. Approximately 40 percent of our members are keiki. We are Hawai'i's only health plan exclusively dedicated to serving Medicaid and Medicaid-Medicare dually-eligible beneficiaries. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for access to quality, whole-person care for all.

AlohaCare's commitment to whole-person care and health equity includes addressing social determinants of health. We work closely with Hawai'i's safety net of community-based organizations (CBOs) dedicated to supporting individuals and families facing social risks, such as homelessness, domestic violence and food insecurity among other challenges. As a safety-net health plan, AlohaCare fully appreciates the critical services our fellow safety-net CBOs provide for the health and well-being of our community. The financial viability and sustainability of our safety-net partners is imperative to AlohaCare and the primary reason we joined the True Cost Coalition. The coalition's goal is government contract rates adequate for the cost of providing contracted services. This resolution urges state departments to adequately fund contracts for CBOs providing a critical safety net for our community.

Mahalo for this opportunity to testify in **support of HCR143**.

April 10, 2024

Senate Committee on Government Operations

Aloha Chair McKelvey, Vice Chair Gabbard, and Committee Members:

**Testimony In Support of HCR 143**, Urging the Department of Human Services, Department of Health, and Judiciary to Prioritize Ensuring that Contracts for Government Services are Adequately Resourced to Cover the Costs of Providing Those Services

**Hearing Date:** April 11, 2024, 3:05 pm

**Location:** Conference Room 225 & Videoconference

Lanakila Pacific strongly supports HCR143, which seeks to ensure that contracts for government services have adequate funding to provide the vital service. Local community-based service providers have joined forces as the Hawaii True Cost Coalition to advocate for maintaining a strong safety net of services and protecting already inadequate funds. The coalition seeks to ensure the needs of the most vulnerable in the community are a priority. Together we serve more than 500,000 residents in Hawaii annually.

In the face of an increasing cost of living and the Maui wildfire disaster, more residents struggle to afford necessities. Since 2012, our information shows electricity has increased 18%, transportation 59.2% and food 39.3% identified in statistics as of 2022. During the same period, community needs and indicators of adverse effects which foreshadow future needs have increased. Clearly the burden on community-based organizations that create the safety net of nonprofit services increases during times of crisis and financial strain. During a time of crisis, these organizations must be fully funded and prepared to support individuals needing help to minimize the impact on the community. Forcing a cutback in services due to underfunding will only compound problems and will be more costly overall.

In contrast, adequately funding organizations like Lanakila Pacific can help to stimulate the economy by strengthening the workforce with the inclusion of individuals with disabilities. These individuals can work and contribute to the tax base if given the opportunity. State programs through the Division of Vocational Rehabilitation provide the funding to create these opportunities.

We are proud to testify in support of HCR143 along with other community-based organizations in the True Cost Coalition. Thank you for allowing us to testify and for your consideration of our concerns.

Sincerely,  
Rona Yagi Fukumoto  
President & CEO



April 10, 2024

**RE: 143 HCR URGING THE DEPARTMENT OF HUMAN SERVICES, DEPARTMENT OF HEALTH, AND JUDICIARY TO PRIORITIZE ENSURING THAT CONTRACTS FOR GOVERNMENT SERVICES ARE ADEQUATELY RESOURCED TO COVER THE COSTS OF PROVIDING THOSE SERVICES.**

Senate Committee on Government Operations

Senator Angus L.K. McKelvey, Chair

Senator Mike Gabbard, Vice Chair

Senators Joy A. San Buenaventura, Glenn Wakai, and Brenton Awa, Committee Members

Dear Committee Chair McKelvey, Vice Chair Gabbard, and Committee Members,

I am submitting this letter in **support of HCR 143** on behalf of Easterseals Hawaii and the families we serve. Easterseals Hawaii is a community-based organization that provided services to over 2200 persons statewide through government contracts in 2023. Our purpose is to create a more equitable world where people with I/DD can choose their own path.

Like many other I/DD providers, Easterseals Hawaii has struggled to recruit and maintain essential staff for our programs because of wage and cost pressures. Ensuring that government contracts are adequately resourced to cover the costs of providing services will enable us to continue providing essential services and supports that enable individuals in I/DD to thrive in their communities.

**Easterseals Hawaii strongly urges you to vote in support of HCR 143.**

Thank you for the opportunity to submit this letter.

Handwritten signature of Andrea Pettiford in black ink.

Andrea Pettiford  
Chief Executive Officer  
Easterseals Hawaii

Handwritten signature of Rachel Liebert Lewis in black ink.

Rachel Liebert Lewis  
Legislative Researcher and Policy Architect  
Easterseals Hawaii



**LATE**

**HCR-143**

Submitted on: 4/11/2024 6:54:20 AM

Testimony for GVO on 4/11/2024 3:05:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Paige Deponte	Testifying for The Spirit Horse Ranch Inc - Maui	Support	Written Testimony Only

Comments:

Aloha and thank you for allowing and hearing my testimony in support this morning.

As a Maui Trauma Informed Care Facility for Maui's Mental Health; our program has been essential to the healing of our community. Last year on 8/11 we opened our Keiki Equine Trauma Informed Care program to all Maui residents and have provided over 850 sessions to heal individuals from the Trauma of the Maui Fires. Our staff works 6 days a week at times 10 hours a day. Covering multiple positions due to lack of funding, we received no state support, the grants we did receive only covered a small portion of our operating budget leaving our staff working at poverty levels for instance as director , Equine therapist, Human resourses and marketing my total pay in 2023 was \$13,000 for the year. We depend on State funding and funding that allows sufficient salaries and to be able to know the funding is secure for more than

just one year. If our services are not available these individuals will become state dependent with mental and physical health care cost that superseded the budgets we requested and this applies to all the Maebtial health services in Hawaii. Please ensure all mental health nonprofits are accounted and provided for with the financial support they need to support their program services and staffing needs. Mahalo For your time.

**LATE**

**HCR-143**

Submitted on: 4/11/2024 10:42:45 AM  
Testimony for GVO on 4/11/2024 3:05:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Deborah L.K. Spencer-Chun	Testifying for Adult Friends for Youth	Support	Written Testimony Only

Comments:

I strongly support this bill. Community-based organizations in Hawaii need adequate funding to effectively perform our work. I am a member of the Hawaii True Cost Coalition which helps improve the ways nonprofits and the state work together to serve the most vulnerable in our communities.

**HCR-143**

Submitted on: 4/9/2024 9:26:11 AM

Testimony for GVO on 4/11/2024 3:05:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
John Fink	Individual	Support	Written Testimony Only

Comments:

If the government does not adequately fund the important projects that it initiates with nonprofits, invariably, nonprofits will have to limit services, reject contracts, or possibly even close their doors.

When local nonprofits cannot do the work they do for the government due to restrictive and archaic pay structures, the responsibility to handle these vital services will invariably end up falling to the government to deal with... as there would be fewer non-profit providers, counsellors, and organizations to answer the increasing calls for help. We cannot ignore this reality any longer.

Thank you.

Karen Worthington, Kula, HI 96790

**LATE**

April 11, 2024

To: Senator Angus L.K. McKelvey, Chair, and Senator Mike Gabbard, Vice Chair  
Committee on Government Operations

From: Karen Worthington, Private Citizen

Re: HCR143, Urging the Department of Human Services, Department of Health, and  
Judiciary to Prioritize Ensuring that Contracts for Government Services are Adequately  
Resourced to Cover the Costs of Providing those Services  
**Hawaii State Capitol, Room 225 and Videoconference, April 11, 2024, 3:05 PM**

**Position: SUPPORT**

Dear Senator McKelvey, Senator Gabbard, and Committee Members:

Thank you for the opportunity to provide testimony in strong support of HCR 143, which urges our state departments of human services, health, and the judiciary to ensure that service contracts fully cover the true costs to nonprofits of providing essential services to Hawai'i residents.

I am a children's policy lawyer and consultant who works with government agencies and nonprofits. I have served on the boards of Maui and statewide nonprofits, and as a board member, have struggled with raising funds to cover the gaps between what the state pays for services and what it costs nonprofits to provide those services. The Hawai'i procurement, contracting, and payment processes needs much reform, and HCR 143 is an excellent step toward improving services for families and supporting the workforce that provides essential safety net services that our government has committed to providing.

If you would like additional information related to my testimony, please do not hesitate to contact me ([karen@karenworthington.com](mailto:karen@karenworthington.com)).

Best regards,



Karen Worthington