

STAND. COM. REP. NO.

263

Honolulu, Hawaii

FEB 10 , 2025

RE: H.B. No. 1099
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Human Services & Homelessness, to which was referred H.B. No. 1099 entitled:

"A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES,"

begs leave to report as follows:

The purpose of this measure is to make an emergency appropriation for fiscal year 2024-2025 to the Department of Human Services to support the necessary modifications to the ongoing development of a new eligibility system.

Your Committee received testimony in support of this measure from the Department of Human Services; Department of Budget and Finance; Hawai'i Farmers Union; Hawaii Appleseed Center for Law & Economic Justice; and Catholic Charities Hawai'i.

Your Committee finds that the Supplemental Nutrition Assistance Program is essential for providing food assistance to low-income households in Hawaii. However, the State recently incurred a penalty of \$10,934,327 from the United States Department of Agriculture Food and Nutrition Service due to a payment error rate exceeding the national average for two consecutive federal fiscal years. The payment error was the result of several contributing factors that strained staff and operations, including impacts of the COVID-19 pandemic, increased

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applications, larger caseloads, hiring freezes, and loss of personnel due to positions being defunded, retirements, and resignations. To address this issue, the State has been offered the option to reinvest fifty percent of the penalty amount into program improvements that would reduce the payment error rate, potentially waiving the remaining penalty if the State successfully lowers and maintains its error rate below the national average.

Therefore, to prevent delays and ensure compliance with the United States Department of Agriculture Food and Nutrition Service reinvestment plan, this measure provides an emergency appropriation for fiscal year 2024-2025, which will go toward the Department's ongoing development of its new Benefits Eligibility Solution system, that will not only help Hawaii avoid paying the full penalty but also improve the accuracy of federal food assistance benefits, reducing the burden on recipients and minimizing the risk of future financial penalties. Your Committee notes that these funds need to be available during this fiscal year to address federal requirements.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services & Homelessness that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1099, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1099, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Human Services &
Homelessness,



LISA MARTEN, Chair



