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DEPARTMENT OF HUMAN SERVICES
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TRISTA SPEER
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February 22, 2025

TO: The Honorable Representative Kyle T. Yamashita, Chair
House Committee on Finance

FROM: Ryan I. Yamane, Director

SUBJECT: **HB 1099 HD1 – MAKING AN EMERGENCY APPROPRIATION TO THE
DEPARTMENT OF HUMAN SERVICES.**

Hearing: Monday, February 24, 2025, 12:00 p.m.
Conference Room 308 & Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this administrative measure and defers to the Department of Budget & Finance.

PURPOSE: This measure provides an emergency appropriation for fifty percent of the penalty assessed by the United States Department of Agriculture Food and Nutrition Service (FNS). The funds will be reinvested in the continued development of a new eligibility system that will assist in reducing the rate, which, if successful, may result in the State's not being required to pay the remaining fifty percent of the penalty. Declares that the general fund expenditure ceiling is exceeded.

The House Committee on Human Services and Homelessness amended this measure by inserting language that the expenditure ceiling for fiscal year 2024-2025 has been exceeded and making technical, nonsubstantive amendments for the purposes of clarity and consistency.

On June 28, 2024, FNS notified DHS that it had incurred a penalty of \$10,934,327 because the State's payment error rate for the Supplemental Nutrition Assistance Program (SNAP) was above the national average for two consecutive federal fiscal years. The national

average in federal fiscal year (FFY) 2023 was 11.68 percent, and Hawaii's payment error rate during this period was 20.94 percent. The impacts of the COVID-19 pandemic, including the many changes that came with program waivers, increased applications, expanded caseloads, the SFY 2021 executive hiring freeze, Act 9, Session Laws of Hawaii (SLH) of 2020, defunding of 319 positions, and Act 88, SLH 2021, defunding of 18 positions, retirements, resignations, and new programs all put an enormous strain on staff and operations contributing to the high payment error rate.

FNS offered DHS the option of paying the penalty in full or reinvesting fifty percent of the penalty amount in improvements that would lead to a reduction of the SNAP payment error rate. Under the terms of the reinvestment option, DHS needs only fifty percent of the assessed penalty now, as FNS may waive the remaining fifty percent if the reinvestment results in decreasing the State's payment error rate and the State remains below the national payment error rate average. The current DHS error rate for Federal Fiscal Year 2024 is 8.23 percent, which is below the current national average of 10.96% and less than half of Hawaii's payment error rate for FFY 2023.

Hawaii is opting to reinvest fifty percent of the penalty amount towards the ongoing development of its new Benefits Eligibility Solution (BES), which will replace the nearly forty-year-old Hawaii Automated Welfare Information (HAWI) eligibility system. BES is currently scheduled for statewide implementation in October 2026. Due to the ongoing implementation timeline for BES and to allow time for FNS approval of the reinvestment plan, funding is required in the current state fiscal year 2024-2025.

DHS is concerned that the funds become available this fiscal year through the emergency appropriation. Without additional funds to reinvest fifty percent of the penalty this fiscal year, there will be adverse impacts to other programs and services for low-income households statewide. Additionally, the FNS penalty amount designated for reinvestment must be funded with new general funds, and failure to pay the penalty reinvestment will result in the total penalty needing to be paid.

The reinvestment in the development of BES will support increased automation and other functionality aimed at increasing efficiency and reducing the likelihood of worker error.

February 22, 2025

Page 3

Reducing payment errors will prevent FNS from imposing future penalties for high payment error rates.

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



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 1099, HD1: MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES

TO: House Committee on Finance
FROM: Tina Andrade, President and CEO, Catholic Charities Hawai'i
Hearing: **Monday, 2/24/25, 12:00 PM; via Videoconference or Room 308**

Chair Yamashita, Vice Chair Takenouchi, and Members, Committee on Finance:

Catholic Charities Hawai'i **Supports HB 1099 HD1**, which provides for 50% of the penalty assessed by the US Department of Agriculture Food and Nutrition Services to be appropriated to the Department of Human Services for the continual development of a new eligibility system to reduce the State's SNAP payment error rate. If successful, this may result in the waiver of the remaining 50% of the \$10 million+ penalty.

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. We serve over 40,000 people each year throughout the state. This bill is one of our economic justice priorities.

This bill is a win-win solution to help the State improve its critical provision of Supplemental Nutrition Assistance Program (SNAP) benefits. Workers, elders, homeless persons and many others in our community currently suffer long waits to obtain SNAP benefits. Over 100,000 households receive SNAP benefits. The Department of Human Services (DHS) has received over 40,000 calls in a month for this critical need. This huge demand is ongoing and it will increase as the State adds up to 14,000 NEW households due to the removal of the net income criteria. This would bring in an estimated \$45 million in new federal benefits. What a godsend to our struggling families.

However, to meet these increased demands, this emergency appropriation is critical to support the much-needed updates to the Benefits Eligibility Solutions (BES) system. Automation of SNAP eligibility worker tasks will increase efficiency, and reduce worker errors. Funding for these updates and other improvements to the DHS system being proposed this year are essential for DHS to respond to our local families' needs in a timely manner.

What a great opportunity to utilize this "penalty" to modify the DHS system to increase efficiency and to better serve our families who lack adequate food!

We urge you to **support \$5,467,164 for SNAP updates**. If you have any questions, please contact our Legislative Liaison, Betty Lou Larson at (808) 527-4813



Catholic
Charities
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Phone (808) 527-4813 •





**Testimony to the House Committee on Finance
Monday, February 24, 2025; 12:00 p.m.
State Capitol, Conference Room 308
Via Videoconference**

RE: HOUSE BILL NO. 1099, HOUSE DRAFT 1, MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES.

Chair Yamashita, Vice Chair Takenouchi, 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** House Bill No. 1099, House Draft 1, MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live 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.

This measure, as received by your Committee, would authorize an emergency appropriation for the Department of Human Services to decrease the error rate in the Supplemental Nutrition Assistance Program (SNAP) as an option to comply with penalties assessed by the United States Department of Agriculture Food and Nutrition Services.

SNAP, formally known as the "Food Stamps Program", is the largest federal food assistance program that is currently in operation. It provides food-purchasing assistance for low- and no-income people. SNAP provided assistance to approximately 40 million persons in 2018, at an expenditure of \$57.1 billion. Approximately 9.2% of American households received SNAP benefits at some point during 2017, with approximately 16.7 of all children living in households receiving SNAP benefits.

Founded during the height of the Great Depression, SNAP is the cornerstone of our national social safety net. It is intended to prevent mass starvation precipitated from unemployment and homelessness. The program was also seen as a way of helping the poor while boosting the economy and ensuring that America's farmers would obtain a fair price for their labors by allowing government to purchase and distribute excess goods in time of crisis.

The COVID-19 Pandemic demonstrated how food scarcity and poverty threatened the health and welfare of our citizens in times of dire crisis. With so many people unemployed, entire families struggled to put food on the table on a consistent basis. Lines at the food bank and food drives stretched for miles and people waited for hours to receive surplus food.

While COVID-19 no longer poses the threat it did in years past, Hawaii is still having to address its ramifications. Changed requirements intended to first expand during the pandemic, then restrict once the pandemic ended, led to payment errors precipitating penalties to the State. If this measure is not approved, the penalty will double and force the State to utilize limited resources intended for benefits to pay the penalty.

For this reason, the HPCA respectfully urges your favorable consideration of this measure.

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.



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Aloha Chair Yamashita, Vice Chair Takenouchi, and Members of the House Finance Committee,

The Hawai'i Farmers Union is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFU supports HB1099.**

The emergency appropriation outlined in HB1099 is a necessary measure to address pressing issues within Hawaii's supplemental nutrition assistance program (SNAP), and it serves as an investment in developing a more accurate and efficient eligibility system. By covering fifty percent of the penalty assessed by the United States Department of Agriculture Food and Nutrition Service, this bill not only addresses immediate financial obligations but also positions the State to potentially avoid the remaining penalty if new systems reduce payment errors. These improvements ensure that resources intended for SNAP benefits are utilized effectively, aiding those who depend on these services for their daily sustenance, and reinforcing the state's commitment to streamlining administrative processes for public welfare.

Moreover, programs like DaBux, which enhance SNAP recipients' access to local produce, exemplify the benefits of a well-functioning SNAP system. By connecting families with local farms, DaBux not only supports the nutrition of Hawaii's residents but also strengthens the local agricultural economy. The enhanced eligibility system funded by this bill could further bolster initiatives like DaBux by reducing administrative hurdles and ensuring that more families can access locally produced, nutritious food. This symbiotic relationship between SNAP enhancements and local agriculture not only addresses food security but also fosters a more resilient, self-sustaining community by supporting local farmers and the broader agricultural economy.

Mahalo for the opportunity to testify.

Hunter Heavilin
Advocacy Director
Hawai'i Farmers Union

HB-1099-HD-1

Submitted on: 2/21/2025 1:42:29 PM

Testimony for FIN on 2/24/2025 12:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Marilyn Yamamoto	Individual	Comments	Written Testimony Only

Comments:

Representative Yamashita and committee,

I watched the declaration of the \$10 million dollar fine at the Informational Briefings for FIN and WAM in January and find it difficult to know that tax dollars are paying for an error by the department that was not clearly explained.