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TRISTA SPEER
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March 15, 2025

TO: The Honorable Senator Joy A. San Buenaventura, Chair
Senate Committee on Health and Human Services

FROM: Ryan I. Yamane, Director

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

Hearing: Monday, March 17, 2025, 1:00 p.m.
Conference Room 225 & 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.

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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: Senate Committee on Health and Human Services
FROM: Tina Andrade, President and CEO, Catholic Charities Hawai'i
Hearing: **Monday, 3/17/25, 1:00 PM**; via Videoconference or Room 225

Chair San Buenaventura, Vice Chair Aquino, and Members, Committee on Health and Human Services:

Catholic Charities Hawai'i **strongly 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, community-based organization that has been providing social services in Hawai'i for over 75 years. CCH has programs serving elders, veterans, children, families, houseless persons and immigrants. Our mission is to provide services and advocacy to the most vulnerable 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 could add up to 14,000 NEW households due to the removal of the net income eligibility criteria. What a godsend to our struggling ALICE 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.

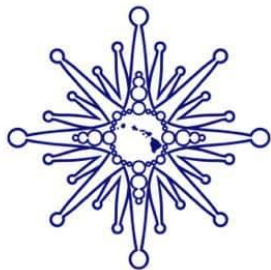
What a great opportunity to utilize this "penalty" to modify the DHS system to increase efficiency and to better serve our families who lack adequate food!

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



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Phone (808) 527-4813 •





HAWAII COALITION FOR CHILD PROTECTIVE REFORM

March 13, 2025

Hearing: HB1099 relating to emergency funding request from DHS
March 17, 2025

Senator San Buenaventura and committee members,

I have no expectation that **my comments** will affect the decision of this committee, but I feel compelled to comment **on the mishandling of funds that we taxpayers support involuntarily and without accountability.**

In November 2024, an Information Briefing disclosed that a \$10 million dollar allocation to DHS failed to gain new hires in the contracted organizations but there was no explanation of how the money was used or if it is still available. At the same briefing, the State Auditor described an undetermined amount of federal funding that was lost due to the failure of DHS to properly license child-specific families.

An inquiry concerning application for federal funding to improve legal assistance for parents and children revealed that the funding was left on the table after the law passed in 2018. The reimbursement through Title IVE funding could have provided an incentive for the state to increase the funding available for court appointed lawyers.

The \$10 million dollar fine assigned to DHS for errors on funding applications to the Department of Agriculture described to the WAM and FIN information briefings in January did not adequately justify the error-rate, in my opinion.

There are now 4 active lawsuits against the department that, if successful, will put a burden on the state of up to \$10 million dollars.

The public puts its trust and financial support into government departments. Does there need to be more frequent oversight of department finances?



Aloha Chair Buenaventura San, Henry Aquino, and Members of the Health and Human Services Committee,

Food+ Policy **strongly supports HB1099**, which provides an emergency appropriation for fifty percent of the penalty assessed by the United States Department of Agriculture Food and Nutrition Service to be reinvested in the continued development of a new eligibility system that will help reduce the State's Supplemental Nutrition Assistance Program payment error rate. This bill is critical to ensuring the efficient and accurate processing of SNAP benefits, which are vital for Hawaii's vulnerable populations.

SNAP assists struggling families with food insecurity. In Hawaii, where the cost of living is high, ensuring that SNAP benefits are processed accurately and promptly is essential for the well-being of many households. The improvements funded by HB1099 will help reduce processing errors, **ensuring that SNAP recipients receive the support they are promised without delay**. The COVID-19 pandemic introduced changes to SNAP that caused an increased error rate in benefit distribution. The Food and Nutrition Act of 2008 mandates that all individuals who meet the eligibility criteria set by the federal government are **entitled to receive SNAP benefits**. The law **obligates** states to administer SNAP fairly and ensure eligible individuals receive benefits **promptly**.

This bill will enable the state to reinvest in a new eligibility system, which will help resolve the ongoing challenges and **improve the necessary SNAP** operations in Hawaii. With Hawaii's high cost of living, many **families rely on SNAP** to meet their basic nutritional needs. By improving the SNAP eligibility system, this bill will **ensure that the necessary benefits are properly distributed** accurately, helping to stabilize food access for those who need it most.

Food+ Policy urges the Committee to **support HB1099**. This bill represents the necessary investment in Hawaii's SNAP program that is essential to our communities.

Mahalo,

Hawaii Food+ Policy Team

The Food+ Policy internship develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2025, the cohort of interns are undergraduate and graduate students and young professionals working in the food system. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.

To: Senate Committee on Health and Human Services
Re: **HB 1099 HD1 – Making an Emergency Appropriation to the Department of Human Services**
Hawai'i State Capitol & Via Videoconference
March 17, 2025, 1:00 PM

Dear Chair San Buenaventura, Vice Chair Aquino, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in **SUPPORT of HB 1099 HD1**. This bill provides an emergency appropriation for the Department of Human Services (DHS) to reinvest in the ongoing development of a new eligibility system for the Supplemental Nutrition Assistance Program (SNAP).

This appropriation is crucial to address the recent penalty assessed by the United States Department of Agriculture (USDA) Food and Nutrition Service and to enhance the efficiency and accuracy of SNAP administration in Hawai'i.

In Hawai'i, SNAP plays a critical role in supporting many of our most vulnerable residents. More than half of SNAP recipients in Hawai'i are in families with children, and SNAP lifted 62,000 people above the poverty line in Hawai'i, including 26,000 children, per year between 2015 and 2019, on average.¹

The average SNAP benefit per household with children in Hawai'i was \$1,098 per month in fiscal year 2022. In 2024, Hawai'i received \$732.5 million in SNAP benefits, not only lifting up low-income families, but also directly supporting approximately 900 food retailers in Hawai'i.

However, Hawai'i had a SNAP overpayment error rate of 19.97% in 2023, the fourth highest rate in the nation.² This elevated error rate led to substantial financial penalties from the USDA, underscoring the urgent need for system improvements.

This bill provides an emergency appropriation covering 50% of the penalty assessed by the USDA. This funding will be reinvested into the development of a new eligibility system for SNAP, aiming to reduce payment errors, enhance program integrity, and lead to a more efficient use of taxpayer dollars. An improved system will ensure that eligible households receive the correct benefits promptly, supporting their nutritional needs.

Mahalo for this opportunity to provide testimony. Please pass this bill.

Sincerely,

Nicole Woo
Director of Research and Economic Policy

¹ https://www.cbpp.org/sites/default/files/atoms/files/snap_factsheet_Hawai'i.pdf

² <https://www.newsweek.com/snap-benefit-overpayment-rate-highest-five-states-1921036>



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Aloha Chair San Buenaventura, Vice Chair Aquino, and Members of the Senate Health and Human Services 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