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STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
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TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

February 25, 2025

TO: The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

FROM: Ryan I. Yamane, Director

SUBJECT: **SB 1418 SD1 – MAKING AN EMERGENCY APPROPRIATION TO THE
DEPARTMENT OF HUMAN SERVICES.**

Hearing: Thursday, February 27, 2025, 10:30 a.m.
Conference Room 211, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this administrative measure.

PURPOSE: This measure provides an emergency appropriation for the Department of Human Services to reinvest in the ongoing development of a new eligibility system for the Supplemental Nutrition Assistance Program. Makes an emergency appropriation for fiscal year 2024-2025. Declares that the general fund expenditure ceiling for fiscal year 2024-2025 has been exceeded. (SD1)

The Senate Committee on Health and Human Services 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, the Food & Nutrition Service (FNS) of the U.S. Department of Agriculture 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 25, 2025

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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.



**Testimony to the Senate Committee on Ways and Means
Thursday, February 27, 2025; 10:30 a.m.
State Capitol, Conference Room 211
Via Videoconference**

RE: SENATE BILL NO. 1418, SENATE DRAFT 1, MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES.

Chair Dela Cruz, Vice Chair Moriwaki, 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** Senate Bill No. 1418, Senate 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 provide funding 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.

To: Senate Committee on Ways and Means
Re: **SB 1418 SD1 – Making an Emergency Appropriation to the Department of Human Services**
Hawai'i State Capitol & Via Videoconference
February 27, 2025, 10:30 AM

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in **SUPPORT of SB 1418 SD1**. 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>



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 1418 SD1: MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES

TO: Senate Committee on Ways and Means
FROM: Tina Andrade, President and CEO, Catholic Charities Hawai'i
Hearing: **Thursday, 2/27/25; 10:30 AM;** via Videoconference or Room 211

Chair Dela Cruz, Vice Chair Moriwaki, and Members, Committee on Ways and Means:

Catholic Charities Hawai'i **Supports SB 1418 SD1**, 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. The Department of Human Services (DHS) has received over 40,000 calls in a month for this critical need. DHS has ongoing plans to modernize their system which requires State funding. Instead of paying the \$10 million+ federal penalty, the State is allowed to reinvest 50% of the penalty amount to support automation of SNAP eligibility worker tasks that will increase efficiency, and reduce worker errors.

What a great opportunity to utilize this "penalty" and avoid future federal penalties to modify the DHS system to help serve the increasing demand for SNAP benefits. Besides the thousands of local residents who currently receive SNAP, the DHS just removed the net income eligibility criteria which could add 13,000 to 14,000 new households. The estimated \$45 million in federal benefits would be a godsend to our struggling families across the state. Funding the efforts of DHS for ongoing improvements of their technical system is essential to address these local families' needs in a timely way.

We urge you to support this bill and allocate \$5,467,164 to enable the State to better address the urgent needs of our local people for food, and to avoid additional penalties.

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 •





LATE

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Hawai'i Drug & Alcohol-Free Coalitions

Hawai'i Farm to School Network

Hawai'i Oral Health Coalition

Hawai'i Public Health Training Hui

Healthy Eating + Active Living

Kūpuna Collective/Healthy Aging &
Community Living

Public Health Workforce Development

Date: February 24 2025

To: Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair
Members of the Committee on Ways and Means

RE: Support for SB 1418 SD1, Making An Emergency Appropriation to the
Department of Human Services

Hrg: Thursday, February 27, 2025, at 10:30 AM, Conference Room 211

Hawai'i Public Health Institute (HIPHI)¹ and the Healthy Eating, Active Living²
(HEAL) Coalition **supports SB 1418 SD1**, which provides an emergency
appropriation for fifty percent of the penalty assessed by the United States
Department of Agriculture Food and Nutrition Service.

Use It or Lose It

Our SNAP department has received an \$11 million dollar fine for their error rate,
but can spend half of the fine on improvements to our own system. This
appropriation will allow our SNAP department to invest in improvements rather
than giving the entire \$11 million dollar fine to the federal government.

More Investment is Needed

SNAP demand has risen over 50% in recent years, yet staffing levels remain
unchanged. This has resulted in an inaccessible application process, and frustrated
applicants abandoning the process, leaving two in five eligible residents without
the benefits they qualify for. We must significantly invest in the SNAP department
to ensure it can meet this growing need effectively. By improving our system, we
can unlock over \$100 million in unclaimed assistance for our community.

Mahalo,

Nate Hix
Director of Policy and Advocacy

¹ Hawai'i Public Health Institute's mission is to advance health and wellness for the people
and islands of Hawai'i. We do this through expanding our understanding of what creates
health of people and place, fostering partnerships, and cultivating programs to improve
policies, systems, and the environments where people live, learn, work, age, and play.

² The Healthy Eating + Active Living (HEAL) Coalition, formerly known as the Obesity
Prevention Task Force, was created by the legislature in 2012 and is comprised of over 60
statewide organizations. The HEAL Coalition works to make recommendations to reshape
Hawai'i's school, work, community, and health care environments, making healthier
lifestyles obtainable for all Hawai'i residents.



HAWAII APPLESEED
CENTER FOR LAW & ECONOMIC JUSTICE

LATE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for S.B. 1418 – Making an Emergency Appropriation to the Department of Human Services
House Committee on Ways and Means
Thursday, February 27, 2025, at 10:30AM

Dear Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee:

Thank you for the opportunity to submit testimony in support of **S.B. 1418**, which would provide an emergency appropriation for fifty percent of the penalty assessed by the United States Department of Agriculture (USDA) 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 State's Supplemental Nutrition Assistance Program (SNAP) payment error rate.

While the error rate fee is unfortunate, we support DHS's decision to take advantage of the opportunity to invest half of this penalty into improving the system to avoid future errors. This emergency appropriation will support the much-needed updated Benefits Eligibility Solution (BES) system, designed to automate eligibility worker tasks, increasing efficiency, reducing human error, and ultimately lowering the payment error rate below the national average of 11.68%.

Additionally, because of the recent rule change to eliminate net income limits for eligibility, there is expected to be an extra 14,000 households eligible for SNAP benefits later this year.¹ With large increases in SNAP applications upcoming, it is more urgent than ever to ensure that funds support the new BES system.

Thank you for considering these comments in your deliberation of S.B. 1418. Investing in BES now will prevent project delays and ensure the system includes the necessary technical capabilities to greatly improve SNAP access.

¹ D. Moore & N. Hix, "Hawai'i's Unnecessary Benefit Cliff: How One Small Policy Change Could Deliver Tens of Millions in Federally-Funded SNAP Benefits," University of Hawai'i Economic Research Organization (UHERO), <https://uhero.hawaii.edu/hawai%CA%BBis-unnecessary-benefit-cliff-how-one-small-policy-change-could-deliver-in-45m-per-year-in-federally-funded-snap-benefits/#:~:text=UHERO's%20analysis%20suggests%20that%20eliminating,course%20of%20that%20same%20year>.



Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

Food+ Policy **strongly supports SB1418**, which provides an emergency appropriation to the Department of Human Services for the ongoing development of a new eligibility system for the Supplemental Nutrition Assistance Program. This bill is critical to ensuring the efficient and accurate processing of SNAP benefits, which are a vital support for Hawaii's vulnerable populations.

Key Points of Support:

1. **Addressing Food Insecurity in Hawaii:** SNAP provides crucial assistance to families struggling 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 SB1418 will help reduce processing errors, ensuring that SNAP recipients receive the support they need without delay.
2. **Fixing Post-Pandemic System Challenges:** The COVID-19 pandemic introduced changes to the SNAP program that led to an increased error rate in benefit distribution. This bill will enable the state to reinvest in the development of a new eligibility system, which will help resolve the ongoing challenges and improve the efficiency of SNAP operations in Hawaii.
3. **Preventing Financial Penalties:** In 2024, the USDA assessed a penalty for Hawaii's higher-than-average SNAP payment error rates. SB1418 offers the state a timely opportunity to reinvest 50% of the penalty amount to improve the eligibility system and reduce errors. By taking this proactive approach, the state can avoid further financial penalties while ensuring continued access to critical food assistance.
4. **Supporting Hawaii's Most Vulnerable Populations:** 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 benefits are distributed accurately and efficiently, helping to stabilize food access for those who need it most.

Food+ Policy urges the Committee to **support SB1418**. This bill represents a vital investment in Hawaii's SNAP program, which provides essential food security to the most vulnerable members of our community. The reinvestment will help improve the system, reduce errors, and prevent unnecessary financial penalties, making it an effective and responsible step toward ensuring reliable food assistance for those in need.

Thank you for your consideration,

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.

LATE

To: COMMITTEE ON WAYS AND MEANS

Chair Senator San Buenaventura

Subject: SB1418- Making an Emergency Appropriation to the Department of Human Services.

Hearing: Thursday, February 27, 2025, 10:30am

Conference Room 211 & Videoconference

Dear Chair Senator San Buenaventura and Members of the Committee,

My name is Alexis Bihm, I am a social work student at the University of Hawaii, and offering individual testimony in strong support of SB1418, which provides an emergency appropriation for the Department of Human Services to reinvest in the ongoing development of a new eligibility system for the Supplemental Nutrition Assistance Program (SNAP).

As a full-time student working 15 hours a week and completing an 8-hour unpaid internship, I rely on SNAP benefits to help cover my basic needs. Despite my efforts to increase my work hours, I have faced challenges in securing additional hours from my employer. Recently, I received my six-month SNAP benefits report and was informed that my monthly benefits would be cut nearly in half because I do not meet the 20-hour work requirement. This reduction places an immense financial strain on me and others in similar situations who are actively trying to meet program requirements but face employment barriers beyond our control.

State data also reflects the growing reliance on SNAP in Hawai'i. SNAP participation surged from 79,960 households in October 2019 to a peak of 112,461 households during the pandemic, with rates still higher in 2022 than before the pandemic.

The reinvestment in SNAP's eligibility system is important to ensure fair and accurate benefit distribution. Errors in processing and outdated eligibility systems should not be the reason people lose access to essential food assistance. By improving efficiency and reducing errors, this bill helps ensure that individuals who genuinely need support receive it. For these reasons, I respectfully urge you to pass SB1418. Thank you for the opportunity to provide testimony.

Sincerely,

Alexis Bihm

Makawao Maui

House District 12

House Representative Kyle T. Yamashita

Senate District 7

Senator Lynn DeCoite

Hawai'i Appleseed Center for Law & Economic Justice. (2023, January). *Hawai'i SNAP: Challenges and opportunities for improving food security for Hawai'i residents.*

<https://hiappleseed.org/publications/hawaii-snap>