

A Bill for an Act Relating to Human Services.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that welfare reform remains a priority issue across the country. With a lagging economy and a shrinking state budget, the State has an even greater stake in welfare reform. Due to continuing budget restrictions and anticipated federal initiatives to reform the welfare system, major changes need to be made.

The legislature further finds that the people of the State support the provision of aid to those truly in need, but at the same time are disinclined to dispense aid unconditionally. The welfare system must focus on supplementing those who can help themselves to become employed and financially independent. The system must also provide job training when necessary and child care to encourage recipients to go to work.

The legislature finds that recipients of public assistance are often unable to secure employment that pays more than their benefits. This creates an incentive for them to remain on welfare and a disincentive to seek and retain employment. Disincentives to work must be removed and realistic incentives must be fashioned by integrating work and benefits in a way that will give recipients a chance to exit the welfare rolls. In other words, the system must be changed so that recipients are better off working than not working. On the other hand, recipients must be given support so that they have a real chance to earn wages that are sufficient and worth leaving welfare for.

The legislature also recognizes that although fiscal constraints must be imposed, we must not lose sight of the fact that the State's welfare system, in particular the Aid to Families with Dependent Children (AFDC) program, is a cash assistance program designed to raise the income of families with children living in poverty. The AFDC program is meant to lessen the hardships of poverty on children and to seek to ensure that all of the State's children are afforded the chance to be productive and contributing members of society. It is also designed to keep the family structure intact. Assistance is provided to parents of poor children with the belief that parents are best able to provide a nurturing and healthful environment necessary for raising children. As the nation and the State move toward reforming the AFDC program, we must keep in mind that this is a child welfare program and that the future of tens of thousands of Hawaii's children is at stake.

In fiscal year 1994-1995, more than 42,000 children in 21,480 families received approximately \$163,000,000 in cash assistance in Hawaii. Approximately ninety-five per cent of these families were headed by women and twenty-six per cent of the parents who received aid were disabled. Contrary to popular belief, most AFDC families do not remain on welfare rolls forever—sixty-two per cent remain for less than two years, with the average stay being thirty-five months.

The purpose of this Act is to address the current depressed fiscal conditions and anticipated federal and state program restrictions, while at the same time reforming the welfare system so that recipients of public assistance are given every chance to work and save money to leave the welfare rolls.

SECTION 2. Section 346-1, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

““Exempt household” means a household in which the adult is:

- (1) Ill, incapacitated, or disabled, as determined by the department on the basis of medical or other competent evidence;
- (2) Sixty-five years of age or older;
- (3) Needed in the household, as determined by the department, to care for another household member who is ill, incapacitated, or disabled;
- (4) The parent or other relative of a child who is not of school age and is personally providing care for the child, unless child care is provided by the department under this part;
- (5) Non-needy; or
- (6) A single parent responsible for the care and custody of a child under the age of eight weeks."

SECTION 3. Section 346-29, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) No applicant shall be entitled to public assistance under this chapter who has sufficient income or other resources to provide a standard above that provided in this chapter, or who is an inmate of any public institution as long as the Social Security Act precludes the use of federal funds to provide public assistance to an inmate of such an institution, except that any inmate of a public institution who is otherwise eligible for medical assistance and who has been determined by the medical director of the institution as having a major illness or medical condition requiring the provision of medical care outside of the institution may receive assistance under this chapter. An inmate of an institution mentioned in this section may apply for assistance to begin after the inmate’s discharge from the institution. In determining the needs of an applicant or recipient for public assistance by the department, the department shall:

- (1) Disregard [such] the amounts of earned or unearned income and resources as required by the Social Security Act or other federal acts, to receive federal matching funds [and may disregard such additional amounts as these acts permit, now or in the future, to be disregarded;] and disregard from gross earned income twenty per cent plus \$200 and a percentage of the remaining balance of earned income consistent with federal regulations and requirements;
- (2) Consider as net income in all cases [such] the income as the Social Security Act or other federal acts may require the department to consider for receipt of federal matching funds and may consider [such] the additional income and resources as these acts may permit, now or in the future, to be considered;
- (3) Disregard a total of [\$1,000] \$5,000 in assets and the value of one motor vehicle in determining the needs of persons for financial assistance; provided that the amount to be disregarded shall not exceed standards under federally funded financial assistance programs. This paragraph shall not apply to persons eligible for Federal Supplemental Security Income benefits. In determining the needs of such persons, the department shall apply the resource retention requirements under the Federal Supplemental Security Income Program;
- (4) Apply the resource retention requirements under the Federal Supplemental Security Income Program in determining the needs of a single person for medical assistance only;
- (5) Apply the resource retention requirements under the Federal Supplemental Security Income Program in determining the needs of a family of two persons for medical assistance only and an additional \$250 for

- each additional person included in an application for medical assistance only;
- (6) Disregard amounts of emergency assistance granted under section 346-65;
 - (7) Not consider as income or resources any payment for services to or on behalf of, or any benefit received by, a participant under the JOBS program of part XI, other than wages. Wages earned by a participant while participating in the JOBS program shall be considered income of the participant, unless the wages are excluded or disregarded under any other law;
 - (8) Not consider as income or resources payment made to eligible individuals, eligible surviving spouses, surviving children or surviving parents as specified under Title I of the Civil Liberties Act of 1988, Public Law 100-383, which made restitution to individuals of Japanese ancestry who were interned during World War II;
 - (9) Allow the community spouse of an individual residing in a medical institution to maintain countable resources to the maximum allowed by federal statutes or regulations with provisions for increases, as allowed by the Secretary of Health and Human Services by means of indexing, court order, or fair hearing decree, without jeopardizing the eligibility of the institutionalized spouse for medical assistance;
 - (10) Allow an individual residing in a medical institution to contribute toward the support of the individual's community spouse, thereby enabling the community spouse to maintain the monthly maximum income allowed by federal statutes or regulations, with provisions for increases as allowed by the Secretary of Health and Human Services by means of indexing, court order, or fair hearing decree; and
 - (11) Consider the transfer of assets from the applicant's name to another name within the specified time period as required by federal regulations, known as the "lookback" period, prior to the application for medical assistance for care in a nursing home or other long-term care facility. Pursuant to rules adopted under chapter 91, the director may attribute any assets that have been transferred within the required federal "lookback" period from the applicant if the director determines that transfer of certain assets was made solely to make the applicant eligible for assistance under this chapter."

SECTION 4. Section 346-53, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) This subsection does not apply to general assistance. The standard of need for families of given sizes shall equal the poverty level established by the federal government in 1993, pro-rated over a twelve-month period.

The assistance allowance provided shall be based on a percentage of the standard of need. [The] For exempt households, the assistance allowance shall be set at sixty-two and one-half per cent of the standard of need. For all other households, the assistance allowance shall be set [at] no higher than sixty-two and one-half per cent of the standard of need and set no lower than fifty per cent of the standard of need. The standard of need shall be determined by dividing the 1993 federal poverty level by twelve and rounding down the quotient. The remaining quotient shall be multiplied by [sixty-two and one-half] the per cent as set by the director by rules pursuant to chapter 91 and the final product shall be rounded down to determine the assistance allowance[.];

- (1) The department may reduce the assistance allowance as determined in this subsection for non-exempt households for the purpose of providing work incentives or services under part XI of this chapter;
- (2) No reduction shall be allowed that jeopardizes eligibility for or receipt of federal matching funds under the Social Security Act; and
- (3) Reductions shall be limited to no more than one per year.’’

SECTION 5. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval, and shall be repealed on June 30, 1998.

(Approved July 3, 1996.)