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STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
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TRISTA SPEER
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March 27, 2025

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

FROM: Ryan I. Yamane, Director

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

Hearing: Friday, March 28, 2025, at 10:02 a.m.
Conference Room 211 & 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 in 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 8.13 percent, which is below the current national average of 10.37% 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 will 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 on 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 functionalities 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.



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TO: Committe on Ways and Means
FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: March 28, 2025
TIME: 10:02am

RE: HB1099 HD1 Making and Emergency Appropriation to the Department of Human Services
Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

HFIA is in strong support of this measure. The Supplemental Nutrition Assistance Program (SNAP) is a vital safety net to help address food insecurity in our state. Currently Hawaii has alarmingly high rates of food insecurity, it's close to 30% state wide and near to 40% in some areas. Given the impending cuts to Federal funding that support SNAP and other programs that help address food insecurity we believe it's vital to pass this measure to improve the eligibility system, lower the payment error rate, and avoid paying the full penalty.

We urge the Committee to pass this measure and we thank you for the opportunity to testify.



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Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Senate Ways and Means 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



**Testimony to the Senate Committee on Ways and Means
Friday, March 28, 2025; 10:02 a.m.
State Capitol, Conference Room 211
Via Videoconference**

RE: HOUSE BILL NO. 1099, HOUSE 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** 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.

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Friday, March 28, 2025; 10:02 a.m.
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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.



Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Ways and Means 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 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**.

Food+ Policy asks the Committee to **support HB1099**. 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.

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.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 1099, HD1: 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: **Friday, 3/28/25, 10:02 AM** ; via Videoconference or Room 211

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

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), a community-based organization, has provided social services in Hawai'i for over 77 years, assisting 40,000 people annually. Our services target the most vulnerable in Hawai'i, including elders, veterans, children, families, houseless individuals, and immigrants. 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 will 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! This may also result in the waiver of the remaining 50% of the \$10 million+ penalty.

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

