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DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

STATE OF HAWAII  
KA MOKU'ĀINA O HAWAI'I  
DEPARTMENT OF HUMAN SERVICES  
KA 'OIHANA MĀLAMA LAWELAWE KANAKA  
Office of the Director  
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TRISTA SPEER  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

February 1, 2025

TO: The Honorable Representative Lisa Marten, Chair  
House Committee on Human Services & Homelessness

FROM: Ryan I. Yamane, Director

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

Hearing: Tuesday, February 4, 2025, 9:30 a.m.  
Conference Room 329, 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.

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.

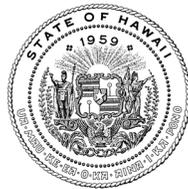
FNS offered DHS the option of paying the penalty in full or reinvesting fifty percent of the penalty amount in improvements that would lead to a reduction of the SNAP payment error rate. Under the terms of the reinvestment option, DHS needs only fifty percent of the assessed penalty now, as FNS may waive 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. 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.



JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

**WRITTEN ONLY**

TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON HUMAN SERVICES AND HOMELESSNESS  
ON  
HOUSE BILL NO. 1099

**February 4, 2025**  
**9:30 a.m.**  
**Room 329 and Videoconference**

**MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES**

The Department of Budget and Finance (B&F) supports this Administration bill but offers a technical amendment to add an expenditure ceiling declaration clause because the general fund expenditure ceiling for FY 25 has already been exceeded.

House Bill (H.B.) No. 1099 makes an emergency appropriation of \$5,467,164 in general funds to the Department of Human Services to reinvest in the development of a new eligibility system for the Supplemental Nutrition Assistance Program (SNAP) as part of corrective actions assessed by the U.S. Department of Agriculture, Food and Nutrition Service, in June 2024.

B&F suggests that H.B. 1099 be amended by adding a new section as follows:

“SECTION \_\_\_. In accordance with section 9 of article VII of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the state general fund expenditure ceiling for fiscal year 2024-2025 has already been exceeded by \$8,551,795 or 1 per cent. In addition, the appropriations contained in this Act will cause the state general fund expenditure ceiling

for fiscal year 2024-2025 to be further exceeded by \$5,467,164, or 1 per cent. The reasons for exceeding the general fund expenditure ceiling are that the appropriation made in this Act is necessary to serve the public interest and to meet the needs addressed by this Act.”

Thank you for your consideration of our comments.



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Aloha Chair Marten, Vice Chair Olds, and Members of the House Human Services & Homelessness 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. **HFUU 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 take advantage of 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



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai‘i Appleseed Center for Law and Economic Justice  
Support for H.B. 1099 – Making an Emergency Appropriation to the Department of Human Services  
House Committee on Human Services & Homelessness  
Tuesday, February 4, 2025, at 9:30AM

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Dear Chair Marten, Vice Chair Olds, and members of the Committee:

Thank you for the opportunity to submit testimony in support of **H.B. 1099**, 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.<sup>1</sup> 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 H.B. 1099. Investing in BES now will prevent project delays and ensure the system includes the necessary technical capabilities to greatly improve SNAP access.

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<sup>1</sup> 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.>



CATHOLIC CHARITIES HAWAII

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

TO: House Committee on Human Services & Homelessness  
FROM: Tina Andrade, President and CEO, Catholic Charities Hawai'i  
**Hearing: Tuesday, 2/4/25; 9:30 AM; via Videoconference or Room 329**

Chair Marten, Vice Chair Olds, and Members, Committee on Human Services & Homelessness:

Catholic Charities Hawai'i **Supports HB 1099**, 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 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 for \$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