

NEIL ABERCROMBIE  
GOVERNOR



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March 31, 2011

**MEMORANDUM**

TO: The Honorable Marcus R. Oshiro, Chair  
House Committee on Finance

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 1293, H.D. 1 – MAKING EMERGENCY APPROPRIATIONS  
FOR THE DEPARTMENT OF HUMAN SERVICES**

Hearing: Thursday, March 31, 2011; 4:00 p.m.  
Conference Room 308, State Capitol

**PURPOSE:** The purpose of S.B. 1293, H.D. 1, is to make emergency appropriations from the general revenues of the State of Hawaii for fiscal year 2010-2011 to address the budget shortfall in cash support (HMS 211), work program services and maintenance of effort contracts (HMS 903), and general assistance payments (HMS 204) in the Department of Human Services.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) strongly supports this Administration bill.

The programs that provide financial assistance for eligible adults with dependent children, the federally funded temporary assistance for needy families and the state-funded temporary assistance for other needy families programs, will expend all appropriated funds, federal and state, by the third quarter of the current fiscal year.

The expeditious approval of this emergency appropriation is critical for the Department of Human Services to continue to provide cash assistance used for food, clothing, shelter and other essentials to approximately 9,849 families with children. Without an emergency appropriation of \$11,523,511 in general funds in HMS 211 for fiscal year 2010-2011, cash assistance will be discontinued.

An emergency appropriation request in HMS 903 of \$45,184,770 in general funds is urgently needed to maintain the contracts for work program services for financial assistance clients who participate in federally approved work activities so that the State can meet its work participation rate that is required by federal law as a condition of receiving TANF funding and to maintain the purchase of service contracts that help the State in meeting the maintenance of effort requirement. Funding of these contracts is necessary to prevent the loss of federal funding for the Temporary Assistance for Needy Families program through failure to meet the federal work participation rate and maintenance of effort requirements.

Since the initial submittal of this emergency appropriation bill to the Legislature, projections for the General Assistance (GA) program, HMS 204, which is a state funded block grant program, showed that the GA program will run out of money before the end of the current fiscal year, June 30, 2011, at the current financial assistance payment of \$353 per month.

An emergency appropriation request in HMS 204 of \$520,815 in general funds is urgently needed to enable the GA program to provide cash assistance to individuals who are single, disabled, unemployed and unable to qualify for federal assistance. GA recipients use their monthly allowance for rent and basic necessities for daily living.

There are currently 5,546 individuals receiving GA at \$353 per month. They were originally receiving \$450 per month in assistance which was reduced to \$300 per month

on November 1, 2009. With the start of the current fiscal year, the payment amount was increased to \$353 on July 1, 2010 which continues to the present.

Continuing to provide \$353 a month to 5,546 individuals means DHS will have to decrease the monthly allowance to \$90 in June due to lack of funds or reduce the monthly allowance to \$300 per month for the last three months of the fiscal year (April, May, June).

As is the case for our TANF program emergency appropriation request, to enable the Department to continue to provide cash assistance used for food, clothing, shelter and other essentials to approximately 5,546 individuals receiving GA payments, an emergency appropriation is urgently needed.

Thank you for the opportunity to provide comments on this bill.

## **HAWAII SUBSTANCE ABUSE COALITION**

**Topic: SB 1293 HD1 Emergency and Budget Fund Reserve**

**To: COMMITTEE ON FINANCE:** Representative Marcus Oshiro, Chair; Representative Marilyn Lee, Vice Chair

**When:** March 31st, Thursday, at 4:00 pm

**Place:** Conference Room 308

Aloha Chair Oshiro; Vice Chair Lee, and Distinguished members. My name is Alan Johnson, I am the Chairperson of the Hawaii Substance Abuse Coalition, a hui of about 20 alcohol and substance abuse treatment agencies in Hawai'i.

### **HSAC Supports SB1293 HD1**

**Non-profit providers must have timely payments for services already rendered in order to continue contracted services to those in need as well as sustain those programs that meet community responsibilities.**

We appreciate the opportunity to provide information and are available for questions, if needed.

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**Testimony on SB 1293, MAKING EMERGENCY APPROPRIATIONS FOR THE  
DEPARTMENT OF HUMAN SERVICES**

House Committee on Finance

Chair: Rep. Marcus Oshiro

Vice-Chair: Rep. Marilyn Lee

Thursday, March 31, 2011, Agenda #3, 4:00 p.m.

Conference Room 308

Testimony submitted by: Howard S. Garval,  
President & CEO, Child & Family Service

Good afternoon, Chair Oshiro and Vice-Chair Lee and Committee members. I am Howard S. Garval, President & CEO of Child & Family Service, Hawaii's oldest and most comprehensive human service nonprofit organization with services on every island and touching the lives of 40,000 Hawaii residents from keiki to kupuna each year. I am testifying in strong support of SB 1293.

While the state is faced with an even larger fiscal challenge after the tsunami in Japan, the economy here has already taken its toll on the neediest in our community. This has driven up the need for cash assistance to needy families. If this emergency appropriation request of \$11,523,511 is not approved, 9,849 families with children will not receive cash assistance after March 31, 2011. Another impact of the economy is that the TANF reserve has been depleted. Future federal funding is at risk for TANF if DHS cannot maintain contracts for work program services for financial assistance clients who are required by federal law to participate in work activities to receive assistance. In addition to these two areas for which funding is running out before fiscal year end, DHS maintains certain purchase of service contracts to help the State meet the Federal "maintenance of efforts" (MOE) requirements. Without the emergency appropriation to support these MOE contracts, the State will lose federal funding for the TANF program. The emergency appropriation needed is \$45,184,770.

Back in February DHS announced cuts to TANF funded programs in Purposes 3 and 4 due to a lack of funds. DHS has made the tough decisions to terminate around 40 contracts for services in these areas effective April 1, 2011 to cut its costs and to align with future TANF appropriations that will no longer include additional ARRA TANF emergency funds. These cuts to quality programs were necessary and DHS set the right priorities in protecting cash assistance (Purpose 1) and work related programs (Purpose 2); the latter can help to reduce the need for cash assistance. In tough times, priorities have to be set protecting essential or core services while having to reduce or eliminate good, but less critical programs. DHS has met this challenge effectively, but without these emergency appropriations, the consequences would be terrible for the most vulnerable in our community, many of whom through no fault of their own have lost their jobs or had their hours reduced due to layoffs.

For all of the reasons stated above, I urge your support of SB 1293.

Mahalo for providing the opportunity to submit testimony.

With Aloha,

Howard S. Garval, MSW  
President & CEO

*Our Mission: Strengthening Families and Fostering the Healthy Development of Children*

**Topic: SB 1293 HD1 Emergency and Budget Fund Reserve**

**To: COMMITTEE ON FINANCE:** Representative Marcus Oshiro, Chair; Representative Marilyn Lee, Vice Chair

**When:** March 31st, Thursday, at 4:00 pm

**Place:** Conference Room 308

Aloha Chair Oshiro; Vice Chair Lee, and Distinguished members.

My name is Linda L. Rich, DCSW, LSW, CSAC.

I am the director of an organization providing substance abuse and mental health services, as well as early childhood programs and transitional housing for the homeless. I am also a concerned citizen who understands the fiscal crisis but believes you and we have a responsibility to ensure the basic safety net.

**I support SB1293 HD1 and I urge you to support it, also.**

Funds must be made available to ensure that basic cash assistance is available to families with dependent children and those who qualify for general assistance. The result of not providing these benefits would be catastrophic to the community with increased homelessness and crime, and would jeopardize the health of adults and children. I work with these families daily and I know the human, social, and fiscal cost of failing to provide basic assistance. If you don't fund now, it will cost more to deal with the consequences.

The funding is necessary to preserve federal funding and to move persons toward self sufficiency.

Thank you for the opportunity to provide information.