



STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

**LATE**

February 11, 2015

**MEMORANDUM**

TO: The Honorable Dee Morikawa, Chairperson  
Committee on Human Services

FROM: Rachael Wong, DrPH, Director

SUBJECT: **H.B. 779 – Welfare; Financial Assistance Advisory Council**

Hearing: Thursday, February 12, 2015, 10:00 a.m.  
Conference Room 329, State Capitol

**PURPOSE:** The purpose of this bill is to request the financial assistance advisory council (FAAC) to assist the department of human services in proposing recommendations to restructure the welfare payment system and to report any findings to the legislature.

**DEPARTMENT’S POSITION:** The Department of Human Services (DHS) appreciates the intent of the measure and offers comments.

The 1996 Welfare Reform Act, officially the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, fundamentally changed the U.S. welfare system from one of dependency to one of time limited support that requires participation in a work activity that would lead to self-sufficiency. The primary goal of federally funded Temporary Assistance for Needy Families (TANF) and state-funded Temporary Assistance for Other Needy Families (TAONF) programs is families will achieve financial self-sufficiency. TANF and TAONF benefits are temporary and time limited to 60 life time months. To receive benefits as a recipient of TANF or TAONF benefits, work eligible adults are required

to engage in employment or other activities that will lead to employment. Additional benefits to support a parents' ability to work, such as child care subsidies, A+ program fees, employment preparation services, subsidized employment, and vocational training, assist families to meet their employment goals while considering parents' child care needs.

The financial benefits welfare payment system for work eligible adults is designed to be temporary and operates within the TANF block grant appropriation and federal mandates. To provide extended financial assistance beyond 60 months, and/or additional assistance for recipients who are reaching the upper income limits of existing programs, would likely require a unique state welfare structure requiring additional state only-funds.

Pursuant to section 346-14.5(b), Hawaii Revised Statutes (HRS), the financial assistance advisory council has, "the function of rendering advice and information to the department on matters relating to financial assistance programs[.]" The DHS is in agreement that the FAAC is the appropriate entity to conduct such a study, and DHS believes it is already within the purview of the FAAC to do such a study without the proposed legislation.

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

# UNIVERSITY OF HAWAII

Bridge to Hope  
Serving UH Welfare Recipient Students

Date: February 10, 2015

To: HOUSE Committee on HUMAN SERVICES  
Rep. Dee Moriikawa, Chair  
Rep Bertrand Kobayashi, Vice-Chair

From: Teresa Bill, Univ. Hawai'i Bridge to Hope Coordinator Ph: 956-9313

Re: Supporting HB 779, Relating To Human Services (Restructure Payment System)  
Thurs Feb. 12, 2015 10:00 a.m. Room 329

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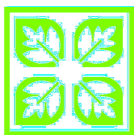
I am Teresa Bill, **testifying in support of HB 779.** As the Coordinator for UH Bridge to Hope which supports TANF participants in their pursuit of higher education as a means of economic self-sufficiency - I always support initiatives to increase families' ability to earn more and keep more of what they earn. I am testifying on my own behalf, and do not represent the official testimony of the University of Hawai'i.

The "benefit cliff" (situations where families earn \$5 more and they instantly lose hundreds of dollars of assistance benefits) is real, it has a negative impact on families and is often a disincentive to earning more. I applaud the intent of this bill.

One comment – HB 799 mandates the Financial Assistance Advisory Council to report to the Legislature. I'd suggest that perhaps the Dept. of Human Services should be reporting; with the Advisory Council Assisting and advising. As a member of the Financial Assistance Advisory Council (identified as a participating body in the bill) I am reluctant to be mandated ("shall") to report to the Legislature. I am very interested and engaged with these issues. However, there is a lot of work to be done in researching and devising new payment structures and the Financial Assistance Advisory Council would necessarily rely on work and assistance of DHS staff.

Passage of HB779 will begin the process to address the difficult issue of "benefit cliffs" and give the Dept. of Human Services the opportunity to revise the payment structure for TANF - which is sorely needed and overdue.

Thank you for this opportunity to testify.



## TESTIMONY IN SUPPORT OF HB 779: Relating to Human Services

TO: Representative Dee Morikawa, Chair, Representative Bertrand Kobayashi, Vice Chair, Members of the Committee on Human Services

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawai'i

Hearing: Thursday, February 12, 2015 10:00 a.m. Conference Room 329

Thank you for the opportunity to testify **in support of HB 779**, which requests the Financial Assistance Advisory Council assist the Department of Human Services to develop a restructured welfare payment system and methods to incentivize welfare recipients to seek financial self-sufficiency.

Catholic Charities Hawaii has a strong commitment to decreasing poverty. Poverty is clearly linked to poor social and health outcomes. People living below the poverty line are especially hard hit in Hawaii, with the highest cost of living in the U.S. A family of four in Hawaii pays 61% more for food than families on the mainland. Our cost for housing is also the highest in the nation. 75% of people at or below the poverty line spend more than 50% of their income on housing. This population is frequently teetering at the brink of homelessness, a very complicated and costly problem in our state. Government policies need to support this group in escaping poverty. The design of our welfare system should support efforts towards self-sufficiency by providing greater reward for obtaining work and exiting the system than for remaining dependant.

A program such as an exit and job retention bonus program can encourage Temporary Assistance for Needy Families (TANF) recipients to stop receiving payments before their eligibility runs out, which will save the state money and also preserve some eligibility for the family should they need it in the future. It also encourages participants to stay employed and seek raises and promotions. The program can be a financial safety net that includes a ladder to self-sufficiency.

This proposal will help contribute to the overall goal of reducing poverty in Hawaii. Poverty reduction will improve the quality of life for our constituents and create a safer, healthier, and more successful Hawaii. We thank you for your concern and dedication to helping the working poor in our community. **We urge your support for HB 779.** Please contact me at (808)527-4810 or [trisha.kajimura@catholiccharitieshawaii.org](mailto:trisha.kajimura@catholiccharitieshawaii.org) if you have any questions.



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Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
Supporting HB 779 Relating to Human Services  
House Committee on Human Services  
Scheduled for Hearing Thursday, February 12, 2015, 10:00 AM, Room 329

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*Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.*

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Thank you for an opportunity to testify in **strong support** of House Bill 779, which requests the financial assistance advisory council assist the Department of Human Services in proposing recommendations to restructure the welfare payment system and report its findings. This much-needed analysis would help our public assistance system better meet its goal of providing a stabilizing safety net for families that enables them to gain or regain financial self-sufficiency.

For people living in poverty, Hawai'i is far from paradise. Our state has been ranked repeatedly by the financial services website Moneyrates as the "worst state to earn a living" based on the low wages paid relative to the cost of living, which is the highest in the nation. Under the U.S. Census's Supplemental Poverty Measure, which takes into account both the cost of living and available government assistance, almost one out of five Hawai'i residents live in poverty—the **fifth highest rate of poverty among the states**. Low-income people also face the second heaviest tax burden in the country. Many full-time workers struggle to adequately support their families and are living paycheck to paycheck, even if they hold multiple jobs. Hawai'i's public assistance system needs to address the realities of how difficult it is to make ends meet even for full-time workers.

We laud the progressive approach of this bill, which emphasizes a system that supports its recipients in their efforts to increase their income. The current welfare structure contains benefits cliffs that can cause a recipient to lose all of her benefits as she increases her earnings—a bind that undermines the intent of public assistance, which is to achieve financial self-sufficiency. Career advancement is necessary to achieve long-term financial security, but a recipient also must provide for her family in the short term. We need to identify ways to resolve this bind so that recipients can pursue their careers without endangering their ability to make ends meet. Proposals such as a sliding scale payment system that incrementally reduces benefits as earnings increase can help eliminate these difficult situations.

Again, thank you for the opportunity to testify in strong support of HB 779. We respectfully urge you to pass this bill to identify ways that Hawai'i's public assistance system can best help struggling families achieve lasting financial security.



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

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TO: Representative Dee Morikawa, Chair  
Representative Bertrand Kobayashi, Vice Chair  
Members, Committee on Human Services

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: **Thursday, February 12, 2015 at 10:00 a.m. in Conf. Rm. 329**

**Testimony in Support of HB779, Relating to Human Services.**

Thank you for the opportunity to provide testimony in **support** of HB779, which requests that the Financial Assistance Advisory Council (FAAC) to assist the Department of Human Services (DHS) in proposing recommendations to restructure the welfare payment system and report findings to the legislature. PHOCUSED is a nonprofit membership and advocacy organization that works together with community stakeholders to impact program and policy change for the most vulnerable in our community, including individuals and families receiving public assistance.

Our PHOCUSED member organizations -- which includes nonprofits such as Catholic Charities Hawaii, Child & Family Service, Parents & Children Together, and others -- see the impact of poverty on our community everyday through the services they provide for low-income individuals and their families. In fact, according to the U.S. Census Bureau's Supplemental Poverty Measure, Hawaii has the 5<sup>th</sup> highest poverty rate (18.4%) in the nation. This high poverty rate can contribute to other social issues, such as homelessness -- Of those living in poverty in Hawaii, 73% are severely housing cost-burdened, teetering on the brink of homelessness, and pay more than half of their income towards housing costs.

The design of our welfare system should support efforts towards self-sufficiency, and families' ability to earn more and keep more of what they earn, so that they may lift themselves out of poverty. The intent of HB779 is to incentivize recipients of public assistance to seek higher-paying jobs and career advancement without "falling off" the so-called "benefit cliff."

The "benefit cliff" (i.e. a situation in which a family earns as little as \$5 more than the maximum income limit, and instantly loses hundreds of dollars of assistance benefits) is real. This "cliff" does have a negative impact on families receiving public assistance, and can sometimes be a dis-incentive to earning more. HB779 will begin the process to address the difficult issue of the "benefit cliff" and give DHS the opportunity to revise the payment structure for public assistance benefits, such as TANF.

Once again, PHOCUSED urges your support of this bill. If you have any questions, please do not hesitate to contact PHOCUSED at 521-7462 or by e-mail at [admin@phocused-hawaii.org](mailto:admin@phocused-hawaii.org).