

S.B. NO. 1127

JAN 27 2021

A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION FOR THE DEPARTMENT OF HUMAN SERVICES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. This Act is recommended by the governor for
2 immediate passage in accordance with section 9 of article VII of
3 the Constitution of the State of Hawaii.

4 SECTION 2. Act 9, Session Laws of Hawaii 2020,
5 appropriated a certain designated sum to the department of human
6 services to provide funds for the general assistance program
7 under the benefit, employment and support services division for
8 the fiscal period beginning July 1, 2020, and ending June 30,
9 2021.

10 A critical funding emergency exists. Pursuant to section
11 346-53(b), Hawaii Revised Statutes, the general assistance
12 program operates as a block grant program. Currently, depending
13 upon the amount appropriated by the legislature, the monthly
14 maximum allowance a general assistance recipient may receive is
15 determined by dividing the amount of the appropriation by the
16 number of general assistance recipients; though per section 346-
17 71(d), Hawaii Revised Statutes, the maximum allowance shall not

1 exceed sixty-two and one-half per cent of the standard of
2 need. The current monthly general assistance amount is \$388 or
3 forty-one per cent of the standard of need. The standard of
4 need is based upon the 2006 federal poverty level.

5 Due to the COVID-19 pandemic, the number of individuals
6 receiving general assistance benefits increased more than
7 thirty-one per cent from February through October 2020. Based
8 upon the October caseload of 6,814, the department projects the
9 general assistance program will expend all appropriated funds
10 before the end of the current fiscal year and the department
11 will be unable to maintain the current monthly general
12 assistance allowance of \$388 to projected caseload of 6,834
13 general assistance recipients.

14 The current monthly allowance of \$388 is barely enough to
15 cover living expenses for disabled individuals on a fixed income
16 who have no other viable means of support. Stopping the grant
17 payment or reducing the amount of the grant payment for these
18 recipients poses a real threat to their health and
19 safety. Additional funds are urgently needed to prevent the
20 reduction of general assistance payments in the fourth quarter
21 of fiscal year 2020-2021. The department anticipates that the
22 high monthly caseload will continue, and the department projects
23 an \$8,400,000 shortfall for state fiscal year 2020-2021.

1 Act 196, Session Laws of Hawaii 2015, the legislature
2 established the interim assistance reimbursement special fund to
3 receive federal reimbursements paid to the State by the United
4 States Social Security Administration for general assistance
5 payments. Reimbursements paid after the end of the fiscal year
6 are retained by the department and deposited into the interim
7 assistance reimbursement special fund to meet shortfalls in the
8 general assistance program in the event of economic downturn.

9 Due to the COVID-19 pandemic and the economic downturn, the
10 department withdrew \$202,222.97 from the interim assistance
11 reimbursement special fund to meet program shortfalls in the
12 last quarter of the state fiscal year 2019-2020.

13 For the current state fiscal year, the department
14 anticipates withdrawing the entire \$3,000,000 from the interim
15 assistance reimbursement special fund and that withdrawals may
16 begin in December 2020.

17 The department requires an emergency appropriation of
18 \$5,400,000 for state fiscal year 2020-2021.

19 SECTION 3. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$5,400,000 or so much
21 thereof as may be necessary for fiscal year 2020-2021 to be used
22 for general assistance payments.

1 SECTION 4. The sum appropriated shall be expended by the
2 department of human services for the purposes of this Act.

3 SECTION 5. This Act shall take effect upon its approval.

4

5

INTRODUCED BY:

A handwritten signature in black ink, appearing to read "M. W.", is written over a horizontal line.

6

BY REQUEST

7

1 **Report Title:**

2 General Support for General Assistance Payments (HMS 204);
3 Emergency Appropriation
4

5 **Description:**

6 Makes an emergency appropriation from the general revenues of
7 the State of Hawaii for fiscal year 2020-2021 to address the
8 budget shortfall for the general support for the general
9 assistance program (HMS 204) in the Department of Human
10 Services. Effective upon approval.
11
12
13

14 *The summary description of legislation appearing on this page is for informational purposes only and is*
15 *not legislation or evidence of legislative intent.*
16

17

18

19

JUSTIFICATION SHEET

DEPARTMENT: Department of Human Services

TITLE: A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION FOR THE DEPARTMENT OF HUMAN SERVICES.

PURPOSE: To ensure that the General Assistance to Households Without Minor Dependents (GA) payment is maintained at \$388 per month per eligible recipient through the end of fiscal year 2020-2021.

MEANS: An emergency appropriation of general funds.

JUSTIFICATION: Due to the COVID-19 pandemic and related economic crisis, the current appropriation of \$23,378,748 for the GA program is not sufficient to meet the rising number of recipients. The appropriation has varied from a high of \$27,047,944 in 1997 to its current level. The GA caseload increased 34 percent from 5,105 in February 2020 to 6,823 in August 2020, and the monthly payment expenditures went from \$1,903,417 to \$2,533,305. The current benefit amount is \$388, which is 41 percent of the 2006 Federal Poverty Level. Increasing the appropriation for the current fiscal year will allow the Department to continue to provide \$388 per month to disabled adults who are unemployable and suffering from a psychological or physical disability, or a mixture of both. The monthly assistance allowance helps with basic needs such as personal essentials, household expenses, and shelter. The payment provides some compensation to family and friends who take GA recipients into their homes and may prevent homelessness. The additional funding allows the payment to be maintained at the current level of \$388 based on an average caseload of 6,834 cases.

Through Act 196, Session Laws of Hawaii 2015, the Legislature established the Interim Assistance Reimbursement Special Fund, in which federal reimbursements paid to the State by the Social Security Administration and received in the fiscal year following the Social Security Award are deposited to sustain the GA program in fiscal downturns. The Social Security Administration reimburses the State for GA payments made to individuals who are later deemed eligible to receive Supplemental Security Income or Social Security Disability Income benefits. The special fund was established so the GA program would have access to a source of funds in economic crises when caseloads run high. There is currently a \$3,000,000 ceiling on the special fund.

In the last fiscal year, the Department expended \$202,222.97 from the special fund between March and June 2020. In the current fiscal year, the Department projects continuing high caseloads and that it will begin to expend funds from the special fund in December 2020. With the current appropriation and the balance of the special fund, the Department will not be able to continue the \$388 monthly benefit without additional funds for fiscal year 2020-2021. The Department anticipates it will need the emergency appropriation to pay the projected shortfall of \$5,400,000 for the months of May and June 2021.

Alternatively, without an emergency appropriation, monthly benefit amounts will be reduced to \$138 a month in the last quarter of this fiscal year to an estimated monthly average of 6,834 disabled GA payment recipients.

The current benefit payment for disabled individuals is based on 41 percent of the

2006 federal poverty level. The current amount of \$388 is barely enough to cover living expenses and to reduce it during pandemic conditions would impact health and safety of recipients as well as increase homelessness.

Sections 346-53(b) and 346-71(e)(1), Hawaii Revised Statutes, restrict GA to the appropriated amount, or a block grant, and the Department cannot cover this program shortfall with savings, if any. This means that the Department can only expend the funds appropriated by the Legislature to HMS 204, General Assistance Payment. Additional funds are urgently needed.

Impact on the public: The Department will be able to maintain the currently monthly GA benefit payment of \$388 per month to approximately 6,834 disabled individuals through the end of the current fiscal year and prevent potential homelessness and harm to these individuals' health, safety, and well-being.

Impact on the department and other agencies: An emergency appropriation will reduce general funds for other programs.

GENERAL FUND: \$5,400,000.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: HMS 204.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.