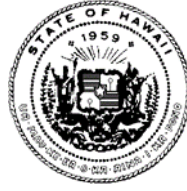


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March 28, 2023

TO: The Honorable Senator Joy A. San Buenaventura, Chair
Committee on Health and Human Services

FROM: Cathy Betts, Director

SUBJECT: **HCR 42/ HR 46 - REQUESTING THE DEPARTMENT OF HUMAN SERVICES TO IMMEDIATELY CEASE INTERCEPTING SOCIAL SECURITY PAYMENTS FOR CHILDREN IN FOSTER CARE.**

Hearing: March 29, 2023, 2:10 pm
Conference Room 329 & Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the resolutions and offers comments.

PURPOSE: These resolutions request the Department of Human Services to immediately cease intercepting Social Security Administration (SSA) payments for children in foster care and deposit Social Security payments for foster children into savings accounts that may be accessed by foster children when they return to their families, are adopted, or age out of foster care.

DHS appreciates the Legislature's commitment to supporting children in foster care and to investing in the Child Welfare Services Branch (CWS) and the broader community of care.

Social Security benefits issued by the Social Security Administration will be used for the child's current maintenance needs, such as food, clothing, shelter, medical care, and personal comfort items. Additionally, the benefits can be used to meet education or medical-related

costs of beneficiary children in care. Any benefits that are not needed to meet a child's current needs in foster care are conserved.

If there is no current representative payee and DHS is appointed as representative payee by the Social Security Administration (SSA), DHS receives Social Security benefits on behalf of children who are under the custody and placement responsibility of the department. There are two types of benefits - Retirement, Survivors, and Disability Insurance (RSDI), which has no maximum resource limit, and Supplemental Security Income (SSI), which has a resource limit of \$2000. If that \$2000 amount is exceeded, benefits are suspended by the Social Security Administration until the benefits are below the \$2,000 threshold. The only benefits that can be used for the maintenance needs of a child are from RSDI or SSI. DHS does not use any RSDI or SSI money that is not an eligible expense recognized by the SSA.

DHS is willing to forego using Social Security benefits to reimburse foster board costs for children in foster care receiving Social Security benefits. However, if that is done, the DHS will need a general fund appropriation to assume the total costs of the foster board payments. In many cases, the amount a foster child receives in Social Security benefits is less than the actual costs of foster board, or the Social Security benefits are used for something else that is allowed, e.g., a laptop for school, or the benefits are conserved. Therefore, the DHS typically has to pay for either the total cost of foster board or a portion. For example, in SFY 22, the State paid more for the foster board than the total amount of Social Security benefits received. This session, DHS includes a budget request for a recurring general fund appropriation of \$500,000 in hopes of securing more appropriate placements for youth in foster care with specialized needs due to their disabilities and for foster board payments so that Social Security benefits can be conserved instead of being used to reimburse for maintenance care. For children in foster care who receive Social Security benefits, IV-E maintenance payments are not eligible for federal reimbursements that can be claimed because Social Security benefits are already provided for maintenance needs to care for a child. In addition, by ceasing to use SSA benefits for foster board reimbursements, more State funds must be used to pay monthly foster board payments. The budget request is in GM1, page 33, program ID HMS 303.

The RSDI and SSI benefits for children in CWS care are initially deposited into a checking account with a private financial institution and then transferred to a state trust account (T-903)

for each child, where the conserved funds are held and managed. DHS manages the ledger of children in foster care who receive Social Security benefits, which are utilized to cover allowable primary and personal expenses. Primary expenses include foster board, clothing, and transportation. Personal expenses include miscellaneous expenses like household items, electronics, school activity fees, etc. Personal expenses are paid through the DHS Fiscal Management Office, which processes a check to the resource caregiver to purchase the items.

As required by federal regulation, when a child exits foster care, any money in the state trust account is returned to the local Social Security Administration (SSA) Office, and the SSA distributes the funds. If the child is an adult, the SSA distributes it to the individual. If the child is a minor when they exit foster care or if the existing individual is an adult with a disability requiring a representative payee, the family or responsible adult resume payments from the SSA. The new responsible adult (i.e., adoptive parent, legal guardian, or biological parent) must apply to become the new representative payee for the child or disabled adult to access the funds. CWS staff works with the assigned social worker and social services assistant to forward to the new responsible adult-representative payee to provide information to contact their local SSA office.

Thank you for the opportunity to provide additional comments.