

STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
P. O. Box 3378
Honolulu, HI 96801-3378
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**WRITTEN
TESTIMONY ONLY**

**Testimony in SUPPORT of HCR 143 and HR 125
URGING THE DEPARTMENT OF HUMAN SERVICES, DEPARTMENT OF HEALTH, AND
JUDICIARY TO PRIORITIZE ENSURING THAT CONTRACTS FOR GOVERNMENT SERVICES ARE
ADEQUATELY RESOURCED TO COVER THE COSTS OF PROVIDING THOSE SERVICES.**

REPRESENTATIVE KYLE T. YAMASHITA, CHAIR
REPRESENTATIVE LISA KITAGAWA, VICE CHAIR
HOUSE COMMITTEE ON FINANCE

Tuesday, April 2, 2024, 2:00PM, Room 308

1 **Department Position:** The Department of Health (Department) supports this measure.

2 **Department Testimony:** The Behavioral Health Administration (BHA) provides the following
3 testimony on behalf of the Department.

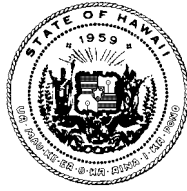
4 This resolution asks the Department, amongst others, to ensure that purchase of service
5 (POS) contracts are adequately funded to cover the costs of providing the contracted service.
6 The Department strongly supports this.

7 The POS contracts and providers are integral to meeting the Department's fiduciary
8 responsibility. The Department is committed to ensuring that community-based organizations
9 are able to continue to provide the high level of services expected by the State without financial
10 burden.

11 To this end, the Child and Adolescent Mental Health Division has requested \$10.8
12 million and the Family Health Services Division has requested \$4,962,487 to increase rates for
13 POS contracts as part of its base budget. The Department appreciates the Legislature's support
14 in including these amounts in both the House and Senate version of the budget. Additionally,
15 the Adult Mental Health Division (AMHD) and Alcohol and Drug Abuse Division are undertaking

- 1 rate studies to inform the funding level needed to support its POS contracts. The Harm
- 2 Reduction Services Branch is also examining their rates as part of the AMHD rate study.
- 3 Thank you for the opportunity to testify in support of this measure.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



CATHY BETTS
DIRECTOR
KA LUNA HO'ŌKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'ŌKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'ŌKELE

April 1, 2024

To: The Honorable Representative Kyle T. Yamashita, Chair
House Committee on Finance

FROM: Cathy Betts, Director

SUBJECT: **HCR 143/ HR 125 – URGING THE DEPARTMENT OF HUMAN SERVICES,
DEPARTMENT OF HEALTH AND JUDICIARY TO PRIORITIZE ENSURING THAT
CONTRACTS FOR GOVERNMENT SERVICES ARE ADEQUATELY RESOURCED TO
COVER THE COSTS OF PROVIDING THOSE SERVICES.**

Hearing: Tuesday, April 2, 2024, 2:00 p.m.
Conference Room 308, State Capitol & Video Conference

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this resolution and offers comments. Additionally, DHS respectfully requests support for the executive budget, which includes a request for a 5% increase in homeless service contracts and continued support for DHS staff required to procure and provide appropriate and transparent contract oversight.

PURPOSE: This resolution urges DHS, the Department of Health (DOH), and the Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing services.

The Department recognizes the need to fund contracted community-based services adequately so that providers can serve targeted populations timely and effectively. To ensure adequate funding for contracts, the Legislature must appropriate enough funds for the purchase of services. As the cost of doing business has increased, the appropriations for most contracted

services have not increased or have not increased at the same rates as the costs of doing business, including, for example, the statutory increases in the minimum wage. Currently, there is no statutory mechanism that automatically increases program budget appropriations with increases in the minimum wage. For contract amounts to keep up with minimum wage increases, each program must request separate budget appropriations, which may take several legislative sessions to accomplish. If government contracts aim to be adequately resourced, then there should be across-the-board budget appropriations that reflect other mandated increases, such as the minimum wage.

Additionally, for permanent programs, appropriations need to be recurring. Having non-recurring budgets makes it very difficult for the Department and organizations to innovate or invest in staff or systems. For new or pilot programs, there needs to be a commitment to appropriate funds over some time to figure out the best implementation strategies and to account for unique community or population requirements. Funding for one-year or one-off contracts is not efficient from a continuity or quality perspective or an administrative perspective.

To spend public funds appropriately, the purchase of services must comply with the procurement process unless an emergency or other important considerations require exemptions from the procurement code. For the Department, this means it needs human and operational resources that include a team of staff who are experienced and qualified in all aspects of procurement, contract oversight, and compliance. The oversight of procured services requires performance metrics and IT and business processes to ensure data is adequately collected and reported to measure performance and adjust.

For community-based providers to engage in competitive processes and government contracts requires providers to have management and financial capacities to deliver services with government funds. Many government contracts operate on a reimbursement model, so organizations need adequate operational funds that many government contracts may not currently cover. Non-profit organizations engage in philanthropic fundraising that helps with operational costs that are not covered by government contracts. Smaller organizations can benefit from more significant fundraising efforts, such as the efforts of Aloha United Way or

other events that benefit many not-for-profit organizations. Also, government contracts do not necessarily cover employee benefits, such as retirement contributions or other benefits that assist with retention and recruitment, so government contracts need to be able to fund wages adequately.

As an example, in the current executive budget, DHS includes a request for a 5% increase for contracted homeless services administered by the DHS Homeless Programs Office. Funding for these services has not increased since 2016, while the average weekly wages in Hawaii have increased by 36%. As operating and personnel costs have increased and funding levels have remained flat, providers have experienced a high turnover of outreach and shelter staff, which reduces the effectiveness of those services. Individuals and families experiencing homelessness, who may also be suffering from mental health or substance abuse disorders, need frequent engagement to develop rapport and trust to return to housing. The lack of staff capacity and continuity leads to multiple cascading impacts that lengthen unsheltered experiences, increase the vulnerability of individuals served, and impact public and private landowners whose encampments become more entrenched.

DHS asks the Legislature to support its funding requests to increase funds for contracted services and budget requests that support the Department's workforce and operational needs.

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

HCR-143

Submitted on: 3/31/2024 2:23:13 PM

Testimony for FIN on 4/2/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Laurie Tochiki	EPIC `Ohana	Support	Written Testimony Only

Comments:

EPIC Ohana is a community based organization that has been serving families and children in the child welfare system for more than 26 years. We provide numerous services to families in the child welfare system, such as Ohana Conferencing, Wraparound and Family Finding. These services help to strengthen families and support permanent placement or reunification when children are removed. For our youth we are the lead agency for HI HOPES, and we also provide youth peer support through the Department of Health.

We urge the legislature to pass this resolution emphasizing the importance of contracts like ours. Our budgets are thin and do not cover the true cost of the services we provide. The financial model is not sustainable. In addition, our reimbursement contracts are rarely paid on time. There have been occasions when EPIC has had to utilize a line of credit to make payroll because the state was several months delinquent in payment.

We belong to the True Cost Coalition that is actively seeking solutions so that we can be the strong partnership that will together help our children and families through difficult times.

Thank you for your support and your leadership.

Laurie Tochiki

Executive Director

EPIC Ohana



**Parents And
Children Together**

**BUILDING THE RELATIONSHIPS
THAT MATTER MOST**

ParentsAndChildrenTogether.org

TESTIMONY IN SUPPORT OF HCR 143/HR 125

TO: Chair Yamashita, Vice-Chair Kitagawa, & Members,
House Committee on Finance
FROM: Ryan Kusumoto, President & CEO
DATE: April 2, 2024 at 2:00 PM

Parents and Children Together (PACT) supports HCR 143/HR 125 “URGING THE DEPARTMENT OF HUMAN SERVICES, DEPARTMENT OF HEALTH, AND JUDICIARY TO PRIORITIZE ENSURING THAT CONTRACTS FOR GOVERNMENT SERVICES ARE ADEQUATELY RESOURCED TO COVER THE COSTS OF PROVIDING THOSE SERVICES.”

We submit this testimony as a member of the Hawai'i True Cost Coalition – over 50 community-based non-profit organizations fighting to sustain essential social services for our communities.

Service providers work under the most challenging circumstances and must have specific skills to both engage individuals and navigate complex systems. They must be supported by high-quality organizations that are sustainable and state funding is an important part of that. State contracts that do not increase over time as operating costs increase make this important work unsustainable. We support increases to these contracts because the need for social services in our state is higher than ever.

Founded in 1968, PACT is a statewide community-based organization providing a wide array of innovative and educational social services to families in need. Assisting more than 15,000 people across the state annually, we help identify, address, and successfully resolve challenges through our 20 programs. Among our services are early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, childhood sexual abuse supportive group services, child and adolescent behavioral health programs, sex trafficking intervention, poverty prevention and community building programs.

Thank you for the opportunity to testify. Please contact me at (808) 847-3285 or rkusumoto@pacthawaii.org if you have any questions.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HCR 143/HR 125: Urging the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services

TO: House Committee on Finance
FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i
Hearing: Tuesday, 4/2/24; 2:00 pm; via Videoconference or Room 308

Chair Yamashita, Vice Chair Kitagawa, and Members, Committee on Finance:

Thank you for the opportunity to provide **Strong Support for HCR 143 / HR 125**, which urges the Department of Human Services, the Department of Health, and Judiciary to ensure that contracts for government services are adequately resourced to cover the costs of providing these services. I am Rob Van Tassell with Catholic Charities Hawai'i.

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.

The crisis is now. A recent survey found that 91% of Hawai'i non-profits that provided services with these government contracts were paid less than the full operating costs. Now programs may be closed or services reduced, if action is not taken.

The State depends on community-based agencies to provide essential services to hundreds of thousands of our residents. Now many of these agencies are struggling. **Their missions are to serve but they cannot recruit staff or continue to provide services when the State has not increased their funding for many years. These services are heavily dependent upon workers who must be paid a living wage.** For example, for many of our State contracts, Catholic Charities Hawaii is actually paying 26% of the true cost to provide services. What for-profit vendor of the State would be willing to eat 25% of the cost, to provide a service to the State? What will Hawai'i be like in 5 or 10 years if this continues? How will Hawaii end homelessness or address the critical mental health needs of youth, etc. If the State has to take over providing these essential services, the costs will soar!

We are a member of the Hawai'i True Cost Coalition, comprised of 50 community-based nonprofit organizations, serving over 500,000 people across the state. We have come together to ensure that government funding adequately covers the true costs of providing governmental services by Hawai'i nonprofit organizations.

We urge your Committee to support adequate funding to these three critical state departments. We respectfully ask you to urge these departments to prioritize ensuring that contracts for government services are adequately resourced to cover the full cost of providing these many essential services. If you have any questions, please contact our Legislative Liaison, Betty Lou Larson at (808) 527-4813.



Hawai`i True Cost Coalition

DATE: April 2, 2024
TIME: 2:00PM
PLACE: Via Videoconference and Conference Room 308
BILL: HCR143/HR125 URGING THE DEPARTMENT OF HUMAN SERVICES, DEPARTMENT OF HEALTH, AND JUDICIARY TO PRIORITIZE ENSURING THAT CONTRACTS FOR GOVERNMENT SERVICES ARE ADEQUATELY RESOURCED TO COVER THE COSTS OF PROVIDING THOSE SERVICES.
Committee: House Committee on Finance

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the Committee,

On behalf of the Hawai`i True Cost Coalition (TCC), we are writing in support of HCR143/HR125 urging the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services.

The TCC is comprised of over 50 community based nonprofit organizations, serving over 500,000 of people across the state, that have come together to ensure that government funding adequately and sustainably covers the true costs of providing governmental services by Hawai`i community-based nonprofit organizations.

We support having the DHS, DOH, and Judiciary prioritize ensuring contracts are adequately resourced in conjunction with funding increases to these contracts which provide services to the most vulnerable in our communities. Many of these contracts have not been increased for over a decade, while program expenses including wages, utilities and administrative costs have all increased. Despite the rising costs and increased demand for assistance, local nonprofits have continued to provide these critical services, relying on their own resources to fill this gap, which is no longer sustainable. Having the departments prioritize ensuring that contracts are adequately resourced along with increased funding for these contracts will help ensure the continuation of these essential programs and preserve the social safety net our community relies on.

Thank you for the opportunity to testify in support of HCR143/HR125.

To: House Committee on Finance
Re: **HR143/HR125**

Hawai'i State Capitol, Conference Room 308 & Via Videoconference
Tuesday April 2, 2024, 2:00PM

Dear Chair Yamashita, Vice Chair Kitagawa, and Committee Members,

On behalf of HCAN Speaks!, I am writing in strong support of House Concurrent Resolution 143/ House Resolution 125, requesting HI Department of Health (DOH), HI Department of Human Services (DHS), and the Judiciary to ensure contracts are adequately resourced.

Government contract rates fail to cover the true cost for services provided by community-based non-profit organizations serving more than 500,000+ adults and children who receive such government services. Government contract rates have not increased in the past decade and are set below the full operating costs required to provide the contracted services. Thus, community-based non-profit organizations face constraints in meeting the demand for services.

Community-based nonprofit organizations need adequately resources contracts to provide the services vital to support victims of violence, houseless and foster youth, those who are food insecure, people with mental health and substance abuse disorders, keiki, kupuna, and every other member of our community who receives government services. Organizations have been able to fill the gap through their own fundraising efforts but are now at a critical tipping point.

This resolution urges the departments to prioritize ensuring that contracts for essential government services adequately cover the costs of providing the services. Please look out for our keiki and families and adopt this resolution.

Thank you,
Noreen Kohl, Ph.D.
Children's Health and Wellness Policy Advocate



To: The Honorable Kyle Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
House Committee on Finance

From: Paula Arcena, External Affairs Vice President
Mike Nguyen, Public Policy Manager

Hearing: Tuesday, April 2, 2024, 2:00 PM, Conference Room 308

RE: **HCR143/HR125 - Urging the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services.**

AlohaCare appreciates the opportunity to provide testimony in **support of HCR143 and HR125**. These measures urge the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced to cover the costs of providing those services.

Founded in 1994 by Hawai'i's community health centers, AlohaCare is a community-rooted, non-profit health plan serving over 84,000 Medicaid and dual-eligible health plan members on all islands. Approximately 40 percent of our members are keiki. We are Hawai'i's only health plan exclusively dedicated to serving Medicaid and Medicaid-Medicare dually-eligible beneficiaries. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for access to quality, whole-person care for all.

AlohaCare's commitment to whole-person care and health equity includes addressing social determinants of health. We work closely with Hawai'i's safety net of community-based organizations (CBOs) dedicated to supporting individuals and families facing social risks, such as homelessness, domestic violence and food insecurity among other challenges. As a safety-net health plan, AlohaCare fully appreciates the critical services our fellow safety-net CBOs provide for the health and well-being of our community. The financial viability and sustainability of our safety-net partners is imperative to AlohaCare and the primary reason we joined the True Cost Coalition. The coalition's goal is government contract rates adequate for the cost of providing contracted services. These resolutions urge three state departments to adequately fund contracts for CBOs providing a critical safety net for our community.

Mahalo for this opportunity to testify in **support of HCR143 and HR125**.

Rep. Kyle T. Yamashita, Chair
Committee on Finance

HCR143/HR125

Tuesday, April 02, 2024
2:00 PM
Conference Room 308
State Capitol
415 South Beretania Street

IN SUPPORT

Child & Family Service is a “Hawai’i born,” impact driven, nonprofit community-based organization that has been serving Hawai’i’s Families since 1899. Since inception, its mission has been to strengthen families and foster the healthy development of children.

I am testifying on behalf of Child & Family Service (CFS) in support of HCR143 / HR125.

In the last 11 years, government contract rates for CFS domestic violence (DV) shelters have plateaued. Failing to keep up with the rising costs of primary needs and administrative support, government rates leave the burden of filling funding gaps to CFS, which limits critical DV services for those in need. The gaps CFS have identified include: Livable employee wages, Trauma-informed mental health services for survivors of DV, DV Shelter repairs and maintenance, operational costs, and transportation. Over the last 11 years CFS has needed over \$16 million to serve Hawai’i’s DV Survivors seeking shelter from violence and that still leaves a funding gap. To offset this gap in funding, CFS has had to consistently apply for third-party government and private funding totaling over \$2 Million dollars to supplement the primary DV Shelter funding over the last 11 years.

Hawai’i’s Community Based Organizations (CBOs) will have to reduce the amount of services provided, or close their doors, if the gap between full-funding and demand for services continues to grow. To counteract late payments from contracts, CBOs take out loans to ensure continuity of services. When loan funds are received, the responsibility of paying the interest falls on the CBO.

Child & Family Service fully supports HCR143 / HR125 in hopes that adequately resourced government contracts will be made available to Community Based Organizations to cover the costs of providing vital services of all types to Hawai’i’s people.

Treven Wong

Child & Family Service
91-1841 Fort Weaver Rd.
Ewa Beach, Hawaii 96706
808-681-3500



TESTIMONY IN SUPPORT OF HCR 143

TO: Chair Yamashita, Vice Chair Kitagawa, & FIN Committee Members

FROM: Nikos Leverenz
Grants & Advancement Manager

DATE: April 2, 2024 (2:00 PM)

Hawai'i Health & Harm Reduction Center (HHHRC) **supports** HCR 143, which urges the Department of Human Services, Department of Health, and Judiciary to prioritize ensuring that contracts for government services are adequately resourced.

HHHRC administers Hawai'i's statewide syringe services program in collaboration with the Harm Reduction Services Branch of the Department of Health. It also provides homelessness services in Regions 1 and 6 on O'ahu and is a member of [Partners in Care \(PIC\)](#), a planning, coordinating, and advocacy alliance that develops recommendations for programs and services to fill needs within O'ahu's continuum of care for homeless persons. In alignment with PIC and other non-profit members of the [True Cost Coalition](#), we have met with legislators and supported legislative efforts to increase baseline funding for work that is outlined in multi-year service contracts.

Recruitment and retention of front line staff have become increasingly difficult with flatlined salary structures and acute increases in the cost of living in the wake of the COVID-19 pandemic. Many employees, including those with valuable lived experience with homelessness, behavioral health issue, and criminal legal system involvement, have taken part-time jobs in the service sector or have departed our agency for full-time service sector employment.

HHHRC's mission is to reduce harm, promote health, create wellness, and fight stigma in Hawai'i and the Pacific. We work with many individuals impacted by poverty, housing instability, and other social determinants of health. Many have behavioral health problems, including those related to substance use and mental health conditions, and have also been deeply impacted by trauma related to histories of physical, sexual, and psychological abuse.

Mahalo for the opportunity to provide testimony.

HCR-143

Submitted on: 4/2/2024 10:59:56 AM

Testimony for FIN on 4/2/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cleota Brown	Hawaii Fetal Alcohol Spectrum Disorders (FASD) Action Group	Support	Written Testimony Only

Comments:

Dear Rep. Kyle T. Yamashita, Chair and Rep. Lisa Kitagawa, Vice Chair for to Committee on Finance:

I strongly support HCR 143 and urge the Representatives on this Committee to prioritize the financial welfare of Hawai'i's Community Based Organizations by urging the Department of Human Services, Department of Health, and Judiciary to evaluate and address the government contract rates currently set below the costs of providing services in 91% of the instances. We're beginning to witness the impact of this financial disparity in Hawai'i's social sector with the elimination of critical programs, employee burnout due to low employee wages and high turnover and many nonprofits having to subsidize the low contract rates and cash flows with loans to keep offering the critical services needed by the State's vulnerable population. I shudder to think what will happen in our State if we continue the current financial struggle in our Community Based Organizations. We appreciate your support and action on the matter outlined in HCR 143. Sincerely yours, Cleota G. Brown President FASDHawai'i.org (808) 258-5874



1809 Bachelot Street
Honolulu, Hawaii 96817

Aloha Chair Yamashita, Vice Chair Kitagawa, and Committee Members:

Testimony In Support of HCR 143/HR 125, Urging the Department of Human Services, Department of Health, and Judiciary to Prioritize Ensuring that Contracts for Government Services are Adequately Resourced to Cover the Costs of Providing Those Services

Hearing Date: April 2, 2024, 2:00 pm

Location: Via Videoconference, Conference Room 308

Lanakila Pacific strongly supports HCR143/HR 125, which seeks to ensure that contracts for government services have adequate funding to provide the vital service. Local community-based service providers have joined forces as the Hawaii True Cost Coalition to advocate for maintaining a strong safety net of services and protecting already inadequate funds. The coalition seeks to ensure the needs of the most vulnerable in the community are a priority. Together we serve more than 500,000 residents in Hawaii annually.

In the face of an increasing cost of living and the Maui wildfire disaster, more residents struggle to afford necessities. Since 2012, our information shows electricity has increased 18%, transportation 59.2% and food 39.3% identified in statistics as of 2022. During the same period, community needs and indicators of adverse effects which foreshadow future needs have increased. Clearly the burden on community-based organizations that create the safety net of nonprofit services increases during times of crisis and financial strain. During a time of crisis, these organizations must be fully funded and prepared to support individuals needing help to minimize the impact on the community. Forcing a cutback in services due to underfunding will only compound problems and will be more costly overall.

We are proud to testify in support of HCR143/HR125 along with community-based organization in the True Cost Coalition. Mahalo for your consideration.

Sincerely,

Rona Yagi Fukumoto
President and CEO

Lanakila Pacific Board
Matt Miller, *Chair*
Savan Patel, *Vice Chair*
Alton Murakami, *Treasurer*
Dawn Hirano, *Secretary*
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