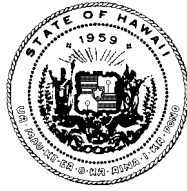


JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



CATHY BETTS  
DIRECTOR  
KA LUNA HO'OKELE

JOSEPH CAMPOS II  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

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'OKELE

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.



*Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.*

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.**

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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



April 2, 2024

House Committee on Finance

**RE: 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.

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

On behalf of Hawai'i Foodbank, I am writing in **strong support of HCR143 and HR125**.

We work closely with partner community-based organizations that rely on government contract funding from the Department of Human Services, Department of Health, and the Judiciary to provide services to the community we all serve.

Many of the state funding allocations for health and human services contracts have not 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, the community-based organizations who partner with us provide critical services, relying on their own resources to fill this gap.

Hawai'i Foodbank is Hawai'i's largest hunger relief organization, fiercely dedicated to our mission of nourishing our 'ohana today while working to end hunger tomorrow. We work with a network of more than 200 partner agencies across O'ahu and Kaua'i to provide food assistance to an average of more than 150,000 people each month.

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

Mahalo for your consideration.

With aloha,

Amy Miller

President and CEO, Hawai'i Foodbank