

JAN 23 2025

A BILL FOR AN ACT

RELATING TO PROCUREMENT.

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

1 SECTION 1. The legislature finds that the department of
2 health, department of human services, and judiciary fulfill some
3 of their statutory mandates and support access to justice by the
4 State's residents through contracts with community-based
5 organizations. Many community-based organizations provide
6 services to the State's vulnerable populations, including
7 victims of domestic violence, at-risk youth and youth in foster
8 care, low-income households, the elderly, and homeless
9 individuals and families. Community-based organizations play a
10 critical role in strengthening families and communities in the
11 State through the provision of essential services, including
12 support for access to justice.

13 The legislature finds, however, that while the cost
14 incurred by community-based organizations to provide their
15 services, including wages, utility expenses, and administrative
16 costs, have increased significantly during the past decade,
17 government contract rates have remained the same. Consequently,



1 a recent survey revealed that ninety-one per cent of community-
2 based organizations in the State were resourced below the full
3 operating costs required to provide the contracted services.
4 Community-based organizations have been struggling to fill the
5 gap between funding levels and demand for services, and some
6 have publicly stated that they may be forced to eliminate or
7 reduce the services they provide.

8 Accordingly, the purpose of this Act is to ensure the
9 continued delivery of essential services by community-based
10 organization to the State's vulnerable populations by:

- 11 (1) Requiring contracts for services awarded to community-
12 based organizations by the department of health,
13 department of human services, or judiciary in support
14 of fulfilling their statutory mandates to individuals,
15 families, and communities in the State to include
16 certain protections against inflation; and
- 17 (2) Appropriating funds to the department of health,
18 department of human services, and judiciary to
19 increase the contract price in existing contracts for
20 services provided by community-based organizations in



1 support of fulfilling their statutory mandates to
2 individuals, families, and communities in the State.

3 SECTION 2. Beginning January 1, 2026, contracts awarded to
4 community-based organizations by the department of health,
5 department of human services, or judiciary for services in
6 support of fulfilling their statutory mandates to individuals,
7 families, and communities in the State, including supporting
8 access to justice, shall:

- 9 (1) Be for a term of multiple years; and
- 10 (2) Include a provision that requires the contract price
11 to be adjusted on an annual basis based on increases
12 in the Consumer Price Index for All Urban Consumers,
13 or a successor index, as reported by the United States
14 Bureau of Labor Statistics.

15 SECTION 3. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ or so
17 much thereof as may be necessary for fiscal year 2025-2026 and
18 the same sum or so much thereof as may be necessary for fiscal
19 year 2026-2027 to increase the contract price under existing
20 contracts for services provided by community-based organizations



1 in support of fulfilling the department of health's statutory
2 mandate toward individuals, families, and communities.

3 The sums appropriated shall be expended by the department
4 of health for the purposes of this Act.

5 SECTION 4. There is appropriated out of the general
6 revenues of the State of Hawaii the sum of \$ or so
7 much thereof as may be necessary for fiscal year 2025-2026 and
8 the same sum or so much thereof as may be necessary for fiscal
9 year 2026-2027 to increase the contract price under existing
10 contracts for services provided by community-based organizations
11 in support of fulfilling of the department of human services'
12 statutory mandate toward individuals, families, and communities.

13 The sums appropriated shall be expended by the department
14 of human services for the purposes of this Act.

15 SECTION 5. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ or so
17 much thereof as may be necessary for fiscal year 2025-2026 and
18 the same sum or so much thereof as may be necessary for fiscal
19 year 2026-2027 to increase the contract price under existing
20 contracts for services provided by community-based organizations



1 in support of fulfilling the judiciary's statutory mandate
2 toward individuals, families, and communities.

3 The sums appropriated shall be expended by the judiciary
4 for the purposes of this Act.

5 SECTION 6. This Act shall take effect on July 1, 2025.

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INTRODUCED BY:





S.B. NO. 1227

Report Title:

DOH; DHS; Judiciary; Community-Based Organizations; Contract for Services; Access to Justice; Appropriations

Description:

Beginning 1/1/2026, requires contracts for services awarded to community-based organizations by the Department of Health, Department of Human Services, or Judiciary in support of fulfilling their statutory mandates to individuals, families, and communities in the State to include certain protections against inflation. Appropriates funds to the Department of Health, Department of Human Services, and Judiciary to increase the contract price in existing contracts for certain services provided by community-based organizations in support of fulfilling their statutory mandates to individuals, families, and communities in the State.

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