
A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION TO 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. The legislature finds that the department of
5 human services administers the supplemental nutrition assistance
6 program (SNAP) for eligible households that meet income and
7 other program requirements. The legislature further finds that
8 during the COVID-19 pandemic, the department of human services
9 requested and received approval from the federal government to
10 waive numerous requirements related to the processing of SNAP
11 benefits. These waivers allowed the department to quickly
12 respond to an increased demand for benefits while maintaining a
13 safe working environment for staff and the public.

14 Following the end of the COVID-19 pandemic, the United
15 States Department of Agriculture Food and Nutrition Service
16 required states to end waivers and resume normal benefits



1 processing requirements. From approximately October 2021
2 through September 2023, Hawaii and other states experienced
3 increased payment error rates in processing SNAP benefits. The
4 increased error rates were related to the changes in
5 requirements during and following the COVID-19 pandemic, as well
6 as the high vacancy and turnover rates for eligibility worker
7 staff.

8 In June 2024, the United States Department of Agriculture
9 Food and Nutrition Service assessed the department of human
10 services a penalty of \$10,934,327 for having a SNAP payment
11 error rate above the national average for two consecutive
12 federal fiscal years. However, in lieu of paying the total
13 penalty, the United States Department of Agriculture Food and
14 Nutrition Service provided the option to the State to reinvest
15 fifty per cent of the penalty amount in program improvements
16 that would reduce the payment error rate.

17 The State is pursuing the reinvestment option to resolve
18 the penalty. The department of human services plans to reinvest
19 fifty per cent of the assessed penalty to complete the
20 development of a new eligibility system, which is anticipated to
21 be completed in late 2025. Notably, under the terms of the



1 reinvestment option, if the reinvestment results in the payment
2 error rate falling under and remaining below the national
3 average, which is currently 11.68 per cent, the State will not
4 be required to pay the remaining fifty per cent of the penalty.

5 Failure to reinvest fifty per cent of the penalty amount
6 will result in the total penalty amount needing to be paid.
7 Additionally, failure to improve error rates may result in
8 increased financial penalties for the State.

9 Funding for this reinvestment option is required in fiscal
10 year 2024-2025 to make necessary modifications to the ongoing
11 development of the department of human services' new eligibility
12 system to specifically support automation of eligibility worker
13 tasks that will increase efficiency, and which are designed to
14 reduce worker errors. Reinvestment funding is required in
15 fiscal year 2024-2025 to avoid project delays and ensure that
16 the new system includes the technical capabilities required to
17 reduce the payment error rate.

18 Therefore, the purpose of this Act is to make an emergency
19 appropriation to the department of human services to support the
20 necessary modifications to reinvest in the ongoing development



1 of a new eligibility system for the supplemental nutrition
2 assistance program.

3 SECTION 3. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$5,467,164 or so much
5 thereof as may be necessary for fiscal year 2024-2025, which is
6 fifty per cent of the payment error penalty assessed by the
7 United States Department of Agriculture Food and Nutrition
8 Service, to be used to reinvest in the ongoing development of a
9 new eligibility system for the supplemental nutrition assistance
10 program that will result in reduced payment error rates.

11 The sum appropriated shall be expended by the department of
12 human services for the purpose of this Act.

13 SECTION 4. In accordance with section 9 of article VII of
14 the Hawaii State Constitution and sections 37-91 and 37-93,
15 Hawaii Revised Statutes, the legislature has determined that the
16 state general fund expenditure ceiling for fiscal year 2024-2025
17 has already been exceeded by \$8,551,795 or 1 per cent. In
18 addition, the appropriation contained in this Act will cause the
19 state general fund expenditure ceiling for fiscal year 2024-2025
20 to be further exceeded by \$5,467,164 or 1 per cent. The reasons
21 for exceeding the general fund expenditure ceiling are that:



1 (1) The appropriation made in this Act is necessary to
2 serve the public interest; and

3 (2) The appropriation made in this Act meets the needs
4 addressed by this Act.

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



Report Title:

DHS; Supplemental Nutrition Assistance Program; Emergency Expenditure Ceiling; Appropriation

Description:

Provides an emergency appropriation for the Department of Human Services to reinvest in the ongoing development of a new eligibility system for the Supplemental Nutrition Assistance Program. Makes an emergency appropriation for fiscal year 2024-2025. Declares that the general fund expenditure ceiling for fiscal year 2024-2025 has been exceeded. (SD1)

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