

JAN 23 2026

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# A BILL FOR AN ACT

RELATING TO HUMAN SERVICES.

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

1       SECTION 1. The legislature finds that community-based  
2 organizations across the State provide essential support  
3 services on behalf of the department of human services,  
4 including housing assistance, child and adult protective  
5 services, food security programs, vocational rehabilitation, and  
6 care for individuals facing homelessness or crisis. Some of  
7 these services are mandated by federal law, such as making home  
8 visits to foster children once a month. Others, such as  
9 outreach services to the homeless, are top priorities for the  
10 State.

11       Many of these state-contracted service providers have  
12 struggled to sustain programs because existing contract rates  
13 have remained stagnant for years and do not reflect the true  
14 cost of delivering care. Organizations have attempted to absorb  
15 these gaps through fundraising and reserves, but the widening  
16 mismatch between funding levels and community need threatens the  
17 long-term stability of these critical services.



1        Since 2010, rising costs have placed a significant  
2        financial burden on community-based organizations. In the last  
3        fifteen years, Hawaii's minimum wage almost doubled, and social  
4        worker salaries have increased by forty-five per cent. Premiums  
5        for state-required liability insurance have more than doubled  
6        due to higher claim costs and legal settlements. Additionally,  
7        rising fuel costs have increased transportation costs for  
8        workers or clients and the cost of commercial office space has  
9        also continued to rise.

10       The legislature further finds that some state contracts  
11       have been cut. The office of youth services has had to cut  
12       contracts with service providers by ten per cent, and has since  
13       only been able to restore these contracts by five per cent.  
14       Legislative budget cuts and non-recurring appropriations have  
15       also left the office of youth services with contract commitments  
16       exceeding their budget. Service providers have indicated they  
17       might be forced to end their contracts, which would leave the  
18       State's youth without safe housing and emergency services.

19       A 2022 survey of nonprofits with government human service  
20       contracts found that ninety-one per cent had contracts that did  
21       not cover the full operating costs required to provide the



1 contracted services, with seventy-nine per cent having to cut  
2 administrative costs to maintain services. These community-  
3 based organizations also report trouble attracting and keeping  
4 experienced staff due to being unable to offer competitive  
5 wages. This situation is unsustainable and threatens the  
6 stability of Hawaii's social services infrastructure.

7 Accordingly, the purpose of this Act is to appropriate  
8 funds to the department of human services to issue supplemental  
9 contracts to community-based organizations to address increases  
10 in costs related to labor, insurance, utilities, rent, and gas.

11 SECTION 2. There is appropriated out of the general  
12 revenues of the State of Hawaii the sum of \$ or so  
13 much thereof as may be necessary for fiscal year 2026-2027 for  
14 the department of human services to issue supplemental contracts  
15 to community-based organizations to address increases in costs  
16 related to labor, insurance, utilities, rent, and gas; provided  
17 that the funds shall be equitably distributed and allocated as  
18 follows:

- 19 (1) \$ for child protective services (HMS 301);  
20 (2) \$ for adult protective and community care  
21 services (HMS 601);



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1 (3) \$ for vocational rehabilitation (HMS 802);

2 (4) \$ for homeless services (HMS 224);

3 (5) \$ for general support for child care (HMS  
4 302);

5 (6) \$ for general support for self-sufficiency  
6 services (HMS 903);

7 (7) \$ for general support for health care  
8 payments (HMS 902); and

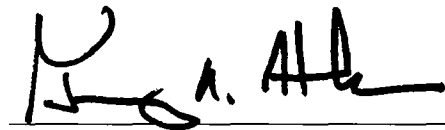
9 (8) \$ for in-community youth programs (HMS 501).

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

12 SECTION 3. This Act shall take effect on July 1, 2026.

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INTRODUCED BY:





# S.B. NO. 2668

**Report Title:**

Community-based Organizations; Program Costs; Department of Human Services; Appropriation

**Description:**

Appropriates funds to the Department of Human Services to issue supplemental contracts to community-based organizations to address increases in costs related to labor, insurance, utilities, rent, and gas.

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