

JAN 23 2026

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);



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:

K. A. Atch



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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