

A Bill for an Act Relating to Grants, Subsidies, and Purchases of Service.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

**“CHAPTER
GRANTS, SUBSIDIES, AND PURCHASES OF SERVICE
PART I. GENERAL PROVISIONS**

§ -1 **Definitions.** As used in this chapter, unless the context otherwise requires:

“Advisory council” or “council” means the council established pursuant to section -4.

“Agency” means the judiciary, any department, officer, board, foundation, commission, or other establishment of the state government, including the University of Hawaii.

“Agency advisory committee” or “committee” means the committee established pursuant to section -5.

“Budget” means an estimate of proposed expenditures.

“Chief executive” means the chief justice in the case of the judiciary or the governor in the case of the State.

“Director” means the administrative director of the courts in the case of the judiciary or the director of finance in the case of the State.

“Grant” means an award of public funds to a recipient, on a one-time basis, based on merit or need, to stimulate and support activities of the recipient for a specified public purpose.

“Nepotism” means appointing persons to positions on the basis of their blood or marital relationship to the appointing authority, rather than on merit or ability.

“Perquisite” means a privilege furnished or a service rendered by an organization to an employee, officer, director, or member of that organization to reduce the individual’s personal expenses.

“Provider” means any organization contracted by the State to provide services under a purchase of service agreement.

“Purchase of service” means an appropriation of public funds for the provision of services by an organization to specific members of the general public on behalf of an agency to fulfill a public purpose. Payments for these services shall be substantially equal in value to the services provided; provided that the purchase of services of a court-appointed attorney for an indigent, the professional services of individuals in private business or professions, and services subject to the competitive bidding requirements of chapter 103 shall be excluded.

“Recipient” means any organization receiving a grant or subsidy.

“Request for proposals” means an advertised request by an agency for proposals from organizations as to how the organization proposes to provide the service described in the request for proposals and at what cost.

“Request” means a submission by an organization asking for a grant or subsidy.

“Subsidy” means an appropriation of public funds made to alter the price or the cost of a particular good or service of the recipient to enable the recipient

to provide services or goods to the general public or specified members of the general public at a lower price than would otherwise be charged by the recipient.

§ **-2 Qualifying standards for organizations.** Any organization requesting a grant or subsidy, or submitting a proposal for a purchase of service agreement shall meet all of the following standards at the time of application:

- (1) Be a profit organization incorporated under the laws of the State or a nonprofit organization determined by the Internal Revenue Service to be exempt from the federal income tax;
- (2) In the case of a nonprofit organization, have a governing board whose members have no material conflict of interest and serve without compensation;
- (3) Have bylaws or policies that describe the manner in which business is conducted and policies that relate to nepotism and management of potential conflict of interest situations;
- (4) Have at least one year's experience with the project or in the program area for which the request or proposal is being made; provided that the director may grant an exception where the requesting or proposing organization has demonstrated the necessary experience in the program area; and
- (5) Be licensed and accredited, as applicable, in accordance with the requirements of federal, state, and county governments.

§ **-3 Conditions for grants, subsidies, and purchase of service agreements.** Organizations to which a grant, subsidy, or a purchase of service agreement has been awarded, shall agree to comply with the following conditions before receiving the grant, subsidy, or purchase of service agreement:

- (1) Employ or have under contract persons qualified to engage in the activity to be funded in whole or in part by the State or the judiciary, as the case may be; provided that for nonprofit organizations, no two or more members of a family or kin of the first or second degree shall be employed or under contract by the organization unless specifically permitted in writing by the director of the expending agency for the appropriation; provided further that no salary or benefit increases by the organization shall be funded with public funds unless the increases are agreed to by the director of the expending agency in the contract with the organization;
- (2) Comply with applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, or physical handicap;
- (3) Agree not to use public funds for purposes of entertainment or perquisites;
- (4) Comply with any other requirement as the director may prescribe to ensure adherence by the provider or recipient with federal, state, and county laws; and
- (5) Allow the expending agency, the director, the committees of the legislative bodies and their staffs, and the legislative auditor full access to records, reports, files, and other related documents in order that the program, management, and fiscal practices of the providers or recipients may be monitored and evaluated to assure the proper and effective expenditure of public funds.

§ **-4 Advisory council; establishment; appointment, number, and**

term of members; duties; reports. (a) There is established within the department of budget and finance for administrative purposes an advisory council which shall review, and make recommendations on, matters relating to grants, subsidies, and purchases of service to the governor, the chief justice, the president of the senate, and the speaker of the house of representatives.

(b) The advisory council shall be comprised of thirteen members as follows:

- (1) Two members from each county, except the county of Kalawao; and
- (2) Five members, with each representing one of the following program areas: health, human services, employment, education, and culture and the arts.

(c) The council members shall be appointed by the governor from a list of not less than thirty nominees provided by the president of the senate and the speaker of the house of representatives.

(d) In appointing the members from each county, the governor shall select persons who represent different business and civic organizations, community groups, grant recipients, subsidy recipients, and purchase of service providers who have an interest or expertise in the design and delivery of the following types of programs: health, human services, culture and the arts, employment, and education. The members of the council shall serve without compensation but shall be reimbursed for expenses, including intrastate travel expenses, necessary for the performance of their duties.

(e) The members shall be appointed by the governor for four years, except that the terms of the members first appointed shall be for two or four years as designated by the governor at the time of appointment. The governor shall designate a member to be the chairperson of the council. Each member shall hold office until the member's successor is appointed and qualified. Section 26-34 shall apply insofar as it relates to the number of terms and consecutive number of years a member may serve on the council.

(f) The duties of the advisory council shall be to:

- (1) Conduct comprehensive assessments of the State's resources and needs;
- (2) Serve as the community liaison to the governor, chief justice, president of the senate, speaker of the house of representatives, state agencies, grant recipients, subsidy recipients, and purchase of service providers;
- (3) Submit recommendations to the appropriate state agencies on the advisability of funding grants, subsidies, and purchase of service agreements for inclusion in the executive or judiciary budget;
- (4) Submit recommendations to the appropriate standing committees of the legislature on the advisability of funding grants and subsidies, not included in the executive or judiciary budget; and
- (5) Provide recourse for purchase of service provider grievances, by investigating, expediting, and making recommendation on complaints that involve funding, policy, or procedural decisions made by the agency. The final recommendation shall be completed and submitted to the agency director within thirty (30) days of receipt of a written complaint from a provider. The agency director shall receive the advisory council's recommendation and render a final ruling within ten days of receipt thereof.

(g) The council shall submit reports on its findings and recommendations to the governor, the chief justice, the president of the senate, and the speaker of the house of representatives before July 1, and before January 1, of each year. The reports by the council shall include but not be limited to:

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- (1) An assessment of the council's impact on identifying state resources and needs;
- (2) The composition and duties of the council;
- (3) Recommendations regarding funding allocations as expressed as a percentage of total funding for grants, subsidies, and purchase of service agreements in the program areas of health, human services, culture and the arts, employment, and education; and
- (4) Any other information the council may determine to be helpful to the executive, judicial, and legislative branches.

§ **-5 Agency advisory committee.** Each agency shall be required to convene a committee to determine needs in the agency's area of responsibility. The committee shall be made up of not less than five members representing purchase of service providers from each county and state agency officials with an interest or expertise in the design and delivery of services in the agency's area of responsibility. The committee shall:

- (1) Conduct comprehensive assessments of the agency's resources and estimated needs of target groups;
- (2) Submit recommendations to the agency on the form and contents of, funding amounts for, and evaluation criteria applicable to, requests for purchase of service agreements;
- (3) Submit recommendations to the agency as to whether or not requests for purchase of service agreements should be funded;
- (4) Do all other things deemed necessary and appropriate to assist the agency in making the most cost-effective decision in relation to the services being purchased; and
- (5) Provide the recommendations to the advisory council or legislature when requested.

Members of the agency advisory committees shall serve without compensation but shall be reimbursed for expenses, including intrastate travel expenses, necessary for the performance of their duties.

§ **-6 Appeals.** (a) Each agency shall establish, by rules adopted pursuant to chapter 91, an appeals process to reconsider any recommendations for funding made by the agency. The agency shall establish qualifying criteria that providers shall satisfy in order to be eligible to make an appeal. In adopting the rules, the agency shall consult with both the advisory council and agency advisory committee.

(b) The agency advisory committee shall assist in the fact-finding and review process to facilitate the appeal process and shall submit its recommendation to the agency director for deliberation and ruling.

§ **-7 Allotment.** (a) Appropriations for grants, subsidies, and purchases of service shall be subject to the allotment system generally applicable to all appropriations made by the legislature.

(b) Allotments shall be by "cost categories" and "cost elements" as defined in section 37-62.

§ **-8 Contracts.** (a) An appropriation for a grant, subsidy, or purchase of service shall not be released unless a contract is entered into between the appropriate agency and the recipient or provider. The agency shall determine, in consultation with and subject to the review and approval of the attorney general in the case of the State and the administrative director of the courts in the case of

the judiciary, the specific contract form to be used for each grant, subsidy, or purchase of service agreement and shall execute each contract not later than sixty days from the effective date of the appropriation or as soon as practicable thereafter.

(b) Each contract shall expressly state that the recipient or provider is an independent contractor and provide that the recipient or provider shall indemnify and hold harmless the State, the appropriate contracting agency, and the appropriate officers, employees, and agents from and against all claims, damages, and costs arising out of or in connection with the acts or omissions of the recipient or provider.

(c) All contracts shall be reviewed by the administrative director of the courts in the case of the judiciary and the attorney general in the case of the State for conformance with the public purpose and legislative intent.

§ -9 **Continued eligibility.** Any recipient or provider who withholds or omits any material facts or deliberately misrepresents any facts to an agency shall be in violation of this chapter. Any recipient or provider which has been found by an agency to have violated this chapter or the terms of its contract shall be prohibited from requesting a grant or subsidy or submitting a proposal for a purchase of service agreement for a period of five years.

§ -10 **Standards of political subdivisions.** Each county shall establish standards for the grant of public money or property pursuant to Section 4 of Article VII of the Constitution of the State of Hawaii.

§ -11 **Applicability and interpretation.** (a) This chapter shall be construed to be consistent with existing statutory law; provided that, in the case of a conflict, provisions contained in this chapter shall prevail.

(b) The qualifying standards and conditions related to the receipt of funds contained in this chapter shall not apply to funds that are transferred from one governmental agency to another governmental agency, including county agencies; provided that, if the receiving agency in turn contracts with a recipient or provider, then the qualifying standards and conditions and other provisions of this chapter shall apply to the recipient or provider and the contract. The receiving agency shall ensure compliance by the recipient or provider.

(c) This chapter shall be liberally construed to not hinder or impede the application, receipt, and use of federal-aid funds that may become available to the State or the judiciary. If federal-aid funds not already anticipated to be received and included in appropriations become available, each agency administering programs that could qualify for the available federal-aid funds, pursuant to chapter 29, may apply for, receive, and expend the federal-aid funds in accordance with the terms and conditions specified in the applicable federal statutes, regulations, or financial assistance award documents.

§ -12 **Interim measure for successive contracts.** Notwithstanding any provision of law to the contrary, the duration of any purchase of service agreement contract governed by this chapter may be extended for a specified period not to exceed ninety days if the following conditions are satisfied at the time of extension:

- (1) The contract is in effect;
- (2) The provider is not in default or breach of the contract;
- (3) Funds have been appropriated for a successive contract with the provider;

- (4) The terms and conditions with respect to the performance of the provider under the successive contract will be substantially the same as those of the contract;
- (5) The agency has provided the provider a letter offering to extend the contract at least sixty days prior to the end of the contract year, without other modification of its terms, except as to the amount of compensation and duration; and
- (6) The provider gives the agency a written acceptance of the extension.

(b) When a contract is extended pursuant to this section, the extension shall be paid out of the appropriation for the successive contract.

(c) For the purpose of applying the limitations in this chapter as to the duration of contracts, the period of the extension shall be counted as part of the duration of the successive contract.

§ -13 **Annual reports.** The chief executive, prior to each legislative session, shall submit a report on all purchase of service agreements funded under this chapter for the immediately preceding fiscal year. The report shall include a description of each program service for which a purchase of service agreement was entered into, the name of the purchase of service provider, and the funding amount. The chief executive shall also submit a list of all purchase of service providers who were denied funds.

§ -14 **Rules.** The director shall adopt rules pursuant to chapter 91 as may be necessary to meet the requirements of this chapter.

PART II. PURCHASES OF SERVICE

§ -21 **Review of purchase of services budget.** (a) Every agency anticipating the need to enter into purchase of services agreements shall determine the need and shall submit to the director a recommended budget setting forth, among other things, each service to be provided, the amounts determined by the agency to be required to be expended for purchases of service, the priority of need within and between programs, and an analysis of the cost-effectiveness of each service. This recommendation shall include an analysis of the objectives to be achieved for each program, the alternatives by which to achieve the objectives, and the respective costs, benefits, and effectiveness of the alternatives.

(b) The chief executive and the director shall review the recommended purchase of services budgets, revise the same as necessary, determine for each agency a level of funding for each program for purchases of service, and submit to the legislature funding recommendations for purchases of service. The chief executive shall include in the executive or judiciary budget submitted to the legislature all amounts for purchases of service recommended for funding. Such requests shall be included in the appropriate program budget and shall be identified by agency activity and source of funding in a supplemental budget submittal.

(c) Every recommendation for funding of purchase of service that the chief executive submits to the legislature for appropriation shall state:

- (1) The public purpose to be served;
- (2) The objective intended to be achieved;
- (3) The activities and services to be performed;
- (4) The target groups to be affected;
- (5) The means of financing;
- (6) Measures by which the effectiveness of the services purchased are to be evaluated;

- (7) The analyses and justifications for the recommended purchase of service agreements;
- (8) The amounts requested;
- (9) An assessment to determine costs of not providing the service; and
- (10) The intended uses of the funds, according to "cost categories" and "cost elements" as defined in section 37-62.

§ -22 **Appropriations for purchase of service agreements.** (a) A purchase of service agreement may be authorized for a period not to exceed two years, except as provided in section -12.

(b) Funds for purchases of services shall be appropriated to agencies in a lump sum without naming the specific provider, except that, in the case of a service which the agency certifies can be provided by only specific providers as specified by federal law, may name the specific providers.

§ -23 **Required review of requests.** (a) Each agency shall review each request to determine the efficiency and the effectiveness of the proposal in achieving the objectives of the program. The review shall include an analysis of the request in terms of the objectives to be achieved, the alternatives by which to achieve the objectives, and the respective costs, benefits, and effectiveness of the alternatives. When personnel service costs are requested to be funded in whole or in part, the review shall determine the reasonableness of personnel classification and compensation plans. The agency shall invite the organization to discuss the request with the agency and to comment on the analysis of the agency.

(b) The agency shall prepare a statement of its findings and recommendations for each request and shall send a copy of the statement to the requesting organization according to a timetable as specified by the director.

§ -24 **Requests for proposals.** (a) Agencies receiving appropriations for purchases of service shall advertise for proposals in a newspaper of general circulation in each county of the State. Agreements for purchases of service shall be awarded on the basis of cost-effectiveness, quality of services, or other criteria as may be determined by the director. An agency shall not be required to advertise requests for proposals upon submission of its certification in the form prescribed by the director that the providers are specified by federal law.

(b) An agency may select a provider without further advertisement as provided by subsection (a) or select an alternate method of service delivery if:

- (1) No proposals are received in response to the advertisement for proposals as provided by subsection (a); or
- (2) After a purchase of service contract has been awarded, the provider becomes ineligible to be a provider under sections -2 or -3 or becomes unwilling, unable, or unqualified to satisfactorily provide the desired services.

§ -25 **Monitoring and evaluation; purchase of service agreement.** (a) Every purchase of service agreement shall be monitored by the agency to ensure compliance with this chapter and the public purpose and legislative intent of the purchase of service.

(b) Each agency shall be required to establish an employee team, consisting of not less than two members, which shall formulate and implement an agency-approved monitoring plan consisting of the following components:

- (1) A comprehensive monitoring and evaluation manual that outlines the objectives, procedures, and specifications of the monitoring process;

- (2) A requirement of quarterly progress reports to be completed by each provider on standardized forms specified by the agency;
- (3) An annual on-site visit to each program funded by a purchase of service agreement;
- (4) An annual written report, to be completed within thirty days of the annual on-site visit, describing progress, compliance, and required corrective action. Providers shall receive a copy of the report and may respond in writing within thirty days of receipt thereof; and
- (5) A clear procedure for follow-up on recommendations and criticisms.

(c) Every purchase of service agreement shall be evaluated annually to determine whether the agreement has attained the intended results in the manner contemplated. Each agency shall establish criteria for program evaluation procedures by soliciting direct input from purchase of service providers and the department of budget and finance. Funding for the evaluation process shall be the agency's responsibility and shall not be paid from funds budgeted for a purchase of service provider's operations.

(d) Each agency shall assimilate both the monitoring and evaluation manual volume III and systems forms volume IV as provided to the State by SMS Research and Arthur Anderson & Co. into its monitoring and evaluation systems. The procedures and forms as described in these two volumes shall be the minimum monitoring and evaluation standards that shall be used by all agencies in the executive branch. Each agency may adopt additional requirements to the system as deemed necessary by the agency's director.

PART III. GRANTS AND SUBSIDIES

§ -31 **Applications for grants and subsidies.** Agencies may receive from organizations for review requests for funding of grants and subsidies no later than September 1 of any year, and recommendations for funding based on such requests shall be submitted to the next regular session of the legislature.

§ -32 **Review of subsidy and grant requests.** (a) Every agency receiving requests for grants or subsidies shall review each request to determine the public purpose to be served and shall submit to the director written findings and recommendations which shall set forth a description of the public purpose, the identity of the proposed recipient, the resultant benefits, and the amounts recommended for grants and for subsidies.

(b) The chief executive and the director shall review the subsidy and grant recommendations, revise the same as necessary and submit recommendations for grants and subsidies to the legislature. The chief executive shall include in the executive or judiciary budget submitted to the legislature all grants and subsidies recommended for funding.

(c) Every recommendation for a grant or subsidy that the chief executive submits to the legislature for appropriation shall state:

- (1) The identity of the proposed recipient and that the proposed recipient meets the qualifying standards of section -2;
- (2) The public purpose to be served;
- (3) The activities to be supported or the goods or services to be subsidized;
- (4) The target groups to be affected;
- (5) The means of financing;
- (6) The analyses and justifications for the recommended grants and subsidies; and

- (7) The intended uses of the funds, according to the “cost categories” and “cost elements” as defined in section 37-62.

§ -33 **Appropriations for grants or subsidies.** (a) Requests for grants or subsidies that are not recommended for funding in the budget submitted by the chief executive to the legislature may be submitted by the requesting organization in writing to the appropriate standing committee of the legislature. The legislature may make appropriations for grants or subsidies not included in the budget submitted by the chief executive but only after reviewing the requests for funding and determining that they comply with the qualifying standards and conditions and after determining that the funding serves a specified public purpose. Such determinations shall be included in the bill containing the appropriations and shall name the recipient.

(b) A subsidy may be authorized for a period not to exceed two consecutive fiscal years, and shall not be renewed unless the request for renewal is reviewed in accordance with section -32 and the legislature determines that there is a continuing need and public purpose to be served by the subsidy.

§ -34 **Monitoring and evaluation; grant or subsidy.** (a) Every grant or subsidy shall be monitored by the appropriate agency to ensure compliance with this chapter and the public purpose and legislative intent of the grant or subsidy.

(b) Every grant or subsidy shall be evaluated annually to determine whether the grant or subsidy attained the intended results in the manner contemplated.

The director shall develop procedures and adopt rules pursuant to chapter 91 to assist agencies in monitoring and evaluating a grant or subsidy.”

SECTION 2. Section 6E-16, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) The department may expend moneys from the fund to provide financial assistance to public agencies and private agencies in accordance with chapter [42] _____ involved in historic preservation activities other than those covered by section 6E-9.”

SECTION 3. Section 6E-40, Hawaii Revised Statutes, is amended to read as follows:

“~~[[~~§6E-40~~]]~~ **Bernice Pauahi Bishop Museum.** The official designation of the Bernice Pauahi Bishop Museum shall be the State of Hawaii Museum of Natural and Cultural History. The qualifying standards and conditions related to the receipt of funds contained in chapter [42] _____ shall not apply to funds received by the State of Hawaii Museum of Natural and Cultural History; provided that if the museum in turn contracts with a recipient or provider, then the qualifying standards, conditions, and other provisions of chapter [42] _____ shall apply to the recipient or provider and the contract.”

SECTION 4. Section 210D-13, Hawaii Revised Statutes, is amended to read as follows:

“~~[[~~§210D-13~~]]~~ **Exemption from chapter [42.] _____.** The provisions of chapter [42] _____ shall not apply to the grants made pursuant to this chapter,

but all grants made under this chapter shall be made only in accordance with the standards and conditions specified in section 210D-11.”

SECTION 5. Section 211F-7, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:

“(e) Investments by the corporation to persons shall be made on the basis of solicitation and a competitive technical review process, subject to the availability of funds allocated to the corporation for making investments. Investments by the corporation shall not be subject to chapter [42.] _____. Any organization applying for an investment shall meet the following standards:

- (1) Have bylaws or policies that describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations;
- (2) Be licensed and accredited, as applicable, in accordance with the requirements of federal, state, and county governments;
- (3) Comply with applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, or physical handicap; and
- (4) Comply with other requirements as the board may prescribe.”

SECTION 6. Section 261-6, Hawaii Revised Statutes, is amended:

1. By amending subsection (a) to read as follows:

“(a) Beginning in fiscal year 1988-1989 and in accordance with chapter [42.] _____, the sum of \$190,600 annually or so much thereof as may be necessary shall be granted from the general fund to carry on the operations and defray the expenses of the Hawaii wing, civil air patrol; provided that not less than \$3,000 shall be allocated to each Hawaii based civil air patrol unit that meets minimum requirements established by national headquarters and has demonstrated its capability to respond to emergencies within the State.”

2. By amending subsection (g) to read as follows:

“(g) The Hawaii wing, civil air patrol shall comply with chapter [42.] _____ in its application for grants and subsidies; execute an annual contract with the department of transportation by the third day of July; and submit to the department of transportation an annual expenditure plan to ensure the disbursement of funds by the tenth day of July, October, January, and April of each fiscal year.”

SECTION 7. Section 321-352, Hawaii Revised Statutes, is amended to read as follows:

“**[§321-352] Early intervention services for infants and toddlers with special needs.** The department may develop a statewide, coordinated, multi-disciplinary program which contains a continuum of services to meet the needs of infants and toddlers with special needs. The department shall be the lead agency for the coordination of federal and state funding for those programs. Pursuant to chapter [42.] _____, the department may purchase services appropriate to carry out activities under this part.”

SECTION 8. Section 328K-12, Hawaii Revised Statutes, is amended by amending the definition of “employer” to read:

““Employer” means any state or county agency, or any private corporation, firm, or association which receives state funds under chapter [42.] ____.”

SECTION 9. Section 333F-2, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

- (c) Programs of the department may include, but shall not be limited to:
- (1) Early identification and evaluation of persons with developmental disabilities or mental retardation;
 - (2) Development, planning, and implementation in coordination with other federal, state, and county agencies, of service programs for persons with developmental disabilities or mental retardation;
 - (3) Development and provision of service programs in the public or private sectors through chapter [42.] ____, for persons with developmental disabilities or mental retardation;
 - (4) Establishment of a continuum of comprehensive services and residential alternatives in the community [so as] to allow persons with developmental disabilities or mental retardation to live in the least restrictive, individually appropriate environment;
 - (5) Development and implementation of a program for single entry access by persons with developmental disabilities or mental retardation to services provided under this chapter as well as referral to and coordination with services provided in the private sector or under other federal, state, or county acts, including case management, and development of an individualized service plan by an interdisciplinary team;
 - (6) Collaborative and cooperative services with public health and other groups for programs of prevention of developmental disabilities or mental retardation;
 - (7) Informational and educational services to the general public and to lay and professional groups;
 - (8) Consultative services to the judicial branch of government, [to] educational institutions, and [to] health and welfare agencies whether such agencies are public or private;
 - (9) Provision of community residential alternatives for persons with developmental disabilities or mental retardation, including group homes and homes meeting ICF/MR standards;
 - (10) Provision of other programs, services, or facilities necessary to provide a continuum of care for persons with developmental disabilities or mental retardation; and
 - (11) Development and maintenance of respite services in the community for persons with developmental disabilities or mental retardation.”

SECTION 10. Section 333F-21, Hawaii Revised Statutes, is amended to read as follows:

“[§333F-21] Provision of services; family and caregiver support. The director may provide such services as may be necessary to maintain and enhance care giving in community-based homes for persons with developmental disabilities. For the purposes of this section, “family and caregiver support”

means a flexible and varied network of support which does not supplant community resources, and which is capable of providing for the individual families caring for persons with developmental disabilities. Such services may include:

- (1) In-home and out-of-home respite services for families and care providers;
- (2) The purchase of adaptive equipment such as bath chairs and special positioning chairs not covered by health insurance or other resources;
- (3) Counseling services for families of care providers concerning stresses and feelings about caring for persons with developmental disabilities;
- (4) Special supply purchases such as diapers and special clothing required by persons with developmental disabilities;
- (5) Homemaker and chore services;
- (6) Transportation services not available through existing resources in the community;
- (7) Specialized therapy services for persons with developmental disabilities not available through insurance, medicaid, or other resources;
- (8) Case management to help families and care providers coordinate and access services available to persons with developmental disabilities; and
- (9) Provision, without regard to chapter [42] _____, of modifications to dwelling units to enable persons with developmental disabilities with sensory limitation or mobility problems to reside in community homes which require adaptive and safety alterations such as the installation of ramps and porch lifts, bars and hand rails, widening of doorways, removal of other architectural barriers and the enlargement of bath facilities to allow the movement of and ensure the safety of the person with developmental disabilities; provided that there shall be an agreement between the care provider and the department to ensure continued care in the home where the modification is provided; and provided further that modification costs shall be limited to the amount of funds appropriated for the program for any individual client."

SECTION 11. Section 346-274, Hawaii Revised Statutes, is amended to read as follows:

"~~[[§346-274]]~~ **Contracts.** The department may contract with a public agency or private nonprofit organization to administer all or portions of this part in accordance with federal regulations and in accordance with chapter [42.] ____."

SECTION 12. Section 352D-6, Hawaii Revised Statutes, is amended to read as follows:

"**§352D-6 Organizational structure.** The office of youth services shall be composed of such divisions and sections as are deemed necessary by the director to provide:

- (1) Diagnostic evaluation, treatment, and rehabilitation services for all youths referred to services provided by the office or placed in the office's custody by the family court;
- (2) Supervision and counseling services for youth in shelter or correctional facilities under the office's jurisdiction, including community-

- based facilities;
- (3) Educational, vocational-educational, and other programs to effectively occupy the time of the youth placed in a facility under the office's jurisdiction which promote the development of self-esteem and useful skills to prepare youths in becoming productive members of the community;
 - (4) Continuous program planning, development, and coordination of youth services, including the coordination with other government and private social service agencies that work with youths to ensure that a full-range of programs is available and that [such] these programs are consistent with the policy of this chapter and are not unnecessarily duplicative or conflicting;
 - (5) Prevention services to include a comprehensive intake/assessment and information/referral system throughout the [State] state which shall access services to youth and their families;
 - (6) A case management system based on the individual needs of youth which shall provide for in-depth client assessment, appropriate service planning, and client advocacy;
 - (7) Provide for the implementation of chapter 352, youth correctional facilities, and other needed correctional services;
 - (8) Facilitate the development of and, when appropriate, provide for training programs for persons offering services to youth at risk;
 - (9) Provide for technical assistance and consultation to providers and potential providers;
 - (10) Seek, apply for, and encourage the use of all federal funds for youth services and facilitate the coordination of federal, state, and local policies concerning services for youth;
 - (11) Prepare and submit an annual report to the governor and the legislature. This report shall include, but not be limited to, a review of the status of youth services within the State, recommendations for priorities for the development and coordination of youth services; and
 - (12) Monitor, evaluate, and audit all grants, subsidies, and purchase of services under chapter [42] _____ which relate to the office of youth services."

SECTION 13. Section 353D-3, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The department may contract with a private nonprofit agency pursuant to chapter [42] _____ to implement this chapter."

SECTION 14. Section 431N-4, Hawaii Revised Statutes, is amended to read as follows:

"~~[[§431N-4]]~~ **Transfer of funds.** The department of health shall have the authority to utilize funds appropriated under this chapter to directly purchase services in accordance with chapter [42] _____ when it is determined that such a purchase is more effective and cost efficient in meeting the goals of this chapter. The department of health shall also have the authority to transfer funds appropriated under this chapter to the department of human services. The department of human services may receive and apply such funds for the purpose of maximizing medical care services to gap group individuals under the medicaid program contained in the medicaid state plan. The departments of health and human services

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shall develop and implement an inter-agency working agreement necessary to carry out the purpose of this section.”

SECTION 15. Chapter 42, Hawaii Revised Statutes, is repealed.

SECTION 16. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 17. This Act shall take effect on July 1, 1992; provided that appropriations for grants, subsidies, and purchases of service made prior to the effective date of this Act and in accordance with the provisions of chapter 42, Hawaii Revised Statutes, as it existed prior to its repeal shall not be subject to the provisions of this Act and shall be expended in accordance with the provisions of chapter 42, Hawaii Revised Statutes, as it existed prior to its repeal.

(Became law on July 11, 1991, without the Governor's signature, pursuant to Art. III, §16, State Constitution.)