HOUSE OF REPRESENTATIVES
TWENTY-FIFTH LEGISLATURE, 2010
STATE OF HAWAII

H.R. NO. 240
H.D. 1

HOUSE RESOLUTION

ESTABLISHING AN INVESTIGATIVE COMMITTEE TO INVESTIGATE THE
PROPOSED REORGANIZATION PLAN AND PURCHASE OF SERVICE
CONTRACTS OF THE DEPARTMENT OF HUMAN SERVICES.

WHEREAS, the Department of Human Services (DHS) oversees a
variety of important social service programs, including
Temporary Assistance for Needy Families, the Supplemental
Nutrition Assistance Program (SNAP), General Assistance, and
Medicaid, that serve thousands of people in Hawaii; and

WHEREAS, DHS uses purchase of service contracts to hire
private contractors and vendors for intake and eligibility
determination functions in addition to those provided directly
by DHS employees; and

WHEREAS, there has been some dispute as to the
effectiveness and efficiency of using contracted vendors for
intake and eligibility determination functions for social
services; and

WHEREAS, DHS has proposed a reorganization of its Benefits,
Employment and Support Services Division (BESSD); Med-QUEST
Division; and Social Services Division, including the intake and
eligibility determination functions for public assistance, SNAP,
Medicaid, and foster care income maintenance, to create a new
Eligibility Processing Operations Division (EPOD) in an effort
to save money and streamline operations; and

WHEREAS, the proposed reorganization plan includes the
closure of eligibility offices, which equate to 50 community
units statewide, essentially limiting direct client access to
financial, food stamp, and medical public assistance programs;
and

WHEREAS, under the proposed EPOD, the eligibility offices
and community units will be replaced by two processing centers
in Honolulu and Hilo that will handle all applications and other work previously done in local offices and units; and

WHEREAS, under the proposed reorganization plan, BESSD and Med-QUEST employees will have no direct contact with clients as all communication will be accomplished by phone, fax, and email; and

WHEREAS, at least 228 DHS employees will be laid off as a result of this proposal at a time when more residents are struggling in the current economic recession and turning to social welfare for assistance; and

WHEREAS, there have been increases in the number of people requesting or receiving public assistance, food stamps, Medicaid, and child care subsidies during the current recession; and

WHEREAS, the proposed reorganization plan will likely result in fewer people receiving benefits and hurt those in greatest need because many are the elderly, disabled, or mentally ill who may not have access to computers, fax machines, or phones; and

WHEREAS, applicants and recipients may not be able to reach an eligibility worker by phone as has been claimed due to short-staffing caused by the massive reduction-in-force to DHS in 2009; and

WHEREAS, it is doubtful that nonprofit social service organizations can assist in the event that there are problems with this policy proposal as they are already struggling to serve existing clientele; and

WHEREAS, both the Chief Investigator of the DHS Investigation and Restitution Office and a deputy prosecutor from Hawaii Island testified before the House Committee on Human Services that the proposed reorganization plan will result in rampant welfare fraud as the "checks and balances" currently in place would be eliminated, primarily because the front line eligibility workers are required witnesses to prosecute welfare fraud; and
WHEREAS, due to a potential increase in welfare fraud, millions of dollars in court-ordered restitution that the State of Hawaii receives may be lost; and

WHEREAS, the Director of Human Services (Director) is rushing to implement the proposed reorganization plan by July 2010 even though similar call center plans in other states such as Florida, Oregon, Indiana, and Texas have failed, resulting in tremendous suffering by needy clients who are unable to access available assistance through federal programs; and

WHEREAS, the Florida model, after which the proposed reorganization plan is modeled, was implemented over a two-year period; and

WHEREAS, the House Committee on Human Services received testimony regarding the Oregon model by a former recipient stating that the Oregon public assistance program was inadequate and inefficient, and that this recipient and the recipient's child were denied assistance to which they were lawfully entitled; and

WHEREAS, although eligibility offices remained open in each respective Oregonian county, the program was fraught with worker errors, dropped calls, and major delays; and

WHEREAS, Hawaii has a proven community assistance model that has won federal cash awards for the State by providing timely and accurate assistance to needy populations for the past 42 years; and

WHEREAS, Hawaii was also recognized for outstanding service and accuracy in SNAP between 2003 and 2008; and

WHEREAS, to date, over 7,100 DHS employees and clients have submitted signed petitions stating that they have "no confidence" in the Director's ability to properly administer the mission of the department; and

WHEREAS, the House Finance Committee's submitted budget draft had reduced the Governor's DHS budget by $18,521,400 while still protecting DHS positions eliminated in the Governor's proposal that provide essential community assistance services to over 300,000 needy Hawaii residents; and
WHEREAS, as of April 2010, the Director has not provided an operational EPOD implementation plan, or a contingency plan to address any unexpected difficulties with or unintended consequences of the proposed reorganization plan; and

WHEREAS, a policy change of this complexity and magnitude should be carefully evaluated before implementation; now, therefore,

BE IT RESOLVED by the House of Representatives of the Twenty-fifth Legislature of the State of Hawaii, Regular Session of 2010, that the House of Representatives hereby establishes a special investigative committee (Committee) to investigate the purchase of service contracts and other contracts under DHS; and

BE IT FURTHER RESOLVED that membership of the Committee shall include:

(1) The Chair of the House Human Services Committee who shall serve as Chairperson of the Committee;

(2) The Vice-Chair of the House Human Services Committee who shall serve as the vice-chairperson of the Committee; and

(3) Three members appointed by the Speaker of the House of Representatives exclusively from the membership of the House of Representatives;

and

BE IT FURTHER RESOLVED that the purpose and duties of the Committee, and the subject matter and scope of its investigatory authority shall be to:

(1) Provide for an audit of the money allocated for contracts by DHS, the services contracted, and the number of residents such contracts were to cover;

(2) Provide for an audit of the money allocated specifically for the proposed reorganization plan;
(3) Determine whether any state or federal law was violated or required relating to the proposed reorganization plan; and

(4) Determine whether there was any retaliation or reprimand toward any employee or contracted agency by DHS administrators;

and

BE IT FURTHER RESOLVED that the Committee shall conduct a thorough evaluation of the proposed reorganization that includes the following issues:

(1) The effect this proposal will have on current clients with consideration for Hawaii's unique geography and multi-cultural society;

(2) Whether benefit payments will be wrongly denied or delayed under this proposal;

(3) The specific information technology that will be used to implement this proposal and its anticipated cost;

(4) The training timeline for DHS staff who are to be trained in the technology; and

(5) Any and all other matters that the United States Department of Agriculture normally undertakes as necessary or appropriate to evaluate a major policy proposal;

and

BE IT FURTHER RESOLVED that the investigative committee shall have every power and function allowed to an investigating committee by law, including, without limitation, the power to:

(1) Adopt rules for the conduct of its proceedings;

(2) Issue subpoenas requiring the attendance and testimony of witnesses and subpoenas duces tecum requiring the production of books, documents, records, papers, or
other evidence in any matter pending before the Committee;

(3) Hold hearings appropriate for the performance of its duties at such times and places as the Committee determines;

(4) Administer oaths and affirmations to witnesses at hearings of the Committee; and

(5) Report or certify instances of contempt;

provided that the Committee is requested to voluntarily limit, to the extent possible, the use of its subpoena power to produce witnesses, documents, and other evidence, and voluntarily limit the scope of its investigation, to the extent possible, to a review of appropriate publicly-available information on the subject matters within the Committee's purview; and

BE IT FURTHER RESOLVED that the Committee is authorized to exercise its powers continuously throughout the interim period between the 2010 and 2011 Regular Sessions, and shall thereafter be dissolved unless extended by the House of Representatives; provided that the Committee may continue beyond this period for the purpose of monitoring and, if necessary, proposing the amendment or repeal of any legislation enacted as a result of the Committee's efforts; and

BE IT FURTHER RESOLVED that the Committee request the United States Department of Agriculture, Food and Nutrition Services Branch to review all information relating to the proposed reorganization plan and to provide a report on concerns and possible federal violations; and

BE IT FURTHER RESOLVED that the State Procurement Office (SPO), with its own staff and other support staff, is requested to gather, analyze, and interpret the information submitted to the Committee, and report this information to the Committee; and

BE IT FURTHER RESOLVED that the SPO is further requested to work under the direction of the Committee and provide any technical, staffing, and other assistance to the Committee as may be necessary, including providing assistance in collecting, reviewing, analyzing, and interpreting documents, testimony, and
other evidence obtained by the Committee, and in coordinating
the daily work of the Committee; and

BE IT FURTHER RESOLVED that the Legislative Reference
Bureau is requested to assist the Committee in conducting
analyses as appropriate, and in drafting appropriate
implementing legislation as requested by the Committee; and

BE IT FURTHER RESOLVED that the Department of the Attorney
General is requested to provide the Committee with copies of
documents as may be available, and in providing legal analyses
as needed, to the extent that the Attorney General's
participation in the work of the Committee does not
impermissibly conflict with any litigation to which the Attorney
General is a party; and

BE IT FURTHER RESOLVED that all other departments,
agencies, and offices of the State, as appropriate, are
requested to cooperate with and provide assistance to the
Committee with respect to its investigation; and

BE IT FURTHER RESOLVED that the Committee shall submit a
report of its findings and recommendations to the House of
Representatives no later than 20 days prior to the convening of
the Regular Session of 2011; and

BE IT FURTHER RESOLVED that certified copies of this
Resolution be transmitted to the Deputy Administrator for the
Supplemental Nutrition Assistance Programs of the United States
Department of Agriculture's Food and Nutrition Services Branch,
Governor, Director of Human Services, Attorney General,
Administrator of the State Procurement Office, State Auditor,
Mayor of the County of Honolulu, and President of the Board of
Directors of the Hawaii Government Employees Association.