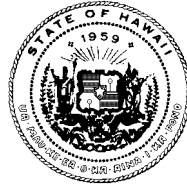


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February 22, 2023

TO: The Honorable Kyle T. Yamashita, Chair
House Committee on Finance

FROM: Cathy Betts, Director

SUBJECT: [HB 450 HD1](#) – RELATING TO CHILD CARE.

HEARING: Friday, February 24, 2023, 11:30 a.m.
Conference Room 308 & Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill and provides comments.

PURPOSE: The purpose of the bill requires DHS, when determining income eligibility for child care subsidies, to consider special circumstances, such as the retroactive payment of worker's compensation or temporary disability insurance benefits, that cause the monthly gross income of a parent, guardian, or other responsible party to exceed the eligible monthly gross income. Effective 6/30/3000. (HD1).

The HD1 amended this measure by:

- (1) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity, consistency, and style.

DHS currently provides a 12-month eligibility period at initial eligibility determination and redetermination. Families continue to be eligible for child care subsidies provided the parent or caretaker(s) has a monthly gross income that does not exceed eighty-five percent of the State Median Income (SMI) for their family size.

Per current program rules, DHS excludes *nonrecurring* lump sum payments described in this bill. For the committee's reference, §17-798.3-11, Hawaii Administrative Rules (HAR), identifies excluded income that, when received in any given month, shall be excluded from consideration in determining income eligibility for child care payments. Specifically, §17-798.3-11(5), HAR, addresses nonrecurring lump sum payments:

“ (5) Monies received in the form of a nonrecurring lump sum payment including, but not limited to the following:

- (A) Income tax refunds, rebates, or credits;
- (B) Retroactive lump sum social security, SSI, public assistance, or unemployment compensation benefits;
- (C) Retroactive annual adjustment payments in the veteran administration's (VA) disability pensions;
- (D) Lump sum inheritances or insurance payments[.]”

Families can voluntarily report changes on an ongoing basis during their 12-month eligibility period. Per §17-798.3-17(c), HAR, DHS acts on reported changes when the change benefits the family. DHS is prohibited from acting on information that would reduce the family's subsidy unless the information reported indicates that the family's income exceeds eighty-five percent SMI after considering irregular fluctuations in income.

Thank you for the opportunity to provide testimony on this bill.

HB-450-HD-1

Submitted on: 2/24/2023 10:12:05 AM

Testimony for FIN on 2/24/2023 11:30:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|-------------------|
| Ronald Lewis | Individual | Support | Remotely Via Zoom |

Comments:

While HB450 addresses the issue of requiring the department of human services, when determining income eligibility for child care subsidies, to consider special circumstances, such as the retroactive payment of workers compensation or temporary disability insurance benefits, that cause the monthly gross income of a parent, guardian, or other responsible party to exceed the eligible monthly gross income. I think it is important to explain what this means. The department of human services childcare connection Hawai'i ("CCCH") subsidy program has income limits based on family size. When recertifying for the childcare subsidy, proof of income for the parent, guardian, or other responsible party must be provided to the CCCH case worker in the form of paystubs to prove the parent did not exceed the income threshold for their respective household size. In doing this, the CCCH case worker only looks at the gross earnings. They do not consider or allow for any living expenses. They only look at the gross earnings. To clarify, if you provide a paystub, you have your gross pay, and your net pay, the CCCH case worker only looks at the gross pay amount. At the time of recertification, a notice is sent by CCCH informing you of your recertification month and the documents and paystubs needed for the month being reviewed. No consideration of exceptional circumstances is given in any way whatsoever. The bottom line is the gross pay is what they look at, and nothing else. In this particular instance, the testimony I am providing gave rise to the bill we see before this committee today. I reached out to Rep. Mizuno to champion this bill as it hit remarkably close to home. My mother who works as an employee for the federal government was injured with a broken ankle approximately 2 months before her recertification by CCCH was due. Given that her employer is the Federal Government, obtaining a claim number and having her claim adjudicated, and processed takes a considerable amount of time. Given the delay in her work comp case being adjudicated, etc., her work comp benefit pay was withheld for 2 months. As a result, she was paid out for those retroactive work comp earnings the month she was required to submit her recertification paperwork and paystubs to the CCCH caseworker. In this instance, she was denied as she was deemed over the income threshold that relates to her household size. It is purely logical, that the retroactive earnings should not have been considered in calculating income eligibility seeing that those earnings did represent pay earned in the month being reviewed. When you also consider that she had no compensation the 2 months prior, it is unfair to account the retroactive earnings for the month being reviewed as income, and can be construed as an injustice, but more importantly as an opportunity to correct this issue. That is why this bill is so important. No parent should lose eligibility or be denied for a subsidy on such a technicality. In furtherance of this bill, I also propose amending this bill to include staying the second eligibility requirement. The DHS CCCH and HAR defines this as the "Activity" requirement. This means, in order for the parent, guardian, or other responsible party to be eligible for the subsidy, the parent must be

employed or in a job/training skills program. While I agree with the necessity of such a provision, which prevents abuse of the subsidy for parents who do not work or choose to stay home. It is important to note that someone on work comp who is medically incapacitated is not separated from their employer, they are just out until the medical situation is resolved so that they can return to work. My mother was also denied based on the activity eligibility requirement. There are no special considerations given for these circumstances. I believe that someone that is on work comp that is totally medically incapacitated should have this activity requirement stayed/waived, or to allow for special considerations depending on the case. This goes hand in hand with this bill. In closing, my mother is 59 years old, and she took in her first foster child at nearly a month old in January 2021, adoption completed December of 2021. In June 2021 she fostered her baby girl at 5 days old with an adoption hearing set for February 2023. It is not easy to license a foster parent and vet a family for adoption. The process is rigorous as it should be. My mother is a hardworking, caring person with a big heart. The CCCH policies in existence is not set up to help families as they are implemented and written in its current form. With no consideration for extraordinary circumstances. This has perpetuated a horrible stigma that the department looks so often to disqualify rather than qualify. I ask that the committee members deciding on this bill to think of how many families they could be helping by supporting and amending this bill. More importantly, think of how unfair it is as a parent, whether foster or adoptive to have your subsidy cut because you are medically incapacitated and knowing you are not separated from your employer. Try to explain that to the CCCH caseworker that give you the "I don't make the rules" answer and demeanor. It is my hope that the committee voting on this bill, will say yes to HB450 and the proposed amendments. Thank you to rep mizuno for his support and committee members for your service and considerations.