



HAWAI'I
KIDS COUNT

MARCH 2022

Hawai'i Children's Budget



Hawai'i
Children's
Action
Network



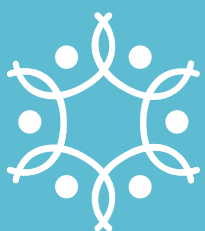
HAWAI'I BUDGET
& POLICY CENTER



HAWAI'I APPLESEED
CENTER FOR LAW & ECONOMIC JUSTICE

Investing in our
children, and
in the future of
Hawai'i

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[Hawai'i Children's Action Network](#) (HCAN) is a 501(c)(3) nonprofit and the only one in the state of Hawai'i solely committed to advocating for children. We address the root causes of poverty and inequity and develop public policies that help children and their families. Our Mission: Build a unified voice educating and advocating for Hawai'i's children. Our Vision: All of Hawai'i's children are healthy, safe and ready to learn.

The [Hawai'i Budget & Policy Center](#) (HBPC) is a program of Hawai'i Appleseed Center for Law & Economic Justice. Our mission is to ensure that our state and local economic policies increase opportunity for all residents. We do this by analyzing and understanding the implications of tax and budget decisions and making sure that the public and policy-makers are informed through strategic communications, coalitions, and key partners. HBPC's work is guided by the belief that government at all levels should play an active role in helping people reach their full potential.

[Hawai'i Appleseed](#) is working to build a more socially just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, coalition building and advocacy.

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THE HAWAI‘I CHILDREN’S BUDGET

The Hawai‘i Children’s Budget (HCB) documents how Hawai‘i is investing in children through ensuring resources for programs that benefit children. The HCB is intended to support discussion about the adequacy and equity of such spending.

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INTRODUCTION

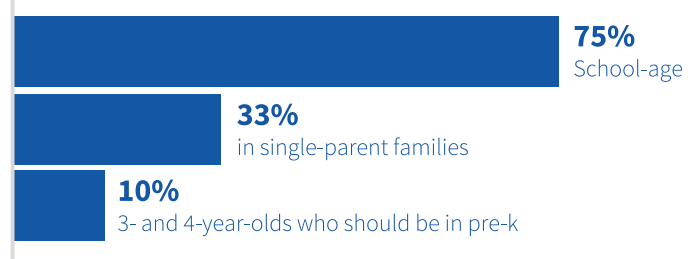
THE WELLBEING AND VIBRANCY of Hawai'i tomorrow depends on the collective investment in our children today. This investment is also the key to a more equitable future. Unless we ensure economic security, decent housing, and good education for all, we relegate some children—usually those whose families face income and discrimination barriers—to a future of poverty, dependence, and poor mental and physical health.

Compared to the rest of the United States, Hawai'i does well on health measures, and earns an average grade on family and community indicators, but does poorly on both economic wellbeing and public education. This is especially troubling because the nation as a whole already performs poorly in these areas.

A better point of reference may be the Organisation for Economic Co-operation and Development (OECD), an international group devoted to shaping policies that result in prosperity, equality, opportunity and wellbeing for all. Its most recent report shows that **the U.S. is in the bottom third** among OECD countries on child poverty, infant mortality and low-weight births, as well as children going without breakfast or dinner. Furthermore, adolescents in the U.S. compare poorly in having space and materials at home to study, in performance in math by age 15, and in being either in school or the workforce.¹

Hawai'i policymakers need a fundamental change in approach and investment in children to help them realize their potential and be able to contribute to our communities for generations to come. These include:

- Rapidly expanding resources to provide high-quality **universal Pre-Kindergarten and child care** for younger children.
- Addressing economic security for children and their families, with **access to affordable workforce housing** as a priority. Maximize state and federal programs that subsidize the cost of food, utilities, childcare and other household essentials.
- Reauthorize an improved state **Earned Income Tax Credit** that is refundable to help the lowest-income families.
- Invest more in strategies and programs that help **at-risk youth** and those who are neither working or in school fulfill their potential.



A Profile of Hawai'i's Children

An estimated 310,000 children, from newborns through the age of 18, live in Hawai'i.² Nearly three-quarters of those children are of school age, between 5 and 18, and more than one in 10 are 3- and 4-year-olds who should be enrolled in pre-Kindergarten education.

Thirty-seven percent of Hawai'i's households include children and, of these, 44 percent of the children are under the age of 6. This is important because research shows that families with young children have less economic and job security, and may have increased costs for childcare and housing during a time of critical development in a child's life.

In addition, nearly a third of all children are in single-parent families. Research shows that single-parent households are more likely than others to have inadequate economic resources.³

In 2019, an estimated 79,000 children lived in households with earnings below 200 percent of poverty (that amounted to \$59,240 for a family of four in 2019), but the COVID-19 pandemic has almost certainly changed family finances for the worse.

The Hawai'i Children's Action Network's Data Dashboard⁴ reported that, as late as December 2021:

- **14 percent** of Hawai'i households with children lost employment income in the past four weeks.
- **15 percent** of Hawai'i households with children had little or no confidence in their ability to make their next housing payment on time.
- **22 percent** of Hawai'i households with children under age 12 had their childcare arrangements disrupted due to the pandemic.

INTRODUCTION

Figure 1. Children in Hawai'i by Race, Ethnicity, Indigeneity

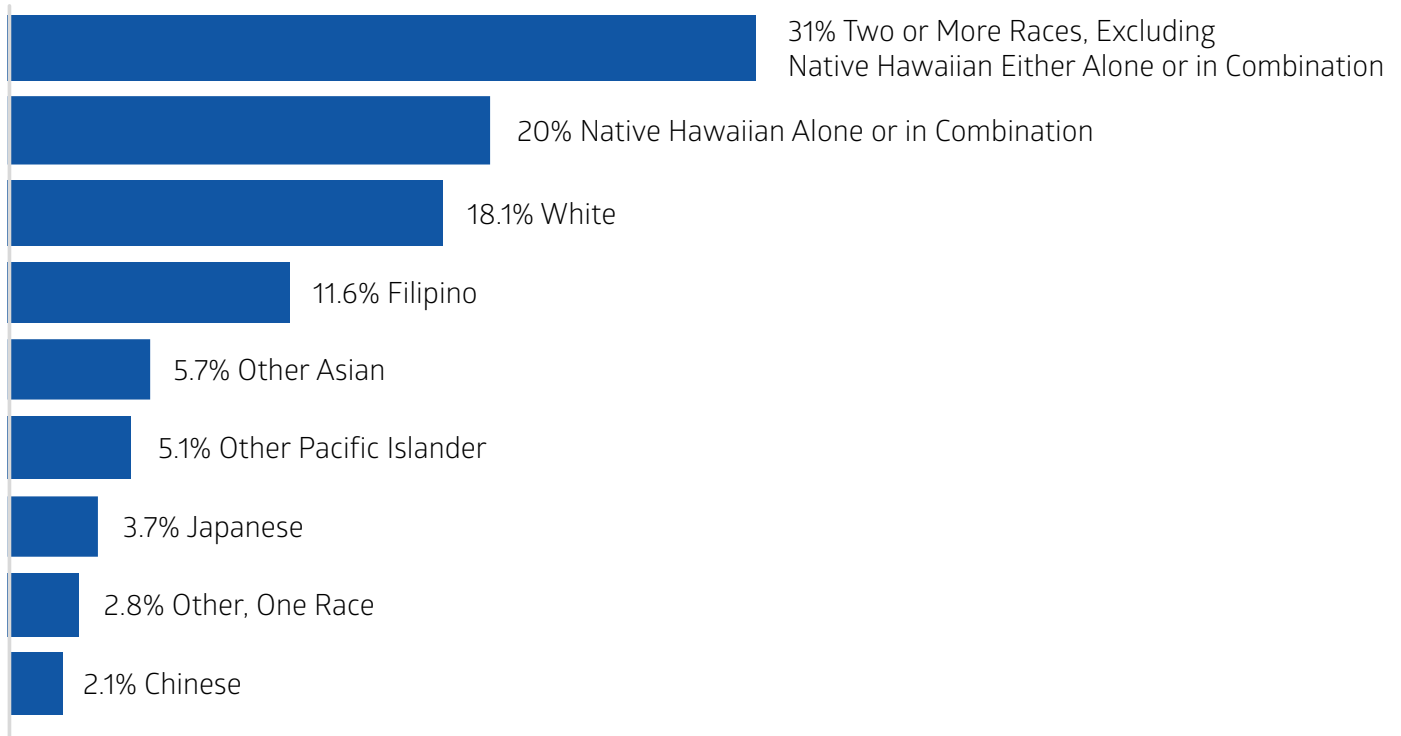


Figure 1. Racial, indigenous, and ethnic diversity is characteristic of Hawai'i's children, where the largest category is children of more than one race. This mixed race category excludes Native Hawaiian children who are included in a group identified as Native Hawaiian alone or in combination with another race.

Hawai'i's children are racially and ethnically diverse. **Figure 1** shows the estimated race and ethnic breakdown for residents under the age of 18, as reported in the 2019 American Community Survey 5-year estimates.⁵

In addition, 29 percent of children in Hawai'i are part of immigrant families, greater than the national average of 25 percent.⁶

The racial and ethnic diversity of Hawai'i's children demands that public programs improve the collection of disaggregated data about program participants, and use the information gathered to better serve children and families. This applies to public education and to other state-supported health and social services programs, which should include disaggregated data in the identification of needs, program design and evaluation, and allocation of funding and other resources. The need for and approaches recommended for data disaggregation in Hawai'i are outlined in "[Data Justice: About Us, By Us, For Us](#)," published by the Hawai'i Budget & Policy Center in February, 2021.⁷

The KIDS COUNT Data Center, a project of the Annie E. Casey Foundation, tracks data and trends that tell us how well children are doing in all states. The Data Center's 2021 Hawai'i KIDS COUNT Report gives Hawai'i an overall rank of 26 out of 51.⁸

This report uses data from 2019. While this may be less accurate now due to the pandemic recession, KIDS COUNT is useful in pointing out areas that need improvement for Hawai'i's children. The following shows Hawai'i's current rankings and how they've changed since the 2020 report, which used 2018 data.

Hawai'i ranks 44th for economic wellbeing, down from 25th

- 38 percent of children live in households with a high housing cost burden.
- 12 percent of children are in poverty.
- 24 percent of children have parents who lack secure employment.
- 10 percent of teens are not in school or in the workforce.

Hawai'i ranks 32nd for public education, up from 35th

- 50 percent of 3- and 4-year-olds are not enrolled in school.
- 66 percent of fourth graders are not proficient in reading.
- 72 percent of eighth graders are not proficient in math.
- 15 percent of high school students do not graduate on time.

Hawai'i ranks 6th for health, up from 7th

- 8 percent of babies are born at a low birth-weight.
- 97 percent of children have either public or private health insurance.
- 23 percent of children and teens are overweight or obese.
- There are 24 child and teen deaths per 100,000.

Hawai'i ranks 16th for family and community, down from 12th

- 32 percent of children are in single-parent families.
- 6 percent of children are in a household headed by an adult without a high school diploma.
- 5 percent of children live in high-poverty areas.
- There were 16 births per 1,000 teens.

RECOMMENDATIONS

1. Rapidly expand resources to achieve high-quality universal early care and learning.

Universally available, high-quality early care and learning are some of the most important investments we can make in our children. Children in economically-disadvantaged families who cannot afford quality private preschool benefit the most.

Unfortunately, funding for Hawai'i's early learning subsidies and programs were cut in the FY 2022 budget: the Preschool Open Doors subsidy was cut by \$7 million, along with a loss of \$30,000 for early learning programs at public charter schools. Lawmakers must restore funding to these programs and commit to a rapid expansion of resources to ensure that high-quality, early care and learning are universally available to Hawai'i's children and their families without delay.



2. Ensure that children and their families are economically secure.

Hawai'i's cost of living is challenging for low- and middle-income families with children, especially the high cost of housing. In 2020, the basic monthly cost to be self-sufficient in Hawai'i was \$7,114 for a family with two adults and two children, with 30 percent of the budget going to housing. As hourly wages for low- and middle-income workers in Hawai'i have increased by only a few dollars over the past 40 years (after adjusting for inflation), many families are not able to be self-sufficient.⁹

Even as the struggle to make ends meet has increased for more Hawai'i households, the state budget that pays for economic assistance has declined. Between 2005 and 2022, state general funds for these programs dropped by \$56 million, a cut of nearly 50 percent.

Policymakers and program administrators should ensure funding and policies can maximize state and federal programs that subsidize the cost of food, utilities, childcare and other household essentials. Even more crucial, lawmakers must move forward with strategies and investments for workforce housing with all possible speed.

3. Reauthorize an improved state Earned Income Tax Credit.

The Earned Income Tax Credit (EITC) is one of the best anti-poverty policies available. The federal EITC program has been well-studied since it went into effect in 1975, and findings underscore how important it is to low-income children:

- Children and their mothers in EITC households experience lower stress and better mental and physical health;
- Pregnant women who benefit from EITC are more likely to get prenatal care and deliver fewer low-birthweight babies; and
- Children in EITC households are more likely to graduate from high school and college, which gives them better lifetime income prospects.

At the national level, the EITC puts money into the hands of low-income families in the form of a tax refund. Hawai'i implemented a state EITC in 2018, but it is non-refundable—it can be used only to off-set what a family owes in taxes. This kind of tax credit doesn't provide much help to the lowest-income households that need it most, because their tax liability is often already zero or close to it. Our state EITC must be reauthorized in 2022, at which time lawmakers should ensure that the updated version is refundable.

4. Invest more in strategies and programs that help at-risk youth.

KIDS COUNT estimates that there were 6,000 “idle youth” between the ages of 16 and 19 across Hawai'i in 2019. Being out of school and work has lasting effects on the lives of these young people who, statistics show, will be more likely to experience lower earnings, more unemployment, and require more public expenditures in their lifetimes.

Local research¹⁰ found that “idle youth,” aged 12 through 17, are at a high risk for experiencing homelessness. Research also found that connections to the foster care system or the juvenile justice system, as well as parental substance use or incarceration and domestic abuse, increased the risk of young people (up to age 24) experiencing homelessness. More than 80 percent of the youth studied were Native Hawaiian or other Pacific Islander, a reflection of colonial trauma in the Pacific and resulting systemic inequity.

New policy directions that have resulted in a reduction in the number of juveniles detained at the Hawai'i Youth Correctional Facility are commendable. However, while the HYCF budget declined by \$1.5 million between 2005 and 2022, the budget for community youth programs—resources needed to shelter, nurture and steer youth to a positive path—has dropped by more than \$5 million over the same time period. Lawmakers should realistically assess the needs of disengaged youth and start to increase state investments in community programs for them immediately.

BUDGETING AND SPENDING

The Hawai'i's State Budget

Hawai'i's state budget is a spending plan that balances anticipated program costs with expected revenues from state or federal sources. In effect, the budget serves more to control the growth of expenditures for existing programs than it does to identify and invest in emerging needs.

The executive budget allocates resources to pay for programs and services carried out by 18 state departments, among them the Department of Education (DOE), the Department of Health (DOH) and the Department of Human Services (DHS). The governor proposes the budget while the state legislature approves it. The executive budget for fiscal year 2021–2022 totals \$15.9 billion.

Funds that support the budget come from either state or federal sources.



State Funds

In most years, nearly 80 percent of the state budget is supported by funds generated in-state. (Because the state received more federal funds aimed at helping with needs related to COVID-19 in 2021, state sources are supporting only 73 percent of the budget in FY2021–22.)

Most state support comes from the general fund, which is where income, general excise, and other taxes and fees are deposited. Special funds make up another significant part of state program support. These funds come from fees generated from specific activities and are restricted in how they can be used.

For example, fees paid by Medicaid to DOH for mental health services for children go into a special fund that can be expended only in support of the department's Child and Adolescent Mental Health Division. Other state-generated funds in the budget are revolving funds, inter-departmental funds, trust funds and donations.

Federal Funds

Usually about 20 percent of the funds supporting our state budget come from federal sources but, to meet COVID-19-related needs, federal funds will support 27 percent of the budget in 2022.

The vast majority of federal funds are from on-going grants that are awarded to all states based on formulas that take into account such factors as the number of residents and economic need. About 60 percent of all federal funds in Hawai'i's budget support Med-QUEST, Hawai'i's Medicaid and Children's Health Insurance Program. Other large federal expenditures are for DHS' economic support programs and the DOE's programs for special education students and English language learners.

Budgets Compared with Spending

A report on our investment in children must look at expenditures, not just budgets, as the amounts are rarely the same. The budget, after all, is a plan that authorizes spending up to an approved amount for a specific time period. Because of a variety of factors, expenditures are seldom exactly as budgeted. These factors can include unfilled positions, increases or decreases in the number of program participants, or spending restrictions imposed by a governor out of concern that state revenues will fall short of projections due to unexpected changes in the economy.

Federal funds budgeted may also exceed amounts actually available for a variety of reasons. In addition,



federal funds that are available may go unspent for programs that require a state match or impose other conditions. These restrictions are applicable to all federal funding sources supporting public assistance except for the Low Income Home Energy Assistance Program (LIHEAP).

The state DHS program Cash Support for Families is an example of underspending available federal resources. The program, much of which is funded by a federal Temporary Assistance to Needy Families (TANF) block grant, has spent only 60 percent of its budget over the past 10 years. Staff explain that state guidance requires them to provide benefits to all income-eligible families, but federal requirements restrict block grant support to U.S. citizen families only. The state provides an equivalent level of support to non-citizen families for their basic needs through general funds. However, state general funds are not sufficient to allow the full expenditure of available federal TANF funds.

How Treatment of Public Pension and Retiree Health Budgeting Obscures spending on children

Two budgetary peculiarities related to fringe for public workers make it difficult to tell if Hawai'i is spending more or less on programs that benefit children.

The first should be noted but is of less significance: This report does not include the full cost for fringe benefits, pension, and retiree health premiums for staff at DHS and DOH who support the programs we looked at. This is because the budget doesn't provide information about salary totals by program. Moreover, for the past decade or more, general fund-supported retirement benefit cost estimates for all departments except the DOE and the University of Hawai'i System are aggregated and included in the budget for the Department of Budget & Finance. Retirement costs for positions supported by federal funds, however, are included in each department's budget at the program level (although, like salaries, not shown in detail).

As a result of this treatment of retirement benefit costs, the DHS and DOH budgets are probably understated by an unknown amount. However, much of the spending in these programs is not subject to an assessment for fringe costs because it goes to direct payments to families or is paid to contractors who deliver services on behalf of the state.

The second significantly impedes our ability to assess contributions to the children's budget: Since fiscal year 2018, contributions to the pension and retiree health premium funds have increased to cover underfunding in previous years. Contributions for retirement costs are assessed as a percentage of current worker salaries. The percentage applied increased from 17.43 percent in 2005 to 46.48 percent in 2020. This jump in pension and retiree health assessments has an especially large effect on the DOE's budget because the DOE employs a third of the state workforce. The DOE's budget for these retirement contributions increased by an estimated \$322 million between 2005 and 2022 (in 2021 dollars). During the same time period, direct program costs decreased by \$95 million. This hardly indicates progress in spending on children.

As a result of these peculiarities, the Hawai'i Children's Budget will not include pension and retiree health costs for any programs, other than those charged for state employees whose salaries are paid with federal funds. Since retiree costs were embedded in program costs in the DOE budget in 2005, we backed them out in order to fairly compare 2005 to later fiscal years. We subtracted \$202 million in 2005 dollars for retirement costs based on an estimated 67 percent of the budget going toward salaries, multiplied by the approved pension and retiree health assessment of 17.43 percent for that year.

HOW HAWAI‘I INVESTS IN ITS CHILDREN

Public investments in the health, security and education of children are closely related to the equity and opportunity they will experience in adulthood.

The programs covered in the “Hawai‘i Children’s Budget” are those that contribute most to the current and future wellbeing of children, namely public education, economic and social support for children and their families, Medicaid, and public and behavioral health services for children. In the state operating budget, these programs are administered by the Department of Education (DOE), the Department of Human Services (DHS) and the Department of Health (DOH). The capital costs for building and repairing schools are not included in this report, nor are the state’s contributions to public employee retirement.

The “Hawai‘i Children’s Budget” reports on funds from all sources that are appropriated at the state level to support children. It shows how the budget changed between state fiscal years 2005 and 2022, which also serves to compare budget trends from before and after the Great Recession (2007–2009).

Where budgets are compared across years, figures have been converted to 2021 dollars to allow a fairer analysis. Current year budgets in this report are referred to as “2022,” denoting the fiscal year that runs from July 1, 2021 through June 30, 2022. This report also discusses variances between what was budgeted and what was spent over the past 10 years.



In 2022, Hawai'i is budgeting \$17 million less on children (in inflation-adjusted dollars) than it did in 2005.¹¹ Funding from all state sources for children's programs is down \$162 million, which is offset somewhat by a \$145 million increase in federal funds.

The amount budgeted per child and the percentage of the executive budget spent on children have also declined. (Figures are in 2021 dollars.)

Budgeting vs. Spending: Over the past decade, the state spent 91 percent of what it budgeted for children's programs. If past performance predicts future spending, the \$3.27 billion budgeted for children in 2022 will result in only \$2.98 billion spent.

| | 2005 | 2022 | Difference |
|--|----------------|----------------|------------------------|
| Total State Budget for Children | \$3.29 billion | \$3.27 billion | -\$17.3 million |
| Amount Spent Per Child | \$10,979 | \$10,562 | -\$417 |
| Percentage of Executive Budget Spent on Children | 25% | 21% | -4% |

Figure 2. Funds that Support Hawai'i's Executive Budget vs the Hawai'i Children's Budget, 2022

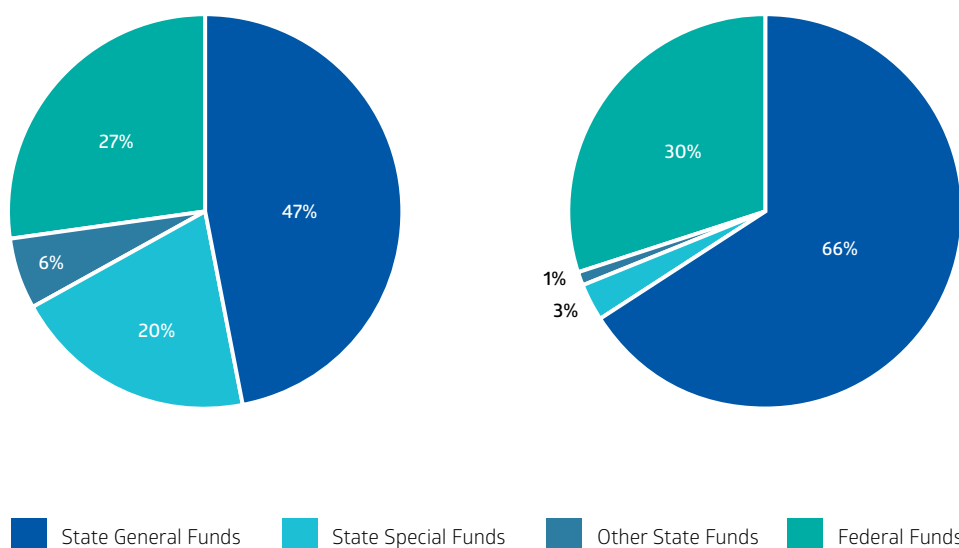


Figure 2. The Hawai'i Children's Budget (right) depends more on state general funds than does the overall state budget (left). This is the case because two-thirds of the Children's Budget goes to public education, which gets more than 80 percent of its funding from general funds.

HOW HAWAI'I INVESTS IN ITS CHILDREN

Figure 3. Per-Child Budget in 2021 Dollars

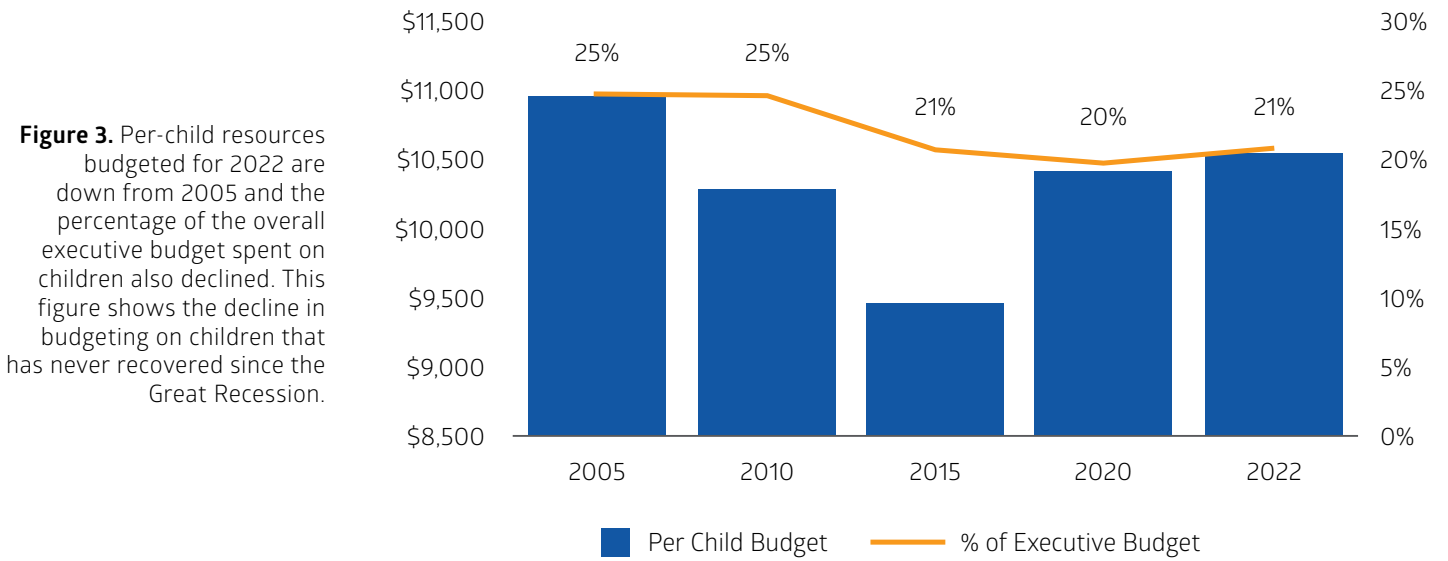


Figure 3. Per-child resources budgeted for 2022 are down from 2005 and the percentage of the overall executive budget spent on children also declined. This figure shows the decline in budgeting on children that has never recovered since the Great Recession.

Figure 4. 2022 Hawai'i Children's Budget by Program (Millions of Dollars)

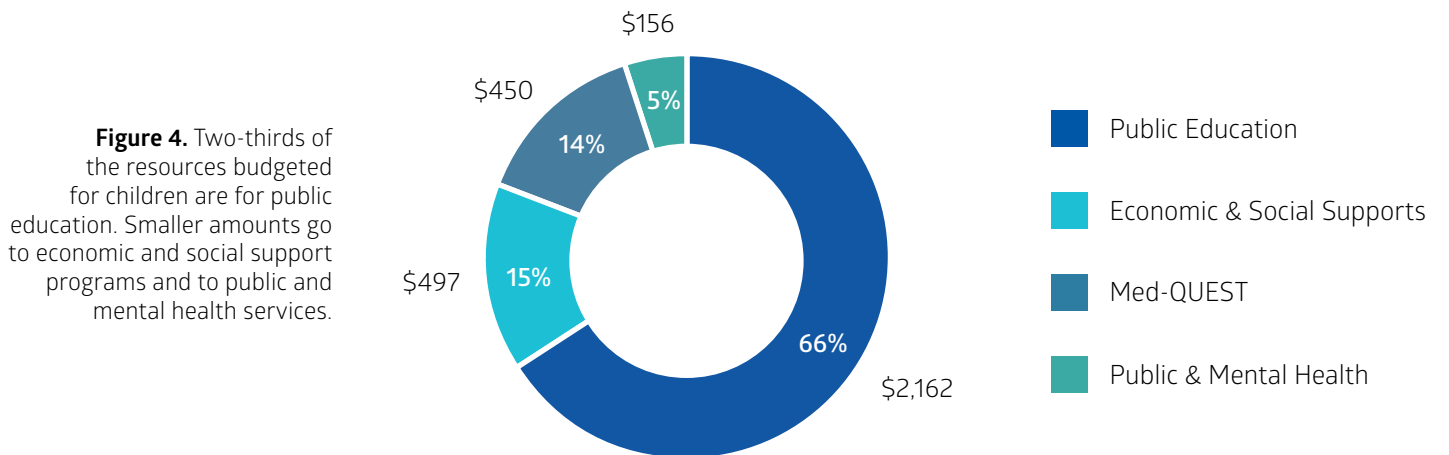


Figure 4. Two-thirds of the resources budgeted for children are for public education. Smaller amounts go to economic and social support programs and to public and mental health services.

Public Education

Hawai'i's budget for public education, from preschool through grade 12, is \$2.2 billion. This amounts to \$12,481 per public school enrollee, a figure that is 1 percent less than in 2005.

Budgeting vs. Spending: Past reports indicate that the Department of Education spends 95 percent of its budget. That may predict that the budget for 2022 will result in actual expenditures of \$2.1 billion.



Quality public education is one of the most important investments we can make to ensure a future of equity and opportunity for Hawai'i's children. Adequate funding and services are especially necessary because a disproportionate number of students in the public school system experience economic and other challenges.

According to the Hawai'i Data Exchange Partnership,¹² 52 percent of students who graduated in 2020 were economically disadvantaged during high school and 15 percent had been disadvantaged previously. In addition, 22 percent of the class of 2020 were current or prior English Language Learners, and 8 percent received special education services. 2020's graduates were:

- 27 percent Filipino;
- 26 percent Native Hawaiian;
- 17 percent white;
- 16 percent other Asian;
- 7 percent other Pacific Islander; and
- 7 percent other.

HOW HAWAI'I INVESTS IN ITS CHILDREN



Hawai'i is the only state that supports its public education system entirely at the state level. While it is funded by a combination of state and federal resources, it receives no financial support from counties or other local jurisdictions.

During the 2021–2022 school year, Hawai'i's public schools will directly serve 173,200 children and youth, from pre-Kindergarten through grade 12, with a staff of 22,200. The DOE programs included in the Hawai'i Children's Budget are:

- **School-Based Budgeting**, which supports the expenses for regular classrooms and teachers for Kindergarten through grade 12 across the state. In addition, it includes compensatory and support programs, counseling, student activities, and programs for students with limited English proficiency as well as for gifted and talented students.
- **Special Education and Student Support Services**, which address the needs of special education and at-risk students. Services range from adaptations in the classroom to formal and informal accommodations from DOE and external agencies.
- **Instructional Support**, which develops, implements and monitors standards and curriculum, teacher training, and provides technical and consultative support to schools across the state.
- **State Administration**, which supports the state Board of Education and provides centralized statewide support, including budgeting, personnel services, procurement, and security and compliance.
- **School Support**, which provides school food services and student transportation.

- **Charter Schools**, which offer students and parents an alternative to the traditional public school experience. While meeting accountability and standards for all schools, charter schools may add dimensions such as Hawaiian language immersion or a focus on science and math. The Charter School Commission oversees charter schools, evaluating applications for new schools and monitoring the performance and continued status of existing schools. There were 37 public charter schools across the state in 2021.
- **The Executive Office on Early Learning** is tasked with expanding access to affordable, high-quality early childhood education. It offers public pre-Kindergarten to a limited number of 4-year-olds at public elementary schools as it develops a statewide early learning system.

Public Education Budget

Public education in Hawai'i is supported primarily with state general funds. Other state resources include special funds, trust funds, inter-departmental transfers and revolving funds. Most federal funding for education in Hawai'i comes from formula grants that support teaching, children with special needs and school food programs.

Figure 5. Funds Supporting Public Education, 2022

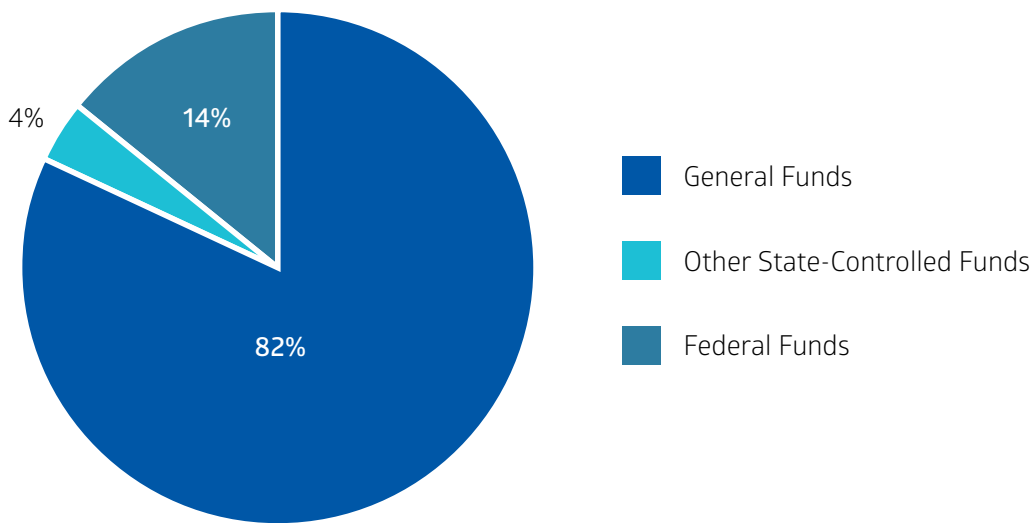


Figure 5. Resources that support the 2022 public education budget are largely state general funds, but crucial support also comes from federal sources.

Budget and Enrollment Trends from 2005 to 2022

Hawai'i's public schools educate nearly 77 percent of school-age children in Hawai'i (most of those not enrolled in public schools attended private schools).

HOW HAWAI‘I INVESTS IN ITS CHILDREN

| Budget Trends in \$ Millions (2021 dollars), Fiscal Years 2005–2022 | | | | | | |
|---|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| | Change, 2022 Compared to 2005 | FY05 | FY10 | FY15 | FY20 | FY22 |
| School-Based Budgeting ¹³ | -13% | \$1,391 | \$1,307 | \$1,115 | \$1,193 | \$1,204 |
| Special Education | -3% | \$478 | \$544 | \$425 | \$445 | \$462 |
| Instructional Support | +84% | \$36 | \$41 | \$57 | \$62 | \$67 |
| Administration | -10% | \$46 | \$64 | \$49 | \$54 | \$41 |
| Facilities & Support Services | +3% | \$267 | \$317 | \$311 | \$310 | \$274 |
| Charter Schools & Commission | +180% | \$38 | \$71 | \$80 | \$106 | \$107 |
| Exec Office for Early Learning | +97% (since 2015) | 0 | 0 | \$4 | \$3 | \$7 |
| Total Public Education Budget | -4% | \$2,256 | \$2,344 | \$2,041 | \$2,173 | \$2,162 |

Figure 6. Public Education Budget Trends (Millions of Dollars)

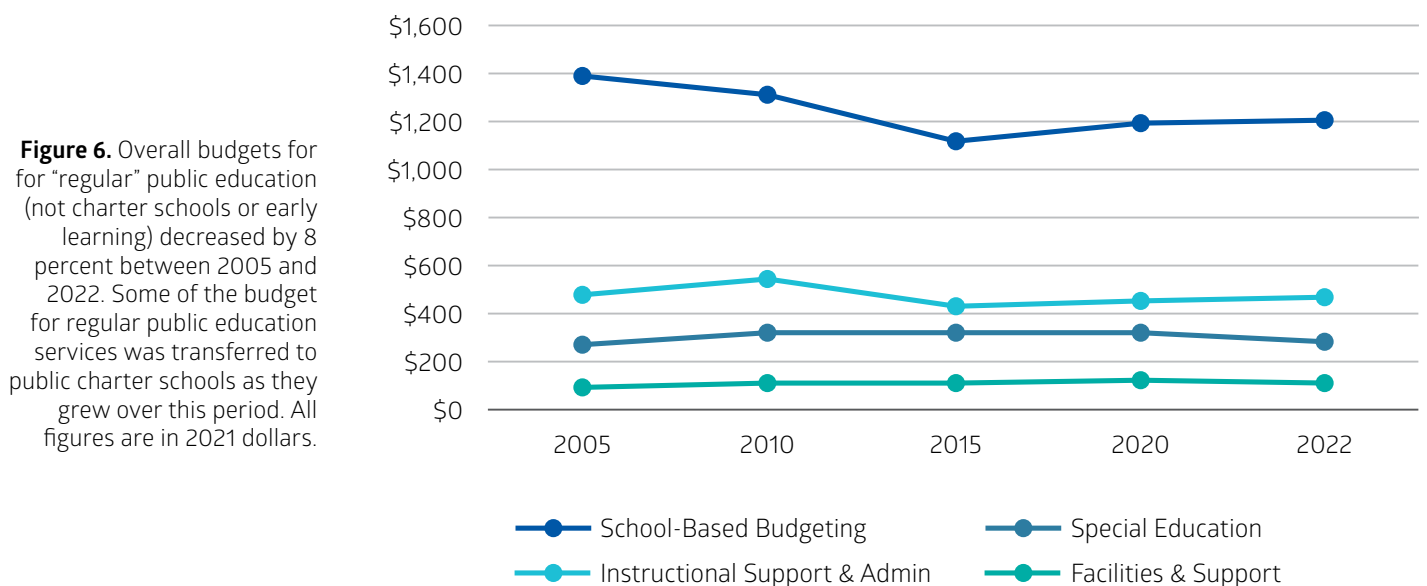


Figure 7. Public Charter School and Commission Budget Trend (Millions of Dollars)

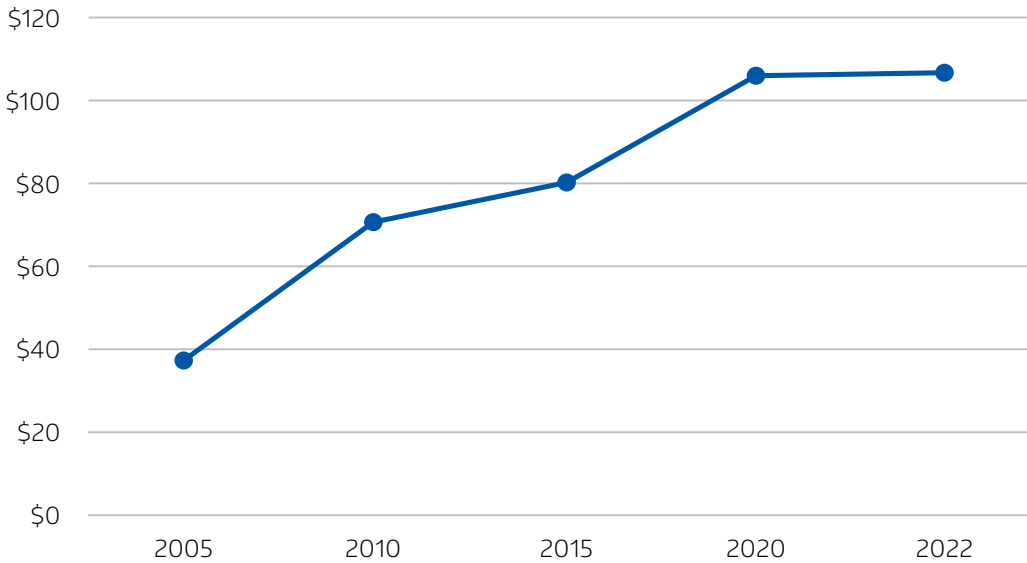


Figure 7. The trend in budgeting for public charter schools and the Charter School Commission is shown to the left. The combined charter school and commission budget increased by 182 percent between 2005 and 2022. Enrollment during the same period increased by 112 percent. Figures are in 2021 dollars.

Figure 8. Executive Office of Early Learning Budget Trend (Millions of Dollars)

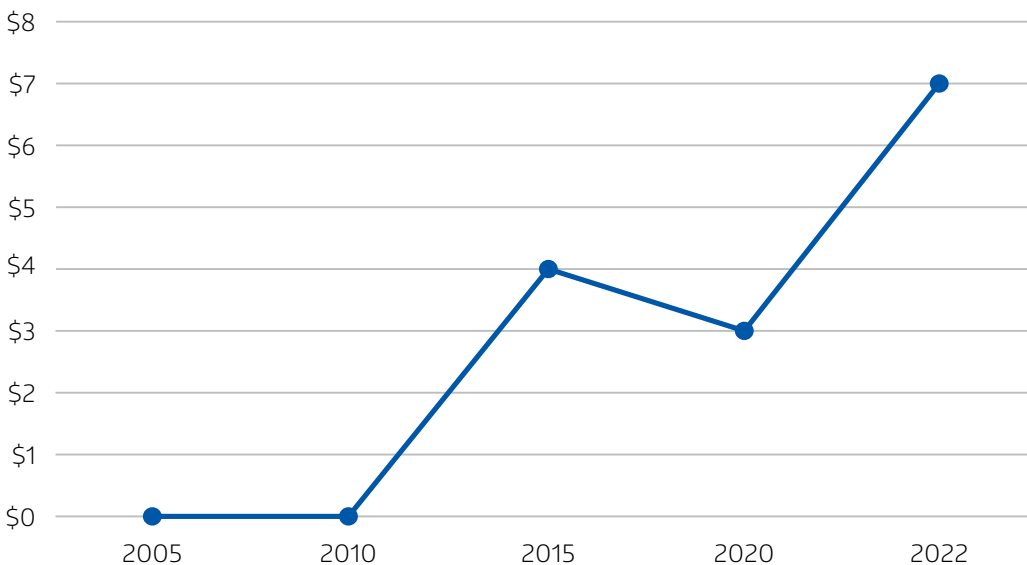


Figure 8. The Executive Office on Early Learning budget started with \$4 million in 2015 but declined to \$3 million in 2020. Its 2022 budget is just \$7 million, an extraordinarily inadequate amount to meet the needs of Hawai'i's children. Figures are in 2021 dollars.

HOW HAWAI‘I INVESTS IN ITS CHILDREN

Figure 9. Budget per Public School Student, 2005–2022

Figure 9. The per public school student budget reached a high point in 2010, in part because funds were transferred from the DOH to the DOE to provide children’s mental health and special needs services at the end of the Felix Consent Decree (see section on public and mental health services). After a significant post-Recession decline in 2015, per-student budgets have increased slightly. Figures are in 2021 dollars.

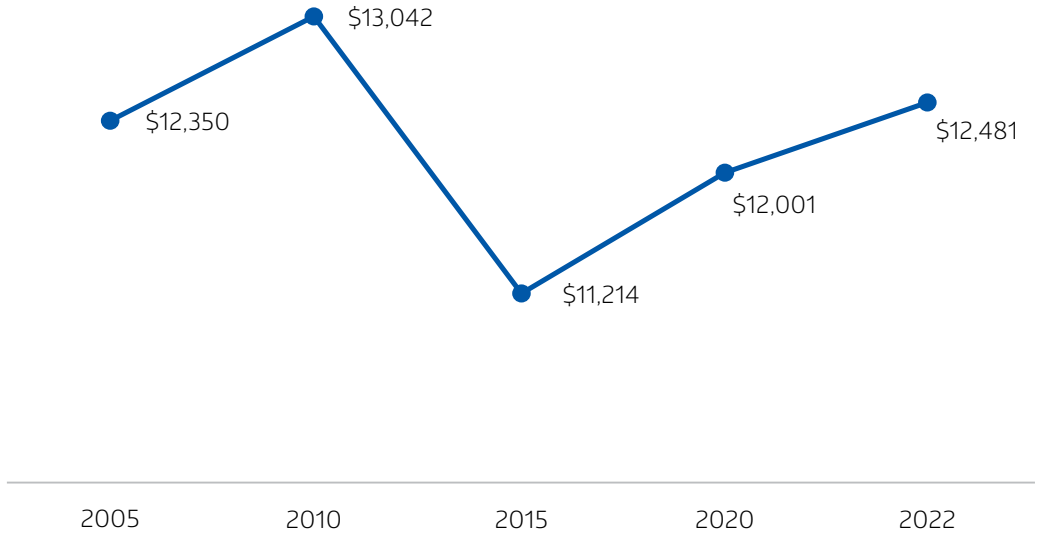
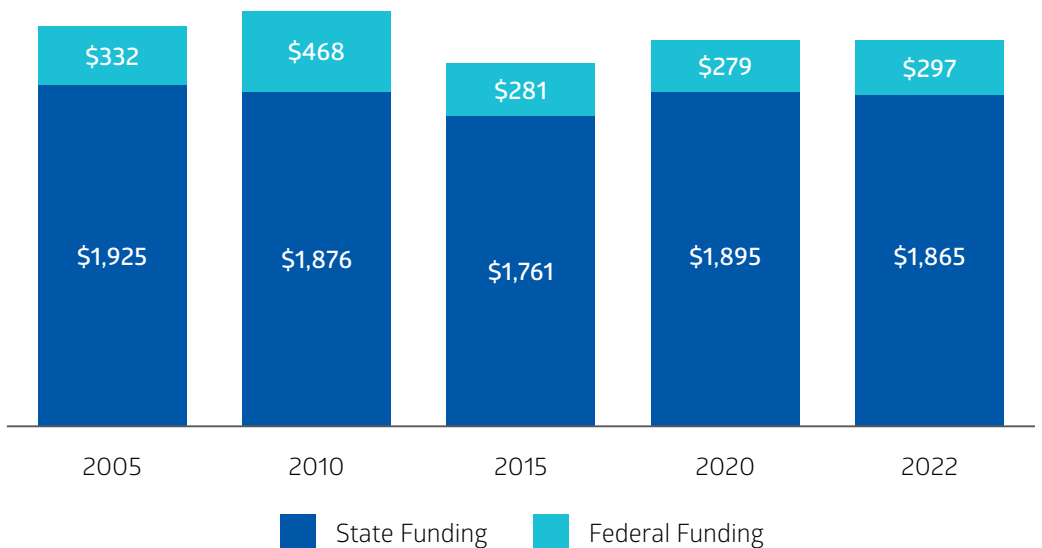


Figure 10. Sources of Funding for Public Education, 2005–2022 (Millions of Dollars)

Figure 10. State and federal funding in 2022 have declined by a combined \$95 million since 2005. Figure 10 shows the ups and downs of support over the period. Figures are in 2021 dollars.





The estimated number of school-aged children (5–18 years old) living in Hawai‘i decreased by more than 10,000 between 2005 and 2020. Between 2005 and 2022, public school enrollment dropped by 9,600 students. Enrollment in regular classrooms declined by 13,300 and in special education by 2,800. Charter schools, however, showed annual growth, adding 6,400 students—a 112 percent increase—since 2005. The budget for Charter Schools and the Charter School Commission enjoyed a budget increase of 180 percent. The Pre-K program had 200 more students in 2022 than in 2005.

Figure 11. Hawai‘i’s 173,200 Students by Program Enrollment, 2022



Figure 11. Between 2005 and 2020, enrollment in public schools remained steady at around 180,000. Enrollment dropped by 4,700 in 2021 and by another 3,200 in 2022, largely in response to concerns about the pandemic, distance learning, and COVID-19 protections put in place. This figure shows the distribution of students in 2022 by program.

HOW HAWAI‘I INVESTS IN ITS CHILDREN



Public Pre-K in Hawai‘i

The importance of accessible, high quality early childhood education and care is supported by a robust body of research. Studies show a strong connection between these services and the lifelong wellbeing of children, especially for low-income children. For parents, the affordability and availability of early care and education is important because quality services can be a significant cost burden. For these reasons, most states offer public pre-Kindergarten, including Hawai‘i, which started its program in 2017.

Although Hawai‘i has a public pre-K program, it currently enrolls only a small fraction of Hawai‘i’s 4-year-olds. The National Institute for Early Education Research (NIEER) reported that Hawai‘i had only 679 children enrolled in public preschools during the 2019–2020 school year, ranking the state 43rd among 45 states for access for 4-year-olds. Only 4 percent of Hawai‘i’s 4-year-olds are enrolled in public pre-K, compared to 34 percent nationally. NIEER did note that Hawai‘i’s program met all 10 of their quality benchmarks, which only five other states have achieved.¹⁴

Among Hawai‘i’s 4-year-olds:

- 4% are served by public pre-K;
- 7% are served by the federally-funded Head Start program;
- 5% are enrolled in special education; and
- 84% are served by private schools or not at all.

Hawai‘i’s public pre-K program is overseen by the Executive Office on Early Learning (EOEL). EOEL has the responsibility to coordinate early childhood programs that are dispersed across at least three departments as well as in the private sector. It also administers the public Pre-K program. There are currently 37 public preschool classrooms in standard public schools and 18 in charter schools.

Economic and Social Supports

Hawai'i's budget for economic and social support programs for keiki, including Med-QUEST, is \$948 million. This amounts to \$3,057 per child in 2022. Except for Med-QUEST spending, investments in the economic and social wellbeing of children have not kept up with need over the past decade.

Budgeting vs. Spending. Over the past 10 years, average spending for all economic and social services programs was 87 percent. However, the programs focused on economic and social support programs report spending only 69 percent of their budgets, while Med-QUEST spent 91 percent of its allocation. If overall spending of 87 percent holds true for 2022, the budget of \$948 million would result in spending amounting to \$829 million.



Families with children experience economic hardship more often than other households. The stresses of coping with too little money, along with inadequate food and housing, jeopardize a child's future. People who experience childhood poverty are less likely to thrive in school, more likely to suffer lifelong poor health, and have less economic success as adults. In Hawai'i, as in the rest of the U.S., economic and social inequality disproportionately affects indigenous communities, migrants and immigrants, and people of color.

When children and their families have economic needs, good public policy provides adequate, timely, and reliable assistance to overcome the challenges. Unfortunately, Hawai'i's budget shows an uneven investment in helping children and their families get through tough times.

Hawai'i's state programs that address socioeconomic challenges are administered by DHS. DHS' 2020 Databook includes the most recent information on children and families served, ranging from 40 teens in the Youth Detention Center in 2016 to more than 65,000 children enrolled in the federal Supplemental Nutrition Assistance Program (SNAP) in 2019.¹⁵

HOW HAWAI'I INVESTS IN ITS CHILDREN



As a result of the COVID-19 pandemic and recession, the need for economic assistance has increased far beyond 2019 levels. For instance, the number of children enrolled in Med-QUEST, Hawai'i's Medicaid program, increased from 135,149 to 156,101 between March 2020 and September 2021.¹⁶ Similarly, the number of households enrolled in the SNAP program in September 2021 is 37 percent more than in March 2020.¹⁷

The programs that provide essential economic and social supports for children and their families included in the Hawai'i Children's Budget are:

Programs that provide economic support:

- Federal Assistance Payments help offset energy and utility costs.
- Cash Support for Families promote self-sufficiency for families with children by paying for food, clothing, shelter and other essentials.
- Rental Housing Services provide public housing for families.
- Rental Assistance Services provide rental subsidies to pay for housing in the private market.
- Case Management for Self-Sufficiency assist families with benefits and employment readiness.
- General Support for Child Care regulate child care providers and Cash Support for Child Care provide support to pay for child care. Together, they help families accept work or get additional education.

Programs that provide protective services and juvenile justice:

- Child Protective Services (CPS) promote safe and secure environments for children.
- Child Protective Services Payments cover room and board for children temporarily removed from their homes and placed in foster care.
- In-Community Youth Programs assist at-risk youth to prevent delinquency and criminal behavior.
- The Hawai'i Youth Correctional Facility (HYCF) provides custodial care and rehabilitation services.

Programs that provide health insurance coverage:

- Med-QUEST (MQD) provides public health coverage as Hawai'i's Medicaid and Children's Health Insurance Program (CHIP).

Human Services Budget

Two-thirds of the budget for social and economic supports comes from the federal government. Key federal formula and block grants that address these needs help pay for Medicaid and CHIP, Temporary Assistance for Needy Families (TANF), and Child Care and Development Block Grant (CCDBG) programs, among others. State general funds largely cover the remainder of these programs' budgets.

Figure 12. Funds Supporting Economic and Social Supports, 2022

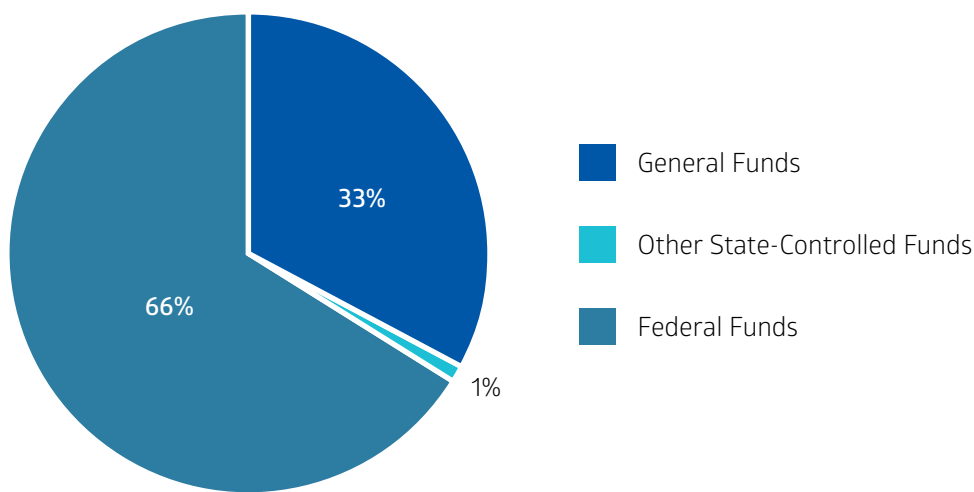


Figure 12. Resources allocated to support the 2022 budget for economic and social supports for children depend heavily on federal funds. Only a third of the budget comes from state funding.

Budget Trends, 2005–2022

The budget for economic and social supports shows a 26 percent increase between 2005 and 2022, but funding has been uneven for different programs in this category. Between 2005 and 2022:

- The budget for MQD attributed to Medicaid and the Children’s Health Insurance Program (CHIP) coverage for children increased by 112 percent.
- The budget for economic supports decreased by 12 percent. The largest program in this category, Cash Support for Families, dropped by 51 percent. An increase in federal funds for 2022 bolstered the child care programs, although the amount is still 4 percent less than 2005. The amounts budgeted for public housing and rental assistance are nearly \$20 million more than in 2005.
- The overall budget for protective and juvenile services is nearly unchanged since 2005. However, funds budgeted for CPS increased by 17 percent while budgets for all other programs in this category declined. Notably, resources for community programs for at-risk youth in 2022 are 32 percent less than in 2005.

HOW HAWAI'I INVESTS IN ITS CHILDREN

| Budget Trends in \$ Millions (2021 dollars), Fiscal Years 2005–2022 | | | | | | |
|---|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | Change, 2022 Compared to 2005 | FY05 | FY10 | FY15 | FY20 | FY22 |
| Economic Supports: | | | | | | |
| · Utilities & Cash Supports | -48% | \$140 | \$93 | \$81 | \$74 | \$72 |
| · Housing & Rental Assistance | +23% | \$88 | \$68 | \$103 | \$95 | \$107 |
| · Childcare | 0% | \$101 | \$89 | \$73 | \$71 | \$101 |
| · Other | +3% | \$41 | \$44 | \$37 | \$41 | \$42 |
| TOTAL | -12% | \$369 | \$295 | \$294 | \$281 | \$323 |
| Protective Services and Juvenile Justice: | | | | | | |
| · CPS | +17% | \$69 | \$82 | \$84 | \$82 | \$81 |
| · Foster Care | -5% | \$78 | \$80 | \$75 | \$73 | \$74 |
| · Community Youth Programs | -32% | \$16 | \$16 | \$13 | \$12 | \$10 |
| · HYCF | -14% | \$10 | \$13 | \$12 | \$9 | \$9 |
| TOTAL | +1% | \$173 | \$191 | \$184 | \$176 | \$174 |
| Med-QUEST: | +112% | \$212 | \$272 | \$358 | \$441 | \$450 |
| Total Budgets: | +25% | \$755 | \$757 | \$836 | \$898 | \$948 |

Figure 13. Economic Support Budget Trends (Millions of Dollars)

Figure 13. Despite great need (Hawai'i is ranked 44th in family economic wellbeing by KIDS COUNT), budgets supporting economic security are less in 2022 than in 2005. Federal COVID-19 relief funding increased the 2022 budget, but amounts still don't match 2005 levels. Figure 13 shows the change in budgets for cash and utility payments, housing and rent subsidies, support for childcare and case management. These programs' budgets have \$189 less per child to spend in 2022 than in 2005. Figures are in 2021 dollars.

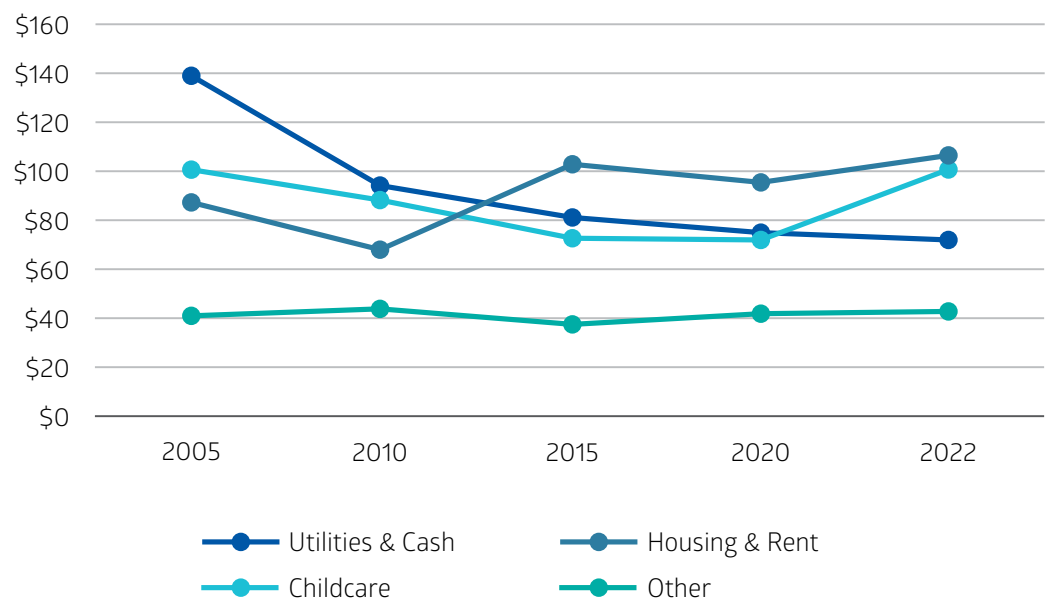


Figure 14. Protective Services & Juvenile Justice Budget Trends (Millions of Dollars)

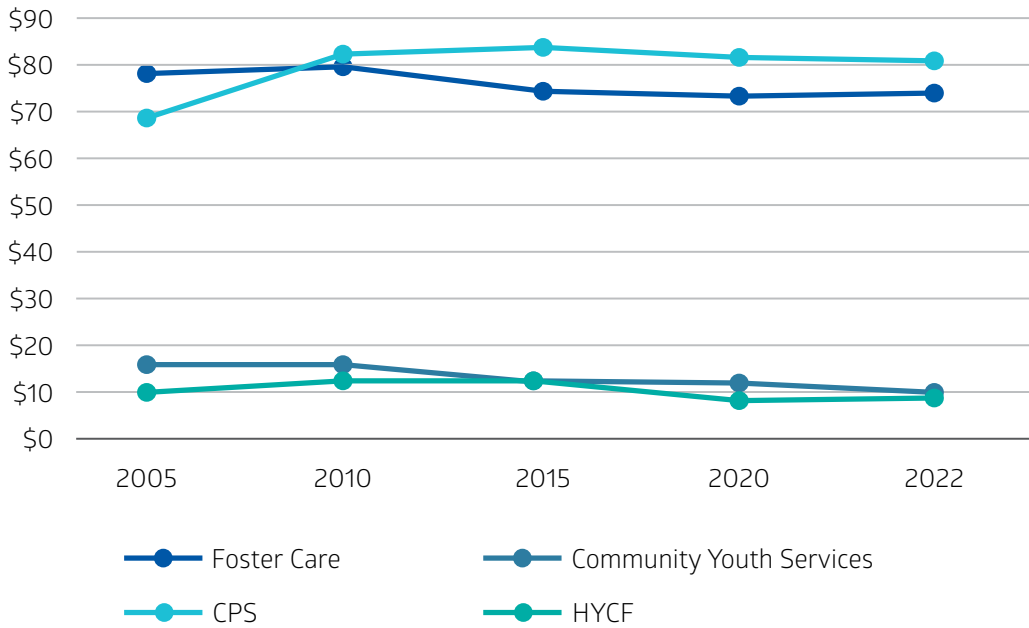


Figure 14. Except for CPS, the budgets for all programs in the area of protective and juvenile services have declined. Whereas less funding for the HYCF is appropriate because fewer youth are incarcerated, the 32 percent decline in the investment in community services for at-risk youth is troubling. Figures are in 2021 dollars.

Figure 15. Med-QUEST Budget & Children’s Enrollment Trends (Budget in Millions of Dollars)

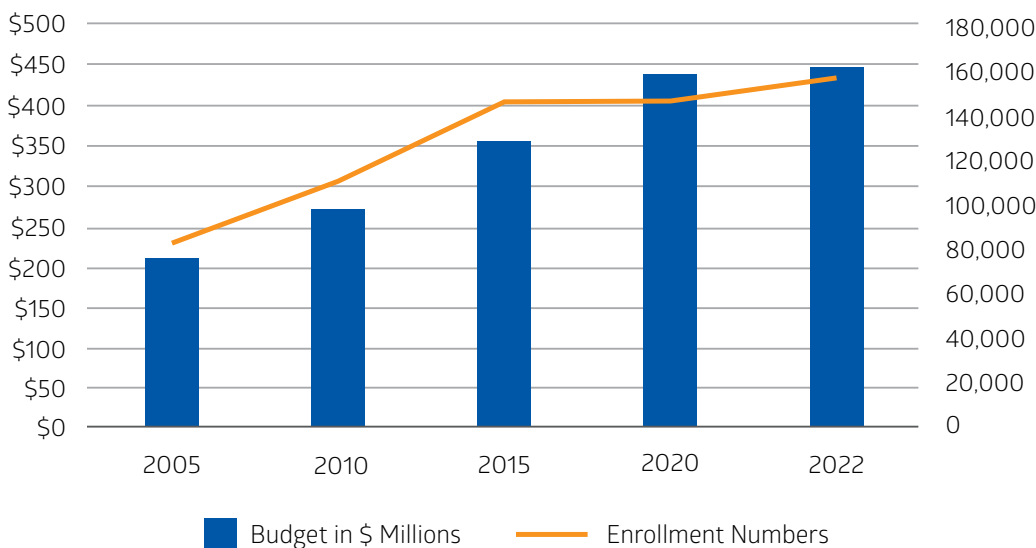


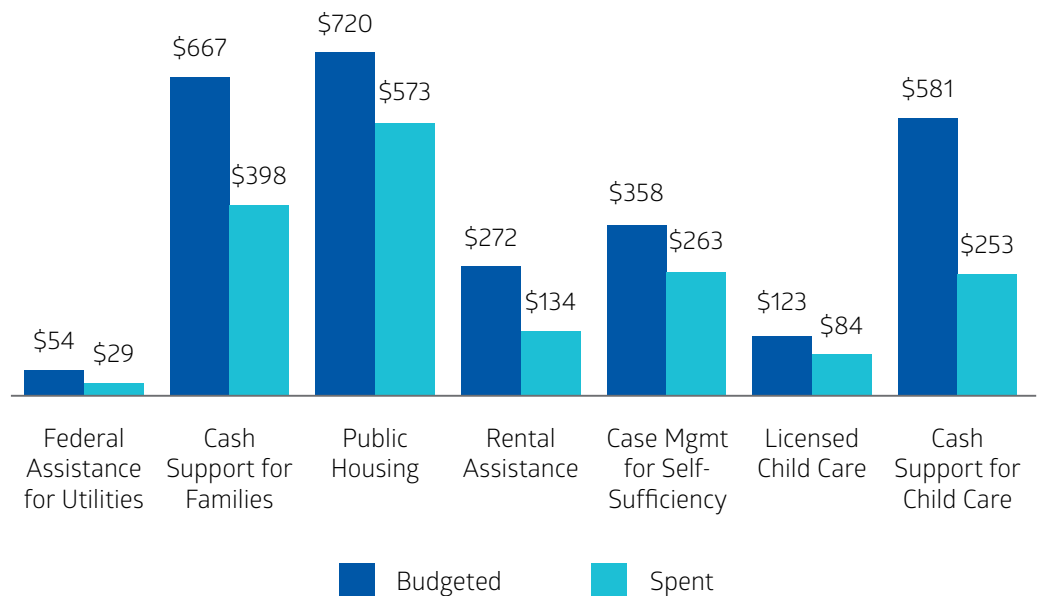
Figure 15. The estimated portion of the Med-QUEST budget supporting services for children has more than doubled since 2005, but enrollment has also increased by 89 percent. Med-QUEST enrollment includes children covered by Medicaid, the Children’s Health Insurance Program (CHIP), and current and former foster children.

HOW HAWAI'I INVESTS IN ITS CHILDREN



Figure 16. Economic Security Budgets Compared to Spending, 2011–2020 (Millions of Dollars)

Figure 16. Economic security programs under DHS spent considerably less than their budgets, according to state variance reports. Because of certain budget practices, the gap between the budget and spending is largest for programs, such as these, that rely heavily on federal funds. (See “Budgets Compared with Spending” above and in Appendix 1.)



Public and Mental Health

Hawai'i's budget for public and mental health for children is \$165 million. This amounts to \$533 per child in the 2022 budget. Hawai'i's budget for these services has declined steeply since 2005.

Budgeting vs. Spending. Over the past 10 years, programs that provide public and mental health services for children report spending only 89 percent of their budgets. If that holds true for 2022, the budget of \$165 million would result in spending amounting to \$147 million.



The DOH provides public health services that help families get a better start in life. These include improving prenatal and child nutrition, helping young infants and toddlers overcome special health needs, and supporting community health centers. The department also provides mental health services to vulnerable children, including contracted services and arranging inpatient and residential services, sometimes out of state.

In 2020, the DOH reported¹⁸ providing:

- Access to medical care to 1,100 children with special health needs;

- Early intervention services to 1,700 children with developmental delays;
- Home visiting to 500 children;
- Metabolic screening to 400 infants; and
- Mental health services to 2,276 youth.

Health programs included in the Hawai'i Children's Budget

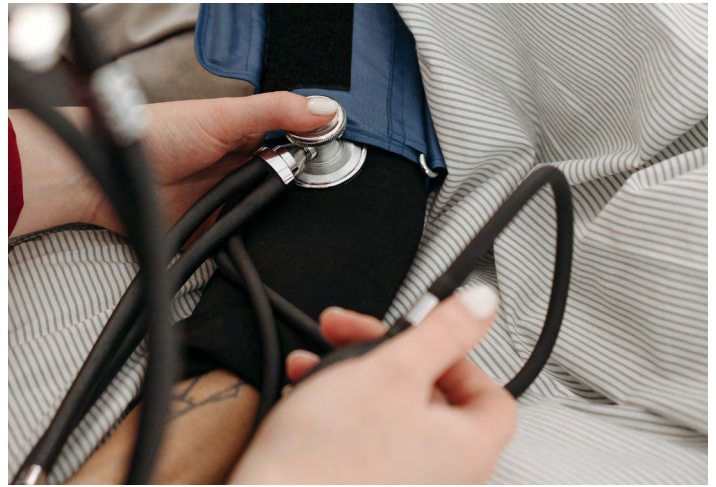
Programs that support public health and prevention:

- The Women, Infants, and Children (WIC) Nutrition Program;
- The Maternal and Child Health Administration;
- The Maternal, Infant, and Early Childhood Visiting Program;
- Women's and Reproductive Health;
- Family Support and Violence Prevention;
- Children with Special Health Needs;
- Early Intervention for Infants and Toddlers; and
- Family Health Services Administration.

Mental health services provided by the Child and Adolescent Mental Health Division:

- Direct care for mental health and substance use needs;
- Oversight and funding for contracted inpatient and outpatient mental health providers; and
- Outreach, training, evaluation, case management, and liaison to Family Court and other services.

HOW HAWAI'I INVESTS IN ITS CHILDREN

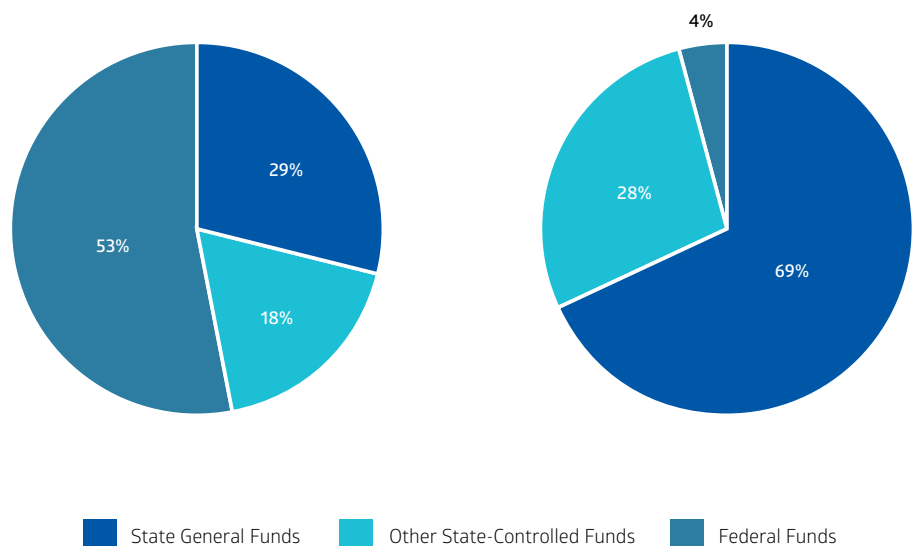


Public and Mental Health Budget

Resources budgeted for public and mental health services for children come from state general funds, special funds, interdepartmental transfers and federal funds. A majority of the funding for public health services comes from a variety of federal recurring grants, such as the Maternal Child Health Block Grant or for providing WIC services. Conversely, almost all the funds supporting child and adolescent mental health services are from state sources.

Figure 17. Funds Supporting Children's Public Health Budget vs Mental Health Budget, 2022

Figure 17. This figure contrasts sources of support for public health and mental health services for children. The public health programs enjoy a greater degree of federal support than children's mental health services, which are dependent on state general and other funds. Dependence on state sources can make programs more vulnerable to budget cuts during economic downturns.



Budget Trends, 2005–2022

Funds budgeted for children’s public and mental health services declined by 41 percent between 2005 and 2022, a steeper proportional drop than for any other programs in the Hawai’i Children’s Budget. Funding from all sources dropped by \$116 million: \$81 million less for public health, and \$35 million less for children’s mental health services.

| Budget Trends in \$ Millions (2021 dollars), Fiscal Years 2005–2022 | | | | | | |
|---|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| | Change, 2022 Compared to 2005 | FY05 | FY10 | FY15 | FY20 | FY22 |
| Public Health | -44% | \$184 | \$118 | \$113 | \$101 | \$102 |
| Mental Health | -35% | \$98 | \$83 | \$69 | \$66 | \$63 |
| Total Public Education Budget | -41% | \$281 | \$202 | \$182 | \$166 | \$165 |

Figure 18. Public & Mental Health for Children, Budget Trends (Millions of Dollars)

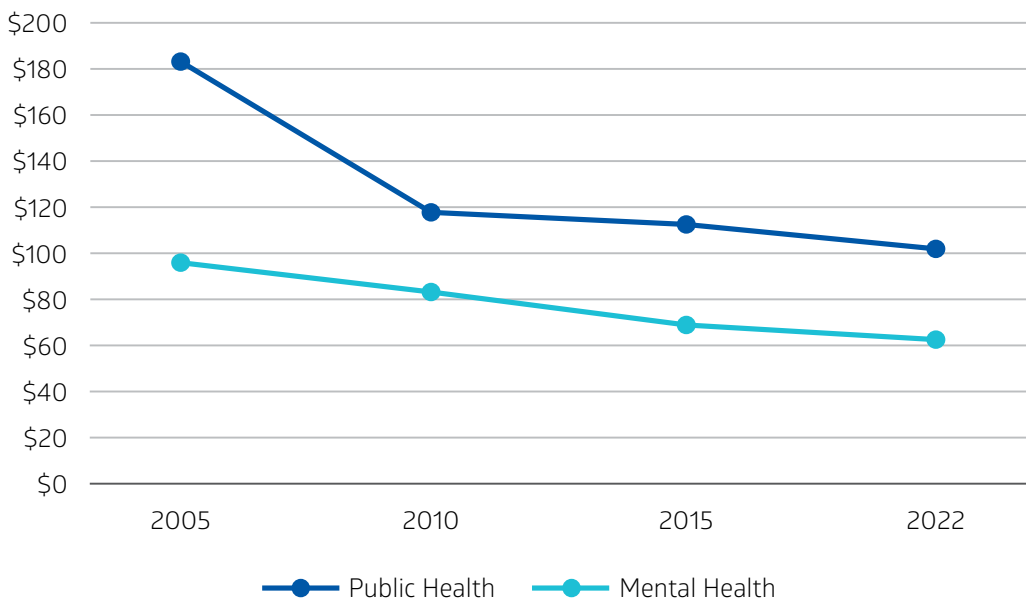


Figure 18. Budgets for both public and mental health services for children have been on the decline since 2005. In combination, the programs have \$116 million less to spend in 2022 than they did in 2005. Resources budgeted per child dropped from \$938 in 2005 to \$533 in 2022. Figures are in 2021 dollars.

HOW HAWAI'I INVESTS IN ITS CHILDREN



Changes in service provided over the past two decades by both children's public health and prevention and the children's mental health program partly explain some of the reductions in their budgets. For instance, more stringent eligibility criteria for Early Intervention Services¹⁹ were introduced in 2013 resulting in fewer program participants. There was an even greater reduction in the number of children receiving services from the Children with Special Health Care Needs (CSHCN) program.

Between 1993 and 2003, Hawai'i was subject to the U.S. court-ordered Felix consent decree, which required the state to ensure that students with mental health conditions and disabilities could take advantage of educational services. During that decade, both the DOH Children and Adolescent Mental Health Division and DOE Special Education experienced significant budget growth to plan and implement required services. By the time the decree ended, DOE had taken over management of mental health services for the Felix class population from DOH.²⁰ Budgets shifted as well as responsibility. Between 2000 and 2005, the DOE budget for special education increased by 80 percent—\$212 million in 2021 dollars—while CAMHD's budget shrank by \$54 million.

Since 2005, the number of children enrolled in Med-QUEST, Hawai'i's Medicaid and CHIP program, has grown by 89 percent. As a result, more children should have their mental health care provided, at least in part, by private providers rather than by the DOH. Currently, the Child and Adolescent Mental Health Division focuses primarily on clinical mental health care delivered in the child's home or a provider's office, and less on therapeutic group homes and residential services. The number of children served annually—just over 2,000—declined by about 10 percent between 2011 and 2020.

Figure 19. Reduction in Number of Children Served by Selected Public Health Programs, 2011–2020

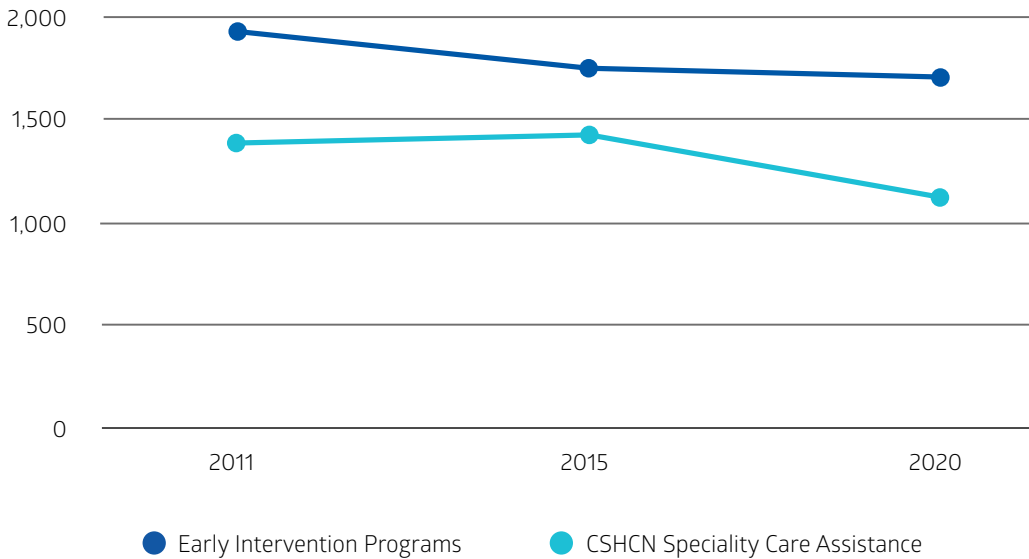


Figure 19. Two key public health services for children are the Children with Special Health Care Needs (CSHCN) program, which helps families get access to specialty medical and developmental services for children and youth, and the Early Intervention program for 0–3-year-olds with a developmental delays or medical conditions that put them at-risk for delays. Between 2011 and 2020, the number of people served by the CSHCN and the Early Intervention programs decreased by 19 percent and 11 percent, respectively.

Figure 20. Change in Number of Children Served by Mental Health Services, by Site, 2011–2020

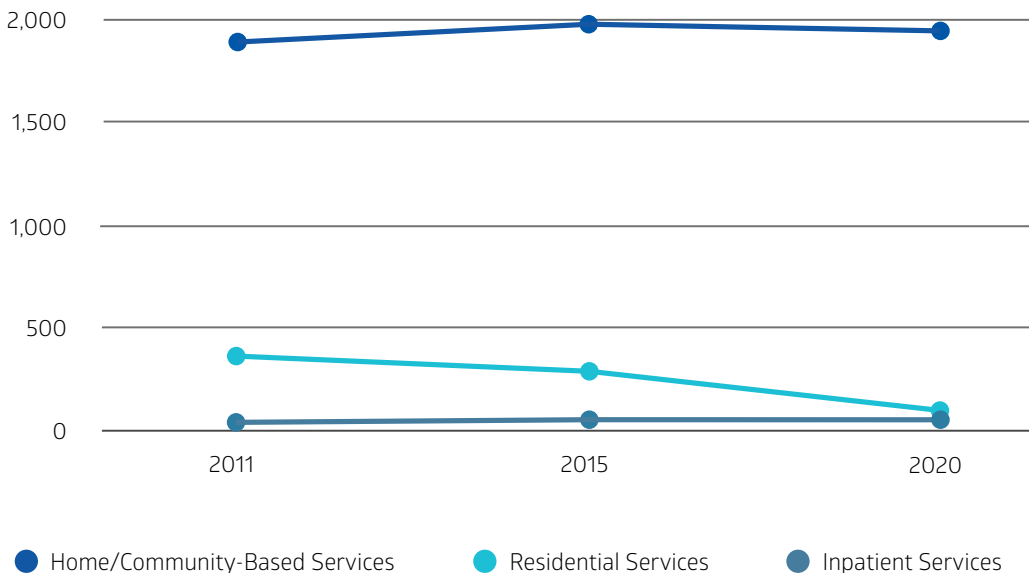


Figure 20. Children’s mental health services by site have changed most significantly for therapeutic group homes and residential services.

HOW HAWAI'I INVESTS IN ITS CHILDREN



Tax Credits

Tax credits support economic needs for Hawai'i's families. These amounted to more than \$60 million in 2021 dollars.

In addition to allocating funding for children's services, the state supports families with a variety of tax credits. A tax credit is used to reduce what a family owes in income taxes. When a tax credit is "refundable" any amount in excess of what the family owes is given to them in cash as a tax refund. Both varieties of credit help low-income families by reducing their tax burdens, but a refundable tax credit is most advantageous as it can put extra money into the pockets of families to spend on household necessities. Hawai'i's state tax credits are:²¹

- **The State Earned Income Tax Credit (EITC).** The state's EITC was first implemented for tax year 2018 and sunsets in 2022, if not reenacted. As noted above in our recommendations related to reauthorizing the state EITC, the national version of this program has been demonstrated to be especially beneficial for low-income children, resulting in fewer low-birthweight babies, better health for children and mothers, and greater educational achievement for children.

The state tax credit is equal to 20 percent of the federal EITC. It is not refundable and so does not result in a cash refund in the event that the credit exceeds the tax liability (any surplus credit can be carried over to the next year). The non-refundability of the state EITC means that lower-income households, which pay little in taxes, benefit less than those with higher earnings who pay more taxes. This new tax credit was claimed by 55,700 taxpayers in its first year (2018) and by 61,400 in 2019.

- **Refundable Food/Excise Tax Credit.** This tax credit partially compensates low-income households for



excise taxes (similar to sales taxes) that Hawai'i imposes on food. While the credit assists households with children, it is available to any taxpayer whose income is less than \$50,000 for a couple or \$30,000 for a single filer. The value of the credit is \$35 to \$110 for each exemption claimed by the tax filer, phasing out as income increases. Because the tax credit is refundable, any amount that exceeds what the taxpayer owes in taxes is paid out as a tax refund. It was the most commonly claimed tax credit, taken by 240,000 tax filers in 2019.

- **Refundable Low-Income Renters Tax Credit.** While this tax credit assists households with children, it is available to taxpayers who paid more than \$1,000 in annual rent in Hawai'i and whose income is less than \$30,000. The tax credit per exemption claimed is \$50. The \$30,000 income limit for this tax credit has not been raised since 1989, and the \$50 tax credit amount has not increased since 1981. If adjusted to 2021 dollars, the income limit would be \$68,100 and the value of the tax credit would be \$159.

Because the tax credit is refundable, any amount that exceeds what the taxpayer owes in taxes is paid out as a tax refund. This tax credit was claimed by 20,500 filers in 2019.

- **Refundable Child and Dependent Care Expenses Tax Credit.** This tax credit is available to resident taxpayers who are employed, and who pay for care of a child under the age of 13, or for a spouse or dependent incapable of self-care. The amount of the credit ranges from 15 to 25 percent of the expense, declining as income increases. Because the tax credit is refundable, any amount that exceeds what the taxpayer owes in taxes is paid out as a tax refund. This tax credit was claimed by 22,800 filers in 2019.
- **Refundable Child Passenger Restraint Systems Tax Credit.** Any taxpayer who buys a new child car seat that complies with federal safety standards can claim a refundable tax credit of \$25. This tax credit was included in 2,500 returns in 2019.

APPENDIX 1. SPENDING THE CHILDREN'S BUDGET

How much is Hawai'i really investing in our children? The difference between budget and spending can vary substantially. The following shows this variance over the decade between 2011 and 2020. All figures have been converted to 2021 dollars.

All programs in the Hawai'i Children's Budget

The Hawai'i Children's Budget covers public education, economic supports, protective and juvenile services, Med-QUEST, and public and mental health. Between 2011 and 2020, the state spent 91 percent of the Hawai'i Children's Budget. The difference between budget and spending is substantial: it totals \$4.7 billion. Averaging \$470 million per year, the gap is equivalent to the combined annual budgets of the State Departments of Agriculture, Land & Natural Resources and Business Economic Development and Tourism.

| Hawai'i Children's Budget (Thousands of Dollars) | | | |
|--|--------------|--------------|---------|
| Fiscal Year | Budget | Expenditures | % Spent |
| 2011 | \$4,340,271 | \$4,342,468 | 100% |
| 2012 | \$4,729,692 | \$4,315,651 | 91% |
| 2013 | \$4,699,768 | \$4,550,147 | 97% |
| 2014 | \$4,878,916 | \$4,754,934 | 97% |
| 2015 | \$5,038,728 | \$4,784,197 | 95% |
| 2016 | \$5,362,674 | \$4,914,466 | 92% |
| 2017 | \$5,566,494 | \$5,232,411 | 94% |
| 2018 | \$5,703,065 | \$4,719,369 | 83% |
| 2019 | \$5,759,712 | \$4,726,598 | 82% |
| 2020 | \$5,780,241 | \$4,814,384 | 83% |
| 10-Year Total | \$51,859,561 | \$47,154,625 | 91% |

Figure 21. Hawai'i Children's Budget: Budget vs Expenditure (Thousands of Dollars)

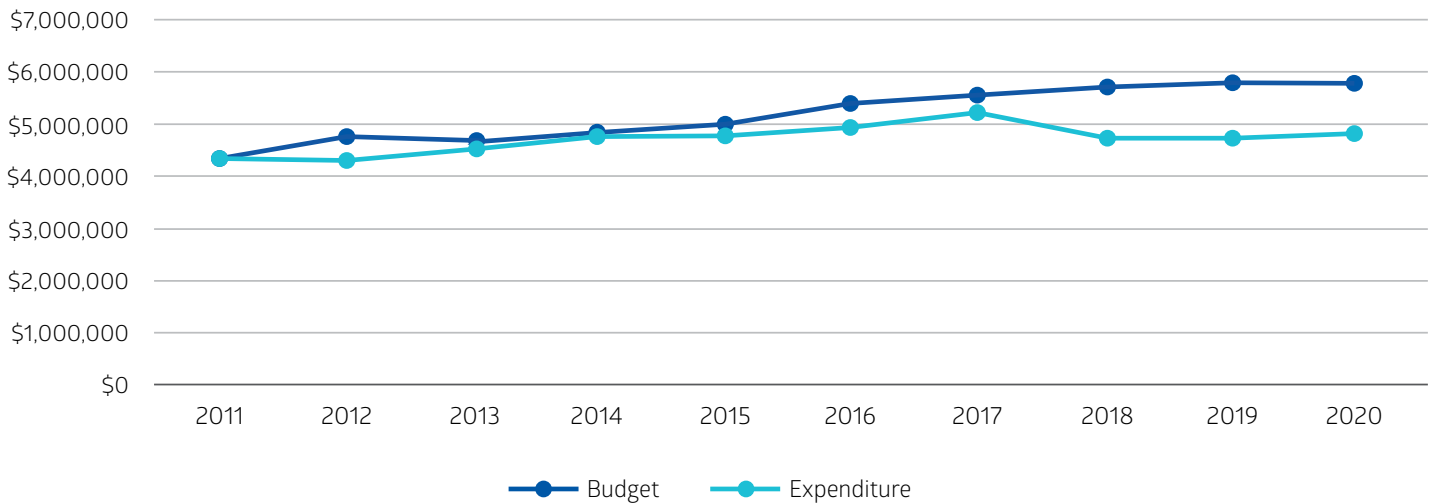


Figure 22. Percent of Budget Expended: Hawai'i Children's Budget vs State Executive Budget

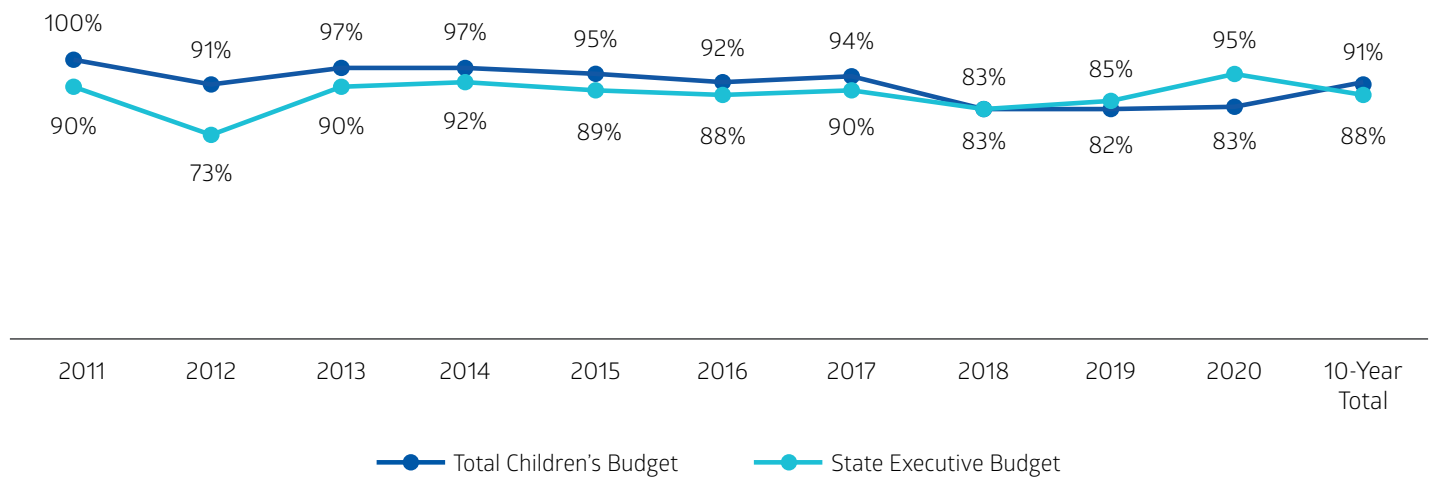


Figure 22. The 91 percent expenditure rate for the children's budget over the decade is slightly better than that of the overall state executive branch budget, which spent 88 percent of its budget.

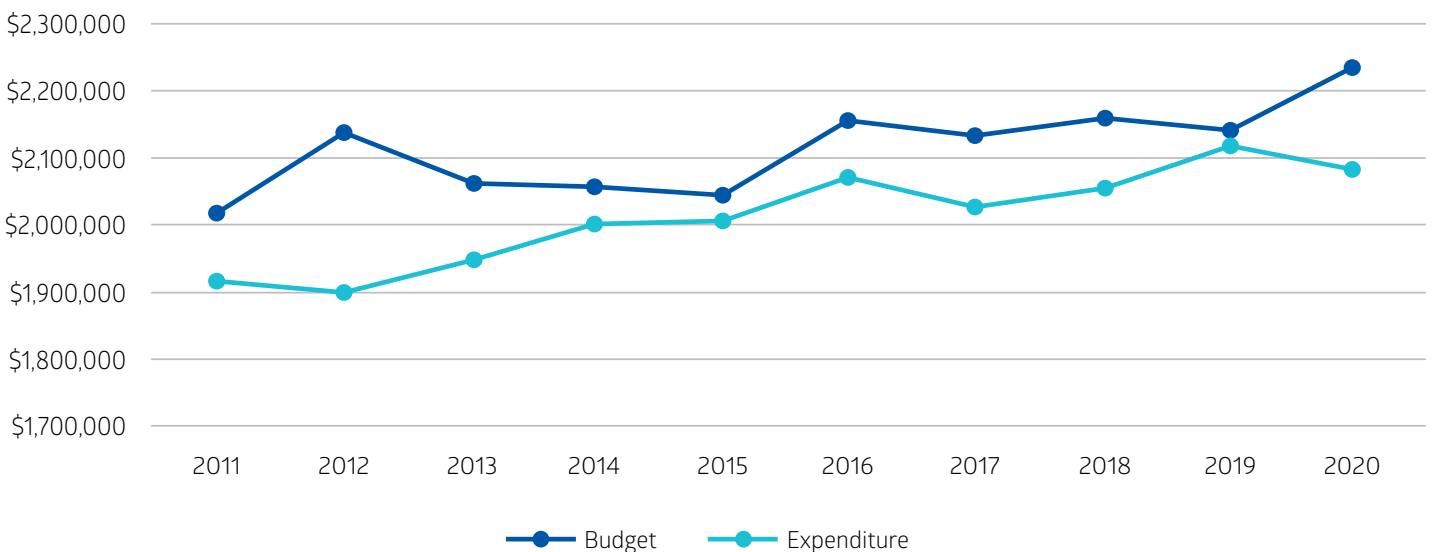
APPENDIX 1

Public Education

The Public Education Budget covers public K-through-12, charter schools and the Charter School Commission, and the Executive Office for Early Learning. The Department of Education spent 95 percent of its budget for children’s public education between 2011 and 2020. Over the decade, the difference between funds budgeted and spent added up to \$1 billion.

| Public Education Budget (Thousands of Dollars) | | | |
|--|--------------|--------------|---------|
| Fiscal Year | Budget | Expenditures | % Spent |
| 2011 | \$2,013,508 | \$1,917,091 | 95% |
| 2012 | \$2,139,140 | \$1,896,505 | 89% |
| 2013 | \$2,063,494 | \$1,946,630 | 94% |
| 2014 | \$2,055,017 | \$1,996,831 | 97% |
| 2015 | \$2,042,030 | \$2,004,581 | 98% |
| 2016 | \$2,157,022 | \$2,072,053 | 96% |
| 2017 | \$2,136,184 | \$2,028,742 | 95% |
| 2018 | \$2,162,169 | \$2,053,267 | 95% |
| 2019 | \$2,143,915 | \$2,118,729 | 99% |
| 2020 | \$2,234,839 | \$2,083,044 | 93% |
| 10-Year Total | \$21,147,318 | \$20,117,473 | 95% |

Figure 23. Public Education: Budget vs Expenditure (Thousands of Dollars)

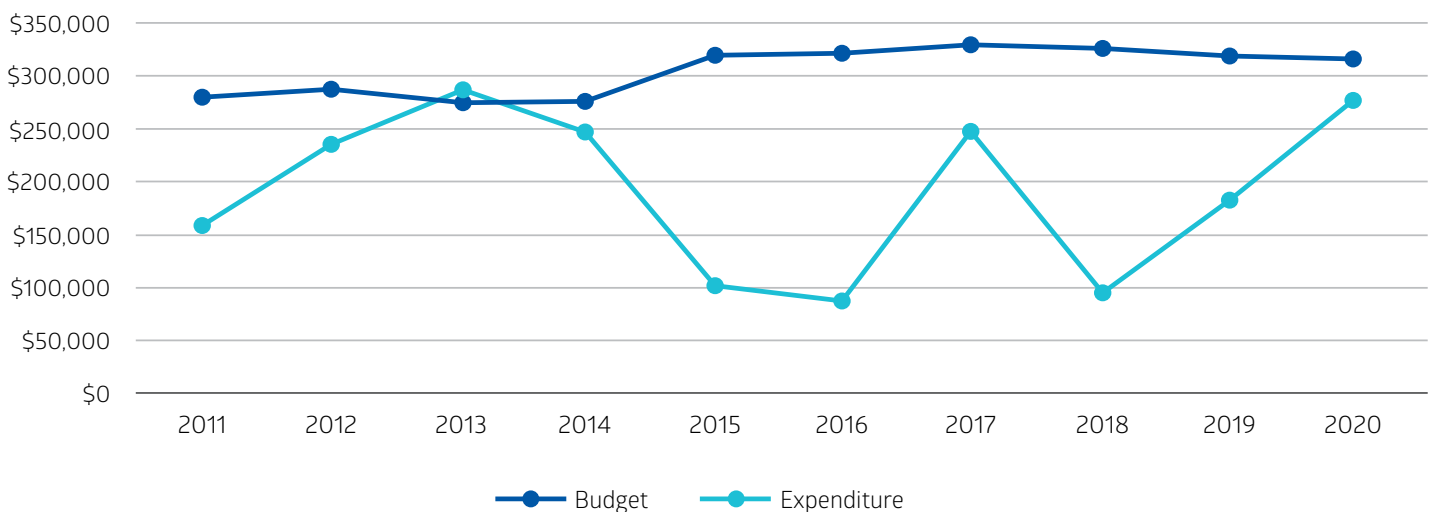


Economic Supports

Economic Supports include programs in the Department of Human Services that provide cash and utility assistance, housing and rent supplements, and childcare assistance. The budget for these programs appears to be considerably underspent but this is due, in part, to the peculiarities of budgeting federal grants. In its proposed budgets, the Department typically includes funding up to the “budget ceiling,” that is, the maximum spending allowed; however, the actual amounts granted are frequently considerably less than the ceiling. In these cases, funds shown in the budget were never available and could not be spent.

| Economic Supports Budget (Thousands of Dollars) | | | |
|---|-------------|--------------|---------|
| Fiscal Year | Budget | Expenditures | % Spent |
| 2011 | \$280,881 | \$157,121 | 56% |
| 2012 | \$286,090 | \$236,513 | 83% |
| 2013 | \$276,677 | \$286,151 | 103% |
| 2014 | \$275,292 | \$247,542 | 90% |
| 2015 | \$319,977 | \$99,604 | 31% |
| 2016 | \$322,576 | \$87,650 | 27% |
| 2017 | \$328,988 | \$246,380 | 75% |
| 2018 | \$326,202 | \$93,341 | 29% |
| 2019 | \$320,105 | \$180,979 | 57% |
| 2020 | \$316,030 | \$276,706 | 88% |
| 10-Year Total | \$3,052,818 | \$1,911,987 | 63% |

Figure 24. Economic Supports: Budget vs Expenditure (Thousands of Dollars)

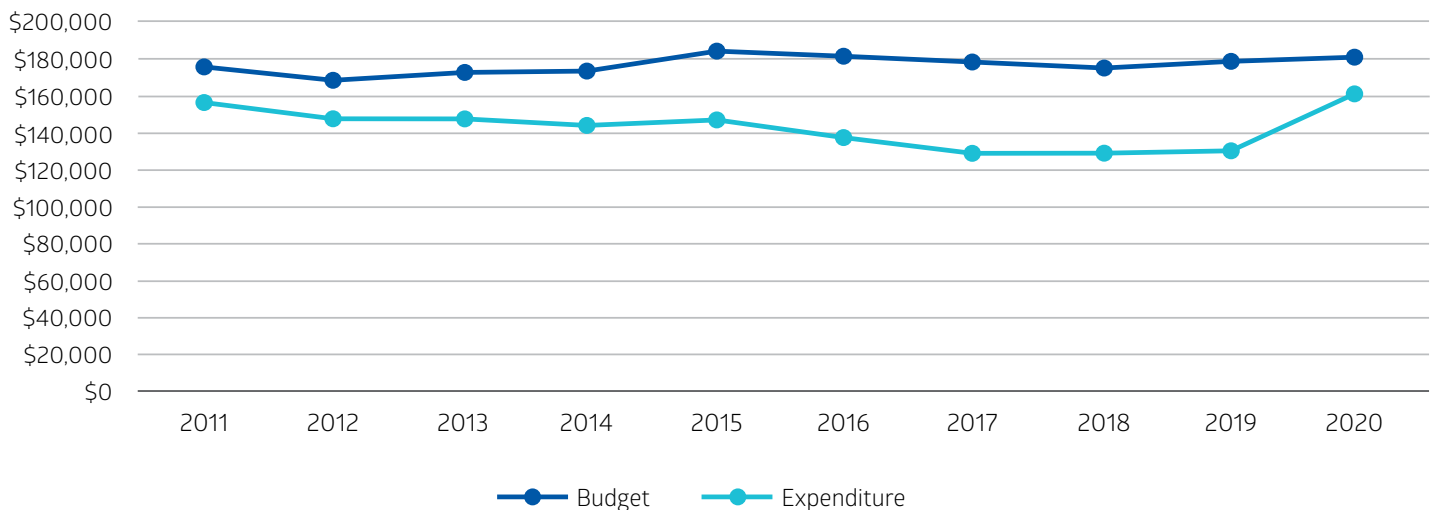


Protective & Juvenile Services

These programs, which are administered by the Department of Human Services, include Child Protective Services and foster care as well as community programs for at-risk youth and the Hawai'i Youth Correctional Facility. Funds spent between 2011 and 2020 amount to only 81 percent of dollars budgeted, a gap of \$336 million, or nearly \$34 million per year on average.

| Protective & Juvenile Services Budget (Thousands of Dollars) | | | |
|--|-------------|--------------|---------|
| Fiscal Year | Budget | Expenditures | % Spent |
| 2011 | \$175,257 | \$155,872 | 89% |
| 2012 | \$168,257 | \$147,925 | 88% |
| 2013 | \$172,327 | \$148,189 | 86% |
| 2014 | \$172,825 | \$144,609 | 84% |
| 2015 | \$184,374 | \$146,842 | 80% |
| 2016 | \$181,980 | \$137,830 | 76% |
| 2017 | \$177,921 | \$129,428 | 73% |
| 2018 | \$175,159 | \$129,261 | 74% |
| 2019 | \$179,123 | \$130,443 | 73% |
| 2020 | \$180,391 | \$161,138 | 89% |
| 10-Year Total | \$1,767,614 | \$1,431,537 | 81% |

Figure 23. Protective & Juvenile Services: Budget vs Expenditure (Thousands of Dollars)

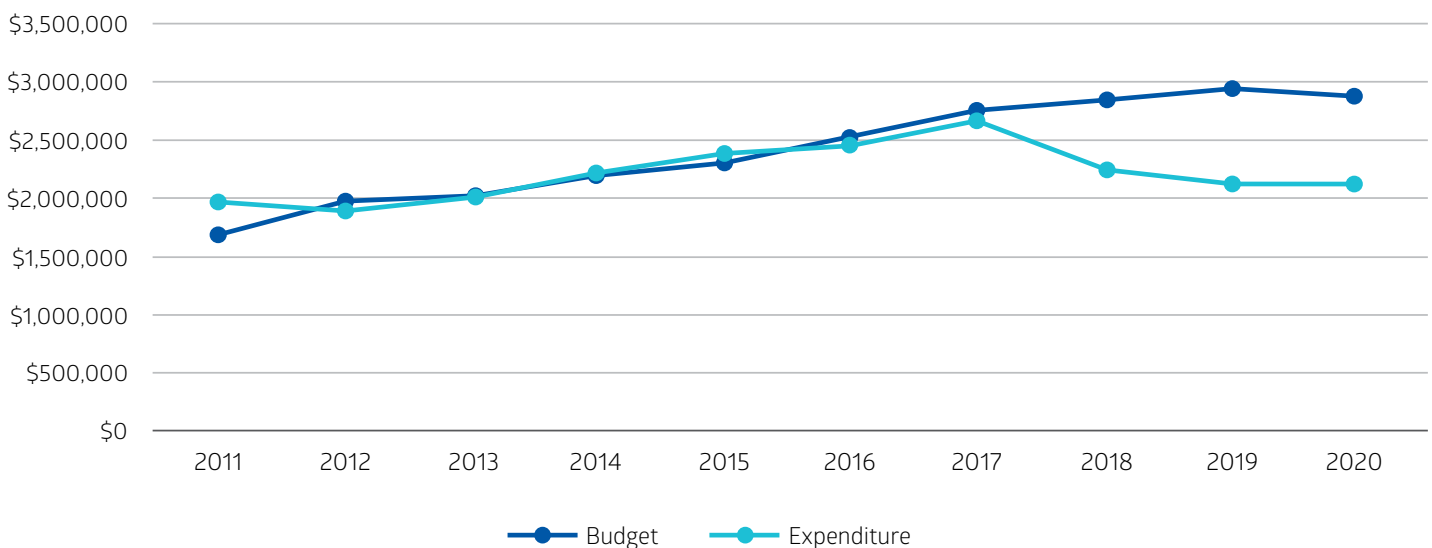


Med-QUEST

Med-QUEST, the largest program in the Department of Human Services, provides public insurance coverage for children through Medicaid and Children’s Health Insurance Program (CHIP). Our budget and expenditure estimates assume that 15.5 percent of Med-QUEST’s total budget and expenditures are attributed to children. Med-QUEST’s budget and expenditures grew more than any other program in the Children’s Budget. Because Med-QUEST is an entitlement program, that is, it must cover all eligible applicants, the program’s expenditures sometimes exceeded its budget between 2011 and 2020.

| Med-QUEST (Thousands of Dollars) | | | |
|----------------------------------|--------------|--------------|---------|
| Fiscal Year | Budget | Expenditures | % Spent |
| 2011 | \$1,692,474 | \$1,956,387 | 116% |
| 2012 | \$1,958,925 | \$1,880,886 | 96% |
| 2013 | \$2,009,308 | \$2,006,750 | 100% |
| 2014 | \$2,191,824 | \$2,214,966 | 101% |
| 2015 | \$2,310,039 | \$2,384,073 | 103% |
| 2016 | \$2,519,483 | \$2,463,357 | 98% |
| 2017 | \$2,734,786 | \$2,662,678 | 97% |
| 2018 | \$2,846,460 | \$2,260,295 | 79% |
| 2019 | \$2,942,659 | \$2,129,371 | 72% |
| 2020 | \$2,877,509 | \$2,133,311 | 74% |
| 10-Year Total | \$24,083,467 | \$22,092,074 | 92% |

Figure 23. Med-QUEST: Budget vs Expenditure (Thousands of Dollars)



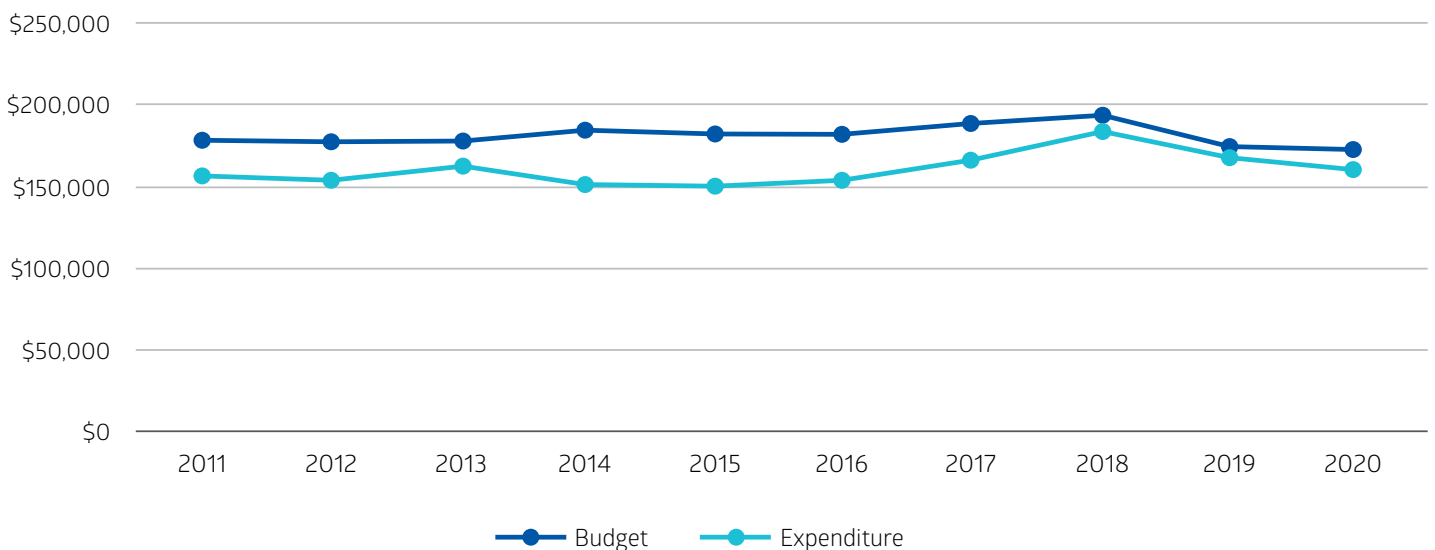
APPENDIX 1

Public & Mental Health

These programs, which are part of the Department of Health, provide public and preventive services for children and pregnant women, and children’s mental health care. Spending on these services amounted to 89 percent of their budgets, which over a decade averaged close to \$21 million per year for a total of \$207 million.

| Public & Mental Health Budget (Thousands of Dollars) | | | |
|--|-------------|--------------|---------|
| Fiscal Year | Budget | Expenditures | % Spent |
| 2011 | \$178,151 | \$155,997 | 88% |
| 2012 | \$177,278 | \$153,823 | 87% |
| 2013 | \$177,960 | \$162,428 | 91% |
| 2014 | \$183,956 | \$150,985 | 82% |
| 2015 | \$182,309 | \$149,097 | 82% |
| 2016 | \$181,611 | \$153,576 | 85% |
| 2017 | \$188,614 | \$165,183 | 88% |
| 2018 | \$193,073 | \$183,206 | 95% |
| 2019 | \$173,910 | \$167,076 | 96% |
| 2020 | \$171,470 | \$160,187 | 93% |
| 10-Year Total | \$1,808,332 | \$1,601,558 | 89% |

Figure 23. Public & Mental Health: Budget vs Expenditure (Thousands of Dollars)



APPENDIX 2. HAWAII'S INVESTMENTS IN CHILDREN COMPARED WITH OTHER STATES

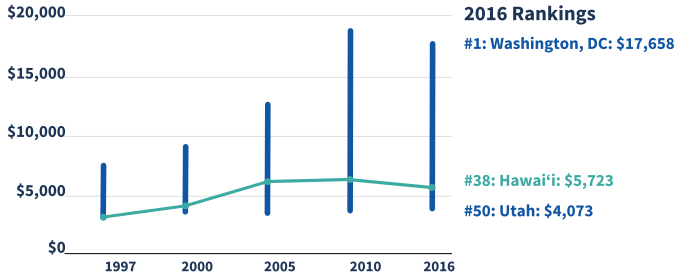


States' investments in children vary and so do their budget practices. That makes comparing funding levels across the nation difficult. However, the Urban Institute compiled federal, state and local spending by state on a wide range of programs that support children.²² Their data provides a basis for assessing Hawai'i's spending on children from 1997 through 2016 in comparison to others. The six charts on the following page show how Hawai'i's spending in select areas ranks with other states and Washington, D.C. Figures in all cases are per-child in 2016 dollars.

APPENDIX 2

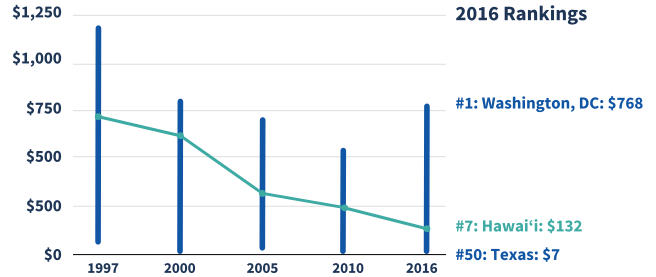
Pre-Kindergarten through 12th Grade Education:

Vertical lines show range of state spending per child each year (2016 dollars)



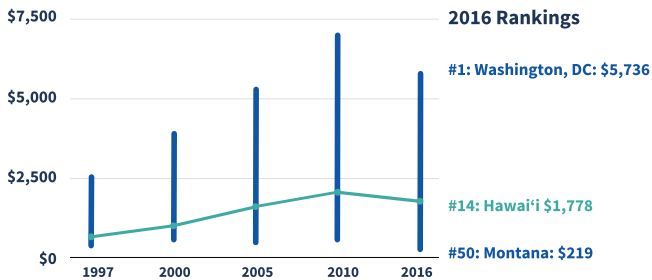
Temporary Assistance for Needy Families

Vertical lines show range of state spending per child each year (2016 Dollars)



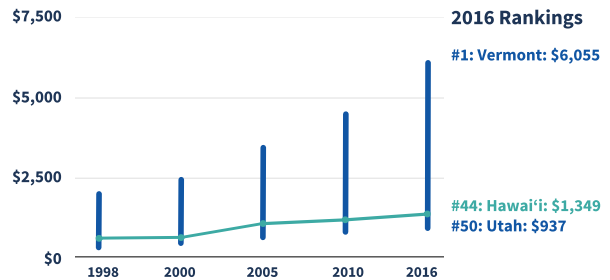
Cash Assistance

Vertical lines show range of state spending per child each year (2016 Dollars)



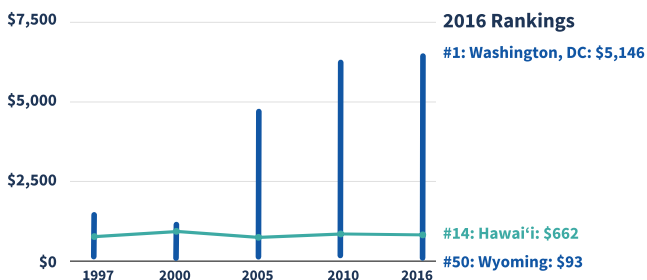
Medicaid and CHIP (Med-QUEST in Hawai'i)

Vertical lines show range of state spending per child each year (2016 Dollars)



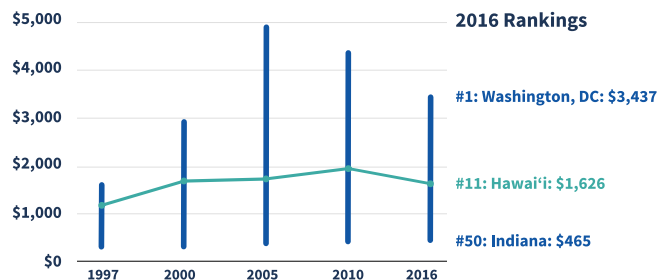
Housing & Community Development

Vertical lines show range of state spending per child each year (2016 Dollars)



Public Health

Vertical lines show range of state spending per child each year (2016 Dollars)



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