



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

August 27, 2015

Ms. Esther Kia'aina
Assistant Secretary for Insular Affairs
U.S. Department of the Interior
Office of the Secretary
Washington, D.C. 20240

Dear Ms. Kia'aina:

This report is to provide an update on the impact to the State of Hawai'i due to the Compacts of Free Association (COFA) with the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau, for your transmittal to Congress in accordance with the Compact of Free Association Amendments Act of 2003, P.L. 108-188, section 104(e)(8). The prior report submitted by the State in 2011 included the data reported for 2008, 2009, and 2010. This report covers the years 2011, 2012, 2013, and 2014.

As you know, the number of COFA citizens residing in Hawai'i and other states and U.S. jurisdictions has increased significantly over the life of the Compacts. In 2003, the Census Bureau estimated the number of COFA residents in Hawai'i to be 7,297. In the latest enumeration in 2013, the number had doubled to 14,700 COFA residents. The population estimates are generally considered to be under-representative of the actual numbers of COFA residents in the State due in part to limitations of the Census Bureau enumeration efforts.

The cost of providing social services, education, and other services has likewise shown an increase over time. In 2002, the State spent an estimated \$32,000,000 in State funds. Five years later, in 2008, the cost was reported at over \$100,963,808; and for 2014, the estimated cost is \$163,155,199. The following provides a brief description of the reported services, with the 2014 data used to illustrate the level of spending in each area. The numbers for 2011 to 2014 may also be found in the attached Exhibit A.

Health and Social Services

Many State agencies provide a broad range of health and social services to the COFA residents in Hawai'i including, the Department of Human Services (DHS) which provides financial assistance, medical assistance, and emergency housing and outreach for homeless persons. For 2014, the DHS reported a total cost in State funds of \$66,794,125 to provide services to COFA residents.

The Department of Health (DOH) provides a variety of community-based and direct health care and health-related education to COFA residents, most notably related to tuberculosis, Hansen's disease, and other communicable diseases, which are over-represented within the COFA resident population. For 2014, the DOH reports a total expenditure of \$5,431,401 in State funds.

The State Department of Defense (DOD) has programs that provide educational and intervention services to children and young adults who are considered at risk for becoming juvenile offenders, or who come from needy families or receive services from the State DHS. Although the programs are partly funded by federal money, the DOD spent \$70,000 in State funds in 2014 to provide the services to COFA youths.

Education

The State Department of Education (DOE) provides education for all of the children in Hawai'i, but must utilize extra resources for many of the COFA students, who typically require specialized language services. For 2014, the DOE spent \$87,184,232 to educate 8,165 COFA students. In addition, COFA students historically have been allowed to pay resident tuition at the University of Hawai'i, rather than non-resident tuition, which many would find prohibitively expensive. As a result, the University of Hawai'i experienced \$1,564,403 in foregone revenue.

Public Safety

The State Department of Public Safety reports that COFA residents were incarcerated at a cost of \$1,175,182 in 2014.

The Judiciary reports a total of \$208,540 to provide interpreter services to COFA residents in court proceedings for 2014. The Judiciary further reports that interpreter services for COFA languages comprised 33% of their expenditures for

all language services. In addition, the Judiciary reports a cost of \$717,990 to house COFA youth offenders at the Hawai'i Youth Correctional Facility. The total cost to the Judiciary totaled \$926,530.

Finally, the Office of the Public Defender also reports a cost of \$7,269 for interpretation services that were necessary to provide legal defense to their indigent COFA clients. The Public Defender's office does not quantify other costs of their legal defense work for COFA clients.

Labor and Industrial Relations

The Department of Labor and Industrial Relations/ Office of Community Services reports a cost of \$97,230 in 2014.

Recommendations and Conclusion

The State has consistently advocated for an increase in funding provided as Compact Impact assistance to the affected jurisdictions. But we recognize that this would be a small step in providing for COFA residents in the U.S. You are likely aware of the efforts of our Congressional delegation to introduce measures that would allow COFA residents to receive federally-funded benefits that were limited by the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1997 (PRWORA). Providing for direct federal assistance in programs such as Medicaid, TANF, SNAP, and any other means-tested public assistance which are not available due to the limitations imposed by PRWORA would have a significant impact on reducing the costs fronted by the State. But even more important, this would be to the benefit of all Compact residents, regardless of the state or territory in which they reside.

In addition, we would suggest that perhaps the governments of the Freely Associated States could be encouraged to utilize the financial support they receive directly from the U.S. to contract services in the U.S. for their citizens who choose to reside here. This may result in more efficient delivery of necessary services that are difficult to establish or maintain back home, but which are more readily available in the U.S., such as dialysis or certain cancer treatments. Again, this could potentially reach beyond the affected jurisdictions and provide benefits to COFA residents wherever they may reside in the U.S.

The State stands ready to partner with the Department of the Interior and other federal agencies, as well as the other affected jurisdictions and the

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governments of the Freely Associated States to coordinate efforts to provide services in a meaningful way to our COFA residents.

With warmest regards,

A handwritten signature in black ink, appearing to read "David Y. Ige". The signature is fluid and cursive, with a large, sweeping flourish at the end.

DAVID Y. IGE
Governor
State of Hawai'i

Attachments

c: The Honorable Brian Schatz
The Honorable Mazie Hirono
The Honorable Tulsi Gabbard
The Honorable Mark Takai
State Senate
State House of Representatives
State Judiciary
State Agencies/UH/DOE

STATE OF HAWAII COMPACT IMPACT
SUMMARY OF REPORTED STATE AGENCY COSTS FOR 2011-2015*

Department	2011	2012	2013	2014
Defense	\$ 28,000	\$ 32,875	\$ 26,667	\$ 70,000
Education	\$ 58,920,595	\$ 74,103,639	\$ 79,632,402	\$ 87,184,232
Health	\$ 4,394,630	\$ 4,642,749	\$ 5,015,934	\$ 5,431,401
Human Services**				
	\$ 48,011,706	\$ 48,818,515	\$ 56,490,236	\$ 66,794,125
Judiciary	\$ 563,836	\$ 392,663	\$ 734,417	\$ 926,530
Labor and Industrial Relations/Office of Community Services	\$ 70,049	\$ 338,622	\$ 340,234	\$ 97,230
Public Defender			\$ 5,085	\$ 7,269
Public Safety	\$ 680,212	\$ 723,011	\$ 1,038,708	\$ 1,175,182
Transportation		\$ -	\$ 3,528	\$ 2,057
University of Hawaii	\$ 1,192,849	\$ 1,297,700	\$ 1,475,518	\$ 1,564,403
Total	\$ 113,861,876	\$ 130,349,774	\$ 144,762,729	\$ 163,252,429

* Reported figures are rounded to the nearest whole number for this table.

**Hawaii Public Housing Authority reported combined state and federally funded compact impact