

TOWN HALL MEETING JULY 6, 2011



*Senator
Glenn Wakai*



*Representative
Linda Ichiyama*

Budget Priorities



Balancing the Budget
2011

- ❖ Support education
- ❖ Protect consumers, business and labor
- ❖ Protect the environment and promote renewable energy
- ❖ Promote economic revitalization
- ❖ Preserve the safety net for the poor, the disadvantaged, and the elderly
- ❖ Protect the health and welfare of our citizens



How is the budget developed?

- ❖ Council on Revenue Projections (four times a year) determines how much money the State will receive
- ❖ Gov, OHA and Chief Justice send proposed budgets for FY 12 & 13 to Legislature in December
- ❖ House & Senate Informational Briefings from each department in January
- ❖ House drafts budget by March
- ❖ Senate draft by April
- ❖ House & Senate agree in conference committee

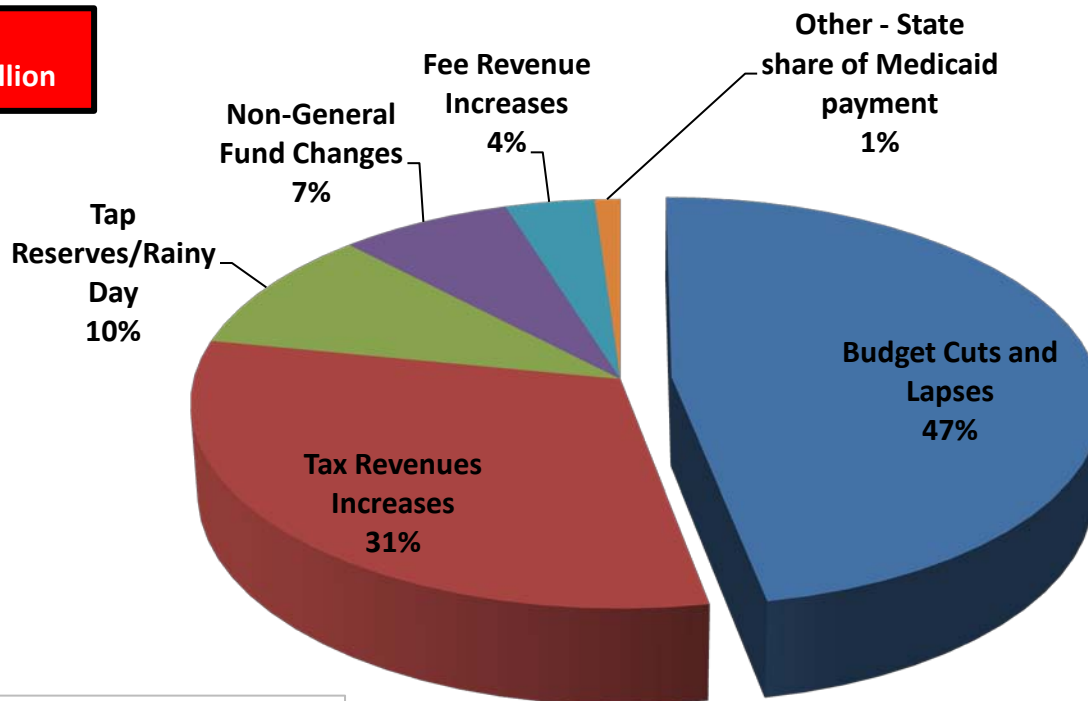
Budget Overview



Balancing the Budget
2011

How the Budget was Balanced

**Deficit
\$1.3 billion**



**Solutions
\$1.6 billion**

Source	Amount
Budget Cuts and Lapses	\$756.5 mil
Tax Revenues Increases	\$499.4 mil
Non-General Fund Changes	\$117.0 mil
Tap Reserves/Rainy Day	\$157.0 mil
Fee Revenue Increase	\$60.6 mil
Other- State share of Medicaid payment	\$17.5 mil
TOTAL	*\$1,608 billion

Unless specified, please note that all estimates are cumulative over the three fiscal years beginning July 1, 2010 and ending June 30, 2013. These estimates are subject to change as new information becomes available.

General Funds Only, July 1, 2010 through June 20, 2013

The Budget Challenge



Balancing the Budget
2011

- ❖ **Problem:** Council on Revenue projects a state deficit of \$1.3 billion (over the period including the current FY11 and the next biennium FY12 and FY13)
- ❖ **Objective:** Achieve a balanced budget by a combination of cutting government and generating more revenue.
 - ❖ \$5.4 billion in general funds for FY2012
 - ❖ \$5.5 billion in general funds for FY2013
 - ❖ \$600 million in cuts from the general fund
 - ❖ \$632 million in transfer or revenue generating bills
 - ❖ Note: no more HHRF or Rainy Day fund until 2014

The Budget Cuts



Balancing the Budget
2011

How did we cut the State budget?

Total Cuts & Lapses in **Executive Budget**: \$618.6m

Major Cuts to General Funds:

Labor savings, 5% salary reduction for state employees	\$176.4m
Lump sum reduction apportioned by Governor	\$100m
Reductions in various programs due to "fiscal constraints"	\$140.6m
EUTF reductions 50-50 split of health premium costs	\$57.7m
Continued deferral of ERS payment that was due in FY 10	\$36.7m
Student transportation reductions in FY 13	\$39.6m
UH salary & benefit conversion to special funds	\$29.6m
One-time unemployment benefit reduction	\$12m

Cuts to **Judiciary & OHA Budget**: \$19.5m

The Budget Cuts



Balancing the Budget
2011

Dept	General Funds			
	\$\$\$ FY09	\$\$\$ FY12	Difference	%
Agriculture	\$ 16,482,274	\$ 9,636,400	\$ (6,845,874)	-41.5%
Accounting & General Services	\$ 70,258,851	\$ 66,068,142	\$ (4,190,709)	-6.0%
Attorney General	\$ 28,266,723	\$ 23,071,915	\$ (5,194,808)	-18.4%
Business, Economic Dev. & Tourism	\$ 11,236,808	\$ 7,413,272	\$ (3,823,536)	-34.0%
Budget & Finance	\$ 23,814,964	\$ 22,920,528	\$ (894,436)	-3.8%
Commerce & Consumer Affairs	\$ -	\$ -	\$ -	0.0%
Defense	\$ 16,251,999	\$ 14,535,904	\$ (1,716,095)	-10.6%
Education	\$ 1,424,531,533	\$ 1,365,566,677	\$ (58,964,856)	-4.1%
Charter Schools	\$ 57,745,483	\$ 59,680,071	\$ 1,934,588	3.4%
Libraries	\$ 29,967,463	\$ 28,847,163	\$ (1,120,300)	-3.7%
Governor	\$ 3,712,323	\$ 3,176,357	\$ (535,966)	-14.4%
Hawaiian Home Lands	\$ 883,699	\$ -	\$ (883,699)	-100.0%
Human Services	\$ 772,444,406	\$ 1,062,353,661	\$ 289,909,255	37.5%
Human Resources Development	\$ 16,539,593	\$ 14,424,321	\$ (2,115,272)	-12.8%
Health	\$ 509,674,328	\$ 487,816,416	\$ (21,857,912)	-4.3%
Labor & Industrial Relations	\$ 17,230,169	\$ 13,273,163	\$ (3,957,006)	-23.0%
Land & Natural Resources	\$ 32,743,127	\$ 26,715,205	\$ (6,027,922)	-18.4%
Lt. Governor	\$ 1,229,610	\$ 1,048,123	\$ (181,487)	-14.8%
Public Safety	\$ 223,189,934	\$ 218,869,865	\$ (4,320,069)	-1.9%
Subsidies to Counties	\$ 580,000	\$ -	\$ (580,000)	-100.0%
Taxation	\$ 24,072,043	\$ 22,336,212	\$ (1,735,831)	-7.2%
Transportation	\$ -	\$ -	\$ -	0.0%
University of Hawaii	\$ 463,875,622	\$ 386,307,258	\$ (77,568,364)	-16.7%
Debt Service	\$ 599,282,851	\$ 564,100,746	\$ (35,182,105)	-5.9%
ERS (state pension system)	\$ 610,101,240	\$ 681,450,103	\$ 71,348,863	11.7%
EUTF (state health benefits system)	\$ 394,065,067	\$ 502,522,513	\$ 108,457,446	27.5%
Grand Total	\$ 5,318,212,647	\$ 5,443,934,015	\$ 125,721,368	2.4%

The Money Bills



Balancing the Budget
2011

How did we generate revenue for the State?

- ✓ Eliminated tax deductions for high-income individuals \$113.5m
- ✓ Repealed GET business exemptions for 2 years
\$385.8m
- ✓ Capped the counties' and HTA's share of the TAT \$34.9m
- ✓ Transfers from special funds \$38m
- ✓ Increased the rental vehicle surcharge (\$3 to \$7.50) \$60m
- TOTAL REVENUE: \$632.2m

2011 Legislative Bills

- **January:**
3,224 bills
↓
- **May:**
252 bills approved
↓
- **June- July:**
189 Acts (Law)
61 No decision
(incl. 23 notice to veto)
2 Vetoed



Figures as of July 5, 2011

Government Reform



Town Hall
July 6, 2011



✓ Decreasing employee benefits and increasing contribution rates in order to maintain the retirement system and reduce state's unfunded liability in the future. For state and county employees hired after June 30, 2012. (HB1038)

Legislative Highlights



Town Hall
July 6, 2011



✓ 3-year Mortgage Foreclosure Dispute Resolution Program for non-judicial foreclosures beginning no later than 10/1/2011. (SB651)

✓ Allowing the governor to appoint the Board of Education. (SB8)

✓ Implementing the minimum school year and student instructional hours requirement in a feasible and fiscally responsible way (HB945)



Legislative Highlights



Town Hall
July 6, 2011

- ✓ Establishing a tracking system for purchases of pseudoephedrine products to prevent use in manufacturing meth. (SB40)
- ✓ Establishing the Hawaii Health Connector, the state's health insurance exchange. (SB1348)



- ✓ Exempting broadband infrastructure improvements from state and county permitting for 5 years. (HB1342)
- ✓ Authorizing no-interest low-income housing tax credit loans in order to encourage the development and preservation of rental housing for lower income families. (HB960)



Capital Improvement Projects

- Total appropriation (all means of financing) \$1.8 billion in FY12, and \$1.0 billion in FY13
 - Of those totals, GO bond appropriations are \$1.0 billion in FY12 and \$412 million in FY13
- The CIP budget funds:
 - \$816M for DOT projects – airports, highways, harbors
 - \$328M for DOE projects – including charters schools & libraries
 - \$174M for UH system
 - \$179M for DOH and state hospital system through HHSC
 - \$7.8M for tsunami damages
 - \$20M for nonprofit organization grants



District 31 CIPs



Balancing the
Budget 2011

- Rockfall & Flood Mitigation
\$1,000,000 for
Moanalua Valley rockfall
mitigation safety measures.



- Salt Lake Apartments
\$2,600,000 for
design and construction of
building improvements, and
elevator renovations and
installation.



District 31 CIPs



Balancing the
Budget 2011

- Moanalua High School
\$600,000 supplemental funding for the first phase of construction of the Performing Arts Center, which will eventually include a 1,000 seat auditorium.
- Moanalua Elementary School
\$2,000,000 for campus electrical and telecommunications upgrades.
- Salt Lake Elementary School
\$1,000,000 for design, construction and equipment to renovate interior of classrooms in building C.

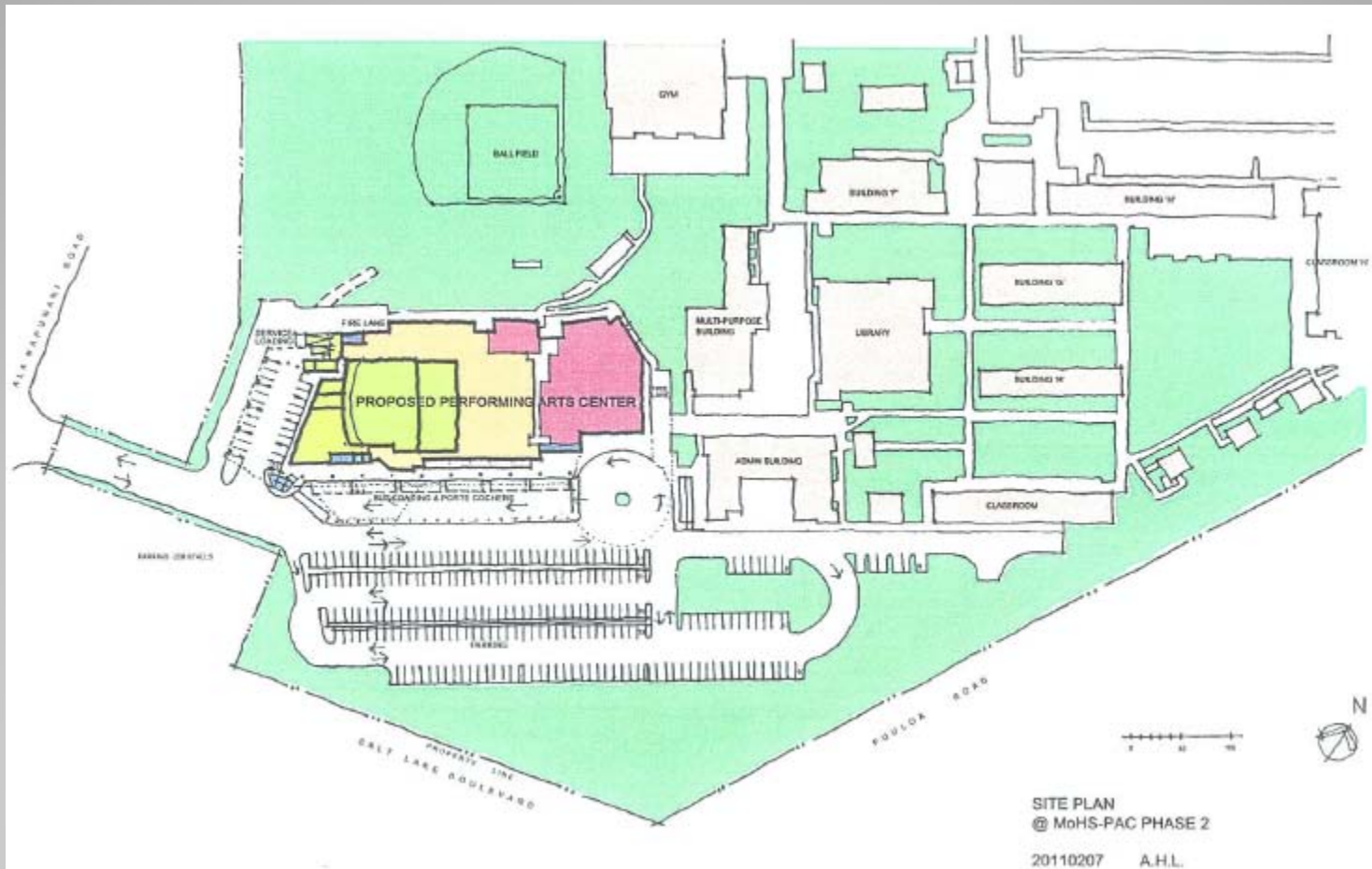


Performing Arts Center



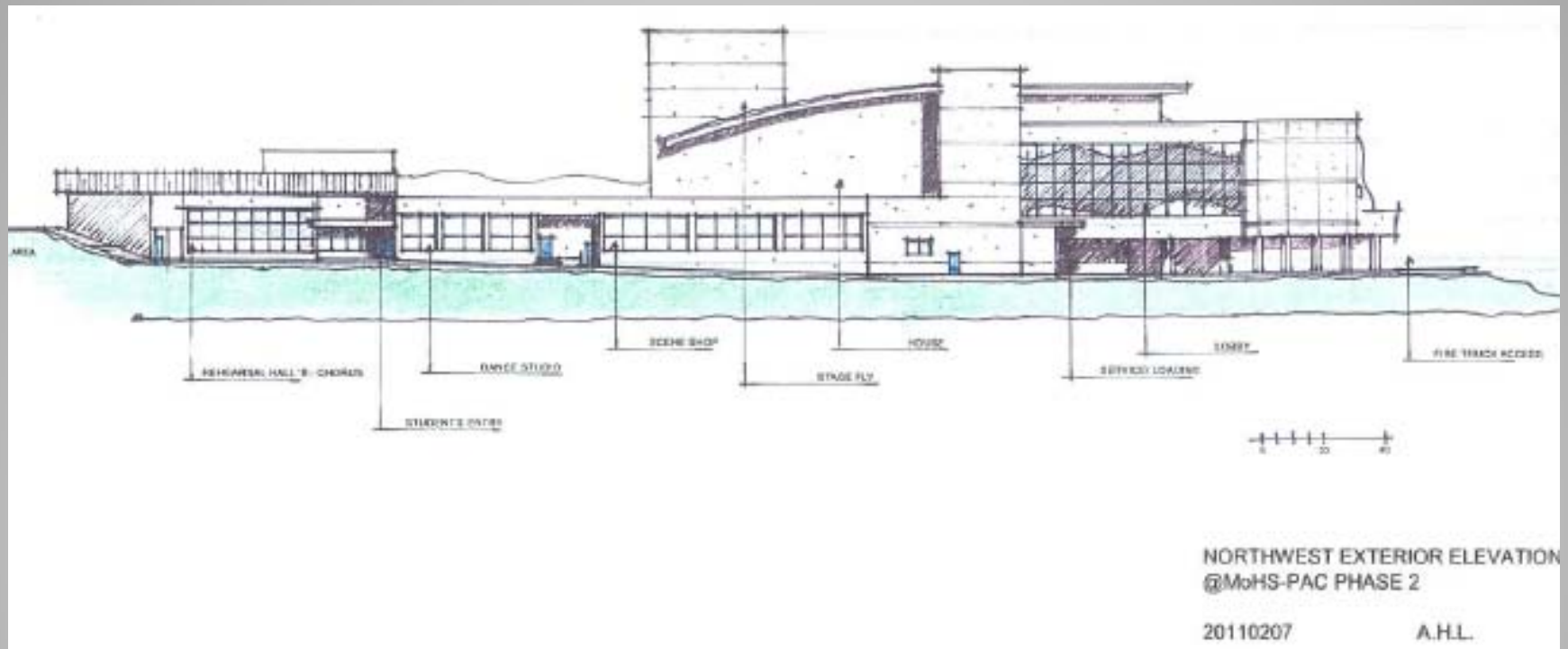
**Moanalua High School – Practice Rooms, Front of Room
Phase 1 – \$600K**

Performing Arts Center



Moanalua High School – Site Plan
\$18 Million → \$30 Million

Performing Arts Center



Moanalua High School - Exterior

Vision Screening at SLES/MES

SIGN UP YOUR FIRST GRADER FOR A *FREE* VISION SCREENING

A child's ability to learn can improve dramatically with a simple eye screening. Visual impairment may go undetected for years and reduce a child's academic success. **Dr. Alan Serikawa** will examine your child for a variety of irregularities, including visual acuities, stereopsis, and eye muscle motility. You will be notified of your child's vision strength and alerted of any problems. (This screening does not take the place of a comprehensive eye examination.)

Who: First Graders

Where: Moanalua Elementary School

Date: Tuesday, May 10, 2011

Time: 8:00 a.m. to 10:00 a.m.

This free screening is being coordinated by Sen. Glenn Wakai, Rep. Linda Ichiyama, and Rep. Aaron Johanson.



Aloha Aina Day at MMS

Volunteers worked from 9 to 1pm to collect:

- 2 full bins of scrap metal
- 4 truckloads of electronics
- piles of goodwill donations and bags of HI-5 containers.



We raised:

- 145.9 lbs of Aluminum = \$233.44
- 139.2 lbs of Plastic = \$130.85
- 610.2 lbs of Glass = \$73.22

- **Total = \$437.51**

- We also raised **\$180** for shr papers.

- Pacific Corporate Solutions (E-waste) = **8,500 lbs**





Sen. Glenn Wakai

Aliamanu-Foster Village Clean Up

Saturday, July 9, 2011

8:00 a.m. to 2:00 p.m.

Fundraiser for Oahu Veterans Center



Rep. Aaron Johnson

Are you looking for a convenient way to get rid of clutter in your home? Let us help you recycle items in your garage and closet, while raising money for our vets.

Please bring these items to the Oahu Veterans Center parking lot:

- Scrap metal, appliances, pipes, beams, car parts, bicycles • Beverage containers
- Newspaper, cardboard • Car batteries • Green waste • Computers, printers, scanners
- Clothing and small household items that can be resold by Goodwill
- TVs (1 per car) • Telephone books/magazines • Athletic shoes
- Unwanted cars (Free towing by appointment only - ph. 306-1876)
- (We will not accept tires, microwaves and anything with fluids)

We will come to your home to pick up these recyclable items:

Beverage containers, cellular phones, printer cartridges, scrap metal, bulky metals (stoves, refrigerators, dishwashers, etc.) or items for Goodwill.

For this service, you MUST call Sandra Ballard at 422-4000.

Our Generous Partners: Schnitzer Steel Hawaii, Refrigerant Recycling, Honolulu Recovery Systems, Hawaiian Earth Products, Goodwill Industries, Interstate Batteries, Intrade Corporation, Pacific Biodiesel, Penske, Hawaii Lions District 50, Menehune Water Co., Hagadone Printing, Paradise Lua, Our Town 808, Alliance Trucking, Family Towing, Alternate Energy, Hawaii Food Bank, City & County of Honolulu, T&N Computer Recycling Services, and RokZ Production.

Trash to Cash this Weekend

MAHALO!



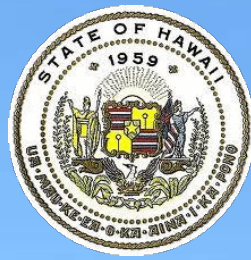
Town Hall
July 6, 2011

Thank you very much!

Questions, concerns or comments?

Senator Glenn Wakai 586-8585

Representative Linda Ichiyama 586-6220



Q & A



*Senator
Glenn Wakai*



*Representative
Linda Ichiyama*