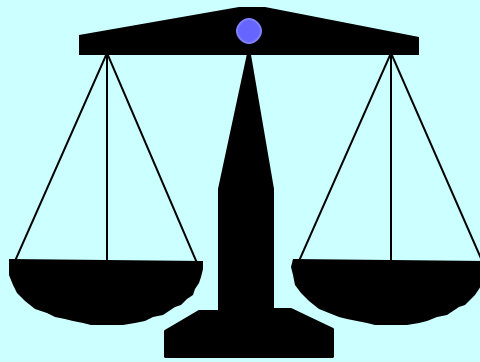


Presentation to the
HOUSE COMMITTEE ON FINANCE

STATE CAPITOL, ROOM 308
MONDAY, FEBRUARY 25, 2002

1:30 PM

(Printed: as of 2/25/02 at 1:00pm)



PURPOSE OF BRIEFING

1. Revisit Council on Revenues Tax Projections
2. Revisit Governor's General Fund Financial Plan
3. Update on Status of Governor's Fiscal Bills
4. Other Fiscal Bills
5. Review Impact of 2%, and 5% cuts
6. Review Additional Reductions to Balance the Budget

COR

COUNCIL ON REVENUES PROJECTIONS (COR:NOVEMBER 15, 2001)	ACTUAL	ACTUAL	PROJECTED ----->		FY 2004	FY 2005	FY 2006	FY 2007
	FY 2000	FY 2001	FY 2002	FY 2003				
	4.1%	6.2%	-0.7%	5.1%	4.6%	5.1%	5.1%	5.3%
PROJECTION: NOVEMBER 14, 2001	2,972,350,000	3,157,660,000	3,134,819,000	3,293,657,000	3,444,464	3,618,441	3,803,026	4,003,595
	4.1%	6.2%	4.1%	5.2%	5.0%	5.4%	5.4%	5.5%
PROJECTION: SEPTEMBER 5, 2001	2,972,350,000	3,157,660,000	3,286,576,000	3,456,501,000	3,628,686	3,826,116	4,031,705	4,255,212
NET GAIN (LOSS)	-	-	(151,757,000)	(162,844,000)	(184,222)	(207,675)	(228,679)	(251,617)
GENERAL FUND TAX GAIN (LOSS):								

Total loss for Fiscal Years 2002 and 2003 is (314,601,000)

1. Actual tax collections for Fiscal Year 2000 was \$2.972 billion or 4.1% growth over Fiscal Year 1999.
2. Actual tax collections for Fiscal Year 2001 was \$3.157 billion or 6.2% growth over Fiscal Year 2000.
3. On September 5th, prior to the September 11th attacks, projected tax collections for Fiscal Year 2002 was 4.1%.
4. On November 14th, two months after the attack, projected tax collections were decreased to -0.7%.

IMPACT

5. The projected tax revenue loss for Fiscal Year 2002 is \$151.8 million.
6. The projected tax revenue loss for Fiscal Year 2003 is \$162.8 million.
7. The total loss for Fiscal Years 2002 and 2003 is \$314.6 million.
8. The total loss for Fiscal Years 2002, 2003, and 2004 is \$498.8 million.
9. The total loss for Fiscal Years 2002, 2003, 2004, and 2005 is \$706.5 million.

Note: Actual collections for the first seven months of Fiscal Year 2002 (July01 through January 02) is -0.3%.

Governor's Proposals to Address the Revenue Shortfall

REDUCTION TO EXPENSES

1. Restrict 1% of discretionary costs for Fiscal Year 2002 (\$16.5 million).
2. Reduce or cut 2% of discretionary costs for Fiscal Year 2003 (\$33.0 million).
3. Extend the amortization of the Employees' Retirement System unfunded liability.

INCREASES TO REVENUES

4. Doubles the Tax on Alcohol beginning in Fiscal Year 2003 (\$40.0 million annually).
(Changes tax on alcohol from volume to ad valorem)
5. Transfers Hawaii Hurricane Relief Fund in FY 2003 (\$213 million).
6. Transfer other non-general fund balances to the general fund. FY 2004 (\$20.9 million).
7. Authorize an additional \$900 million in Capital Projects FY 2003 (\$47.8 million).
8. Removes 5% exemption for Admin Expenses to DCCA special funds FY 2002 (\$1.5 million annually).

DECREASE TO REVENUES

9. Phase Down Capital Gains Tax Rate.

Governor's Fiscal Impact Proposals
(in millions of dollars)

	<u>Actual FY 01</u>	<u>Estimated FY 02</u>	<u>Estimated FY 03</u>	<u>Estimated FY 04</u>	<u>Estimated FY 05</u>	<u>Estimated FY 06</u>	<u>Estimated FY 07</u>
Restrict 1% of discretionary Costs		(16.5)					
Reduce 2% of discretionary Costs			(33.0)				
Extend amortization of ERS				(19.2)	(19.2)	(19.2)	(19.2)
Total		(16.5)	(33.0)	(19.2)	(19.2)	(19.2)	(19.2)
Increases to Revenues							
Increase liquor tax rates			40.0	40.0	40.0	40.0	40.0
Transfer HHRF balance to GF			213.0				
Special funds lapses to general fund				20.9			
Dynamic Impact - \$900+M CIP			47.8	41.8	23.9		
Cap HTA TAT Funding				10.0	10.0	10.0	10.0
DCCA central svc payments		1.5	1.5	1.5	1.5	1.5	1.5
Decreases to Revenues							
Reduce capital gains tax rate			(3.5)	(8.5)	(12.5)	(16.5)	(16.5)
Total:		1.5	298.8	105.7	62.9	35.0	35.0

DEPARTMENTS BY SIZE OF GENERAL FUND BUDGET

	<u>FY 03 Apprn</u>	<u>Cumulative</u>		
Hawaiian Home Lands	1,332,355	1,332,355		
Governor	3,727,060	5,059,415		
Lieutenant Governor	4,053,511	9,112,926		
Defense	8,238,154	17,351,080		
Agriculture	11,662,596	29,013,676		
Human Resources Development	13,421,065	42,434,741		
Labor	16,180,581	58,615,322		
Taxation	16,819,374	75,434,696		
Business & Economic Development	19,045,534	94,480,230		
Attorney General	21,170,570	115,650,800	\$100 M	
Libraries	22,736,411	138,387,211		
Land & Natural Resources	24,503,102	162,890,313		
Accounting & General Services	78,311,005	241,201,318		
Public Safety	147,206,111	388,407,429		
Health	400,963,931	789,371,360		
UH (w/ Fixed Costs)	437,582,521	1,226,953,881		
B&F (Excl. UH / DOE Fixed Costs)	528,166,000	1,755,119,881		
Human Services	538,989,598	2,294,109,479		
Education (w/ Fixed Costs)	1,308,857,007	3,602,966,486		
Total	3,602,966,486			

Summary of % Reductions

Dept	FY03	Discretionary	2.00% Reduction	Add't 3% Reduction Target	Amount Towards Add't 3% Dept. Proposed	Total for 5% Target	Total for 5% Dept. Proposed
AGS	77,399,843	77,300,551	1,546,011	2,319,017	2,029,382	3,865,028	3,575,393
AGR	11,885,539	11,845,050	236,901	355,352	406,529	592,253	643,430
ATG	21,435,235	21,416,012	428,320	642,480	642,480	1,070,801	1,070,800
BUF	553,469,327	15,201,472	304,029	456,044	600,789	760,074	904,818
BED	19,429,855	19,420,660	388,413	582,620	582,620	971,033	971,033
CCA	-	-	-	-	-	-	-
DEF	8,195,355	7,552,039	151,041	226,561	402,482	377,602	553,523
EDN	1,325,595,986	723,559,187	14,471,184	21,706,776	21,706,776	36,177,959	36,177,960
HSLs	21,445,594	21,225,178	424,504	636,755	636,755	1,061,259	1,061,259
GOV	2,482,957	2,480,790	49,616	74,424	74,424	124,040	124,040
HHL	1,359,546	1,359,546	27,191	40,786	67,977	67,977	95,168
HTH	388,531,680	175,413,002	3,508,260	5,262,390	5,223,790	8,770,650	8,732,050
HRD	13,546,754	6,386,595	127,732	191,598	215,182	319,330	342,914
HMS	537,467,000	84,035,659	1,680,713	2,521,070	2,577,589	4,201,783	4,258,302
LBR	16,273,547	16,256,285	325,126	487,689	487,689	812,814	812,815
LNR	25,066,637	25,016,931	500,339	750,508	750,508	1,250,847	1,250,847
LTG	3,696,331	3,693,858	73,877	110,816	110,816	184,693	184,693
PSD	144,276,705	144,048,697	2,880,974	4,321,461	4,324,335	7,202,435	7,205,309
SUB	-	-	-	-	-	-	-
TAX	17,160,135	17,149,840	342,997	514,495	518,916	857,492	861,913
TRN	-	-	-	-	-	-	-
UOH	441,004,517	286,110,126	5,722,203	8,583,304	8,583,304	14,305,506	14,305,507
TOTAL	3,629,722,543	1,582,170,927	31,643,419	49,784,144	49,942,343	82,973,574	81,585,762
	Judiciary Total Budget	Judiciary 2% Target	Judiciary Response to Meet 5%	Add't 3% Reduction Target	Amount Towards Add't 3% JUD. Proposed	Total for 5% Target	Total for 5% Dept. Proposed
JUD	99,664,705	1,993,294	1,922,617	2,883,926	-	4,806,543	1,922,617

Departments 2% and 5% Reductions

<u>DEPARTMENT</u>	<u>Page Number</u>
• Department of Education	9 -20
• Department of Human Services	21
• Department of Public Safety	22
• University of Hawaii	23 - 24
• Department of Health	25
• Department of Budget and Finance	26
• Department of Accounting and General Services	27
• Department of Land and Natural Resources	28
• Department of Attorney General	29
• Department of Business, Economic Dev and Tourism	30
• Department of Taxation	31
• Department of Labor	32
• Department of Human Resources Development	33
• Department of Agriculture	34
• Department of Defense	35
• Office of the Lieutenant Governor	36
• Office of the Governor	37
• Department of Hawaiian Home Lands	38
• The Judiciary	39

Department of Education

2% Reductions (-\$14,471,184)

- Computer Education Program – Eliminate (-\$3,628,915)
- Summer School – Eliminate (-\$1,145,545)
- A+ After-school Program – Reduce (-\$3,464,418)
- English as a Second Language Program – Reduce (-\$3,620,728)
- Hawaiian Studies and Language Immersion – Reduce (-\$1,916,567)
- Frank DeLima’s School Enrichment Program – Eliminate (-\$75,000)
- Read to Me International – Eliminate (-\$200,000)
- Comp Ed. Drop-out Prevention Program – Eliminate (-\$162,000)
- Multicultural Language Arts Program – Eliminate (-\$185,000)
- World Youth Network International – Eliminate (-\$150,000)
- Maui Hui Malama – Eliminate (-\$104,406)
- Gifted and Talented Program – Reduce (-\$1,701,399)
- Fine Arts Resource Teachers Funding – Eliminate (-\$400,000)
- Principal/Vice-Principal Incentive Funding – Eliminate (-\$200,000)
- State and District Administration – Reduce (-\$206,876)
- Marine and Aquatic Education Program – Eliminate (-\$32,802)
- Instructional Materials – Reduce (-\$600,369)
- Personnel Recruitment – Reduce (-\$35,718)
- State and District School Administration Budget – Reduce (-\$206,876)

Department of Education (continued)

Additional 3% Reduction (-\$21,706,538)

Additional across-the-board reductions, including:

- Vocational Education Programs – Reduce (-\$2,713,163)
 - Future Homemakers of America
 - Industrial Arts Fair
 - School-to-Work Transition Centers
- Programs for “At-Risk” Youths – Reduce (-\$1,572,264)
 - School Mediation (Eliminate)
 - Comprehensive Positive Peer Prevention (Eliminate)
 - Momilani Elementary At-Risk (Eliminate)
 - Pregnant/Parenting Program (Reduce)
- State and District School Administration Budget – Reduce (-\$831,245)
- Curriculum Improvement Budget – Reduce (-\$1,011,026)

Impact:

Services to students will be significantly decreased negatively impacting student achievement and teacher morale. Drop-out, teen-pregnancy and drug-use rates will likely increase due to decreased preventative services. The Computer Education Program will close, as will Marine Education Programs, Enrichment Programs, and Summer School. School-to-Work, Leadership Programs, and Curriculum Improvement Efforts will be significantly reduced. A+ After School Program will increase fees to parents or close by March 2004.

Department of Education
Recommended Reduction for FY 03
Based on Current Service Budget FY 02

EDN	PROGRAM	TOTAL	2%	5%	% of Program
100	SCHOOL BASED BUDGETING				
	SCHOOL LUMP SUM BUDGET				
	BASIC NEEDS	306,383,316	-	-	0%
	FOUNDATION PROGRAM	1,627,633	-	-	0%
	CLASS SIZE REDUCTION	970,770	-	-	0%
	SCIENCE EQUIPMENT	692,030	-	-	0%
	MUSIC EQUIPMENT	516,040	-	-	0%
	GRADE SCHOOL PRIORITY FUND	1,964,217	-	-	0%
	INSTRUCTIONAL RES AUGMENTATION	21,588,940	-	-	0%
	SCHOOL PRIORITY FUND-CASH	7,636,306	-	-	0%
	ENVIRONMENTAL EDUCATION	244,808	-	-	0%
	PINS-BASIC SKILLS	2,912,418	-	-	0%
	PINS-STUDENT ACTIVITY COORDINATOR	635,107	-	-	0%
	PINS-INSTRUCTION & SUPPORT SERVICES-VPS	54,734	-	-	0%
	PINS-INSTRUCTION & SUPPORT SERVICES	2,244,957	-	-	0%
	SCHOOL ASSESSMENT LIAISONS	1,518,966	-	-	0%
	AEPL-SECONDARY	280,187	-	-	0%
	AEPL-ELEMENTARY	393,987	-	-	0%
	CORE LEARNING	11,190,130	-	-	0%
	COMPREHENSIVE SCHOOL ALIENATION PRGM	7,739,593	-	-	0%
	SCHOOL ADMINISTRATION	65,116,652	-	-	0%
	SCHOOL LIBRARIES	16,230,784	-	-	0%
	COUNSELING	19,885,297	-	-	0%
	STUDENT ACTIVITIES COORDINATION SERVICES	1,923,911	-	-	0%
	LUNCH AND BREAKFAST SUPERVISORS	1,565,180	-	-	0%

Department of Education
Recommended Reduction for FY 03
Based on Current Service Budget FY 02

EDN	PROGRAM	TOTAL	2%	5%	% of Program
100	COMPUTER EDUCATION	3,628,915	3,628,915	3,628,915	100.00%
	ESLL	9,051,821		3,620,728	40.00%
	VOCATIONAL & APPLIED TECHNOLOGY	5,696,288		2,278,515	40.00%
	INCENTIVE INNOVATIVE GRANTS	1,743,961	1,743,961	1,743,961	100.00%
	GIFTED & TALENTED	4,253,497		1,701,399	40.00%
	HAWAIIAN STUDIES	3,188,017		1,275,207	40.00%
	PARENT COMMUNITY NETWORKING CENTER	2,746,199		1,098,480	40.00%
	MIDDLE SCHOOL PROJECT	1,011,026	1,011,026	1,011,026	100.00%
	SUMMER SCHOOL	845,191	845,191	845,191	100.00%
	HCPS-STANDARDS RESOURCE DEVELOPMENT	1,867,592		747,037	40.00%
	HAWAIIAN LANGUAGE IMMERSION PROGRAM	1,603,399		641,360	40.00%
	INSTRUCTIONAL MATERIALS FOR REGULAR ED	2,500,000	660,369	600,816	24.03%
	LEARNING CENTERS	1,479,854		591,942	40.00%
	YOUTH CHALLENGE PROGRAM	1,043,833		417,533	40.00%
	NETWORKING SYSTEM	1,039,548		415,819	40.00%
	PREGNANT/PARENTING PROGRAM	955,043		382,017	40.00%
	GIRLS JV SPORTS	800,000		320,000	40.00%
	CASTLE HIGH GOLD CORE	311,747	311,747	311,747	100.00%
	SCHOOL TO WORK TRANSITION CENTERS	778,235		311,294	40.00%
	ATHLETICS (SUPPLIES & EQUIPMENT)	752,135		300,854	40.00%
	UNEMPLOYMENT INSURANCE	2,155,893		258,707	12.00%
	SMR PRGM FOR ENHANCEMENT OF BASIC ED	255,499	255,499	255,499	100.00%
	ATHLETICS (TRANSP. INTERSCH.)	556,447		222,579	40.00%
	ALTERNATIVE LEARNING CENTER	552,956		221,182	40.00%
	OTHER CURRICULUM IMPROVEMENTS	504,416		201,766	40.00%
	COMPREHENSIVE ELEM COUNSELING	501,239		200,496	40.00%
	READ TO ME INTERNATIONAL	200,000	200,000	200,000	100.00%
	LAHAINALUNA BOARDING DEPT	472,248		188,899	40.00%
	MULTICULTURAL LANGUAGE ARTS PROGRAM	185,000	185,000	185,000	100.00%

Department of Education
Recommended Reduction for FY 03
Based on Current Service Budget FY 02

EDN	PROGRAM	TOTAL	2%	5%	% of Program
100	COMP ED DROP-OUT PREVENTION (POS)	162,000	162,000	162,000	100.00%
	WORLD YOUTH NETWORK INTERNATIONAL	150,000	150,000	150,000	100.00%
	HCPS-SCHOOL ACCOUNTABILITY	330,130		132,052	40.00%
	FAMILIES FOR REAL	314,755		125,902	40.00%
	CAREER OPPORTUNITIES PROGRAM	310,415		124,166	40.00%
	IN-SCHOOL SUSPENSION	303,421		121,368	40.00%
	MAUI HUI MALAMA (POS)	104,406	104,406	104,406	100.00%
	HO'OLANA	100,000	100,000	100,000	100.00%
	SCIENCE EDUCATION	242,000		96,800	40.00%
	HEALTH CAREER ACADEMY	238,404		95,362	40.00%
	ARTISTS IN THE SCHOOLS	218,284		87,314	40.00%
	HAWAII ALTERNATIVE PROGRAM	215,640		86,256	40.00%
	STOREFRONT SCHOOL	209,347		83,739	40.00%
	LIONS QUEST	83,348		83,348	100.00%
	STRENGTHENING PAC AREA CONCERN IN ED	80,915	80,915	80,915	100.00%
	SPACE RELATED ACTIVITIES	79,996		79,996	100.00%
	FRANK DELIMA'S SCHOOL ENRICHMENT PROG.	75,000	75,000	75,000	100.00%
	PHILOSOPHY IN THE SCHOOLS	71,536	71,536	71,536	100.00%
	HILO HUKILIKE	170,795		68,318	40.00%
	AUDIOVISUAL CENTERS	161,524		64,610	40.00%
	CONSORTIUM TCHNG ASIA & PAC (CTAPS)	60,058	60,058	60,058	100.00%
	MAUI ALTERNATIVE PROGRAM	138,041		55,216	40.00%
	SUBSTITUTE SYSTEM	129,999		52,000	40.00%
	COMP POSITIVE PEER PREVENTION (SMILE)	51,683	51,683	51,683	100.00%
	STUDENT AWARDS	126,612		50,645	40.00%
	PACIFIC AND ASIAN AFFAIRS COUNCIL	47,609	47,609	47,609	100.00%
	CHALLENGER CENTER	222,409		47,000	21.13%
	HCPS- ASSESSMENT	114,717		45,887	40.00%
	HILO HIGH SCHOOL ALTERNATIVE PROGRAM	112,720		45,088	40.00%
	SUMMER ENRICHMENT EXTENSION	44,855	44,855	44,855	100.00%
	SCIENCE AND ENGINEERING FAIR	110,565		44,226	40.00%

Department of Education
 Recommended Reduction for FY 03
 Based on Current Service Budget FY 02

EDN	PROGRAM	TOTAL	2%	5%	% of Program
100	KONA HO'OPONOPONO	101,148		40,459	40.00%
	ARTMOBILE	93,535		37,414	40.00%
	PROJECT HEALTH START	32,400	32,400	32,400	100.00%
	KAUAI ALTERNATIVE PROGRAM	79,967		31,987	40.00%
	NANAIKAPONO COMM/SCH MUSEUM	70,464		28,186	40.00%
	PREGNANT TEEN CENTER-MAUI	66,448		26,579	40.00%
	STUDENT CONFERENCE	61,438		24,575	40.00%
	INTRAMURALS	60,016		24,006	40.00%
	DATA PROCESS SUPP (PUPIL RECORDS MODULE)	52,027		20,811	40.00%
	TRANSPORTATION FOR BAND	51,286		20,514	40.00%
	STATE/DISTRICT STUDENT COUNCIL	49,446		19,778	40.00%
	MOLOKAI ALTERNATIVE PROGRAM	49,096		19,638	40.00%
	ATHLETICS (TRANSP. SPEC. MAUI)	47,862		19,145	40.00%
	MOMILANI ELEMENTARY AT RISK	19,120	19,120	19,120	100.00%
	VOCATIONAL INDUSTRIAL CLUBS OF AMERICA	47,600		19,040	40.00%
	MARINE & AQUATIC EDUCATION	18,002	18,002	18,002	100.00%
	YOUTH LEADERSHIP PROJECT	45,000		18,000	40.00%
	MASTERY IN LEARNING	16,810	16,810	16,810	100.00%
	KEAKEALANI	97,984		16,475	16.81%
	FUTURE FARMERS OF AMERICA	38,586		15,434	40.00%
	DISTRIBUTIVE EDUCATION CLUB OF AMERICA	37,038		14,815	40.00%
	AQUACULTURE EDUCATION	14,800	14,800	14,800	100.00%
	FUTURE HOMEMAKERS OF AMERICA	36,268		14,507	40.00%
	SCHOOL MEDIATION	13,586	13,586	13,586	100.00%
	STATEWIDE TESTING	31,783		12,713	40.00%
	MOLOKAI/LANAI STUDENT ACTIVITIES	31,307		12,523	40.00%
	JUNIOR VICA	30,000		12,000	40.00%
	CONFLICT MANAGEMENT	11,116	11,116	11,116	100.00%
	OLOMANA YOUTH CENTER	592,493		6,902	1.16%
	OLOMANA SCHOOL	986,645		6,676	0.68%
	SISTER STATE STUDENT EXCHANGE	15,000		6,000	40.00%

Department of Education
Recommended Reduction for FY 03
Based on Current Service Budget FY 02

EDN	PROGRAM	TOTAL	2%	5%	% of Program
100	MAUI INTER SCHOOL LEADERSHIP COUNCIL	11,233		4,493	40.00%
	INDUSTRIAL ARTS FAIR	8,331		3,332	40.00%
	ART EXHIBIT	8,331		3,332	40.00%
	OLOMANA HALE HOOMALU	125,561		238	0.19%
	TOTAL-EDN100		9,915,604	27,320,732	
EDN	PROGRAM	TOTAL	2%	5%	% of Program
150	COMPREHENSIVE SCHOOL SUPPORT				
	SPECIAL EDUCATION SERVICES				
	SPECIAL EDUCATION IN REGULAR SCHOOLS	84,755,574	-	-	0%
	SPECIAL EDUCATION-FELIX	3,689,675	-	-	0%
	HAWAII CENTER FOR THE DEAF AND BLIND	2,166,697	-	-	0%
	HAWAII CENTER FOR THE DEAF&BLIND-FELIX	198,884	-	-	0%
	POHUKAINA	661,303	-	-	0%
	JEFFERSON ORTHOPEDIC UNIT	312,218	-	-	0%
	SPECIAL EDUCATION SUMMER SCHOOL	2,148,759	-	-	0%
	ATTORNEY & RELATED FEES	700,000	-	-	0%
	CONTRACTED SPECIAL ED SERVICES	969,816	-	-	0%
	TRANSITION SERVICES	1,724,811	-	-	0%
	OCCUPATIONAL SKILLS LEARNING CENTER	109,852	-	-	0%
	STUDENT SUPPORT SERVICES				
	COUNSELING-FELIX	3,644,117	-	-	0%
	SCHOOL-BASED SERVICES EA	3,252,937	-	-	0%
	RESOURCE TEACHERS-FELIX	1,873,956	-	-	0%
	PRIMARY PREVENTION/INTERVENTION-FELIX	5,964,696	-	-	0%
	CONTRACT EVALUATION SVCS-FELIX	1,740,000	-	-	0%
	SEC 504 STWD IMPLEMENTION-FELIX	67,768	-	-	0%
	STUDENT SERVICES COORDINATORS-FELIX	9,888,123	-	-	0%
	INSTRUCTION FOR PREGNANT ADOLESCENTS	134,528	-	-	0%
	HOME/HOSPITAL INSTRUCTION	1,681,756	-	-	0%

Department of Education
Recommended Reduction for FY 03
Based on Current Service Budget FY 02

EDN	PROGRAM	TOTAL	2%	5%	% of Program
150	HOME/HOSPITAL INSTRUCTION	1,681,756	-	-	0%
	PRIVATE AGENCY CLASSES				
	SPECIAL OLYMPICS (GIA)	128,925	-	-	0%
	ED ASSESS AND PRESCRIPTIVE SERVICES				
	DISTRICT DIAGNOSTIC SERVICES	16,965,699	-	-	0%
	DIAGNOSTIC SERVICES-FELIX	427,191	-	-	0%
	CONTRACTED DIAGNOSTIC SERVICES	353,583	-	-	0%
	SUMMER RECALL SERVICES	1,373,364	-	-	0%
	OCCUPATIONAL/PHYSICAL THERAPY	2,747,345	-	-	0%
	STAFF DEVELOPMENT				
	TRAINING & RETENTION-FELIX	2,136,604	-	-	0%
	PROJECT RISE	317,810	-	-	0%
	PROJECT RISE-FELIX	1,982,672	-	-	0%
	SPECIAL EDUCATION EA TRAINING-FELIX	407,489	-	-	0%
	ADMINISTRATIVE SERVICES				
	STUDENT SUPPORT SERVICES GROUP-ADMIN	192,269	-	-	0%
	STUDENT SUPPORT SECTION	485,449	-	-	0%
	CSSS SUPPORT SYSTEM-FELIX	110,524	-	-	0%
	SECTION 504 IMPLEMENTATION-FELIX	395,358	-	-	0%
	SPECIAL EDUCATION	374,562	-	-	0%
	FELIX ADMINISTRATION	1,020,856	-	-	0%
	COMPLAINTS MANAGEMENT PROGRAM	64,811	-	-	0%
	FELIX MANAGEMENT INFORMATION SYSTEM	1,266,627	-	-	0%
	FELIX RESPONSE PLAN				
	FRP-RECRUITMENT AND RETENTION INCENTIVE	15,800,000	-	-	0%
	FRP-EXTENDED SCHOOL YEAR	3,030,000	-	-	0%
	FRP-ISPED	518,000	-	-	0%
	FRP-SCHOOL BASED SERVICES	236,501	-	-	0%
	FRP-MAUI DISTRICT	58,000	-	-	0%
	FRP-SERVICES FOR CHILDREN WITH AUTISM	2,460,000	-	-	0%
	FRP-TRAINING AND LICENSING	1,055,000	-	-	0%
	FRP-ACADEMY	704,940	-	-	0%
	FRP-EDUCATIONAL ASSISTANTS	4,700,000	-	-	0%

Department of Education
Recommended Reduction for FY 03
Based on Current Service Budget FY 02

EDN	PROGRAM	TOTAL	2%	5%	% of Program
	FRP-EDUCATIONAL ASSISTANTS	4,700,000	-	-	0%
	FRP-RELATED SUPPORT SERVICES	14,691,547	-	-	0%
	SCHOOL BASED MENTAL HEALTH SERVICES				
	SCHOOL BASED MENTAL HEALTH SERVICES	21,510,474	-	-	0%
	TOTAL-EDN 150	221,201,070	-	-	0%
200	INSTRUCTIONAL SUPPORT EDN 200				
	HAW CONTENT/PERFORM STAND-ASSESSMENT	1,462,750	69,015	233,908	15.99%
	TELESCHOOL	2,500,296	27,570	165,713	6.63%
	SCH IMPROV/COMM LEADERSHIP GROUP-ADMIN	512,460	53,853	93,722	18.29%
	PLANNING & EVALUATION	1,412,567	48,551	84,495	5.98%
	SCHOOL RENEWAL GROUP	1,880,632	19,854	36,332	1.93%
	DISTRICT RESOURCE SVCS-ESLL	1,368,912	11,492	20,000	1.46%
	LEADERSHIP DEVELOPMENT	215,546	10,728	18,670	8.66%
	NCEE-BASED READING PROGRAM	317,271		17,137	5.40%
	ACCREDITATION/SCHOOL IMPROVEMENT	159,580	8,838	15,732	9.86%
	INSTITUTES & WORKSHOPS-CERTIFICATED	59,316	7,161	13,412	22.61%
	SCHOOL LIBRARY MATERIALS PROCESSING CTR	270,970	7,453	12,971	4.79%
	SYSTEMS GROUP-ADMIN	330,804	6,104	10,623	3.21%
	LITERACY	1,130,260	5,573	9,699	0.86%
	TEACHER EDUCATION-KAUAI DISTRICT	80,445		9,641	11.98%
	INSTRUCTIONAL DEVELOPMENT-ADMIN SVCS	307,430	3,430	8,420	2.74%
	HAW CONTENT & PERFORM STAND-TRAINING	1,237,250		7,341	0.59%
	DISTRICT RESOURCE SVCS-HAWAIIAN STUDIES	53,596		6,424	11.99%
	SCHOOL LIBRARY SERVICES	287,850	2,921	5,084	1.77%
	EDUCATIONAL CABLE CHANNEL	32,393	1,332	5,055	15.61%
	TEACHER EVALUATION PATH	54,829	170	2,256	4.11%
	COOPERATIVE/HOST TEACHER TRAINING	15,556	241	2,077	13.35%
	TOTAL-EDN 200		284,286	778,712	

Department of Education
Recommended Reduction for FY 03
Based on Current Service Budget FY 02

EDN	PROGRAM	TOTAL	2%	5%	% of Program
300	STATE AND DISTRICT ADMINISTRATION EDN 300				
	COMPREHENSIVE HUMAN RESOURCE SYSTEM	1,800,000		215,732	11.99%
	ADMINISTRATIVE SERVICES (OBS)	3,253,606	4,525	96,353	2.96%
	CRIMINAL HISTORY CHECK	800,770	5,549	86,771	10.84%
	FINANCIAL MANAGEMENT SERVICES	718,760	7,149	82,849	11.53%
	SCHOOL ADMINISTRATOR TRAINING PROGRAM	2,412,719	25,877	68,862	2.85%
	REPROGRAPHIC SERVICES	1,014,569	13,738	64,458	6.35%
	INFORMATION RESOURCES MANAGEMENT	1,431,848	10,645	64,384	4.50%
	PERSONNEL RECRUITMENT	156,267	35,718	50,166	32.10%
	INFORMATION SYSTEMS SERVICES	2,142,449	6,954	46,743	2.18%
	INTERNAL AUDIT	338,509	142	33,547	9.91%
	PERSONNEL SERVICES	4,408,871	7,683	18,734	0.42%
	BLOOD PATHOGEN CONTROL	150,000		17,978	11.99%
	ADMINISTRATION MAUI DISTRICT	409,317	12,788	16,769	4.10%
	FACILITIES AND SUPPORT SERVICES	712,730	11,007	16,527	2.32%
	BUSINESS/EDUCATION PARTNERSHIPS	183,602	10,854	13,851	7.54%
	SUPERINTENDENT'S OFFICE	619,188	5,699	13,795	2.23%
	NETWORK SUPPORT SERVICES	1,096,574	4,788	13,188	1.20%
	OFFICE OF INFO & TECH-GENERAL DIRECTION	61,938	5,888	12,606	20.35%
	CURRICULUM HAWAII	41,797	7,828	11,606	27.77%
	ADMINISTRATION CENTRAL DISTRICT	497,970	565	10,460	2.10%
	COLLECTIVE BARGAINING ADMINISTRATION	110,954	3,866	9,221	8.31%
	EQUAL EMPLOY/OPPOR AFFIRMATIVE ACTION	97,404	4,038	8,257	8.48%
	DUPLICATING SERVICES	53,482	1,057	7,340	13.72%
	ADMINISTRATION HAWAII DISTRICT	488,621	3,851	6,825	1.40%
	ADMINISTRATION KAUAI DISTRICT	189,537	5,702	6,728	3.55%
	BUDGET	930,043	3,416	6,717	0.72%
	ADMINISTRATION LEEWARD DISTRICT	348,172	625	6,055	1.74%
	ADMINISTRATION HONOLULU DISTRICT	313,307	750	5,700	1.82%
	CURRICULUM MAUI	14,121	2,793	4,151	29.40%

Department of Education
Recommended Reduction for FY 03
Based on Current Service Budget FY 02

EDN	PROGRAM	TOTAL	2%	5%	% of Program
300	ADMINISTRATION WINDWARD DISTRICT	255,278	310	2,988	1.17%
	CURRICULUM HONOLULU	24,862	935	2,936	11.81%
	SERVICE AND MERIT AWARDS	18,172	464	2,586	14.23%
	PBRD-ADMIN (OIT)	145,534		2,397	1.65%
	PUBLIC AFFAIRS-ADMIN (OHR)	140,266		2,397	1.71%
	CURRICULUM CENTRAL	17,617	40	2,147	12.19%
	CURRICULUM WINDWARD	10,875	238	1,513	13.91%
	CURRICULUM LEEWARD	10,769	188	1,456	13.52%
	CIVIL RIGHTS COMPLIANCE OFFICE	217,842	714	1,400	0.64%
	BUSINESS SERVICES	134,084	390	794	0.59%
	CURRICULUM KAUAI	3,362	102	493	14.66%
	CLASS/COMP APPEALS BOARD	2,844		341	11.99%
	PROTOCOL FUND	2,500		300	12.00%
	TOTAL-EDN300		206,876	1,038,121	
400	SCHOOL SUPPORT EDN 400				
	TELECOMMUNICATION CHARGES FOR SCHOOLS	617,280		154,320	25.00%
	AUXILIARY SERVICES-OAHU	2,444,505		98,208	4.02%
	DISPOSAL OF HAZARDOUS MATERIALS	473,062		56,361	11.91%
	FOOD SERVICES	11,944,096		13,522	0.11%
	STATE ADMINISTRATION	369,974		4,221	1.14%
	SCHOOL INSPECTION	100,611		1,756	1.75%
	STATE ADMINISTRATION SERVICES	568,916		697	0.12%
	TOTAL-EDN400		-	329,085	
500	SCHOOL COMMUNITY SERVICES EDN 500				
	AFTERSCHOOL (A+) PROGRAM	11,187,660	3,464,418	3,932,333	35.15%
	SCHOOL LEVEL ADMINISTRATION	5,327,924		2,131,170	40.00%

Department of Education
 Recommended Reduction for FY 03
 Based on Current Service Budget FY 02

EDN	PROGRAM	TOTAL	2%	5%	% of Program
500	STATE ADMINISTRATIVE SERVICES	119,520		47,808	40.00%
	TOTAL-EDN500		3,464,418	6,111,311	
	Department Total		13,871,184	35,577,960	
	<i>REDUCTIONS TO ACTS OUTSIDE THE BUDGET (Act 259/01)</i>				
	Principal/V.Principal Incentive Program Act 256, SLH 2001		200,000	200,000	
	Fine Arts Resource Teachers Act 306, SLH 2001		400,000	400,000	
	GRAND TOTAL REDUCTIONS		14,471,184	36,177,960	

Human Services

2% Reduction (-\$1,680,713)

- Assistance to the Aged, Blind and Disabled (AABD) – Reduce funds (-\$1,680,713)

Additional 3% Reduction (-\$2,577,589)

- Youth Services Centers – Restrict Act 253, SLH 2001 appropriation for (-\$1,000,000)
- Blueprint for Change – Eliminate the Grant-in-Aid (-\$421,161)
- Parents and Children Together – Eliminate the GIA (-\$242,499)
- Good Beginnings Alliance – Eliminate the GIA (-\$300,000)
- Ka Lima Kokua, Inc. – Eliminate the GIA (-\$75,000)
- Hale Mahaolu – Eliminate GIA (-\$90,000)
- EBT Designs and Development Services – Reduce funds (-\$198,988)
- Child Care Services for Training and Scholarships for Pre-school Teachers – Eliminate funds (-\$249,941)

Impacts:

There will be a severe decrease in many of Human Services' prevention and diversion programs. The greatest impact will likely be felt by at-risk youth, possibly resulting in increased costs for the Hawaii Youth Correctional Facility. Enhancement of early developmental programs will also be restricted.

Public Safety

2% Reduction (-\$2,880,974)

- Payroll - Reduce funds (-\$331,515)
- 13 Various Positions – Delete funds (-\$322,201)
- Oahu Community Corrections Center’s J-Block Expansion – Delete funds (-\$1,329,658)
- Miscellaneous Expenses – Reduce funds (-\$897,000)

Additional 3% Reduction (-\$4,324,126)

- Out-of-State Inmates – Reduce funds for 160 beds (-\$1,762,266)
- Federal Detention Beds – Reduce funds for 50 Beds (-\$985,500)
- State Libraries Security – Eliminate funds for 9.5 Security Positions and Contract (-\$672,636)
- State Hospital Security – Eliminate funds for 12 Perimeter Security (-\$250,895)
- Waimano Home Hospital Security – Eliminate funds for 7 Security Positions (-\$179,133)
- State Department of Defense – Reduce funds for 4 Security Positions at Diamond Head (-\$84,489)
- Substance Abuse Treatment Services for the Neighbor Islands – Eliminate funds (-\$172,207)
- Treatment Services & Job Development for Parolees – Eliminate funds (\$-217,000)

Impact:

- Eliminating Security for the State Hospital, State Health Laboratory at Waimano, the State buildings in the Civic Center Complex, and Department of Defense installation will create potential for increased incidents of property damage and injury at the facilities, and escapes from the State Hospital.
- The loss of bed space at mainland facilities would force inmates to be returned to Halawa Correctional Facility or Oahu Community Correctional Center. The facilities are already at or near their operating capacity. To avoid a possible Consent Decree, an early release program would have to be implemented.

University of Hawaii

2% Reduction (-\$5,722,203)

- UH-Manoa – Reduce funds (-\$3,567,389)
- UH-Hilo – Reduce funds (-\$381,021)
- Small Business Development – Reduce funds (-\$10,610)
- UH-West Oahu – Reduce funds (-\$51,347)
- Community Colleges – Reduce funds (-\$1,403,008)
- Aquarium – Reduce funds (-\$8,445)
- University-Wide Administration – Reduce funds (-\$300,383)

University of Hawaii (continued)

Additional 3% Reduction (-\$8,583,304)

- UH-Manoa – Reduce funds (-\$5,285,755)
- UH-Hilo – Reduce funds (-\$567,154)
- Small Business Development – Reduce funds (-\$15,794)
- UH-West Oahu – Reduce funds (-\$76,431)
- Community Colleges – Reduce funds (-\$2,008,394)
- Aquarium – Reduce funds (-\$12,571)
- University-Wide Administration – Reduce funds (-\$537,205)

Impact:

While the University has not identified specific reductions, for perspective, the University spends:

- approximately \$57,000 for a professor's salary
- approximately \$30,000 for a secretary's salary
- \$8.6 million is 150 professors or 287 secretaries
- the FY00 deferred Repair and Maintenance list was \$167 million

Health

2% Reduction (-\$3,508,260)

- Developmental Disabilities Home and Community-Based Medicaid Waiver Program – Reduce funds (-\$3,008,260)
- Grants for Wahiawa General Hospital – Reduce funds (-\$500,000)

Additional 3% Reduction (-\$5,237,790)

- Substance Abuse Service Contracts for Criminal Justice Offenders – Reduce funds (-\$2,192,698)
- Grant to Wahiawa General Hospital – Reduce funds (-\$250,000)
- State Health Planning & Development Agency (SHPDA) – Eliminate (8) filled positions and funds (-\$271,660)
- Felix Court Monitor – Reduce funds (-\$150,000)
- Maui Dental Clinic – Eliminate funds (-\$149,500)
- Hawaii Intergenerational Network Grant – Eliminate funds (-\$100,000)
- Developmental Disabilities Home and Community-Based Medicaid Waiver Program – Reduce funds (-\$2,132,932)

Impact:

The absence of substance abuse treatment will eliminate the possibility of treatment for approximately 240 criminal justice offenders, which may lead to increased incarceration and recidivism rates.

Budget and Finance

2% Reduction (-\$304,029)

- Public Utilities Commission – Delete (1) Enforcement Officer, (1) Engineer IV and (1) Auditor IV (-\$116,749)
- Budget Planning & Management Division – Reduce Overtime (-\$35,896)
- Financial Administrative Division – Reduce funds for Arbitrage Expenses (-\$72,432)
- Departmental Administrative Program – Delete (1) Program Budget Analyst IV (-\$31,965)
- Hawaii Public Employees Health Fund – Reduce Overtime, Office Supplies and Postage Expenses (-\$12,739)
- Office of the Public Defender – Delete (1) Clerk Steno III and (1) Legal Steno II (-\$34,248)

Additional 3% Reduction (-\$600,789)

- Bishop Museum Subsidy – Eliminate funds (-\$600,789)

Impact:

Deletion of Bishop Museum's annual appropriation will severely curtail the Bishop Museum's ability to continue at its normal operating level, and result in lost jobs, reduced ability to obtain grants and possibly a divesting of part of its collection.

Accounting and General Services

2% Reduction (-\$1,546,011)

- Office Leasing Expenses – Reduce funds (-\$430,000)
- Electricity – Reduce funds (-\$439,510)
- Repair and Maintenance of Public School Facilities – Reduce funds (-\$470,498)
- Miscellaneous Expenses – Reduce funds (-\$206,003)

Additional 3% Reduction (-\$2,029,382)

- Repair and Maintenance of Public School Facilities – Reduce funds further (-\$2,029,382)

Impact:

The Repairs and Maintenance program will have to reduce the number of general funded projects. This translates into deferring between 80-90 projects, based on an average of \$25,000 per project. The program requires \$10-12 million annually to accomplish repairs that are not eligible for funding through the general obligation bond funds (capital improvement program). This includes painting, termite treatment, and replacement of carpeting in public schools.

Land and Natural Resources

2% Reduction (-\$500,339)

- Bureau of Conveyances – Convert Program from General Funds to Special Funds (-\$194,604)
- All Programs – Miscellaneous Expenses – Reduce funds (-\$305,735)

Additional 3% Reduction (-\$750,508)

- Conservation & Resources Enforcement – Suspend Marijuana Eradication (-\$350,000)
- Prevention of Natural Disasters – Convert (2) Positions to Federal Funds and reduce Misc. Expenses (\$-72,429)
- State Parks – Mo’okini Luakini Heiau Grant-in-Aid – Eliminate funds (-\$100,000)
- State Parks – Return responsibility for Maintenance of Kakaako Waterfront Park to the Hawaii Community Development Authority – Eliminate funds (-\$100,000)
- State Parks – Close the Ewa half of Sand Island State Park – Reduce funds (-\$60,844)
- State Parks – Miscellaneous Expenses and Payroll – Reduce funds (-\$69,711)

Impact:

Elimination of all marijuana eradication efforts on State land. Reduced funding will impact maintenance, public access and hours of operation of State Parks. The recreational needs of the community as well as tourists will be impacted.

Attorney General

2% Reduction (-\$428,320)

- Litigation Expenses – Reduce funds (-\$290,421)
- Counties' Career Criminal & Victim Assistance Programs – Reduce funds (-\$46,369)
- Witness Security – Reduce funds (-\$3,178)
- Justice Assistance's Anti-Drug – Reduce funds to Match the Federal Byrne Grant (-\$5,549)
- Repair and Maintenance for Juvenile Justice Information System – Reduce (-\$11,860)
- Criminal Justice Information and Identification Technology – Reduce Repair and Maintenance (-\$29,446)
- Child Support Enforcement Agency – Reduce Payroll (-\$34,770)
- Research and Prevention's – Reduce Miscellaneous Expenses (-\$6,727)

Additional 3% Reduction (-\$642,480)

- Eliminate the Statewide Sex Offender Registration Program – Delete (2) Clerk-Typists (-\$44,376)
- Eliminate the Missing Child Center Program (MCCP) – Reduce funds (-\$91,460)
- Counties' Career Criminal & Victim Assistance Program – Reduce funds further by (-\$454,489)
- Child Support Enforcement – Reduce Miscellaneous Expenses (-\$52,155)

Impact:

The Sex Offender Registration Program is required for compliance with Federal law. If eliminated, Hawaii would be the only state in the nation without a registration system. Unless the Counties can find additional resources for the Victim Witness Assistance Program then 11.5 positions will be eliminated (6 Honolulu, 2.5 Hawaii, 2 Maui, 1 Kauai). Without the MCCP, law enforcement in Hawaii and from outside the state will have more difficulty investigating and recovering missing children.

Business, Economic Development & Tourism

2% Reduction (-\$388,413)

- Business Development & Marketing: Out-of-State Offices, Marketing & Business Attraction, Product and Service Industry Support – Reduce funds (-\$50,000)
- Business Services Division – Payroll and Promotions – Reduce funds (-\$33,953)
- Hawaii Community Services Council – Grant-in-Aid – Eliminate funds (-\$50,000)

Additional 3% Reduction (-\$582,620)

- Energy Efficiency, Renewable Energy and Energy Emergency Preparedness – Reduce funds (-\$63,457)
- Clean Hawaii Center – Eliminate funding (-\$45,000)
- Rental Assistance Services: Rent Supplement Payment – Reduce funds (-\$339,936)

Impact:

Fewer resources to help diversify the economy by assisting Hawaii businesses to expand markets and attract investment. The Energy Program will be forced to pull back on support for renewable energy, energy efficiency and energy emergency preparedness. Eliminating the Clean Hawaii Center will decrease activities in recycling and remanufacturing assistance and market development. Rental Supplement Payment reduction will impact 230 families.

Taxation

2% Reduction (-\$342,997)

- Document Processing Branch – Postage and Data Entry Services – Reduce funds (-\$65,273)
- Office of the Director – Printing Costs, Repair and Maintenance Contract, Subscriptions – Reduce funds (-\$95,149)
- Office of the Director – Integrated Tax Information Management System – Reduce funds (-\$97,308)
- Office of the Director – Overtime Expenses – Reduce funds (-\$85,267)

Additional 3% Reduction (-\$518,916)

- Compliance Division Hawaii Branch – Delete 2 Auditor IV (-\$50,976)
- Compliance Division Kauai Branch – Delete 2 Auditor IV (-\$50,976)
- Compliance Division Maui Branch – Delete 1 Auditor IV (-\$20,088)
- Compliance Division Enforcement Hawaii in Kona – 1 Tax Clerk; 1 DTCA I; Hawaii 6 DTCA I (-\$216,504)
- Compliance Division Enforcement in Kauai – 3 DTCA I (-\$78,636)
- Compliance Division Enforcement in Molokai, 1 Tax Clerk; Maui, 3 DTCA 1 (-\$101,736)

Impact:

The Molokai and Captain Cook (Kona) offices will be closed with a reduction in force of 3 filled positions. The offices in Hilo, Lihue, and Wailuku will operate as field offices with no counter customer services. Customer services will be available from Oahu via toll-free telephone, fax, and email. The loss of revenue is projected to be \$2.4 million, which is more than the reduction.

Sixteen of the twenty positions identified for elimination are currently filled.

Labor

2% Reduction (-\$325,126)

- Purchase of Service Contracts – Reduce funds (-\$150,000)
- Vacant Clerk Typist – Reduce funds (-\$8,111)
- Vacant Secretary – Reduce funds (-\$10,710)
- Vacant Hearings Officer – Reduce funds (-\$45,804)
- Vacant Staff Attorney – Reduce funds (-\$6,960)
- Vacant Enforcement Specialist – Reduce funds (-\$31,176)
- Two Vacant OSHCO Supervisors – Reduce funds (-\$20,202)

Additional 3% Reduction (-\$487,688)

- Purchase of Service contracts – Reduce funds (-\$150,000)
- Hawaii Civil Rights Division – Delete 3 filled Enforcement Positions (-\$112,558)
- Occupational Safety and Health Division – Delete 7 filled Positions (-\$112,567)
- Apprenticeship Program – Delete 3 filled Positions (-\$112,563)

Impact:

Significant loss of Federal matching funds. Enforcement of Equal Employment Opportunity and Civil Rights Laws will be compromised. One-hundred less violations of fair labor practices will be investigated per year. Staff caseload will be increased by 50% or more. Employment and Training Services to the disabled and unemployed will be significantly reduced.

Human Resource Development

2% Reduction (-\$127,732)

- Recruitment and Examination Division – Reduce overtime expenses (-\$3,988)
- Recruitment and Examination Division – Delete position Personal Management Specialist II
- Training and Safety Division – Abolish In-Service Training Revolving Fund (-\$100,000)
- Labor Relations Division – Delete position Personal Program Officer
- Merits Appeals Board – Delete Secretary IV (-\$42,300)
- Departmental Administration – Delete Planning Program Administrator (-\$81,444)

Additional 3% Reduction (-\$215,182)

- Resource for Employee Assistance and Counseling Help (REACH) – Reduce funds (-\$128,000)
- Unidentified Expenses – Reduce funds (-\$87,182)

Impact:

The reduction of \$128,000 will eliminate the REACH program. The REACH is essential to the health and safety of the public and state employees as it provides counseling for troubled state employees who need help in dealing with personal problems affecting work performance.

Agriculture

2% Reduction (-\$236,901)

- Plant Pest Control Branch – Delete (1) General Laborer II (-\$22,920)
- Plant Industry Division – Reduce Payroll (-\$12,714)
- Veterinary Laboratory Branch – Reduce Payroll (-\$21,900)
- Agriculture Commodities Branch – Delete (1) Marketing Specialist and (1) Clerk Typist (-\$61,092)
- Aquaculture Development – Reduce Payroll (-\$29,259)
- Agriculture Research – Reduce Payroll (-\$9,112)
- Agriculture Development and Marketing – Delete (1) Marketing Specialist (-\$31,716) and Reduce Payroll (-\$9,657)
- General Administration – Reduce Payroll (-\$18,749)
- Pesticides – Reduce Payroll (-\$19,782)

Additional 3% Reduction (-\$406,529)

- Measurement Standards Program – Eliminate the Program – Reduce (17) Permanent Positions (14 of which are currently filled) and (-\$406,529).

Impact:

No independent calibration of scales, verification of taxi meter accuracy, verification of accuracy of gasoline dispensed at pumps, verification of accuracy of gasoline octane claims, verification of consumer labeling accuracy. Calibration of equipment would have to be done by mainland agencies.

Defense

2% Reduction (-\$236,901)

- Departmental Administration – Reduce Payroll (-\$47,936)
- Hawaii Army National Guard – Reduce Payroll (-\$34,088)
- Hawaii Air National Guard – Reduce Payroll (-\$16,747)
- Civil Defense – Reduce Payroll (-\$29,311)
- Office of Veterans Affairs – Reduce Payroll (-\$29,959)

Additional 3% Reduction (-\$402,482)

- Eliminate Counseling Services for the Office of Veteran Services – Delete (9) Permanent Positions (8 of which are currently filled) (-\$402,482)

Impact:

There will be no State advocate to help Hawaii's veterans. Veterans will be forced to apply for service-connected disability benefits and pensions due to non-service connected conditions, medical, educational, vocational rehabilitation, and burial benefits. The elimination of the program will result in the loss of assurance that Veterans are aware of and receiving the benefits to which they are entitled. The elimination of the program will also result in poor coordination of Veteran Services.

Lt. Governor's Office

2% Reduction (-\$73,877)

- Salaries, Travel and Other Miscellaneous costs - Reduce funds (-\$73,877)

Additional 3% Reduction (-\$184,693)

- Eliminate the Office of Information Practices (-\$146,925)
- Hilo Home-Porting – Reduce funds (-\$37,768)

Impacts:

- Services currently provided by the Office of Information Practices (OIP) would cease. The OIP's objectives include ensuring public access to government records, protecting the privacy interests of government records, and ensuring that meetings of Boards and Commissions are appropriately kept open to the public.
- The decrease in funds for Hilo Home-Porting Project which is intended to identify obstacles and find solutions to allow for a cruise ship to be home ported in Hilo.

Office of the Governor

2% Reduction (-\$49,616)

- (1) Private Secretary Position – reduce funds (-\$49,616)

Additional 3% Reduction (-\$74,424)

- Payroll – Reduce funds (-\$74,424)

Impact:

The reductions will decrease the office resources for the next governor in a manner that cannot be determined at this point and will depend on the structure and priorities of the next Governor.

Hawaiian Home Lands

2% Reduction (-\$27,919)

- Postage for Notices to Beneficiaries – Reduce funds (-\$27,919)

Additional 3% Reduction (-\$67,977)

- (2) Positions, (1) Land Agent V position and (1) Water System Maintenance Helper Position - Convert the Means of Financing (-\$67,977)

Impact:

Reduces Hawaiian Home Lands' resources to provide direct benefits to the beneficiaries. Department of Hawaiian Home Lands special fund will need to absorb fringe benefit costs of (-\$18,548).

Judiciary

1.93% Reduction (-\$1,922,617)

- All Payroll – Reduce funds (-\$1,421,327)
- Purchases of Service – Reduce funds (-\$276,582)
- Per diem Judges – Reduce funds (-\$224,708)

Impact:

Reduction in payroll equivalent to reducing (17) positions, all of which are currently filled. Reduction of funds for purchases of service would affect areas such as: domestic violence services, substance abuse treatment services for adults and juveniles, sex offender treatment services, shelter and residential services for juveniles, and mediation services. Reduction of funds for per diem Judges equivalent to the elimination of approximately two full-time per diem Judges.

Summary of % Reductions

Dept	FY03	Discretionary	2.00% Reduction	Add't 3% Reduction Target	Amount Towards Add't 3% Dept. Proposed	Total for 5% Target	Total for 5% Dept. Proposed
AGS	77,399,843	77,300,551	1,546,011	2,319,017	2,029,382	3,865,028	3,575,393
AGR	11,885,539	11,845,050	236,901	355,352	406,529	592,253	643,430
ATG	21,435,235	21,416,012	428,320	642,480	642,480	1,070,801	1,070,800
BUF	553,469,327	15,201,472	304,029	456,044	600,789	760,074	904,818
BED	19,429,855	19,420,660	388,413	582,620	582,620	971,033	971,033
CCA	-	-	-	-	-	-	-
DEF	8,195,355	7,552,039	151,041	226,561	402,482	377,602	553,523
EDN	1,325,595,986	723,559,187	14,471,184	21,706,776	21,706,776	36,177,959	36,177,960
HSLs	21,445,594	21,225,178	424,504	636,755	636,755	1,061,259	1,061,259
GOV	2,482,957	2,480,790	49,616	74,424	74,424	124,040	124,040
HHL	1,359,546	1,359,546	27,191	40,786	67,977	67,977	95,168
HTH	388,531,680	175,413,002	3,508,260	5,262,390	5,223,790	8,770,650	8,732,050
HRD	13,546,754	6,386,595	127,732	191,598	215,182	319,330	342,914
HMS	537,467,000	84,035,659	1,680,713	2,521,070	2,577,589	4,201,783	4,258,302
LBR	16,273,547	16,256,285	325,126	487,689	487,689	812,814	812,815
LNR	25,066,637	25,016,931	500,339	750,508	750,508	1,250,847	1,250,847
LTG	3,696,331	3,693,858	73,877	110,816	110,816	184,693	184,693
PSD	144,276,705	144,048,697	2,880,974	4,321,461	4,324,335	7,202,435	7,205,309
SUB	-	-	-	-	-	-	-
TAX	17,160,135	17,149,840	342,997	514,495	518,916	857,492	861,913
TRN	-	-	-	-	-	-	-
UOH	441,004,517	286,110,126	5,722,203	8,583,304	8,583,304	14,305,506	14,305,507
				-			
TOTAL	3,629,722,543	1,582,170,927	31,643,419	49,784,144	49,942,343	82,973,574	81,585,762
	Judiciary Total Budget	Judiciary 2% Target	Judiciary Response to Meet 5%	Add't 3% Reduction Target	Amount Towards Add't 3% JUD. Proposed	Total for 5% Target	Total for 5% Dept. Proposed
JUD	99,664,705	1,993,294	1,922,617	2,883,926	-	4,806,543	1,922,617

Hypothetical Reductions by Department

• Department	Page Number
• Department of Education	42 - 43
• Hawaii State Public Library System	44
• Department of Public Safety	45
• Department of Health	46
• Department of Human Services	47
• The Judiciary	48

Education

Hypothetical Reductions

(Additional 5% = -\$36,177,159)

- Increase the Students to Teacher Ratio for Kindergarten through Second Grade
– savings (\$9,433,388)

	Current ratio of Students to Teacher	Increase by 1 student	Increase by 2 students	Increase by 3 students
Students:Teacher	20:1	21:1	22:1	23:1
Total Cost	\$ 58,167,337	\$ 54,406,518	\$ 50,990,180	\$ 48,733,700
Potential Saving	\$ -	\$ 3,760,819	\$ 7,176,896	\$ 9,433,388

Education

Hypothetical Reductions (continued)

- Kindergarten – limit to half-day
- Adult Education – Eliminate Vice Principal positions
- School Lunch – Increase student fees
- Bus Transportation – Expand the areas of service per bus or increase student fees
- Parent Community Network – Eliminate funding

Hawaii State Public Library System

Hypothetical Reductions

(Additional 5% = -\$1,061,259)

- Aiea Library – Eliminate funding (-\$275,000)
- Aina Haina Library – Eliminate funding (-\$270,000)
- Liliha Library – Eliminate funding (-\$300,000)
- Manoa Library – Eliminate funding (-\$290,000)
- Wahiawa Library – Eliminate funding (-\$205,000)

Public Safety

Hypothetical Reductions

(Additional 5% = -\$7,202,435)

- Out-of-State Prison Beds – Eliminate 295 beds (-\$5,562,935)
- Federal Detention Center – Eliminate 50 beds (-\$1,642,500)

Impact:

- The reduction of (345) Out-of-State and Federal Detention Center Prison Beds will result in:
 - Higher security inmates housed in minimum security facilities due to lack of medium security beds.
 - Early release of inmates who have not served the sentences determined by the better judgment of the courts and the parole board. These inmates will not have received necessary treatment and training and may not be prepared for the transition. If these inmates commit new crimes, they will be returned to the system only to serve longer sentences.
 - Increased risk of litigation based on overcrowding. The Department has been advised about concerns being raised by the ACLU about the lockdowns and triple bunking at OCCC previously covered by the Spear Consent Decree.
- The actual number of sentenced felons that would have to be released would exceed the number of contracted beds lost (345) because new admissions continue to increase the number of offenders committed to the custody of the Department by the courts, Hawaii Paroling Authority, and Adult Probation Division.

Health

Hypothetical Reductions

(Additional 5% = -\$8,770,650)

Deletion of the Health Promotion Programs

- Tuberculosis Control – Eliminate funding (-\$2,200,548)
- Hansen’s Disease Services – Eliminate funding (-\$4,326,362)
- STD/AIDS Prevention Services – Eliminate funding (-\$5,343,236)
- Epidemiology Services – Eliminate funding (-\$1,243,245)
- Dental Diseases – Eliminate funding (-\$1,713,436)
- Chronic Disease Management and Control – Eliminate funding (\$1,030,524)

Human Services

Hypothetical Reductions

(Additional 5% = -\$4,201,783)

- General Assistance (GA) Payments – Reduce funds for cash assistance for single adults who are temporarily disabled (-\$ 4,200,000)

Impact:

- Decreasing the General Assistance Payment by \$4.2 million would reduce monthly assistance by 15%. Payment levels current at the statutory maximum of \$418/month would be lowered to \$355/month.
- The current statutory limit of \$418/month, is based on 62.5% of the 1993 Federal Poverty Guideline. (\$418/month is 49.18% of the 2001 FPG.)
- \$355/month is equal to 53.1% of the 1993 FPG and 41.8 % of the 2001 Federal Poverty Guideline.

Judiciary

Hypothetical Reductions

(Additional 5% = -\$4,806,543)

- Purchase of Service – Delete (-\$8,605,521)
 - Emergency Shelter Services
 - Domestic Violence Services
 - Substance Abuse Services for Juveniles
 - Sex Offender Treatment Services
 - Shelter and Residential Services for Adults and Juveniles
- Koolaupoko/Kaneohe District Court – Delete (-\$830,486)
- Ewa District Court – Delete (-\$713,765)
- Waianae District Court – Delete (-\$377,438)
- Wahiawa District Court – Delete (-\$587,556)

Impact:

Deletion of Oahu rural District Courts would result in the elimination of a total of (59) employees and would require the residents of rural Oahu areas to attend all court functions in Downtown Honolulu.

Budget Shortfall FY 2002-2003

