

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



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DIRECTOR OF TAXATION

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SENATE COMMITTEE ON WAYS & MEANS

TESTIMONY REGARDING HB 2500 HD 1 RELATING TO THE STATE BUDGET

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: MARCH 27, 2008

TIME: 9:30AM

ROOM: 211

This Bill amends the General Appropriations Act of 2007 that appropriates general, general obligation bond, federal, revenue bond, special and other funds for departmental operating and capital improvements budgets. This Bill imposes a four percent reduction (\$1,026,979) to the Department of Taxation's (Department) general fund budget and removes six revenue collecting positions and additional related funds of \$206,124, or a total of \$1,233,103. Our budget is comprised of revenue generating positions such as auditors and collectors. For example, an Auditor IV, whose salary is budgeted at \$36,048 per year, is estimated to average \$1.5 million per year in assessments. This Bill funds the Department's supplemental budget requests of \$655,000 and authorizes the transfer of one Personnel Clerk Typist III from temporary to permanent.

The Department of Taxation requests the following amendments.

I. Funding for Revenue Generating agencies should not be cut due to decline in economic growth.

Given current indications that Hawaii's robust economy is beginning to slow, maximizing revenue and accelerating cash deposits are equally, if not more important, than cost savings.

A \$1,026,979 (4%) reduction plus the reduction of six revenue generating positions and an additional \$206,124 in related funds will have a severe impact on the Department's ability to generate, collect and expeditiously process the maximum tax revenues.

The Department respectfully requests exemption from the across the board four percent reduction and requests reinstatement of six revenue collecting positions and related funds.

II. Full funding of our base budget is needed to implement the Delinquent Tax Collections Project, which is anticipated to generate more than \$50M in new tax revenues.

In January 2008, the Department contracted with CGI Technologies and Solutions Inc. to implement the Delinquent Tax Collections Project, which is anticipated to generate more than \$50 million in new tax revenues over five years. The Delinquent Tax Collections Project is a major initiative that was entered into **with no additional appropriation of funds**. The contract specifically stipulates that the Department is responsible for dedicating twelve (12) FTE Compliance personnel to the project. In addition, Senior Management (including the Deputy Director, Special Assistant, Division Administrators and Staff Officers), Branch Chiefs, Line Supervisors, Information Technology, Systems Administration, Tax Services and Processing and other staff will be required to support the project on a dedicated or ad-hoc basis.

Without full funding of our base budget, it is highly probable that the Department will not be able to fulfill its contractual obligations for this project and as a result, will not be able to generate, collect and deposit in excess of \$50 million in new tax revenues.

III. Trade-offs

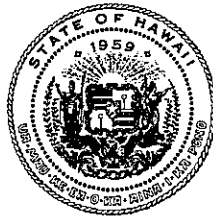
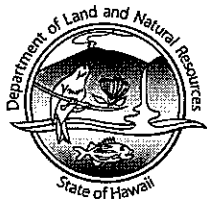
Per the Senate's request, the Department has identified the following trade-offs. These trade-offs represent 100% funding for our supplemental budget requests.

Seq #	Prog ID	Description	FTE	\$	MOF
60-001	TAX 107	Equipment for Network Backbone Upgrade, Relocate Server		(155,000)	A
61-001	TAX 107	Production Support for County Surcharge		(233,000)	A
63-001	TAX 107	Digitizing (3) Tax Forms		(267,000)	A
		TOTAL		(655,000)	

While the Department stands by the validity and fiscal prudence of our supplemental budget request, we believe it is more important that our base budget be reinstated to allow us to continue to achieve current operational measures including dollars assessed and collected and number of business days to deposit checks. The Department requires full funding of our base budget and is not able to identify further trade-offs without jeopardizing tax revenue generation.

Thank you for the opportunity to provide written testimony.

LINDA LINGLE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Aquatic Resources
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Commission on Water Resource Management
Conservation and Coastal Lands
Conservation and Resources Enforcement
Engineering
Forestry and Wildlife
Historic Preservation
Kaiioolawe Island Reserve Commission
Land
State Parks

**TESTIMONY OF THE CHAIRPERSON
OF THE BOARD OF LAND AND NATURAL RESOURCES**

On House Bill 2500, House Draft 1 - RELATING TO THE STATE BUDGET

**BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS**

March 27, 2008

House Bill (HB) 2500, House Draft (HD) 1 appropriates supplemental funds for the operating and capital improvement costs for the Executive Branch for Fiscal Year (FY) July 1, 2008, through June 30, 2009. The Department of Land and Natural Resources (Department) is opposed to the following adjustments made in this measure as they pertain to the Department's respective programs.

HB 2500, HD1 changed the means of financing for several operating and CIP budget requests, abolished eleven positions and reduced the Department's general fund budget by \$1,381,310. If the funding is not changed back to the original source, the Department will not be able to implement these much-needed projects.

In addition, the proposed 4% across-the-board reductions and other adjustments reflected in HB 2500, HD1 will have a negative impact on the Department's mission to conserve and protect the natural and cultural resources, and our ability to match the federal grants.

The Department respectfully requests this Committee's reconsideration to reinstate the Department's operating and CIP budget proposals, as submitted in the Governor's FY 2009 Supplemental Budget. The Department notes that it has requested over \$7.5 million for its operating budget and \$23 million for its Capital Improvement Projects (CIP) for the Fiscal Biennium 2007-2009 Supplemental Budget requests.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
THEODORE E. LIU
Department of Business, Economic Development, and Tourism
before the

COMMITTEE ON WAYS AND MEANS

Thursday, March 27, 2008
9:30 AM
State Capitol, Conference Room 211
in consideration of

**HB 2500 HD1
RELATING TO THE STATE BUDGET.**

Chair Baker, Vice Chair Tsutsui, and Members of the Senate Committee Ways and Means. The Department of Business, Economic Development and Tourism (DBEDT) respectfully asks the members of the Senate Committee on Ways and Means to reconsider the action on this measure undertaken by the House Committee on Finance and reinstate several positions eliminated in HB 2500 HD1.

BED 100: Strategic Marketing and Support Division (SMSD)

House reduced one position (#43036) in BED-100 and its \$64,932 in payroll. This Economic Development Specialist position has been filled effective March 10, 2008, to be responsible for increased assignments and activities related to the department's Global Links program, and related trade, investment and industry promotion projects.

BED 107: Foreign Trade Zone

HB 2500 HD1 calls for the elimination of three permanent positions in the Foreign-Trade Zone Division. This represents a reduction of over 15% of the workforce for the Division and will result in a severe negative impact. The program is special funded and currently in a negative cash flow situation. This is a result of releasing over 10 of our 17 acres at Pier 1 and 2 to allow

for the completion of the UH Medical School. These positions are responsible for marketing the program to small business and therefore generating additional revenues. More specifically, the reduction in the number of warehouse worker positions by 20 percent would have severe impact during very high workload periods when ships arrive and the number of containers that need to be unloaded increases dramatically. Reduction would increase the delay in private sector getting their goods for distribution into the community.

In addition, HB 2500 HD 1 does not include the \$930,000 CIP request to fix the leaks in the 50+ year old roof on our Pier 2 warehouse: the main revenue generator for our special fund. The roof is over 5 acres and collects a substantial amount of water during heavy rains. The leaks are concentrated into certain areas and render the floor space beneath completely unusable.

BED 130: Research Economic Analysis Division (READ)

HB 2500 HD1 also proposes to eliminate Economist V Position, #39449 in the Research and Economic Analysis Division (BED 130). This position is vacant only because it has been in the process of reclassification from a vacant librarian position. The purpose of the reclassification is to leverage research into emerging economic activity requested by the legislature under Act 148 (SLH 2007). Otherwise, it would have been filled as a Librarian by mid 2007. As a newly reclassified position, it has been available for filling only since early January. Elimination of the position will undercut the ability of the Research and Economic Analysis Division to provide policy makers with data and analysis about alternative and emerging economic activity under Act 148 as the national economy and Hawaii visitor activity begin to contract. An interdepartmental transfer to fill the position is currently in progress.

BED 120: Strategic Industries Division (Energy)

The following items were not approved by the House in HD 2500 HD1. All of these requests are to be funded by the Environmental Response Revolving Fund - there are no General Fund implications to meet these requests.

Item No. 60-002: Add funds for other current expenses for bio-energy program - \$600,000.

The rationale for not approving the request was that there was no plan in place for the expenditure of the funds. The funds would be used to develop a Bioenergy plan for the State, a

critical element in our efforts to achieve energy security and meet the goal of 20% renewable energy by 2020 as mandated by statute and the more ambitious 70% renewable by 2030 target established as part of the Hawaii Clean Energy Initiative partnership with the US Department of Energy. Tasks included in the plan would be:

1. Strategic partnerships for the research, development, testing, and deployment of renewable biofuels technologies and production of biomass crops;
2. Evaluation of Hawaii's potential to rely on biofuels as a significant renewable energy resource -- including updated fuel demand projections;
3. Biofuels demonstration projects, including infrastructure for production, storage, and transportation of biofuels;
4. Promotion of Hawaii's renewable biofuels resources to potential partners and investors for development in Hawaii as well as for export purposes;
5. A plan or roadmap to implement commercially viable biofuels development;
6. Expert assistance and coordination with other agencies and the public regarding water resources, including non-potable sources, irrigation control, and stormwater management;
7. Expert assistance and coordination with other agencies and the public regarding land resources;
8. Expert assistance and coordination with other agencies regarding marine and land distribution infrastructure;
9. Expert assistance and coordination with other agencies, labor organizations, educational and training institutions regarding labor resources and issues;
10. Expert assistance regarding technology to develop bioenergy feedstock and biofuels;
11. Expert assistance regarding permitting issues specific to bioenergy;
12. Expert assistance regarding financial incentives; barriers; and identification of other funding;
13. Expert assistance and coordination with other agencies and the public regarding policy requirements necessary for implementation of the master plan;
14. Identification and analysis of the impacts of transitioning to a bioenergy economy while considering applicable environmental concerns.

Item No. 61-001: Add (2) temporary positions and funds for other current expenses for the implementation and evaluation of Governor's energy for tomorrow (EFT) policy initiatives -- \$197,582.

The lack of funding will not remove the requirement to perform the functions, but will result in the critical analysis which would be carried out by these positions being performed by more senior staff, at a higher cost and at the expense of their current functions. If this analysis is not performed, then the Hawaii Clean Energy Initiative (HCEI), DBEDT, and the State will lack evidence-based analysis to support decisions regarding resources and energy infrastructure with the potential to negatively impact hundreds of millions of dollars of private and public investment, with long-term negative implications to the prosperity and security of Hawaii's citizens. This funding would count towards the cost share for the US Department of Energy's funding for the Hawaii Clean Energy Initiative, and the lack of it puts Hawaii at risk with the HCEI at the start of the partnership with the federal government.

Item No. 61-002: Add funds for other current expenses for the implementation and evaluation of Governor's energy for tomorrow (EFT) policy initiatives -- \$300,000.

HB 2500, HD 1 includes only one-third of the requested amount. This reduction in funding will prevent the State Government of Hawaii from being properly represented in its intervention in the PUC Docket #2007-0176 on Intragovernmental Wheeling of Electricity. This Docket is strategic for driving change in the generation of electricity from petroleum to renewable sources, and the State has already committed to this intervention. The reduction of this funding means that this intervention will need to be completed by staff in DBEDT and the Office of the Attorney General, diverting them from other tasks. And even this solution is inadequate because they will not have sufficient expertise to be effective.

Item No. 62-001: Add funds for other current expenses for technical assistance to state agencies implementing lead by example -- \$200,000.

Lead by Example provides assistance to agencies to expedite the transition to using greater efficiency and renewable energy technologies. As a state highly dependent on imported fossil fuel, which continues to escalate in excess of \$100/bbl., energy efficiency and use of renewable energy technologies in state facilities and operations are essential. Electricity purchased from the public utilities cost the state \$92,327,021 in FY05, compared to \$110,069,133 in FY06. This increase of 19.22% in electricity costs, despite the minimal increase in electrical consumption, is due to the escalating cost of oil. Technical support through Lead by Example assisted in the DoT-Airports' 12.35 MW power purchase agreement which will provide enough energy to power 2,200 homes a year. It is essential to expand this program to as many state agencies as possible.

Item No. 63-001: Add (1) Temporary Position and Funds to support the state's efforts to streamline permitting of renewable energy projects -- \$112,904.

This loss of funding will ensure that the State will take a 'business as usual' approach to permitting renewable energy projects in the State at the very time when transformation is urgently required. It is well-known that the regulatory approval for renewable energy facilities in Hawaii is a laborious and time-consuming process that requires years of proponent effort, well-known especially in the capital and investment community. Permits are issued by numerous separate state, federal, and county agencies, increasing project cost and development uncertainties. The U.S. Department of Energy has received specific feedback from investors and developers that the relative difficulty of a state/county/federal approval process can be the most significant factor in a renewable project developer's selection of a project location, and Hawaii is known to be particularly difficult.

Aloha Tower Development Corporation (ATDC)

HB 2500 HD1 eliminated two exempt positions which we ask to be reinstated:

1. Position No. 116965

Development Manager

Exempt

Funding: Aloha Tower Special Fund

Status: Governor Lingle has approved the position to be filled. An incumbent has been selected and approved by DBEDT. An offer of employment has been made and the incumbent has verbally accepted the position subject to assurance that the position and funding are secured to 6/30/09.

Justification: This position focuses on furthering development initiatives for the Aloha Tower Project Area. The ATDC has recently been scrutinized as not being able to move forward with development of the area. We currently have only one other staff member to work on project area development. ATDC is in the process of clearing out non-performing development agreements and are making a concerted effort towards seeking new development opportunities.

2. Position No. 117411

Project Manager for Harbors Modernization Plan (Honolulu Harbor)

Exempt

Funding: Aloha Tower Special Fund with reimbursement for DOT Harbors

Status: Governor Lingle approved the position to be filled. Incumbent has been selected and approved by DOT. An offer has been made to the incumbent and we are awaiting his decision. An alternate candidate has also been approved by DBEDT in the event the incumbent declines.

Justification: This position focuses on project management of Honolulu Harbor infrastructure projects in partnership with DOT Harbors. Act 127, SLH 2007, authorized the ATDC to provide development assistance to DOT Harbors for projects in Honolulu Harbor. The position is critical to continue development of the new Kapalama Container Terminal. Currently SB3227, SD2, HD1 proposes to expand ATDC's authority to a statewide jurisdiction. If the measure passes, additional positions will be authorized to ATDC for the Harbors Modernization Plan including positions for Honolulu Harbor. However, since it will take some time to establish new exempt positions and recruit employees for the positions, we strongly feel that this position should continue to 6/30/09 in order to keep the momentum and continuity of the Honolulu Harbor projects moving.

In summary, the ATDC is being considered to take on a critical significant role in the Harbors Modernization Plan, which is supported by the Governor, legislative leadership, the Hawaii Harbors Users Group and others in the maritime industry. The ATDC's track record on DOT projects has been carefully reviewed and deemed successful as evidenced by the passage of Act 127, SLH 2007. As part of this consideration for expansion of duties, scrutiny has also been placed on ATDC relative to its core mission of improving the Aloha Tower Project Area, and in this area we concur that a lot of focus needs to be placed to seek new development opportunities. Such major undertakings on both fronts require staffing support and we respectfully request your consideration in restoring our positions.

Thank you for the opportunity to offer these comments.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809

March 27, 2008

MEMORANDUM

TO: Honorable Rosalyn Baker, Chair
Senate Ways and Means Committee

FROM: Lillian B. Koller, Director

SUBJECT: H.B. 2500, H.D.1, RELATING TO THE STATE BUDGET

Hearing: Thursday, March 27, 2008, 9:30 a.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of H.B. 2500, H.D.1, is to amend the General Appropriations Act of 2007 that appropriates general, general obligation bond, federal, revenue bond, special and other funds for departmental operating and capital improvements budgets.

DEPARTMENT'S POSITION: Proposed in this bill, H.B. 2500, H.D. 1, was the reduction of 6 positions in the Adult and Community Care Services Branch (HMS 601). The Department of Human Services sees value and importance in all of its staffing positions. However, in the interest of the State's financial well-being, DHS is willing to cooperatively work with the Legislature to identify reductions in expenditures.

- DHS is willing to accept the reduction of positions **101594, 101629, and 103050** as identified in this bill.

- Position **110525**, Clerk Typist II may be eliminated in exchange for the preservation of position **14124**, Adult Services Secretary.
- Position **26352**, East Hawaii Homemaker may be eliminated in exchange for the preservation of position **45244**, Social Services Assistant-Maui APS. (Position **45244**, Social Services Assistant IV, supports the Maui APS social worker and is filled with an incumbent.)

The Department opposes the elimination of position **100457**, **Social Worker IV**, because it will adversely impact the Department's ability to provide essential services, including the efficient intake and processing of at least 10 applications a month in the Department's Nursing Home Without Walls (NHWW) Program. NHWW is one of the Department's 1915(c) Medicaid Waiver Programs, providing in-home services for some of Hawaii's most vulnerable citizens.

The untimely processing of the applications can impact the community in several ways, including the tying up of bed space in long-term care facilities and hospitals, as well as placing undue stressors on families who wish to care for their loved ones at home.

As of November 2008, the NHWW 1915(c) Medicaid Waiver program will be integrated into the Department's QUEST Expanded Access (QExA) Program. QExA is a program for Medicaid clients who are 65 years or older and/or disabled who are currently receiving health care services through the Department's current

fee-for-service system. QExA will improve the health care of these individuals by enabling them to receive a comprehensive and coordinated continuum of care, including acute, primary and preventive care as well as home and community based care, through a managed care delivery system. Position **100457**, will be essential to the effective implementation of QExA.

The Department also provides Adult Protective Services (APS) for dependent adults who are reported to be abused, neglected, or financially exploited or seriously endangered due to self-neglect. The Department has worked closely with the Legislature for the past two years on a bill to expand the jurisdiction of APS so that vulnerable adults can be better protected.

In DHS supporting testimony to the Legislature for S.B. 2150, Relating to Adult Protection, which expands the scope of the APS law to include vulnerable adults who have been abused or are in danger of abuse, the Department indicated that no appropriation of general funds would be necessary if we are able to use existing resources that can be successfully re-described and staffed to address this need.

The loss of any additional positions will seriously jeopardize the Department's ability to support S.B. 2150, because we would not have the resources for implementation.

If DHS cannot utilize existing resources as hoped, then the Department will need \$1,589,332 in personnel costs for 24 new adult protective services positions.

In addition, DHS will need positions to implement the provisions of S.B. 3051, Relating to Criminal Background Checks, if the word "designee" is not retained in the language of the bill as we have requested. Without the ability to designate a Departmental representative to perform the tasks involved with background checks, DHS will need to hire an additional six (6) staff positions at an estimated cost of approximately \$271,893 per year.

These two important legislative initiatives -- the expansion of Adult Protective Services to a broader population and the expansion of the populations requiring criminal background checks -- are important for the safety of our most vulnerable citizens. However, DHS needs resources to be able to conduct these services.

Passage of S.B. 3051, S.D. 2, H.D. 1; restoration of position number 100457; and the acceptance of the proposed changes listed in this testimony will allow the Adult and Community Care Services Branch of the Department of Human Services to fully implement these two important initiatives.

Thank you for this opportunity to testify.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

March 27, 2008

MEMORANDUM

TO: The Honorable Rosalyn H. Baker, Chair
Committee on Ways and Means

FROM: Lillian B. Koller, Director

SUBJECT: **H.B 2500, HD1 RELATING TO THE STATE BUDGET**

Hearing: Thursday, March 27, 2008; 9:30 a.m.
Conference Room 211, State Capitol

PURPOSE: Amends the General Appropriations Act of 2007 that appropriates general, general obligation bond, Federal, revenue bond, special and other funds for departmental operating and capital improvements budgets.

DEPARTMENT'S POSITION: The Department cannot responsibly support the provisions of H. B. 2500, H.D. 1 that would result in a decrease in staffing, services and programs needed to ensure the safety of children, comply with Federally mandated requirements and obtain Federal funding.

We are cognizant of the necessity to curtail funding but believe that any decrease in the programs providing services to our most vulnerable children and families will result in higher numbers of reports of abuse or neglect, increase in the number of children in out-of-home care, longer durations of out-of-home care, waitlisted service and cases that last longer and have negative outcomes for families.

In 2009, the Department will participate in another Federal Child & Family Service Review (CFSR). During this process services needed by families involved with the Child Welfare Services will be evaluated for factors including quality, availability and accessibility. The passing level for this review will be 95%, significantly higher than the level for the previous CFSR.

The Department did not pass the previous CFSR and was required to enter into a Program Improvement Plan (PIP) in order to bring services into compliance with the Federal standards. We were able to successfully complete the PIP in great part due to the support from the Legislature in acknowledging the need for financial support to obtain needed services. Without access to

increased funding we would not have been able to obtain the needed services and been able to complete the PIP. Failure to successfully complete PIP could have resulted in financial penalty and the loss of Title IV-E funds.

The Federal expectation and requirement is that services and performance levels will be maintained and improved. The proposed decrease in TANF funds will spell disaster for our families and any hopes for compliance with the Federal requirements. We project that approximately 1,000 active CWS families will be denied needed services or will be placed on wait lists and that another 1,000 families currently receiving preventive and monitoring services will also be denied services or placed on waitlists.

The proposed reduction will start another cycle of decreased funding and services followed by increased need and the return to requests for emergency and supplemental appropriations. This situation will also guarantee that the Department will be unable to meet the Federal expectations of the CFSR and the subsequent PIP.

To meet the Federal mandate to implement aggressive system reform in child welfare services as a result of Hawaii's Child and Family Services Review (CFSR) by the Federal Department of Health and Human Services (DHHS) in July 2003, the Child Welfare Services Branch (CWSB) received approval of a Demonstration Project proposal and requested authorization for positions exempted from civil service coverage pursuant to HRS 76-16(12) in March 2004. With the Governor's approval, the PIP positions were established to provide much additional support and assistance to complement existing CWSB staffing as mandated by the PIP.

We respectfully request that the positions identified by the House Finance Committee not be reduced. If the positions are reduced, or eliminated the loss of those positions will have a negative impact on the Department's mission to ensure the safety of children, comply with Family Court Orders, comply with Federal requirements to obtain Title IV-E funds, and maintain CWS unit operations.

This is a cycle that the Department has experienced in previous economic down turns. The end result is that despite the reduction in staff, there is no corresponding reduction in State or Federal statutory requirements and the need to ensure the safety of children. In every case where staff have been reduced from the CWS program it has been necessary for the Department to request restoration and re-establishment of those positions from the Legislature in subsequent Legislative sessions. As an example, to ensure compliance with the Federal Child and Family Services Review, Program Improvement Plan, exempt positions were established to replace positions that were previously deleted, which led to higher workloads, higher numbers of children in foster care and poor performance in the review.

Hiring of qualified human service staff is a problem that is not restricted to CWS. Our purchase of service providers are also experiencing difficulty hiring and retaining staff. There are several possible factors affecting our ability to hire and retain staff including the strong job market, expanded job opportunities, the nature of the work, the high burn-out rate, the administrative

requirements that must be completed before positions that were converted from temporary to permanent positions, delays in the Department's ability to hire qualified staff, and positions that do not provide job security or benefits.

All of the positions are critical to support our initiatives to maintain the progress achieved in the Child and Family Services Review (CFSR) Program Improvement Plan (PIP). With our second CFSR approaching, loss of these positions will adversely impact our ability to meet Federal performance and outcome standards/measures related to safety, permanency and child well-being at the risk of significant ongoing financial penalties in excess of the short-term savings to be achieved through elimination of these field positions.

State administration of the Title IV-E program is a Federal requirement. Federal law states:

"Sec. 471 (a) (2) provides that the State agency responsible for administering the program authorized by part B (Title IV-A) of this Title shall administer, or supervise the administration of, the program authorized by this part (Title IV-E)."

We have grave concerns over the proposed elimination of the Eligibility Workers and Supervisor for the FC-IM unit. These are extremely important positions in that these Title IV-E eligibility determinations impact our ongoing Federal revenue enhancement efforts and timely eligibility determinations are critical to maintaining the Title IV-E revenue stream, (approximately **\$18,000,000 in FY07**). Additionally, timely and accurate Title IV-E eligibility determinations are critical to avoiding Federal disallowances and penalties associated with recurring Federal Title IV-E eligibility reviews. Under the Federal review process, excessive error payments are statistically projected to the entire universe of Title IV-E foster care claims and pro rata to administrative cost claims related to the direct care payments. The monetary disallowance/penalty risks associated with degrading our Title IV-E eligibility process far outweigh the savings to be garnered by elimination of these positions.

These are specialized positions requiring detailed knowledge of eligibility factors for: AFDC (rules as of 07/16/96), Title XIX, as well as the special factors related to the Title IV-E Foster Care Program. There have been major changes made that increased the amount of time needed to complete different tasks of the Eligibility workers.

In June of 2007 there was a Title IV-E Federal audit. Hawaii passed the audit with no errors. The Federal reviewing team highly recommended the DHS fill the FCIM positions as soon as possible to continue the accuracy rate of the unit and allow the State to increase Title IV-E funding.

The reason for having unused funds in HMS 303 is that, in FY07 for the first time in several years, the foster board and related costs have not continued to rise at a rapid rate. For several years up to and including SFY05, HMS 303 ended each year facing a shortfall and had to be supplemented with transfers from other programs or with additional Federal allotment. The annual

increases were so predictable that the HMS 303 budget requests from SFY04 through SFY07 went from \$45.2 to \$64.9 million per year. In SFY06, the number of children in foster care began to level off and in SFY07 the number began to slightly decline. Although further analysis is warranted, the preliminary assessment is that the recent expansion of an array of POS contracts comprising the Child Welfare Differential Response program has reduced the need to remove children from their own homes for protective reasons. This has required the shifting of more intense family support services and casework to the front end to address risk of harm while it is still relatively low and support our efforts to provide up-front services. The unused funds in HMS 303 were transferred to HMS 301 and 901 where they were used to support these front-end services.

We believe it would be premature to decrease the HMS 303 funds at this time, based on a single transfer of funds from the program and the following:

- The Department's FY2008 budget is based on current costs and projections by the Department's Child Welfare Services Committee on Projections for HMS 303 which uses trend analysis to and tracking of costs in the program to make projections.
- The Department's extensive history of emergency & supplemental requests going back at least 10 years. This is only the second fiscal period in which no emergency or supplemental appropriations have been requested.
- The overall trend is an increase in children with special needs who need ongoing support for a permanent placement leading to increased costs for adoption assistance and permanency assistance. Projections call for a continual increase as the Department continues to comply with Federal mandates.
- Despite the initial correlation shown between the implementation of the Differential Response System (DRS) and decrease in number of children entering foster care. DRS is in the initial developmental phase and there is no historic record to indicate that this correlation will continue.
- Children are entering foster care with serious social adjustment and psychological problems due to parental maltreatment, and the Department continues to experience a steady increase in the number of children for whom difficulty-of-care, adoption and permanency assistance payments must be made.

The Department has positive effects from the implementation of changes in policy and practice related to the PIP, including a reduction in the number of referrals and the number of children in foster care. However, this does not translate to an immediate decrease in the level of funding needed to provide appropriate and mandated out-of-home payments. While there is a decrease in the rate for foster care entry, the adoption assistance and permanency assistance population and expenditures continue to increase at a greater rate than the foster care decrease. These payments must be provided to comply with Federal mandates and Family Court orders.

For the services that are funded, or partially funded by the proposed \$7 million TANF reduction – without this funding the programs will cease to exist or not be able to meet the needs of the children and families at risk. Whenever funding is decreased and programs cease to exist it makes it that much harder to restore the services when the need is recognized and funding is provided by the Legislature. This cycle is detrimental to the clients who receive services, the agencies who depend on the services and the people employed by the programs who cannot depend on a steady source of income, or know whether they will be able to have careers or maintain their income if they are employed by the affected programs. The programs that will be impacted by the proposed budget will either vanish or will not be able to meet the service needs in the community with the resources at their disposal if their funding is eliminated. It is important to note that there are no other programs to replace what is being taken away, if these services are eliminated clients will be waitlisted and will not be able to access services.

We earnestly request that you carefully consider the long-term impact of these proposed budget cuts. As we have said before, this is a solution that has been implemented many times by the Legislature as a short term solution to adjust the budget, but in the long run, the adjustment has cost more in human and economic costs than maintaining the services and providing the help our at-risk families need.

Thank you for this opportunity to testify on this bill.



LINDA LINGLE
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TO THE SENATE COMMITTEE ON WAYS AND MEANS
TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Thursday, March 27, 2008
9:30 a.m.

TESTIMONY ON H.B. No. 2500, H.D. 1, RELATING TO THE STATE BUDGET

WRITTEN ONLY

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Lawrence M. Reifurth, Director of Commerce and Consumer Affairs ("Department"). The Department appreciates the opportunity to provide testimony on H.B. No. 2500, H.D. 1, Relating to the State Budget. The Department's testimony focuses on the adjustments made by the H.D. 1 to the Department's program areas.

The Department respectfully requests that the adjustments made to the Department's program areas be restored.

The H.D. 1 adjustments relating to DCCA are:

1. A reduction of 34 purportedly vacant positions and their related funding;
2. The disallowance of three requested new positions and their related funding;

3. The disallowance of our request for a \$91,622 appropriation for CCA-106 to conduct market conduct surveillance; and
4. The disallowance of our request for a \$65,000 appropriation for CCA-111 to fund its Economic Cadre program.

I would like to bring to the attention of the Committee the lawsuit against the State in HIC V. Lingle (Hawaii First Circuit Court, Civil No. 02-1-2295), which is now on appeal by the State to the Intermediate Court of Appeals (Case No. 27840). Although the case centered on the moneys that were taken from the Insurance Division's special fund sub-account and deposited into the general fund, the case highlights the unique funding structure of the Department. The case also highlights the Department's customers' claimed entitlement to the cash reserves in the Compliance Resolution Fund ("CRF"). The trial court apparently agreed with the Department's customers as the court granted summary judgment in favor of HIC.

The Department is entirely funded by its customers through direct payment into the CRF. Therefore, the Department's customers have a right to expect service in return for their payments. Reducing position counts, disallowing new positions, and disallowing CRF spending will not reduce general fund expenditures. Instead, those reductions put consumers and the Department's customers at risk. Additionally, I would like to point out that there is no projected need to increase fees in order to fund the proposed new positions as the programs already have the moneys available to pay for the positions. If the House intended to reduce general fund expenditures, the adjustments relating to the Department will not help achieve that goal.

For a more detailed explanation of the impact of the adjustments contained in the H.D. 1, I have attached a copy of the Department's response to the Committee's questions dated March 7, 2008.

Again, there are no general fund savings associated with reducing the Department's position counts, disallowing new positions, or disallowing proposed new expenditures. However, those types of reductions will hamper the Department's ability to service its customers.

Thank you for the opportunity to submit testimony on H.B. No. 2500, H.D. 1.

Responses to the Senate Committee on Ways and Means Questions dated March 7, 2008

Operating Budget:

Summary Observations Concerning Proposed HD1 Adjustments Relating to DCCA:

The HD1 adjustments relating to DCCA are (1) reduction of 34 purportedly vacant positions¹ and related funding; (2) disallowance of 3 requested new positions and related funding for CCA-110 and CCA-112; (3) disallowance of request for a \$91,622 appropriation for CCA-106 to conduct market conduct surveillance; and (4) disallowance of request for a \$65,000 appropriation for CCA-111 to fund its Economic Cadre program. Facts and circumstances related to the reductions and disallowances will be addressed within the body of the response below. Before addressing specific items, however, there are comments that apply equally to all of the proposed adjustments.

Since the department is entirely funded by its customers through direct payment into the Compliance Resolution Fund (CRF), there are no savings to the general fund associated with reducing the department's position counts, disallowing new positions, or disallowing proposed new expenditures. The department appreciates legislative oversight, and respects the legislature's judgment with regard to the department's operations and programs. Nevertheless, to the extent that any or all of the HD1 recommendations relating to the department stem from concerns over Council on Revenues projections or the state of the general fund balance, we ask that those recommendations be revisited.

Irrespective of the basis for any of the proposed adjustments, it is important to observe that the department's customers pay directly into the CRF, and have a right, therefore, to expect service in return for their payments. Reducing positions, disallowing new positions, and disallowing CRF spending will not reduce general fund expenditures, but do put at risk the department's customers. While the HD1 adjustments are likely to increase the program's cash reserves in the short-run², they will also lower the quality of the service that our customers receive (and have already paid for).

From the onset of the CRF, the department's primary fiscal goal has been to implement a strategy that revenue-generating divisions secure revenues to cover division

¹ As discussed in more position-by-position detail below, several of these positions are not vacant but, in fact, have been filled. The majority of the remaining positions, though vacant, are in active recruitment.

² Cash reserves would not be increased until FY09, and would only exist for as long as the department did not make corresponding fee adjustments, which has been the department's practice since 2004. Consequently, cash reserve increases would likely be very short-term in nature. The legislature will want to take into account the customers' claimed entitlement to the cash reserves, which has been made clear in the *HIC v. Lingle* case (Hawai'i 1st Circuit Court, Civil No. 02-1-2295), now on appeal by the State to the Intermediate Court of Appeals (Case No. 27840), which resulted from the transfers of DCCA's funds in 2003 and 2004 to the general fund. The case was brought by insurers and focused specifically on monies taken from the Insurance Division sub-account. Ultimately, the Circuit Court granted summary judgment in favor of HIC. Unless the decision is overturned on appeal, the division's special fund sub-account is at risk. Further transfers of this sort from this or any other sub-accounts only increase the likelihood that other challenges will follow, placing the entire CRF in jeopardy.

expenses, and contribute equitably to non-revenue generating divisions, while ensuring that anticipated major improvements are addressed and a portion of next year's operating expenses are available. As a result, we are very conservative in our spending. Over the last four years, many of our program managers have adopted fee and assessment reductions and waivers in order to better balance their revenues and expenses, and more fairly charge for their services. As a self-funded agency, the department has no general fund resources. Accordingly, the department's financial planning has taken into account current fiscal year expenses and planning for future major projects and expenditures.

The department is only beginning to recover from reductions in force implemented during the late 1990's. Eliminating positions (most of which are actively being recruited for or have been filled) and disallowing expenditures will accomplish no overall public benefit, and will certainly not result in savings to our customers or the general fund. The only consequence will be a reduction in service and consumer protection which, we submit, is in no one's interest.

The department has filled a number of positions that have been identified for reduction in HB 2500, HD1. In addition, we are actively recruiting for other positions, including reviewing lists from the Department of Human Resources Development and interviewing candidates for employment. As such, we intend to periodically notify you as these positions are filled.

1. CCA 103 (Division of Consumer Advocacy): Sequence no. 1200-001 – Reduces nine permanent positions (#2787, #2788, #15009, #15098, #21377, #28849, #28850, #29265, #40834) and \$442,715 in special funds.

Rationale for Adjustment: According to the budget worksheet, the positions and funding were reduced to attain vacancy savings.

Impact: Because the program is funded through the CRF, vacancy savings do not accrue to the benefit of the general fund. See note 2, above.

In addition, these positions are important to the efficient operation of the State's utility and energy regulatory programs. Eliminating these positions is inconsistent with the considered intention expressed by the legislature in Act 183, SLH 2007 (to address the program's long-standing hiring problems), and is inconsistent with the plan adopted by the program, which resulted in Act 183 and which has been guiding its actions (including an approved reorganization proposal) since that time. Portions of Act 183 do not begin to go into effect until July 1, 2008. Eliminating positions at this time affords no opportunity to demonstrate the promise of Act 183.

The Division of Consumer Advocacy's (DCA) revenues are obtained by appropriation from the Hawaii Public Utilities Commission's special fund, which generates its revenues through assessment of public utilities fees upon regulated public utilities. Eliminating these positions will only hamper DCA's ability to protect customers of regulated utilities at a time when energy security and utility

service quality are being vigorously debated. Such short sighted savings may result in long-term harm to and increased rates for utilities' ratepayers.

Position #15009 (Engineer IV): This position was filled, effective March 3, 2008. This position should NOT be eliminated, since a qualified civil service employee has been hired and will be displaced by such action.

The remaining eight positions (2787, 2788, 15098, 21377, 28849, 28850, 29265, and 40834) have not yet been filled for the reasons set forth below.

Position #28849 (Engineer IV): DCA has been actively recruiting since July 2007 to fill this position and recently held interviews with candidates from available lists provided by the Department of Human Resource Development (DHRD). Eliminating this position, which is under active recruitment, would be harmful to the public's interest.

Position #s 2787 (Auditor IV), 2788 (Auditor VII), 15098 (Research Statistician VI), 21377 (Research Statistician V), 28850 (Auditor IV), 29265 (Auditor V), and 40834 (Economist VI): DCA is in the process of completing a reorganization in accord with the direction and intent of Act 183, SLH 2007 that would affect each of these positions. The purpose expressed by Act 183 and by the proposed reorganization is to enable the program to better attract candidates that are interested in and suited for the work that needs to be completed.

DCA was informed that the reorganization was accepted on December 14, 2007 by DHRD and the Department of Budget and Finance. DCA is working to implement the changes identified in the reorganization by amending position descriptions, abolishing old positions, and establishing the new positions authorized. Concurrently with such implementation steps, DCA has been identifying candidates and pools of candidates that may be suited for the new positions that DCA is currently creating.

Alternative Trade-off Reductions: None

- 2. CCA 104 (Division of Financial Institutions): Sequence no. 1200-001 – Reduces four permanent positions (#117, #106294, #113140, #118396) and \$183,905 in special funds.**

Rationale for Adjustment: According to the budget worksheet, the positions and funding were reduced to attain vacancy savings.

Impact: Because the program is funded through the CRF, vacancy savings do not accrue to the benefit of the general fund. See note 2, above. In addition:

- **Position #118396 (Clerk Typist II):** This position was filled effective February 20, 2008.

- **Position #106294 (FIERF FI Compliance Examiner II):** A job offer was made and accepted. The position will be filled once paperwork is completed and start date determined.
- **Position #117 (Fin Inst Examiner IV):** The department has not requested Governor's approval to fill the position, but expects to do so before the end of the calendar year. This is a second supervisory examiner position in the Field Examination Branch, which was left vacant because the branch had numerous vacancies over an extended period and a second supervisor was not needed at the time. The branch's re-staffing program is now almost complete, however, and an offer of employment has been made and accepted on the last Examiner position. The program would now like to fill this position, but most of the program's senior examiners have retired. Thus, the program is waiting until there are examiners with sufficient experience to fill this supervisory position. The program already experiences significant difficulty in recruiting for entry and mid-level examiner positions and this supervisory position requires highly specialized prior financial institution **examination** experience.

The Division of Financial Institutions (DFI) expects to be in a position to fill this position before the end of the calendar year. If this position and funding are reduced, it will impact DFI's ability to conduct examinations of financial institutions pursuant to HRS Chapter 412, escrow depositories pursuant to HRS Chapter 449, and money transmitters (MTs) pursuant to HRS Chapter 489D to determine the institutions' financial condition, adequacy of management, and compliance with laws and rules to ensure the institutions' safety and soundness, as well as to ensure compliance with all applicable State and federal laws. These examinations are fundamental to DFI's regulation of financial institutions.

DFI's need for the position is established by the fact that the existing workload related to examinations of financial institutions, escrow depositories and money transmitters is already heavy, and continues to evolve and expand:

- DFI was required to begin licensing MTs on July 1, 2007 and currently has issued 42 licenses to MTs that operate in approximately 1,200 locations in Hawaii. DFI now needs to begin examining these licensees and is requesting 4 additional examiner positions in its FY 2008-2009 budget, of which 3 positions would be placed in the section of the Field Examination Branch that is headed by this position. This supervisory examiner would be responsible, among other duties, for supervising 7 examiners, overseeing the MT examinations, reviewing and processing the examination reports, and then following up on problems identified during the examinations.
- DFI's supervisory overview encompasses a broad range of different types of institutions and also extends from large, complex institutions

(including the 2 largest banks in Hawaii) requiring detailed supervisory plans involving multiple examination phases throughout the year to two new banks chartered in 2006 which require closer monitoring and examinations during their initial years of operation.

- The scope and complexity of the examinations have increased significantly due to phenomenal and accelerating changes occurring in the institutions' structures, business models, delivery systems and products, and to new federal laws and regulations (e.g., risk-based capital, corporate governance, bank secrecy, anti-money laundering, privacy, and identity theft).
- Serious staffing shortages at the Federal Deposit Insurance Corporation and the Federal Reserve Bank have resulted in increased reliance on DFI examiners to fully staff and take the lead during joint examinations, and in DFI's increased involvement in specialty examinations such as information technology, trust, and consumer compliance examinations. Increased reliance on DFI examiners is also expected as the federal agencies focus on emerging problems at financial institutions nationwide resulting from the current national sub-prime lending and foreclosure crisis which has now spread and is impacting the construction and development, home equity, auto, credit card, and commercial real estate markets

As a result of the expanded workload, the number of examination reports and off-site monitoring reports that have been processed by the Field Examination Branch has increased from 44 in calendar year 2005, to 54 in 2006, to 77 in 2007. In addition the hours field examiners have spent conducting examinations and monitoring the financial condition of institutions has increased steadily, rising from 755 hours in 2005, to 793 hours in 2006, to 863 hours in 2007.

Finally, adequate staffing is critical for DFI to maintain its accreditation by the Conference of State Bank Supervisors (CSBS), the national association of state bank regulators. Accreditation by CSBS signifies that DFI has the ability to examine and supervise its financial institutions to ensure the institutions' safety and soundness and compliance with laws, rules, and regulations. This is essential to give DFI credibility with its federal counterparts. Among the critical factors reviewed by CSBS are the ability to examine institutions in a timely and comprehensive manner and to promptly review reports of examinations, transmit the reports to the institutions, and then follow-up on identified problems. This supervisory examiner position is responsible for planning and directing the work of the examiners within the section, and to review, process and follow-up on examination reports.

Given these factors, it is critical that DFI maintain the position and funding for this supervisory examiner position.

- **Position #113140 (Fin Inst Specialist):** The department has not requested Governor's approval to fill the position. This is a financial institutions specialist position that is responsible for researching, analyzing and interpreting federal and State laws and rules; assisting with the development of policies, procedures, laws, and rules; and conducting special projects. DFI has left this position vacant as it assesses the workload the position would assume. With DFI's heavy workload that continues to evolve and expand, and the increasing national concern surrounding financial institution safety and soundness initially brought on by the sub-prime crisis, both of which are described in detail above, DFI may need to fill this position in the very near future. If the developing credit crisis results in changes in federal laws and regulations, or begins to impact institutions in Hawaii, DFI will need to quickly develop a regulatory response. Eliminating this position and its funding would limit DFI's ability to quickly and appropriately respond to these types of outside events that can suddenly and adversely impact Hawaii's financial institutions.

Alternative Trade-off Reductions: None.

3. **CCA 105 (Professional and Vocational Licensing Division): Sequence no. 1200-001 – Reduces four permanent positions (#33, #3769, #19618, #22645, #37188) and \$196,656 in special funds.** *Please note that although the budget worksheet narrative states four permanent positions, there are five permanent positions listed. Also, the reduction amount ties to the five positions.*

Rationale for Adjustment: According to the budget worksheet, the positions and funding were reduced to attain vacancy savings.

Impact: Because the program is funded through the CRF, vacancy savings do not accrue to the benefit of the general fund. See note 2, above.

In addition, abolishment of the five identified positions will negatively affect our Program Objective. These vacancies have already required reassignment of the workload associated with the positions in order to ensure that operations continue in as near as possible an efficient and effective manner. This was a temporary fix; never something envisioned to be permanent. While current staff has been able to absorb some of the additional workload on a short-term basis, it has adversely affected their ability to manage their own assigned workload. Each vacancy needs to be filled, in some form.

- **Position #33 (Secretary II):** This position needs to be filled based on workload demands. The program has been in continuous recruitment since July 12, 2007, but either no one qualified applied or the applicants were not suitable for hire. The department is awaiting a new list of names from DHRD.

- **Position #3769 (Reg Bds/ Com Admin Asst III):** This position is vacant because it is the subject of management review and analysis to re-describe the position to a supervisory position. The proposed re-description is necessary in order to provide the mid-management leadership that will make the Program's Administrative Assistants Branch more effective, efficient, and consistent, allowing for overall improvement in the administrative services provided to the Program's 45 licensing areas. However, this process is a deliberative one that must consider all impacts including those on other personnel and operations.
- **Position #19618 (Clerk IV):** This position was the subject of a review and analysis to re-describe the position to a Clerk V to meet workload demands. The end result was that we reallocated the position to a Clerk V in February 2008, and, that same month, received director's approval to begin recruiting to fill it to meet workload demands.
- **Position #22645 (Secretary II):** The department requested and received Governor's approval to fill the position. However, given the great difficulty with filling an identical position (see above position #33), the Program focused its energies on filling one position at a time. This position will be filled as it is needed to balance workload demands.
- **Position #37188 (Licensing Examiner III):** The department did not request Governor's approval to fill this position because it is the subject of management review and analysis to possibly re-describe the position based on workload demands. The position is needed to address Program workload. Furthermore, abolishing the position will negatively affect the SR rating of another current employee.

Alternative Trade-off Reductions: None.

4. **CCA 106 (Insurance Division): Sequence no. 62-001 – Reduces \$91,622 in funding only for the permanent insurance examiner IV (#99008R).**

Rationale for Adjustment: According to the budget worksheets, "Funding was provided with Act 227, SLH 2007."

Impact: The legislature passed Act 227, SLH 2007, which established the framework for conducting market conduct examinations. The legislature appropriated monies when it passed Act 227. The Insurance Division is seeking a position count and funds to create a permanent position to establish a market conduct program. It is unclear whether monies from Act 227 may be used to fund the position currently being sought.

Alternative Trade-off Reductions: None.

5. **CCA 106 (Insurance Division): Sequence no. 1200-001 – Reduces four permanent positions (#5909, #108005, #110317, #112456) and \$235,009 in special funds.**

Rationale for Adjustment: According to the budget worksheet, the positions and funding were reduced to attain vacancy savings.

Impact: Because the program is funded through the CRF, vacancy savings do not accrue to the benefit of the general fund. See note 2, above. In addition:

- **Position #112456 (CIAF Insurance Examiner II):** This position was filled effective February 26, 2008.
- **Position #108005 (CIAF Insurance Examiner III):** A job offer was made and accepted for this position. The selectee will start work effective April 1, 2008.
- **Position #5905 (Insurance Program Specialist):** Recruitment has been ongoing for this position since January 22, 2007. The division received a first list of candidates with only one candidate, who subsequently withdrew. The division received a second list on February 29, 2008 with one candidate and is interviewing the candidate.

This position has the ongoing responsibility for the preparation and maintenance of the division's budget, including determination of the annual assessment of insurers. This position provides technical insurance expertise to the Insurance Commissioner as well as administrative assistance.

This position is also responsible for the oversight of the Hawaii Joint Underwriting Plan (HJUP), a program established under the motor vehicle law to provide high risk drivers with the opportunity to purchase motor vehicle insurance. It also provides insurance coverage to innocent people who are injured by an uninsured driver and insurance to welfare recipients. Additional program oversight is provided to the prepaid legal services, service contracts and vehicle protection programs.

Without this position, the division's operations will be severely and adversely impacted. Position duties will have to be redistributed within the division, placing additional burden on staff and incurring overtime costs.

- **Position #110317 (CRF Rate & Policy Analyst IV):** Recruitment has been ongoing for this position since March 2007. The department conducted an internal recruitment for the position in March 2007. Subsequently, in August 2007 the division placed a job advertisement in the paper and posted flyers at the University of Hawaii. The department is actively continuing the recruitment process.

This position is essential to assisting the life insurance branch, providing regulatory services for life insurers and producers and protection for life insurance consumers. As technical and medical advances impact the quality and duration of our life expectancies, there has been an increasing volume of innovative and competing life, accident and health or sickness (L-AHS) policies being filed. This position assists in ensuring that these products and the attendant advertising for long term care, Medicare Supplement and annuities disclosure forms for sales to the elderly (Act 71, 2006 SLH) are reviewed within the statutory timeframes. Presently, there are three L-AHS analysts. Using only a five month time period, from October 1, 2007 to February 29, 2008, 652 L-AHS filings were received. There are still 281 filings pending, with several filings pending since November 2007. Eliminating this position will only ensure that the backlog will increase, resulting in insurers waiting for product approval and consumers not being offered the latest products.

Alternative Trade-off Reductions: None.

6. **CCA 110 (Office of Consumer Protection): Sequence no. 60-001 – Deletes one newly requested investigator position and \$64,321 in special funds.**

Rationale for Adjustment: According to the budget worksheets, the department can use existing staff and resources.

Impact: This position was requested to fill a critical need for the Office of Consumer Protection (OCP). Currently, investigators must divert their attention from impending investigations involving unfair and deceptive trade practices in order to work in the landlord tenant center housed at OCP. Since the mid-1990s, when OCP was severely impacted by the loss of almost half of its investigators (due to the State RIF), the OCP investigative unit has been understaffed. This lack of manpower has inhibited the office's efforts to investigate many deceptive cases. The approval of this position will allow OCP to better serve the needs of our citizens. It will allow the landlord tenant center to be more attentive to the more than ten thousand inquiries which it receives each year and will free up the current investigative staff to more thoroughly and expeditiously investigate allegations relating to unfair and deceptive trade practices. This is the first time that OCP has requested a position in more than fifteen years.

Alternative Trade-off Reductions: None. The position stands on its own merits, and should not require elimination of another needed position to justify it. If the legislature, nevertheless, decides to reduce any of the department's current positions, we would ask that that position be considered as a trade-off for this proposed OCP investigator.

7. **CCA 110 (Office of Consumer Protection): Sequence no. 1200-001 – Reduces two positions (#25359, #43810) and \$47,472 in special funds.**

Rationale for Adjustment: According to the budget worksheet, the position and funding were reduced to attain vacancy savings.

Impact: Because the program is funded through the CRF, vacancy savings do not accrue to the benefit of the general fund. See note 2, above. In addition:

Position #25359 (Clerk Typist II) and #43810 (Clerk Typist II): The prospective impact of losing these positions would be severe. These positions service the investigative section of OCP and are extremely important to the program's plans for facilitating the processing of investigations involving unfair and deceptive trade practices. They have only been left unfilled to this point due to pragmatic considerations. Since the section will be undergoing a period of transition within the next few months, with the impending retirement of a long-serving supervising investigator in three weeks and another who has indicated that he intends to retire within a few months, OCP believes that it would be more efficacious if the positions remain open until the supervisory positions are filled, especially since the servicing responsibilities may be re-evaluated by the new supervisors. In view of this, it would be regrettable if the OCP were penalized for trying to maintain efficient management policies.

Alternative Trade-off Reductions: None.

8. CCA 111 (Business Registration Division): Sequence no. 60-001 – Reduces \$65,000 in special funds for Economic Cadre.

Rationale for Adjustment: According to the budget worksheet, funding was reduced because the request appears to out of the scope of responsibility for the division.

Impact: Without the ceiling increase, the second phase of the Economic Cadre program may not be funded, and more than 1,200 students across the State might be denied the opportunity to increase their understanding of basic economics.³

Alternative Trade-off Reductions: None.

9. CCA 111 (Business Registration Division): Sequence no. 1200-001 – Reduces nine positions (#14816, #14817, #34900, #35708, #37454, #37710, #40364, #49514, #54545) and \$298,524 in special funds.

Rationale for Adjustment: According to the budget worksheet, the positions and funding were reduced to attain vacancy savings.

Impact: Because the program is funded through the CRF, vacancy savings do not accrue to the benefit of the general fund. See note 2, above. In addition:

³ It should be noted that this is the second year of a 2-year program; this is not an on-going program.

- **Position #35708 (Business Registration Assistant):** This position is necessary to ensuring that business registration service to the public remains efficient and accurate. Since the position was vacated, overtime has been used to help staff carry the responsibilities of this position to efficiently process business filings. Reduction of this position may make the overtime strain on staff permanent and also may negatively impact business filing processing time and efficiency for the public. We hope to fill this position so that current staff can reduce overtime and we can maintain business registration processing times for the public.
- **Position #34900 (Business Registration Assistant):** The Division has been recruiting for this position since June 1, 2007. The State's low unemployment rate and other competitive openings in the State appear to have made this position difficult to fill.

This position is necessary to ensuring that business registration service to the public remains efficient and accurate. Both overtime and temporary assignments have been used to help staff carry the responsibilities of this position. Reduction of this position would make permanent the overtime strain on staff and also may negatively impact business registration processing time and efficiency of documents filed by the public. We hope to fill this position so that current staff can reduce overtime.

- **Position #40364 (Clerk Typist II):** The Division has been recruiting for this position since December 15, 2006.

The Division needs to fill this position because of the increase of records requests that have occurred as a result of improved online services. Staff has taken on a lot of overtime to complete the responsibilities of this position. We need this position to complete the tasks of the records keeping section to help the public receive records promptly and accurately. Reduction of this position would almost undoubtedly lead to a permanent reduction of service to the public, slowing the public's ability to receive records that they need to do business. In addition, it would make permanent the excessive overtime strain on staff. The State's low unemployment rate and the low salary of this position have made it difficult to fill. We have interviewed a number of candidates and we are still actively recruiting. We hope to fill the position soon so that current staff will not have to carry the extra responsibilities of this position permanently.

- **Position #14817 (Clerk Typist II):** The Division has been recruiting for this position since June 2006. The State's low unemployment rate and the low salary of this position have made it difficult to fill. We have interviewed a number of candidates and also extended an offer to a candidate on April 27, 2007, but the candidate did not call back. We are still actively recruiting.

This position is needed to efficiently and promptly process mail from the public. The inability to fill this position has caused strain on staff, requiring

overtime and a temporary hire for almost a year. Reduction of this position would make permanent this strain on the other Clerk Typist IIs and would likely negatively affect the efficiency of the office to process mail from the public.

- **Position #49514 (Securities Examiner III):** The Division has been recruiting for this position since July 2006. The Division recently interviewed a qualified candidate and hopes to make a selection soon.

The position is needed to efficiently process securities registration filings and correspondences. Reduction of this position may cause a permanent slowdown of registration processing for broker-dealers, their reps, investment advisers, their agents and securities companies. This could negatively impact the State's competitiveness in attracting and maintaining business. The position requires specialized securities knowledge that is difficult to find. Additionally, the specialized knowledge attracts much higher salaries in the private sector and so the State has a hard time competing for candidates. We are and have been actively recruiting. We hope to fill this position soon so the Division can keep down the processing time without additional strain on current staff.

- **Position #37454 (Clerk Typist II):** The Division is looking to re-describe this to business registration position to alleviate some of the strain (increased overtime) on the existing staff.
- **Position #14816 (Securities Examiner IV):** Reduction of this position removes the flexibility to provide for influx of filing interests in the State. The impact on the Division would be in the future. The Division's applications for securities broker-dealers, representatives, investment advisers, agents, and securities companies fluctuates depending on the overall economy and other financial indicators. Because of this, the Division's needs fluctuate over time but it is important for the Division to have the ability to hire quickly if a large influx comes to Hawaii. That flexibility keeps Hawaii competitive with other states in maintaining a low processing time and personal service in a very demanding industry. Hawaii has had steady growth in securities filings, but has not had the large influx that sometimes occurs in the industry although we think it prudent to remain prepared.
- **Position #37710 (Clerk Typist V):** Reduction of this position would have limited impact on the immediate work of the Division at this time. But this position organizes the workflow of the securities compliance branch and assists in keeping the processing time down.
- **Position #54545 (Securities Examiner IV):** Reduction of this position would have limited immediate impact on the work of the Division at this time. But securities registration is a specialized field and the number of filings may fluctuate. Being able to readily adapt to fluctuations by hiring is useful to help maintain processing times during these fluctuations.

Alternative Trade-off Reductions: None.

- 10. CCA 112 (Regulated Industries Complaints Office): Sequence no. 60-001 – Deletes two newly-requested temporary investigator positions and \$128,643 in special funds.**

Rationale for Adjustment: According to the budget worksheet, positions and funding were reduced because the department can use existing staff and resources.

Impact: The division requested two additional investigator positions – one to be located on the Big Island, and one on Oahu – in large part to provide for stronger, proactive unlicensed contracting enforcement. Complaints about contractors, of which unlicensed contracting cases make up a large majority, represent almost 32% of the program's complaint totals. The department, the program, and the legislature regularly receive complaints about the need for the program to devote more resources to enforcement of these laws. Without these positions, it will be difficult to devote additional investigative personnel time and resources to initiating proactive unlicensed activity investigations. Given the construction industry's concerns about unlicensed activity, the division has tried to increase its enforcement presence, particularly on the neighbor islands. Without these positions, existing staff will have to take on these additional tasks as time permits, thereby resulting in slower overall case processing and less timely and effective unlicensed contracting investigations.

This additional work can not be accomplished with current resources. There is a demonstrable need, and additional positions are the demonstrable solution. The program already has the funds available to pay for these services. Disallowing these positions and these funds does not affect the general fund, and serves no observable public purpose

Alternative Trade-off Reductions: None. These positions stand on their own merits, and should not require elimination of other needed positions to justify them. If the legislature, nevertheless, decides to reduce any of the department's current positions, we would ask that those positions be considered as trade-offs for these proposed RICO investigator positions.

- 11. CCA 112: Sequence no. 1200-001 – one temporary position (#101720) (Staff Attorney) and \$60,000 in special funds. *Please note that although the budget worksheet reflects a temporary position, according to the BJ details for Act 213/07 this is a permanent position.***

Rationale for Adjustment: According to the budget worksheet, the position and funding were reduced to attain vacancy savings.

Impact: Because the program is funded through the CRF, vacancy savings do not accrue to the benefit of the general fund. See note 2, above.

In addition, the program is currently recruiting to fill this position to handle RICO legal enforcement matters. The division has already conducted a number of interviews, but has not yet located a suitable candidate and has therefore paid for statewide advertising in newspapers of general circulation and hopes to fill this position shortly. RICO's Staff Attorneys are responsible for prosecuting licensing violations, including cases involving disciplinary actions of physician, contractor, real estate and other professional licenses, enforcement of unlicensed activity citations and court actions against unlicensed builders. Not filling this position would mean that the division's ability to timely prosecute violators would be diminished.

Alternative Trade-off Reductions: None.

CIP Budget:

The department has no CIP requests.

Provisions:

The department has no provisions.



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO

Statement of
Orlando "Dan" Davidson
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

March 27, 2007, 9:30 a.m.
Room 211, State Capitol

In consideration of
H.B. 2500, H.D. 1
RELATING TO THE STATE BUDGET.

The HHFDC has the following specific priority supplemental budget requests for the Committee's consideration. While we appreciate the funding provided in H.B. 2500, H.D. 1, full funding of these requests is required to implement the HHFDC's production plan to assist in the development of 7,000 affordable units.

Our priority supplemental Capital Improvement Program (CIP) requests are to:

1. Provide an additional \$26 million in GO Bond (C) funds, the second and final part of funding for the acquisition of a portion of Kukui Gardens to preserve it as affordable rental housing in the Honolulu urban core;
2. Provide an infusion of \$25 million in GO Bond (C) funds into the Rental Housing Trust Fund to provide financing for the development of an additional 266 affordable rental units;
3. Provide an infusion of \$25 million in GO Bond (C) funds into the Dwelling Unit Revolving Fund to support the development of over 1,700 affordable units; and
4. Provide \$2.8 million in General Obligation (GO) Bond (C) funds for the replacement of the Waiahole Valley Potable Water System;

While we appreciate the \$10 million appropriations for the Rental Housing Trust Fund and the Dwelling Unit Revolving Fund in the House Draft 1, we must reiterate the importance of obtaining our full budget requests to addressing the affordable housing crisis. For example, with the \$15 million reduction to the budget request for the Rental Housing Trust Fund, the HHFDC will not be able to provide financing for 160 affordable rental units. Similarly, with the \$15 million reduction to the budget request for the Dwelling Unit Revolving Fund, the HHFDC will not be able to provide interim construction financing for 410 affordable housing units.

Similarly, the denial of the HHFDC's CIP request for replacement of the Waiahole Valley Potable Water System, a vital health and safety issue, will require the HHFDC to utilize limited affordable housing development funds to address this critical health and safety issue. This diversion of Dwelling Unit Revolving Fund resources for a capital improvement project means that the HHFDC will not be able to provide interim construction financing for 76 affordable housing units.

The HHFDC also respectfully requests the restoration of key vacant positions deleted in the H.D. 1 that are needed to allow the agency to operate at a high level of efficiency to address the State's affordable housing needs.

#118037 HHFDC Deputy Director. This position was not deemed necessary during the short term while the agency has been reformulating itself and has been kept vacant since activity has been at a level which did not require such support. We believe this is still true at present, but it may not be prudent to delete this position in the long term. The agency expects its future activity to increase significantly in the next period as it relates to not only production requirements but especially the complexities that will be presented by the forecasted economic downturn requiring the HHFDC Deputy Director position to ensure the agency's ability to meet expected demands.

#100932, Property Management Coordinator. Under the proposed reorganization, this position will be transferred to the proposed Planning, Evaluation and Compliance Office. The position will be redescribed to Compliance Specialist II. This position is critical because it will be responsible for monitoring compliance with finance program requirements (e.g., LIHTC, RAP, RHTF, RHS, etc.), federal and state fair housing requirements, and federal 504 requirements.

#102029 Dev Supp Sec Chief. This position is critical because it will be responsible for the technical supervision of a Project Engineer and Architect in support of the Development Section for the preparation of Request for Proposals (RFP), processing of DURF applications, and processing of 201H applications, which are all instruments directly related to promoting affordable and workforce housing projects.

#100385 Hsg Dev Spclt I. This position is critical because it will be responsible for support of the preparation of RFPs, processing DURF applications and 201H applications, which are all instruments directly related to promoting affordable and workforce housing projects.

#100891 Hsg Dev Spclt III. This position is critical because it will be responsible to take the lead and be responsible in the preparation of RFPs, processing of DURF applications and 201H applications, which are all instruments directly related to accommodating affordable and workforce housing projects.

#100447 Hsg Warr/Insp Tech. This position is critical because it will be responsible for inspection of construction progress of affordable and workforce housing projects resulting from RFPs, DURF applications and 201H applications.

#40990 DPO I. This position will be redescribed to Accountant VI in the proposed reorganization, and will oversee all accounting operations, including internal financial statement preparation, and coordination of all outside auditor activities and other accountants on staff. The position will formulate and oversee all accounting policies, procedures, regulatory requirements to maintain compliance with all Federal and State requirements.

#107935 Property Management Coordinator I. This position will be redescribed to Procurement Specialist in the proposed reorganization. This position will provide coordination and processing services for contracts and material purchasing, and will develop policies and procedures to ensure the HHFDC's compliance with Federal and State procurement regulations and requirements.

#101626 Loan Proc Asst I. This position is critical to the ongoing efforts of the HHFDC in the area of homeownership programs. The primary function of this position will be to provide technical support for the managers of the Mortgage Credit Certificate and Hula Mae Single Family programs. The Hula Mae Single Family program has been an ongoing and steady program for many years, but the Mortgage Credit Certificate program has tripled in volume over the last 12-18 months.

Thank you for the opportunity to provide written testimony in support of these important requests.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Touching Lives Everyday"

AMENDED TESTIMONY

THE SENATE COMMITTEE ON WAYS AND MEANS
Senator Rosalyn H. Baker, M.D., Chair
Senator Shan S. Tsutsui, Vice Chair

March 27, 2008, 9:30 a.m.
Conference Room #211
Hawaii State Capitol

Testimony on HB 2500, HD1
Relating to the State Budget

Testimony By:
Thomas M. Driskill, Jr.
President & Chief Executive Officer

The Hawaii Health Systems Corporation (HHSC) is in a critical financial condition and respectfully requests supplemental budget appropriations reductions in HB 2500 HD1 be re-instated with significant supplemental support added for FY09 in order to continue to provide current levels of services in our system of acute care, long-term care and rural health services.

Due to external healthcare pressures beyond our control and our mandate to meet our safety net mission for the State of Hawaii, HHSC is in the most critical financial situation we have experienced since the corporation was formed.

A FY08 Emergency Appropriation of \$25 million is currently under consideration by the Senate and the House. The emergency appropriation will provide a desperately needed infusion of cash now in order to pay vendors as several facilities are approaching situations in which we may soon lose control of the operations because of inability to pay vendors, but it does not address HHSC's FY09 Supplemental request.

The FY08 Emergency Appropriation measure, in sync with the initial HHSC FY09 Supplemental request of \$57 million, will reduce accounts payable days and insure provision of current levels of service in HHSC facilities while affording new HHSC Corporate and Regional Governance time to gain an understanding of this situation and work with management leadership to develop a long range plan to minimize the operational cost of HHSC while continuing to provide essential healthcare services.

HB 2500 HD1 has made adjustments (reductions) to the Operating and CIP portions of HTH 210 (HHSC). Your consideration is requested to re-instate these reductions by amending HB 2500, HD1 as follows:

1) Supplemental Operating Budget appropriation (FY09 of Fiscal Biennium 07-09)
HB 2500, HD1 imposed a four percent reduction to most departments' general fund discretionary budgets. A reduction of \$2,204,918 was made to the \$53,622,961 general fund appropriation to HHSC (HTH210). We respectfully request that this amount be re-instated.

2) Capital Improvement Project Budget appropriation:
HB 2500, HD1 reduced general obligation (G.O.) bond-funded CIP projects for HHSC by \$8,298,000 by deleting 10 of 17 life safety projects. Furthermore, no G.O. bond-funded projects were approved for HHSC in FY09 in the 2007 legislature. We request that at a minimum, the \$8,298,000 re-instated in the CIP budget.

3) Additional Supplemental Operating Budget appropriation (FY09 of Fiscal Biennium 07-09):

Additionally, a supplemental request of \$57 million was made to the administration for FY09 but was not included in the executive budget. Initially this \$57 million was based upon the assumption that the FY08 EA was not forthcoming, however, as we have begun to decentralize the final FY09 HHSC budgeting process, we now anticipate that the entire \$57 million or more will be required as a FY09 supplemental request to sustain all regions in addition to the FY08 EA. HHSC is in the first round of our three round final FY09 budget preparation process. In this early stage of our final FY09 budget preparation our regions have initially identified a FY09 cash flow need of \$83 million over appropriation (see attached). As we continue through our final FY09 budget preparation process, the numbers will continue to change moderately, but at this point the best projection we have for cash flow shortfall above appropriation is \$83 million. Thus, making up this \$83 million shortfall is necessary to maintain an adequate level of funding to continue operation of facilities at current levels of services during FY09.

Low levels of reimbursement from insurance companies and health plans, growing cost of uninsured, increasing physician costs, increasing employee payroll costs and increased required contributions to the Employee Retiree System plus state employee health for life are factors that contribute to the shortfall. The continuing physician recruitment challenge particularly in rural communities is especially problematic for HHSC because it decreases health care services in any given area, thereby decreasing revenue while increasing additional professional cost for hospitals.

We respectfully request amendments to HB 2500 HD1 to enable continued operations of HHSC facilities and to prevent detrimental impacts on the communities we serve. Both HHSC governance and management recognize the magnitude of this supplemental request for FY09 and are committed to transitioning new structure in accordance with Act 290 and developing strategies to minimize cost of the hospital system future requests for state support necessary to continue to provide essential services to the communities in the regional systems statewide. Thank you.

Attachment: Draft FY2009 Supplemental Budget Requirements By Region (Rev-1)



DRAFT
FY 2009 Supplemental Budget Requirements
By Region

• Leahi \$ 4,636K
• Maluhia \$ 1,802K
Oahu Region: \$ 6,438K

• WKMC \$ 12,058K
• SMMH 3, 257K
Kauai Region: \$ 15,315K

• MMMC \$ 21,545K
• Kula 2,830K
• Lanai 907K
Maui Region: \$ 25,282K

• HMC \$ 24,365K
• HHH 975K
• Kau 1,301K
East HI Region Total: \$ 26,641K

• KCH \$ 9,413K
• Kohala 615K
West HI Region Total: \$ 10,028K

(Rev-1)



**OAHU REGION
HAWAII HEALTH SYSTEMS CORPORATION**

**THE SENATE COMMITTEE ON WAYS AND MEANS
Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair**

March 27, 2008 9:30 a.m.
Conference Room #211
Hawaii State Capitol

Testimony on HB 2500, HD1 Relating to the State Budget

Vincent Lee, FACHE
Oahu Region CEO

Good morning Chair Baker and members of the Senate Committee on Ways and Means. Thank you for this opportunity to offer testimony on HB 2500, HD1 Relating to the State Budget,

The Oahu Region, HHSC supports HB 2500 HD1 with amendments, as proposed by the Hawaii Health Systems Corporation (HTH 210) that include: a) re-instatement of the supplemental operating budget, b) re-instatement of funding for the CIP budget, and c) additional supplemental funding needs to the level that will allow the region to meet life safety codes, continue to provide quality care; and allow system-wide provision of acute, long-term care and rural health services in the communities we collectively serve.

Your consideration to provide for the levels of funding that are necessary to continue operation of the network of regional facilities at current levels of services during FY2009 is respectfully requested. We respectfully request your support and passage of HB 2500 HD1 with amendments. Thank you.



KONA
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THE SENATE COMMITTEE ON WAYS AND MEANS

Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair

March 27, 2008, 9:30 AM
Conference Room #211
Hawaii State Capitol

Testimony Supporting HB 2500 HD1
Relating Too The State Budget

Donald Lewis
West Hawaii Region Chief Executive Officer, HHSC

Thank you for this opportunity to offer testimony in strong support of HB 2500 HD1, Relating to the State Budget with amendments.

West Hawaii Region includes Kona Community Hospital and Kohala Hospital serving approximately 60,000 people on the West side of the island including the southern portion of the island of Hawaii.

West Hawaii Region is currently at a critical condition financially, with difficulty paying for necessary goods and supplies for essential levels of patient care and hospital operations. There is an Emergency Appropriation presently before the legislature that is urgently needed to address a current FY08 crisis.

This budget bill provides funding appropriations that are needed for FY09 operations and CIP improvements. West Hawaii region supports amendments to HB 2500 HD1 that would re-instate decreases that were made in funding appropriations for the Hawaii Health Systems Corporation (HTH 210) for FY 09 operations and CIP life and safety code improvements. We respectfully propose amendments to include: Re-instating \$2,204,918 in the supplemental operating budget appropriation for FY 09; re-instating the \$8,298,000 for the life safety projects; and adding a supplemental request to make up a shortfall based on a cash flow need, to continue operation of facilities at current levels of services during FY09.

We respectfully request your passage of this budget bill with the proposed amendments to provide adequate funding to sustain essential levels of services in the state system of safety-net facilities providing acute, long-term care and rural health services to individuals in communities statewide during FY09. Thank you.



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West Hawaii Regional Board of Directors

THE SENATE COMMITTEE ON WAYS AND MEANS

Senator Rosalyn H. Baker, Chair

Senator Shan S. Tsutsui, Vice Chair

March 27, 2008, 9:30 AM

Conference Room #211, Hawaii State Capitol

Testimony on HB 2500 HD1 Relating to the State Budget

Liz Heiman Zagorodney

Chair, West Hawaii Regional Board of Directors

Hawaii Health Systems Corporation

Dear Honorable Chair Baker and Members of the Senate Committee on Ways and Means:

Thank you for this opportunity to offer testimony on HB 2500 HD1. We support this measure with amendments to increase appropriations for the Hawaii Health Systems Corporation (HTH 210) supplemental operating budget and capital improvement project budget appropriations for FY09.

The board and administration of the Kona Community Hospital urge you to accept our portion of the budget submission in its entirety. We have worked diligently on a budget that provides for the daily operation of the hospital while supporting our newly developed Strategic Plan. This budget represents a concerted effort by the hospital administration to decrease costs and increase revenues long-term per instruction from the legislature.

In past years we have offered realistic budgets that HHSC corporate then asked us to pare down unrealistically. The result was budget shortfalls that left KCH with vendors that will only deliver COD or advance pay which is tremendously expensive, and nearly resulted in KCH canceling all non-essential surgery. It has been under these circumstances that HHSC has then had to request emergency budgets to cover critical shortfalls.



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We recognize the seriousness of the state's budget situation, and the legislature's frustration with the seemingly endless increases in HHSC's supplemental budgets. Faced with systemic problems that hinder efficiency,

drive up costs and impact revenues, the system has found itself with continuous shortfalls. We are looking for creative solutions.

Realistically, however, while working under current constraints, we will only be able to make limited progress. At some point, we will need to address issues like 3rd party payers and cost of labor. We are already addressing systematic problems in technology and process. No matter how hard we work on these to make the system more efficient, those other factors will continue to hinder the progress you have asked us to make and result in operating shortfalls.

We are not making excuses, we are not offering up threats. This is huge undertaking you have asked of us. Most of us offered or agreed to be on this board without any understanding of the magnitude of the problems. Now that we understand, we have decided to step up and work toward the goals we have been given. Now we are asking for patience and support while we do what you have asked us to do.

We are close to completion of a strategic plan and have already begun to structure the changes necessary to enhance revenue and decrease spending. Some of these changes are going to cost money initially. We are in the process of hiring a CFO to improve the financial systems including billing, coding and collections. We have hired new doctors who are bringing increased revenue into the hospital. We are purchasing the equipment they need in order to perform surgeries that will increase revenue in to the hospital. We are working on joint ventures that should take some of the financial burden off the taxpayers and hopefully provide more efficient and more productive departments. We are working on a plan to enhance IT to provide up-to-date information to the administration to help improve the efficiency of the hospital while improving quality of care. We are doing what you have asked us to do and we are doing it as quickly as possible.

I recommend that if you have questions about our portion of the budget that you call us directly. I believe that we can support our request such that



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you will feel comfortable that we are doing what you asked "providing safety-net care and looking for as many creative ways to pay for it as we can legally and ethically pursue.

Most sincerely,

Liz Heiman Zagorodney, Chair
West Hawaii Regional Board of Directors

Representing the Board members:

Alistair Bairos, M.D.
Barry Blum, M.D.
John Cornillez
James W. Higgins
David B. Kaapu, Esq.
Bruce Makarewicz
Richard McDowell, M.D.
Leon E. Pasker, Esq.
Richard J. Taaffe



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THE SENATE COMMITTEE ON WAYS AND MEANS
Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair

March 27, 2008, 9:30 AM
Conference Room #211
Hawaii State Capitol

Testimony Supporting HB 2500 HD1
Relating to the State Budget

Earl G. Greenia
West Hawaii Region Chief Operating Officer, HHSC

Thank you for this opportunity to offer testimony in **strong support** of HB 2500 HD1, Relating to the State Budget, with amendments.

West Hawaii Region includes Kona Community Hospital and Kohala Hospital – we serve approximately 60,000 people on the West side and southern portion of the island of Hawaii.

The West Hawaii Region is quickly approaching a financial crisis – we have significant difficulty paying for goods and services for basic patient care and maintaining the current level of hospital operations is becoming increasingly difficult. There is an Emergency Appropriation presently before the legislature that will address the FY08 crisis.

The budget bill provides funding appropriations that are needed for FY09 operations and CIP improvements. West Hawaii region supports amendments to HB 2500 HD1 that would re-instate decreases that were made in funding appropriations for the Hawaii Health Systems Corporation (HTH 210) for FY 09 operations and CIP life and safety code improvements. We respectfully propose amendments to include: Re-instating \$2,204,918 in the supplemental operating budget appropriation for FY 09; re-instating the \$8,298,000 for the life safety projects; and adding a supplemental request to make up a shortfall based on a cash flow need, to continue operation of facilities at current levels of services during FY09.

I respectfully request your support and passage of this budget bill with the proposed amendments to provide adequate funding to sustain essential levels of services in the state system of safety-net facilities providing acute, long-term care and rural health services to individuals in communities statewide during FY09. Mahalo.

East Hawaii Region Board of Directors



**THE SENATE COMMITTEE ON WAYS AND MEANS
Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair**

March 27, 2008, 9:30 AM
Conference Room #211, Hawaii State Capitol

Testimony on HB 2500 HD1 Relating to the State Budget

Robert Irvine, M.D.
Chair, East Hawaii Regional Board of Directors
Hawaii Health Systems Corporation

Good morning Honorable Chair Baker and Members of the Senate Committee on Ways and Means. Thank you for this opportunity to offer testimony in support of HB 2500 HD1 relating to the State Budget, with amendments to provide adequate funding for the Hawaii Health Systems Corporation (HTH 210) regional system facilities.

The East Hawaii Regional Board is newly formed and just getting our feet off the ground but we have been apprised of the financial condition that requires an Emergency Appropriation for FY08 and requires an increase in Supplemental Budget Appropriations to sustain essential levels of services during FY09.

Reductions have been made in HB 2500 HD1 to the Hawaii Health Systems Corporation budget appropriations (HTH 210) and we respectfully request amendments to 1) re-instate funds that were reduced in the supplemental operating budget appropriation and the capital improvement projects budget appropriation and 2) add an appropriation to make up a projected FY09 cash flow shortfall. These appropriations are necessary to enable continued operations of HHSC facilities and to prevent detrimental impacts on the communities we serve during FY2009.

In the months ahead the Regional Board will try to discuss and study and recommend ways to improve the financial operations of the regional system and minimize future costs and requests for state funding support necessary to continue to provide essential services.

Your support and passage of HB 2500 HD1 with proposed amendments is respectfully requested. Thank you.



**THE SENATE
COMMITTEE ON WAYS AND MEANS
Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair**

March 27, 2008 – 9:30 AM
Conference Room # 211
Hawaii State Capitol

**Testimony Supporting HB 2500 HD1
Relating to the State Budget**

Ronald Schurra
East Hawaii Region Chief Executive Officer

Good morning Chair Baker and Members of the Senate Committee on Ways and Means. The East Hawaii Region, HHSC serves rural communities on the Big Island of Hawaii in Hilo, Hamakua and Ka'u.

Thank you for this opportunity to offer testimony supporting HB 2500 HD1 Relating to the State Budget, with proposed amendments to re-instate levels of funding that have been reduced in the Operating and CIP portions of HTH 210 (HHSC. Your consideration is requested to re-instate these reductions by amending HB 2500, HD1 as follows:

1. Re-instate \$2,204,918 that was reduced in the Supplemental Operating Budget appropriation (FY09 of Fiscal Biennium 07-09),
2. Re-instate \$8,298,00 that was reduced in the Capital Improvement Project Budget appropriation, and
3. Include an additional amount of funding to the Supplemental Operating Budget appropriation (FY09 of Fiscal Biennium 07-09) to make up a projected cash flow shortfall that is necessary to continue operation of facilities at current levels of services during FY09.

We respectfully request amendments to HB 2500 HD1 to enable continued operations of HHSC facilities with state support necessary to continue to provide essential services to the communities in the regional systems statewide. Thank you.



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

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Physician Rep.

Richard J. Vidgen
West Hawaii

THE SENATE COMMITTEE ON WAYS AND MEANS **Senator Rosalyn H. Baker, Chair** **Senator Shan S. Tsutsui, Vice Chair**

March 27, 2008, 9:30 a.m.
Conference Room #211
Hawaii State Capitol

Testimony Supporting HB 2500 HD1 **Relating To The State Budget**

Rick Vidgen, Chair
Finance Information Systems and Audit Committee
HHSC Corporate Board of Directors

Thank you for the opportunity to offer testimony supporting of passage of HB 2500 HD1 Relating to the State Budget, but requesting amendments to the funding levels set out in the current bill.

Proposed amendments include 1) re-instatement of a reduction made in the supplemental operating budget appropriation for FY09 of FB07-09, 2) re-instatement of reductions in the CIP budget appropriation, and 3) and additional supplemental operating budget appropriation to meet cash flow requirements for FY09;

Since establishment in November 2007, the HHSC Corporate Board of Directors has been active and diligent to make changes according to Act 290 to move the organization toward improved fiscal control of operations and to optimize the impact of the system restructure.

We have made progress.

An "Interim Transitional" Corporate Plan has been completed and provided to the Regions as guidance for their individual Strategic Plans.

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Individual Regions are completing (or have completed) their Strategic Plans and these will be completed by the end of April, with a Corporate Strategic Plan to follow within 4 weeks from the completion of these Regional Plans. This will allow us to have a complete set of plans for the System available June 1st and these will reflect the budget. In due course we will be proposing that regions attempt to forecast the impact of proposed changes longer term.

The regions have completed their FY 09 budgets on the basis that these need to be completely realistic and achievable and they must fit with their Strategic Plans. The timing for this is obviously tight but it is necessary that the regions move forward as Act 290 envisions and take control of their future. They are working hard to do this.

These regional Plans are being prepared with a view to restructuring the current way of operating in each region to enable future operations to optimize profitability (reduce losses) while still maintaining the service levels as required by the State mandate and seeking to enhance Healthcare services and access for the rural and urban communities we serve, where this can be achieved to meet financial goals (ie make a profit). However the mere fact of the restructuring under Act 290 will not result in any immediate cost reduction or profit improvement. We do believe improvements can and will be made but these will take time.

In the meantime the system does require substantial cash input in order to operate and hence we are asking for the reinstatement of the supplemental budget appropriations requested in HTH210. These amount to:

\$57 million as a Supplemental Appropriation
\$2 million reinstated into the General Fund
\$8 million reinstated into the CIP Budget

These amounts are based on the (realistic) budgets as prepared by the individual regions.

Thank you for your consideration.



WEST KAUAI MEDICAL CENTER – MAHELONA MEDICAL CENTER
WEST KAUAI CLINICS – WAIMEA, ELEELE, KALAHEO
HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Touching Lives Everyday"

*Orianna Skomoroch
Regional CEO*

THE SENATE COMMITTEE ON WAYS AND MEANS
Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair

March 27, 2008 – 9:30 a.m.
Conference Room # 211
Hawaii State Capitol

Testimony on HB 2500 HD1 Relating to the State Budget

Orianna Skomoroch
Kauai Region Chief Executive Officer
Hawaii Health Systems Corporation

Good morning Chair Baker and Members of the Senate Committee on Ways and Means. Thank you for this opportunity to offer testimony on HB 2500 HD1 Relating to the State Budget. The Kauai Region includes West Kauai Medical Center, an acute care facility located in Waimea on the Westside of Kauai and Samuel Mahelona Memorial Hospital which is a critical access hospital (CAH) and 81-bed long-term care facility located in Kapaa on the eastside of Kauai, and three clinics located in Waimea, Eleele, and Kalaheo. Kauai Region serves 60,000 people island-wide.

We support this measure that appropriates funds for the HHSC regional facilities for FY09, with proposed amendments that would re-instate appropriation levels that have been reduced in HHSC (HTH210) supplemental operating budget and CIP budget portions, and to add supplemental operating funds necessary to sustain levels of essential services during FY2009:

- 1) re-instate \$2,204,918 in supplemental operating budget appropriation for FY09
- 2) re-instate \$8,298,000 in CIP budget appropriation
- 3) include additional supplemental operating budget appropriation for FY09 in an amount necessary to make up a projected shortfall based on a cash flow need.

Kauai Region facilities have critical access hospital designation benefits, yet are facing the healthcare challenges of increasing costs and decreasing reimbursements along with the obligation of providing medical care for individuals who are uninsured or unable to afford care, and with recruitment and retention of physicians to our communities. We respectfully request your consideration and passage of HB 2500 HD1 with the proposed amendments to allow our facilities to continue to provide access to essential quality healthcare in the communities we serve. Thank you.

KVMH • 4643 WAIMEA CANYON RD. • WAIMEA, HAWAII 96796 • PHONE: (808) 338-9431 • FAX: (808) 338-9420

MAHELONA • 4800 KAWAIHAU RD. • KAPAA, HAWAII 96746 • PHONE: (808) 822-4961 • FAX: (808) 822-5781



WEST KAUAI MEDICAL CENTER – MAHELONA MEDICAL CENTER
WEST KAUAI CLINICS – WAIMEA, ELEELE, KALAHEO
HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Touching Lives Everyday"

*Orianna Skomoroch
Regional CEO*

THE SENATE COMMITTEE ON WAYS AND MEANS
Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair

March 27, 2008 – 9:30 a.m.
Conference Room # 211
Hawaii State Capitol

Testimony Supporting HB 2500 HD1 Relating to the State Budget

Mike Perel
Kauai Region Chief Financial Officer

Good morning Chair Baker and Members of the Senate Committee on Ways and Means. The Kauai Region serves the island communities with healthcare facilities that include Samuel Mahelona Hospital in Kapaa, West Kauai Medical Center (Kauai Veterans Memorial Hospital) in Waimea, and three Clinics in Waimea, Eleele and Kalaheo.

Thank you for this opportunity to offer testimony supporting HB 2500 HD1 Relating to the State Budget, with proposed amendments to re-instate levels of funding that have been reduced in the Supplemental Operating budget and CIP budget portions of Hawaii Health Systems Corporation (HTH 210), and adding a supplemental appropriation request for FY09 that was not included in the budget.

The budget bill provides funding appropriations that are needed for operations and capital improvement projects that are necessary to serve the growing healthcare needs of our island communities. Proposed amendments include:

1. Re-instate \$2 million that was reduced in the Supplemental Operating Budget appropriation (FY09 of Fiscal Biennium 07-09),
2. Re-instate \$8 million that was reduced in the Capital Improvement Project Budget appropriation, and
3. Add an amount of funding to the Supplemental Operating Budget appropriation that is necessary to continue operation of facilities at current levels of services during FY09.

Your consideration and passage of HB 2500 HD1 with amendments is respectfully requested to enable continued operations of HHSC facilities to provide essential services to communities in the regional systems statewide. Thank you.

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Regional CEO*

**THE SENATE
COMMITTEE ON WAYS AND MEANS
Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair**

March 27, 2008 – 9:30 AM
Conference Room # 211
Hawaii State Capitol

Testimony on HB 2500 HD1 Relating to the State Budget

Norman Akita, Chair
Kauai Regional System Board of Directors
Hawaii Health Systems Corporation (HHSC)

Good morning Chair Baker and Members of the Senate Committee on Ways and Means. The Kauai Regional System Board of Directors was established in November 2007, pursuant to Legislative mandate in 2007. We are in the early stages of understanding the system-wide and regional organization, structure and operations, and are becoming oriented with our responsibilities in a newly authorized governance structure. Although very recently established, we have been apprised of the serious financial situation and needs of the HHSC facilities and regions system-wide.

Thank you for this opportunity to offer support for HB 2500 HD1 with proposed amendments to provide adequate levels of funding to allow the Hawaii Health Systems Corporation (HHSC) regional systems to continue to provide access to essential healthcare services during FY 2009. Proposed amendments include re-instating amounts that have been reduced in the Supplemental Operating budget (\$2 million) and Capital Improvement Project budget (\$8 million) appropriations in HTH 210, and adding a supplemental appropriation request that was not included in the budget.

The Kauai Regional System Board is dedicated to enhanced community-based governance and will support the development and advancement of our facilities in meeting community-wide healthcare needs. We respectfully request your support and passage of this measure with amendments to provide adequate funding to continue to operate our facilities, provide essential quality services, and prevent detrimental impacts on the communities we serve. Thank you.

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HB2500 HD1, Page 1 of 4

**Testimony before the Senate Ways & Means Committee
on**

HB 2500 HD1 RELATING TO THE STATE BUDGET

March 27, 2008

by

Thomas Bingham

**Interim Dean, College of Arts & Humanities
University of Hawai'i at Mānoa**

**THE CASE COMPLETE DESIGN FUNDING
FOR THE PERFORMING ARTS FACILITY
AND PARKING**

INTRODUCTION

We request funding (\$3.6 million) to complete the design for the Performing Arts Facility (Kennedy Theatre).

THE REQUEST:

Planning for the building (including parking) began as long ago as 1986. It is included in the 1987 UH Manoa Long Range Development Plan and in all subsequent versions. This budget item has been approved by the Mānoa campus and the UH Board of Regents.

In previous years the Legislature and Governor granted \$1 million for planning and \$2 million to begin the design work. Architect John Hara completed the planning in 2004. The firm of Kober Hanssen Mitchell Architects has begun the design work.

THE NEED:

- Accreditation was denied by the National Association of Schools of Theatre and the National Association of Schools of Dance because of the substandard facilities. (see Additional Information)
- Kennedy Theatre was designed by famous architect I. M. Pei in 1962. Originally constructed as the performance space for the East-West Center, it is a beautiful and unique theatre built for Western and Asian Productions but **has no classrooms or storage space for costumes.**
- Classes and rehearsals take place in bathrooms, on the open lanai, in dressing rooms, in two "temporary" buildings in the quarry, and the music building. The recent fire at the College of Education destroyed borrowed rehearsal space in the UH Laboratory School. The lab theatre and mainstage cannot be used simultaneously because of the lack of soundproofing. As a result of inadequate storage areas, thousands of dollars worth of costumes are lost each year due to mold and mildew.
- Forty nine classes, 760 students, 18 full time faculty; 3 technical staff, 10 lecturers, 14 graduate assistants, and 2 civil service employees use Kennedy Theatre every semester.
- Annual productions include 5 mainstage, 12 lab, and 4 late-night productions, plus many additional one-act class plays in the Lab Theatre—all of which are open to the public.

HB2500 HD1, Page 2 of 4

- Dance faculty and the primary dance classroom space are in the Temporary Dance Building (TDB), located between two noisy and busy athletic facilities—Cooke Field and the softball stadium. Dance classes are disrupted on a regular basis by noise from these adjacent facilities.
- The UHM 1987 Long Range Development Plan calls for parking to be concentrated on the outskirts of the campus. A multi-level parking structure blended with the Performing Arts Facility will provide approximately 480 spaces—more than compensating for the 126 spaces lost to the new facility and contributing to the parking goals of the LRDP. The Kennedy Theatre site is designated as the first of the new structures to be built.

THE BUILDING:

- 8,000 square feet medium capacity (300 seats) multi-purpose theatre which can be used concurrently with the mainstage.
- Studio training and rehearsal space for the internationally acclaimed Japanese, Chinese and Southeast Asian theatre.
- Studios for Asian dance, ballet and modern dance.
- Production and costume storage space.
- Design studios for Computer Assisted Design (CAD).
- Faculty and staff offices.

Total square feet: 66,700 (Performing Arts Facility) plus the parking structure

PARKING

The need for more parking at UHM is well-known and well-documented.

- All three neighborhood boards that surround Manoa (Manoa, McCully/Moiliili, Diamond Head/Kapahulu/St. Louis) have given their strong endorsements.
- Approximately 480 parking spaces will be included in a multi-level structure, replacing the current 126 spaces. The net gain is approximately 350 spaces.
- The facility will be managed by the UHM Parking Office, serving all members of the UHM community as well as theatre patrons.

ESTIMATED PROJECT COST

- Since the parking structure will be revenue-producing, we hope to fund that part of the construction with revenue bonds.
- The Asian Theatre program in particular enjoys significant community support. The new facility has several rooms that lend themselves to donor opportunities.
- Total estimated cost = \$60,000,000 (including parking)

VALUE TO THE CAMPUS AND THE COMMUNITY:

Kennedy Theatre is a major venue for theatre and dance in Hawaii and the most prominent academic interface between the community and UHM. With over 22,000 attending 21 productions annually, Kennedy Theatre is second only to Stan Sherif Arena for UHM destinations.

HIB2500 HD1, Page 3 of 4

The Asian Theatre Program continues its tradition of preserving the theatre and dance traditions of many of Hawai'i's people. Japanese students began performing Kabuki at the University in 1924 and the expanded Asian theatre program now provides residents and students a unique opportunity to experience the cultural heritage from much of Asia. In the face of daunting obstacles, the Asian Theatre Program is recognized as the finest of its kind in the world. It has the largest number and range of Asian theatre offerings in the country, providing an integrated educational and performance opportunity. Throughout the years the three full time Asian theatre faculty and their students have given world premieres of English language productions of Chinese, Indian, Indonesian, Japanese, Malaysian, and Thai dramas. They have performed in Kennedy Center in Washington, D.C., the People's Republic of China and Japan.

The Western Theatre Program stages classical western theatre productions, including Elizabethan and Greek theatre works, and contemporary plays that otherwise would never be staged in Hawai'i.

The Youth Theatre Program provides performances for approximately 6,000 school children annually. This is a unique cultural exposure for many of the children who otherwise would not experience live theatre.

The Dance Program is recognized for its comprehensive offerings including several forms of Asian dance. Student dancers are regularly recognized with 'Outstanding Performance Awards' at regional and national American college dance festivals. The national program, Artsbridge Student Scholars, gives UHM students the opportunity to work with K-12 teachers and students to provide arts-infused educational experiences throughout the state.

Theatre and Dance companies spawned by the Department as a parent organization or training ground include HPAC (the original Manoa Valley Theatre), Ohia Productions (promoters of the plays by Lisa Matsumoto), Kumu Kahua Theatre, Monkey and the Waterfall, and Iona Dance Theatre.

Theatre and Dance continues its outreach to the community this year with Page to Stage, a program that provides curricular material and interactive opportunities for teachers and school students, and Kyogen-On the Go!, which takes portions of the Spring program into the community and to the Neighbor islands.

ADDITIONAL INFORMATION

In 1986 the then Department of Theatre attempted to gain accreditation by the National Association of Schools of Theatre. The visitation team commended the department for: the strength of its faculty; its leadership; the uniqueness of the program (successful combination of study and practice of Asian Theatre); The number one weakness cited was the teaching facilities.

The other issues cited as weaknesses were soon addressed. To this day the only obstacle to accreditation is the lack of teaching facilities.

Excerpts from 1986 visitation team report:

- "The production/performance facilities are excellent. The JFK Theatre, auditorium and stage, are most impressive and readily lend themselves to the presentations of this unique department with its blend of East-West theatre presentations. ... Storage areas are abysmal. The department possesses perhaps the most outstanding collection of Asian theatre costumes

HB2500 HD1, Page 4 of 4

in the nation, but they are stored in a hazardous area with no temperature control and are susceptible to an inordinate amount of dust which has a potential for infestations.”

- “Classes are held in the theatre lobby, hallways, restrooms, dressing rooms and wherever else there is a space not currently occupied. There are NO rehearsal spaces, except the out-of-door. The teaching facilities, which are supposed to serve the primary purpose of the department, are abominable. The laboratory spaces are in need of better air circulation. In addition, they represent a true and immediate hazard to the health and safety of all who occupy them.”
- “Teaching Facilities - It is truly amazing that such a fine program is housed in such a deplorable facility. The Kennedy Theatre is excellent for the presentation of the production program. It’s stage, house and lobby, are most attractive and effective. There are really no classrooms, per se, in the building. Rooms are used for classes, but all of them present severe health or safety problems due to poor ventilation or very limited egress and exits. Faculty offices require special knowledge or a guide to find as they are tucked away in every conceivably usable space. Storage facilities are overused and hazardous. The absolutely unique and unquestionably invaluable collection of Asian theatre costumes is so poorly stored that the costumes are fast becoming an endangered species.”

To: Sen. Rosalyn Baker, Chair (FAX 586-6071)
For: Senate Ways & Means Committee, Room 306
Re: HB2500 HD1
Hearing Date: March 27, 2008
Hearing Time: 9:00 am

Submitted by:

Thomas Bingham
956-4047
bingham@hawaii.edu

Testimony

March 25, 2008

Senate Ways and Means Committee
Hearing on HB2500
March 27, 2008
9:30 a.m., Conf. Room 211

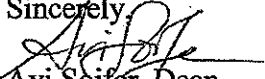
Dear Chair Baker, Vice Chair Tsutsui, and Members:

The William S. Richardson School of Law strongly **supports an amendment to HB2500 to include \$7.2 million in design funds, or a substantial increment this year and more complete funding next year.** The design funds are critical to continuing the progress toward modernizing "Hawaii's Law School." The School of Law's supplemental CIP request is ranked 16 for Manoa campus priorities and 22 on the President's priority list. The Law School's proposal for renovating the existing buildings to achieve a high level of LEED certification would serve as a model for UH and other State buildings.

Please find attached a letter to all members of the Legislature from the sixteen distinguished members of the House and Senate, including members of this Committee, who are proud graduates of the School of Law. As their letter states, the project is badly needed and the design funds are essential to the school's efforts to obtain firm commitments from promising prospects of private, federal, foundation, and other funds – all of which will leverage any future state funds and contribute to maintaining the School of Law as a first-class state school.

We appreciate your support and **request that this priority item be included in the Senate version of the budget.**

Sincerely,


Avi Soifer, Dean


Denise Antolini, Chair
Law School Building Committee

Attachment (Feb. 20, 2008 letter from Law School Alumni Legislators)



HAWAII STATE LEGISLATURE
STATE CAPITOL
HONOLULU, HAWAII 96813

February 20, 2008

Hawaii State Senate
House of Representatives
State Capitol
Honolulu, Hawaii 96813

Re: CIP Priority – HB2500 Amendment to Support Law School Design Funds

Dear Colleagues:

As you know, the William S. Richardson School of Law needs to modernize its facilities by expanding the library building to the originally planned second floor and by renovating both buildings up to gold-LEED standard for sustainable design. Both parts of this project are badly needed – the School of Law is simply out of space, limiting its ability to serve our community in the future.

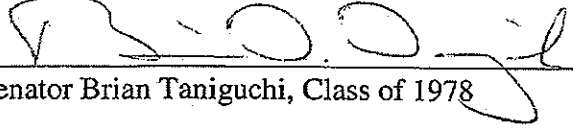
The Law School worked long and hard and has produced a first-rate conceptual plan with the \$500,000 allocated by the Legislature in 2006. The critical next step is the design phase, the key to allowing the Law School to obtain private, foundation, federal, and other funds they already have begun to seek to supplement future state funding for construction. As part of the University of Hawaii Biennium Supplemental Budget Request for CIP, the School of Law is seeking \$7.2 million for design. This item is ranked 16 among Mānoa campus priorities and 22 on the President's priority list, though it is not in the Governor's Budget. It was in last year's biennium budget, however, and it has to be added to the Legislature's list of priority projects for final approval this year.

In a multitude of ways, the Law School is *Hawaii's Law School*, not simply another building on the Mānoa campus. Its contributions to the community stretch very far beyond its success in training future leaders for Hawai'i, including clinics that serve our most vulnerable citizens, leadership in environmental and Native Hawaiian issues, and numerous programs that contribute to and help shape the economic future of our state. The modernization of the school for the 21st century also is a fitting tribute to the life and legacy of its namesake, former Chief Justice William S. Richardson, who is now 88 years old.

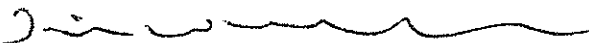
Please join me, Senator Taniguchi, and other alumni of the Law School who have signed below. We are requesting that priority for this CIP item be included as an amendment to HB2500, scheduled for decking on March 10, 2008.

Mahalo for your support.

Sincerely,




Senator Brian Taniguchi, Class of 1978




Representative Kirk Caldwell, Class of 1984



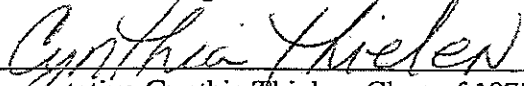
Senator Carol Fukunaga, Class of 1976



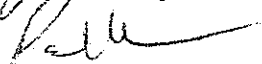
Senator Colleen Hanabusa, Class of 1977



Representative Dwight Takamine, Class of 1978



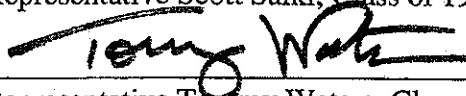
Representative Cynthia Thielen, Class of 1978



Senator Paul Whalen, Class of 1991



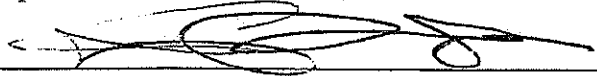
Representative Scott Saiki, Class of 1991




Representative Tommy Waters, Class of 1993



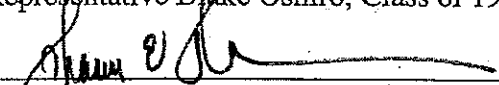
Representative Alex Sonson, Class of 1993



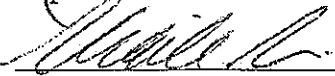
Representative Sylvia Luke, Class of 1995



Representative Blake Oshiro, Class of 1996




Representative Sharon Har, Class of 1998



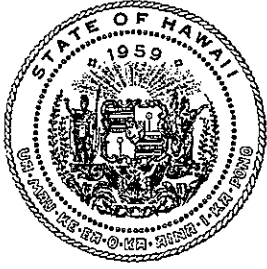
Representative Maile Shimabukuro, Class of 2000



Representative Scott Nishimoto, Class of 2002



Representative Della Au Belatti, Class of 2003



Hawai'i Tourism Authority

Hawai'i Convention Center, 1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
Website: www.hawaiitourismauthority.org

LINDA LINGLE
Governor

REX D. JOHNSON
President and Chief Executive Officer

Telephone: (808) 973-2255
Fax: (808) 973-2253

Testimony of
Rex Johnson
President and Chief Executive Officer
Hawai'i Tourism Authority

on
H.B. 2500, H.D. 1
Relating to the State Budget

Senate Committee on Ways and Means
Thursday, March 27, 2008
9:30 a.m.
Conference Room 211

The Hawai'i Tourism Authority (HTA) supports H.B. 2500, the Supplemental Appropriations Act of 2008, which includes the HTA's budget request for fiscal year 2008-2009.

It includes our request for three additional exempt positions. Two of the positions will help the HTA to position Hawai'i for the China and Korea markets. The third position is necessary to help our Product Development staff with an increasing workload due to new and expanded programs in the areas of natural resources, workforce development, and safety and security.

The United States and China have entered into a memorandum of understanding (MOU) that will allow Hawai'i to actively market tourism in China. This presents a huge opportunity for which a full-time person is required to deal with this market. Korea, which was recently included in the visa waiver program, represents another important market for Hawai'i. Before visa restrictions were imposed, Korean visitors to Hawai'i numbered in excess of 200,000 per year. Under the visa restrictions, Korean visitors significantly decreased to 35,000 annually. The additional staff positions will help us to cope with the anticipated increases from these markets.

We request that you support the request for these additional positions.

The goal for the Natural Resources Initiative of the *Hawai'i Tourism Strategic Plan: 2005 – 2015* (State TSP), is, "*To respect, enhance and perpetuate Hawai'i's natural resources to ensure a high level of satisfaction for residents and visitors.*" While the HTA is not identified as the lead agency for this initiative in that plan, the HTA believes that this is an important initiative and as such, supports efforts to improve natural resources statewide including parks, trails and other assets.

Since 2002, the HTA, in response to the legislative mandate, has worked with the Department of Land and Natural Resources (DLNR) by funding improvements of parks and trails throughout the state, through the HTA's Product Development Office. These projects represent just a small portion of the repair and maintenance, expansion and improvement efforts that are needed to bring Hawai'i's parks, trails and other natural resource areas to an acceptable level for Hawai'i's residents and visitors. The HTA believes that the programs of DLNR are vital to the

achievement of the State TSP's natural resources goal of protecting and enhancing our resources for residents and visitors and we are in strong support of these efforts.

The goal for the Access Initiative of the State TSP is, "*To maintain and improve transportation access, infrastructure and services to facilitate travel to, from and within Hawaii.* Again, while the HTA is not identified as the lead agency for this initiative in that plan, the HTA believes that this is an important initiative and supports efforts of the Department of Transportation to improve our airport and harbor facilities and as a result improve the arrival and departure experience at all airports and harbors.

Thank you for the opportunity to provide these comments.

Bryan J. Baptiste
Mayor

Gary K. Heu
Administrative Assistant



KAUAI COUNTY HOUSING AGENCY
Pi'ikoi Building 4444 Rice Street Suite 330
Lihue Hawai'i 96766

Kenneth N. Rainforth
Housing Director

Gary A. Mackler
Development Coordinator

March 25, 2008

Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair
And Committee members
Committee on Ways and Means

The Senate
The Twenty-Fourth Legislature
Regular Session of 2008

**SUBJECT: Testimony in Support of House Bill 2500 HD 1, Relating to the
State Budget**

Committee: WAM

Hearing: March 27, 2008 9:30 AM Conference Room 211

The Kaua'i County Housing Agency wishes to express its support for the following requests for CIP funding in House Bill 2500 HD1:

Economic Development:

Item No. A18.01 HFDC03	Relating to Kukui Gardens Rental Housing Complex	\$26M
Item No. A18.02 HFDC04	Rental Housing Trust Fund Infusion	\$10M
Item No. A18.03 HFDC 005	Dwelling Unit Revolving Fund Infusion	\$10M
Item No. B5 Capital Project No. P70007	Kaua'i Economic Opportunity, Inc. – Design and Construction of a Homeless Emergency Shelter Certified Kitchen	\$73,000

We also support any funding will can be used to improve water or wastewater infrastructure for potential affordable housing sites on Kaua'i. Thank you for the opportunity to provide testimony.

Sincerely,

KENNETH N. RAINFORTH
Housing Director



Written Statement of
YUKA NAGASHIMA
Executive Director & CEO
High Technology Development Corporation
before the
SENATE COMMITTEE ON WAYS AND MEANS
Thursday March 27, 2008
9:30 AM
State Capitol, Conference Room 211

In consideration of
HB 2500 HD1 RELATING TO THE STATE BUDGET.

Chair Baker, Vice Chair Tsutsui, and Members of the Senate Committee on Ways and Means.

The High Technology Development Corporation (HTDC) strongly supports the section in HB 2500 HD1 relating to the Hawaii Small Business Innovation Research (HSBIR) and Hawaii Small Business Technology Transfer (HSTTR) matching grant programs which are administered by the High Technology Development Corporation (BED 143). However, we respectfully request the administration's budget recommendation of \$200,000 for sequence number 60-001 and \$100,000 for sequence number 61-001 on the budget worksheets be restored for BED143.

HTDC recognizes that there are challenges during this budget year, however, research and development (R&D) is the cornerstone of an innovation-based economy and that it is and should be a significant investment by any government focused on diversifying its economy. HTDC also recognizes that the State does not wish to nor can it bear the investment burden alone. HTDC proposes that the State better utilize the funding vehicles available at the federal level. Among the federal programs geared for encouraging small businesses to engage in further R&D with the goal to commercialize, is Small Business Innovation Research (SBIR). A successful program with many supporters nationally as well as for Hawaii, especially after the legislature started to provide more state-level support. The support can be found at two levels, as our budget request reflects:

1. Providing a matching fund for SBIR Phase I winners to increase their chances to obtain Phase II awards which are more significant in value and open up doors for other contracting opportunities with federal agencies; and,
2. Providing education and grant writing support so we will have sufficient number of Hawaii companies entering the federal SBIR pipeline to win the initial Phase I awards.

Over the past 18 years 67 Hawaii companies have won 305 federal SBIR Phase I and Phase II grant awards totaling nearly \$71 million, received over \$4.5 million in State matching grants, and created hundreds of high quality, high paying jobs. Hawaii companies also attracted over \$57.5 million in federal SBIR Phase III commercialization funding. Generally, for every State dollar (\$1) invested in the SBIR matching grant program, Hawaii companies attracted over \$15 in federal SBIR awards or over \$28 in total federal SBIR monies when you include funding for technology commercialization.

The Hawaii SBIR Matching Grant & Assistance Program has operated on a fixed budget appropriation for the past 18 years despite the fact that more and more companies are participating in

SBIR. The result is that there are fewer assistance dollars to spread around to assist and/or award to companies. Below are some of current impacts of this matching grant and assistance program:

- *In the first 14 years of the state program, local companies won an average of 10 federal Phase I awards per year, with a total value of \$10.5 million over the 14 years.*
- *These local companies attracted another \$21.7 million in follow-on federal SBIR funding to Hawaii.*
- *Within the past five years of the program, local companies won an average of 18 federal awards per year (27 in 2006 alone), with a total value of \$12.5 million over five years.*
- *These same local companies attracted another \$25.5 million in follow-on federal SBIR funding to Hawaii in just the past five years. This trend is likely to continue with a growing number of companies participating.*

In 1982, the U.S. Congress created the SBIR program to provide small businesses with federal funding competitions to generate innovative solutions to some of the most pressing needs faced by our nation. By law, the 11 largest federal agencies provide a small percentage of their research budget for SBIR grants/contracts, currently totaling over \$2 billion annually. Beyond resolving federal government needs, the end goal for SBIR technologies and innovations is successful commercialization. Hawaii companies receiving SBIR grants have been successful leveraging these funds to create good research, products and companies. There are 3-phases of funding:

1. Phase I – Federal grant/contract generally up to \$100,000 to explore the technical merit or feasibility.
2. Phase II – Federal grant/contract generally up to \$750,000 for 2 years to expand Phase I efforts.
3. Phase III – Commercialization of the project (no SBIR funds used in this phase).

To effectively compete, the Hawaii state legislature created the HSBIR program in 1989 and added the HSTTR program in 2006. These two programs are critical to R&D companies seeking to commercialize their technologies here in Hawaii. Initial funding for research is done through competitive submittals to federal agencies. States that maintain an SBIR Grant Program show increases in the number of companies and jobs involved in research, development and commercialization.

Of the current 67 Hawaii companies that have used the SBIR program to successfully fuel the commercialization of their R&D, including Oceanit Laboratories, Navatek Ltd., Hawaii Biotech, Makai Ocean Engineering, Innovative Technical Solutions, and Black Pearls/Kona Blue Water Farms; Hawaii companies have won grants from these federal SBIR agencies:

- Department of Agriculture
- National Institute Standards & Technology: Department of Commerce (National Ocean Atmospheric Administration)
- Department of Defense (Office of Naval Research, Air Force, Army, Defense Advanced Research Projects Agency)
- Department of Energy
- Department of Education
- National Aeronautics & Space Administration
- Department of Health and Human Services: National Institutes of Health (National Institute Allergy Infectious Disease, National Cancer Institute, Allergy & Infectious Disease, Environmental Health, Disease Control & Protection, Heart Lung & Blood Institute, Drug Abuse, Food and Drug Administration)

- National Science Foundation

The federal SBIR awards are based on the small business' qualifications to conduct the research, the degree of innovation, technical merit, and future ability to commercialize the SBIR research. The smaller one-time matching grants received through the Hawaii SBIR assistance program allow local Hawaii companies to more effectively compete with mainland companies closer to federal SBIR program managers.

The state's role is to encourage and facilitate innovation and the growth of Hawaii's high technology industry, these funds will encourage Hawaii's small businesses to develop commercially viable technologies and innovations and encourage small companies and researchers at nonprofit research institutions, universities, and colleges to collaborate and to move laboratory-developed technologies to the marketplace.

Thank you for the opportunity to submit testimony on HB 2500 HD1.

Testimony from Alfred C. Lardizabal
Government and Community Relations Director
Laborers' Union Local 368

On

HB2500, HD1 RELATING TO THE STATE BUDGET

To the Committee on Ways and Means
Thursday, March 27, 2008, 9:30 a.m.
Conference Room 211
State Capitol

Honorable Senator Rosalyn H. Baker, Chair; Senator Shan S. Tsutsui, Vice Chair; and
Members of the Committee:


We humbly request the restoration of the following positions and funds in the Regulated
Industries Complaints Office budget request that will assist them in enforcing the laws
pertinent to the construction industry, in particular, investigating complaints and enforcing
licensing laws.

Page 127, Program I.D. CCA112

SEQ# 60-001 Two (2) new temporary positions and funds

SEQ#1200-001 One (1) temporary position #101720 and funds

Thank you very much in considering our request.



Hawaii Aquaculture Association

To:

THE SENATE
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON WAYS AND MEANS
Sen. Rosalyn H. Baker, Chair
Sen. Shan S. Tsutsui, Vice Chair

From: Ron Weidenbach, President, Hawaii Aquaculture Association
Phone: 429-3147, Email: hawaiiifish@gmail.com

Re:

DATE: Thursday, March 27, 2008
TIME: 9:30 A.M.
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

A G E N D A

HB 2500, HD1
Status

(Email Testimony)

RELATING TO THE STATE BUDGET.

Amends the General Appropriations Act of 2007 that appropriates general, general obligation bond, federal, revenue bond, special and other funds for departmental operating and capital improvements budgets.

Chair Baker, Vice Chair Tsutsui, and Committee Members:

The Hawaii Aquaculture Association (HAA) strongly supports the Aquaculture Development Program (ADP) administered by HDOA (Program ID AGR 153), the Sea Grant Aquaculture Extension Program (SGAEP) administered by UH Manoa, and the Pacific Aquaculture and Coastal Resource Center (PACRC) administered by UH Hilo, and also supports the Hawaii Small Business Innovation Research (HSBIR) and Hawaii Small Business Technology Transfer (HSTTR) matching grant programs administered by the High Technology Development Corporation (HTDC), a State agency, (Program ID BED 143), all of which are included in HB 2500.

ADP is the lead agency for aquaculture development and health management in the State and has overseen the development and growth of the industry from a few small farms in the 1970s to more than 100 farms at present with combined revenues of greater than \$21M. Great opportunities exist for continued industry growth. Continued and increased support for ADP will greatly facilitate this effort.

SGAEP is a jointly funded State:Federal program supported by ADP and the U.S. Department of Commerce, National Sea Grant Program. This program transfers worldwide aquaculture research and development information and technologies directly to Hawaii's aquaculture farmers enabling them to be more productive and to remain competitive in the face of increasing global competition.

HAA therefore urges increased support of ADP, SGAEP, and PACRC, as detailed in HB 935 hd2 sd1 **Relating to Agriculture; Statewide Technical Extension for Aquaculture & Hawaii Feed Mill** (\$100K to pay for increased costs of statewide technical assistance to the aquaculture industry through the SGAEP, amended during session to include an additional \$1M for the Oceanic Institute to develop locally produced animal agriculture feeds), HB1615 hd1 sd1 **Relating to the Development of a Shellfish Aquaculture Industry** (\$75K to PACRC for feasibility study of developing shellfish industry in Hawaii), and HB1616 hd1 sd1 **Relating to Aquaculture** (\$75k to ADP or PACRC for a primary aquatic quarantine feasibility study and amended during session to include an additional \$168,600 for an opihi restoration program and budget).

HAA strongly supports the above programs because they will encourage and facilitate innovation and the growth of Hawaii's aquaculture industry. These additional funds will encourage Hawaii's aquaculture businesses to develop commercially viable products, technologies and innovations and encourage small companies and researchers at nonprofit research institutions, universities, and colleges to collaborate and to move laboratory-developed aquaculture technologies to the marketplace, thereby enhancing Hawaii's economy.

If total requested funding is not possible this session due to current budget constraints, then we urge that the original requests of the three bills above, with a combined cost of only \$250K for additional Statewide support of our important and growing aquaculture industry, be funded this session since these funds and initiatives are so urgently needed.

Thank you for the opportunity to offer comments in strong support of increased funding these important programs.



**JAPANESE AMERICAN CITIZENS LEAGUE OF HAWAI'I
HONOLULU CHAPTER**

P.O. BOX 1291, HONOLULU, HAWAI'I 96807
PHONE: 523-8464 WEBSITE: www.jaclhawaii.org

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William Kaneko
Colbert Matsumoto
Alan Murakami

**HB 2500, HD1: Relating to the State Budget
Testimony in Opposition**

Hearing: Thursday, March 27, 2008 at 9:30 a.m. in conference room 211

To: The Honorable Rosalyn H. Baker, Chair, Ways and Means
The Honorable Shan S. Tsutsui, Vice Chair, Ways and Means
Members of the Committee on Ways and Means

The JACL Hawai'i, Honolulu Chapter ("JACL") is opposed to HB 2500, HD1—specifically, Section 5, subsection F, item number 8 of the bill—to the extent that it proposes to amend Act 213 (2007), Part IV, § 125 to include additional public funding for the capital improvement project identified as follows:

8. P70037 PACIFIC AVIATION MUSEUM - PEARL HARBOR, OAHU

<u>CONSTRUCTION FOR PHASE II OF THE RESTORATION OF THE HISTORIC STRUCTURES ON FORD ISLAND AND THE CONSTRUCTION OF MUSEUM EXHIBITS WITHIN HANGER 79. THIS PROJECT QUALIFIES AS A GRANT, PURSUANT TO CHAPTER 42F, HRS.</u>			
<u>CONSTRUCTION</u>		<u>500</u>	
<u>TOTAL FUNDING</u>	<u>DEF</u>	<u>500 C</u>	<u>C</u>

By letter dated March 18, 2008 previously transmitted to all senators and representatives of the Hawai'i legislature (attached), the JACL expressed its "grave concerns" regarding the Ni'ihau exhibit at the Pacific Aviation Museum. According to the museum, it mailed a response to our March 18 letter late afternoon on Tuesday, March 25th.

The museum removed its offensive and historically inaccurate claim that the so-called "Ni'ihau Incident" justified the subsequent internment of Japanese Americans during World War II. However, this act by itself does not adequately address the JACL's concerns.

The JACL finds it both alarming and outrageous that a museum built in part **using funds appropriated by the Hawai'i State Legislature** produced a major exhibit around a factually flawed line of reasoning, which once again casts doubt upon the loyalty of people of Japanese ancestry to America.

We are further shocked by the museum's apparent failure to accept responsibility for its mistakes. **The question is whether additional public funds should be appropriated to the Pacific Aviation Museum considering its prior use of public funds in connection with an admittedly distorted presentation of historical events.** Based on the museum's past and present conduct, the JACL believes the answer should be "No."

At this point, the JACL lacks confidence regarding the museum's proposal to convene a panel of experts to make recommendations on how to present the Ni'ihau story in a historically accurate manner.

According to museum representatives, the Ni'ihau exhibit apparently "drives the museum." We have been advised that adequate space is not available to put this event in its congressionally recognized, historical context.

In Personal Justice Denied: Report of the Commission on Wartime Relocation and Internment of Civilians (1983), a commission concluded that three basic causes were responsible for Executive Order 9066, followed by the exclusion and internment of Japanese Americans without due process): **race prejudice; war hysteria; and, a failure of political leadership.**

Inaccuracy continues to plague the museum's telling of the Ni'ihau story. However, beyond the erroneous details, the larger issue is whether any proposal to "fix" the exhibit can realistically avoid conjuring up the distortions typified by Malkin and others and/or correct the outright misinformation that has already been provided to the 100,000 visitors who have passed through the museum during its first year, as well as the unknown number of others who were provided with the outrageous statement formerly contained in the museum's brochure (not to mention apparent editorializing by docents indoctrinated based upon the same misinformation).

Instead of getting out in front of this issue and taking affirmative action to address its mistakes, the museum's public statements to date have either sought to draw attention away from these errors or simply ignored the issue. For example, in a report broadcast on Hawai'i Public Radio, the museum's president essentially diminished the concerns voiced by JACL member Yoshie Tanabe by claiming that "corrections" were made in the course of reviewing all storyboards, then elaborating that "by and large the story is still the same" and concluding that all of the museum's background research confirmed what happened. A more recent public relations effort briefly mentions "the Japanese plane that landed on Niihau" without taking the opportunity to address the distortion of history perpetrated by the museum on more than 100,000 members of the public since its opening in December 2006.

The Pacific Aviation Museum demonstrates its failure to appreciate the JACL's concerns by invoking "free speech" and attempting to dismiss the significance of the museum's actions by pointing to debate by "others" about whether the Ni'ihau event was a factor that led to the internment. However, as eloquently explained by Angus Macbeth, Special Counsel to the Commission on Wartime Relocation and Internment of Civilians:

espionage or sabotage by a small group does not justify excluding and detaining the entire ethnic group to which they belong. During World War II the following Caucasians were *convicted* of espionage on the mainland: William A. Schuler, Dr. Otto Willimeit, Gerhard Kunze, Rev. Kurt Molzahn, Nicholine Buonapane, Frederick V. Williams, David W. Ryder, Igor Stepanoff, Arthur C. Read, Mrs. Valvalee Dickinson, John Farnsworth, Harry A. Thompson, Frederick H. Wright, John C. LeClair, Joseph H. Smyth, Walker G. Matheson, Ralph Townsend, and Mimo de Guzman. Such evidence provides no good argument for excluding all German Americans or English Americans from the coasts and detaining them in the interior. Equally, there was no good argument for excluding and detaining the Japanese Americans.

Personal Justice Denied, at 475 (emphasis added).

Sincerely,



David M. Forman, President
JACL Hawai'i, Honolulu Chapter

testimony

From: Yoshie Tanabe [yojimbo8@juno.com]
Sent: Wednesday, March 26, 2008 10:04 AM
To: testimony; Sen. Suzanne Chun Oakland; Sen. J. Kalani English; Sen. Carol Fukunaga; Sen. Gary Hooser; Sen. Donna Mercado Kim
Subject: HB2500 (Specifically The Pacific Aviation Museum money request)
Attachments: Niihau and Barbara Marumoto.doc

Dear Members of the Senate Ways and Means Committee
 Chairperson: Rosalyn H. Baker
 Vice Chairperson: Shan S. Tsutsui

This is Yoshie Tanabe. I testified in February before three legislative committees on SB2303 and HB2351 regarding the request by the Pacific Aviation Museum for \$250,000 to expand the Museum. At that time I pointed out several problems with the large display of the Niihau Incident (12/7/41) at the entrance to the main part of the Museum.

The problems were:

- 1) A brochure handed to the visitors stated: "The consequences of the events leading to his (Nishikaichi's) death led to the eventual internment of Japanese-Americans in Hawaii and the West Coast of the United States."
- 2) In large letters on bulletin boards accompanying the Zero wreckage, large pictures of the Zero pilot (Shigenori Nishikaichi) and one of his rescuers (Yoshio Harada) states in part: a) "...Nishikaichi was **aided by Mr. Harada...**" b) "Yoshio Harada, a Japanese laborer who **conspired** with Nishikaichi to overthrow the island...." c)...one of the aircraft's guns, which Nishikaichi **and Harada** used during their siege...."

As stated by Representative Barbara Marumoto, "the leaders of the Aviation Museum,immediately removed that page from the exhibit description." That took care of problem #1.

Problem #2 remains. What is written there are unacceptable CONJECTURES AND INTERPRETATIONS. The author of The Niihau Incident, Mr. Alan Beekman, admits that he could never get a definitive answer from Mr. Harada's widow, Umeno Harada, about what was in her husband's mind as far as motives for helping the pilot. Professor Patsy Sumie Saiki, author of Ganbare, states the pilot spoke with the couple one evening thusly, "...I want to thank you for you have been my friend, even though you know I'm the enemy." Mr. Beekman and Prof. Saiki wrote their stories after interviews with Mrs. Harada.

It is unacceptable to cast such serious charges as conspiracy with the enemy, complicity in seizing the Island of Niihau with and for the enemy upon a human being whose only motive may have been one of helping a fellow human being in trouble. Mr. Harada seemed to have been placed in a position of trust (read both Beekman and Saiki) by Mr. Aylmer Robinson. Could not Mr. Harada's actions also have been one of not only helping a man in need as well as protecting the residents of the island from possible harm from a desperate pilot? And when he failed, he killed himself. (Pilot Nishikaichi seemed to have become more and more agitated as almost a week went by before help from Kauai arrived and he could not persuade the residents to return the papers he believed to have been taken from him--the

papers that seemed so important to him.)

By using words like "conspired," "aided," "abetted," the Museum pre-judged Mr. Harada a traitor to the United States, his country of citizenship.

Mr. Harada had a wife and three young children. For whatever part Mrs. Harada has in this event, she spent 30 months incarcerated at the Honouliuli Internment Camp. Her three children were cared for by relatives on Kauai. According to Prof. Saiki, Mr. Harada said, "Crucify him and crucify me, if you must, but don't crucify the helpless children.... Can't you judge each individual separately? Must my children bear their father's burden all their lives?"

The Harada's oldest daughter is in a care home, the two younger children moved to the mainland USA. The reason: I leave that to each of us.

Rep. Marumoto writes "...the Zero exhibit is but a small portion of the entire Museum." I implore you all to go and see for yourselves--it is very, very large and impressive. And when you do, I ask you to please ask yourself, "Is this exhibit really necessary? Does it add or subtract to what I believe should be our collective efforts today--to bring peace and reconciliation to a tired, war-torn world tired of racial and other divisions? Or at least, is it acceptable the way it is?"

The Good News is that we (along with respected scholars, historians and other professionals like Geoff White, Tom Coffman, Jon Okamura, Bill Kaneko, Eric Yamamoto, David Swift, David Forman, Greg Robinson, Dennis Ogawa) have been meeting with Ken DeHoff (Executive Director of the Museum) and Clint Churchill (President of the Museum). Result: We have not resolved all our problems yet but at least the page from the handout booklet has been removed.

Before any monies are granted the Museum, we respectfully and earnestly request that the GIA request by the Pacific Aviation Museum be tabled by the Hawaii State Legislature at this time.

Very sincerely,

Jim and Yoshie Tanabe
1149 Namahealani Place
Honolulu, HI 96825
394-1908

HSHtestimony@Capitol.hawaii.gov

To: Senator Rosalyn H. Baker, Chairperson

Committee on Ways and Means

March 27, 2008 at 9:30 a.m.

Conference Room 211

From: Rev Alan Mark, State President of FACE

Re: Testimony on HB #2500 HD1

Chairperson Rosalyn H. Baker and members of the Committee

My name is Alan Mark, I'm the senior pastor of the Kilohana United Methodist Church in Niu Valley and the State President of FACE – Faith in Action for Community Equity and the chair of Affordable Housing Committee. I speak for our faith-based organization on Oahu and soon to be FACE Maui, which will make up 40 churches, temples, associations, and organizations island wide. Our mission and purpose is to promote social justice and to better the quality of life for our people here and on the neighbor islands.

Again on behalf of FACE, I want to thank the Senate President Colleen Hanabusa, Senator Brian Taniguchi, the Chair of this committee and the Senate for its continual support of Kukui Gardens and its residence in the purchase of the land with last year's appropriation of 26 million dollars. We cannot say enough of how important the preservation of these 857 affordable units mean to the residents of Kukui Gardens and this state.

I'm here to seek your continual commitment and support by asking you to approve the final 26 million dollars to complete the sale of Kukui Gardens to preserve what little affordable housing rentals we have in this state.

We need to not only preserve what existing affordable units we have in inventory on our island, but to build more. To do so FACE would like to have the support of this committee to set aside \$20,000 for the Rental Housing Trust Fund and the Dwelling Unit Revolving Fund.

Thank you again for your commitment to fight homelessness and the preservation of affordable housing in this state. .

Thank you for your kokua and support.



**William S. Richardson School of Law
Alumni Association**

March 25, 2008

Attn: Senate Committee on Ways and Means
Hearing Date: Thursday, March 27, 2008
Time: 9:30 a.m.

**Request for Amendment to HB 2500 to Include Design Funds for Law School
Expansion**

Dear Chair Baker, Vice-Chair Tsutsui, and Members of the Senate Committee on Ways & Means:

I am writing on behalf of the more than 2,300 alumni of the University of Hawai'i's William S. Richardson School of Law to urge your support for the Law School's Building Excellence Project ("Project"). Richardson Law School Alumni work in Hawai'i's legal, policy, public interest, and business sectors. We are advocates, judges, volunteers, newsmakers, teachers, and neighbors. We are from and live on every major island of the State, and in every community. We are very proud of our *alma mater*, which has not only fulfilled its mission to serve Hawai'i's people, but also has built bridges between Hawai'i's people and those of China, Japan, Korea, Guam, Saipan, the Federated States of Micronesia, and American Samoa. With the introduction of an International LL.M. program four years ago, the Law School is now touching the lives of attorneys and leaders in such diverse places as Azerbaijan, the Sudan, Germany, and Japan.

When the Law School buildings were completed in the early 1980s (a classroom building and a law library), nobody could have foreseen the dynamic growth and leadership of the Law School, its programs, and its faculty and staff, or the dramatic paradigm shift in legal research from paper to electronically-based research. The Law School currently has numerous clinics and programs directly serving Hawai'i's people, which did not even exist when the buildings opened, including the Elder Law Clinic, the Environmental Law Program (ranked among the top such programs in the nation), the Hawai'i Procurement Institute, the Institute of Asian-Pacific Business Law, and the newly-instituted Hawai'i Innocence Project. The Law School has tapped federal and State resources for additional programs such as the Center of Excellence in Native Hawaiian Law, and a program that partners with the Department of Human Services and the Hawai'i Family Courts. Finally, the Law School's *pro bono* program provides innumerable hours of legal services to our neediest citizens through free services provided by law students.

In order to meet the Law School's mandate to provide an opportunity for a high-quality legal education to all of Hawai'i's people, the School has announced [plans to offer an] a new evening school curriculum to serve talented students who, due to family and work obligations, cannot attend regular daytime classes. Although the new part-time program will pay for itself and initially will use facilities that are currently underutilized at night, additional faculty and support staff will be necessary for the program to succeed.

Because of the expansion of the Richardson Law School that has been necessary to fulfill its mandate to serve the people of Hawai'i and the Pacific, the Law School now is bursting at the seams. The current library staff is making due in extremely cramped quarters, the 23-member tenure track faculty is struggling to find room in space designed for 13, and the multiple outreach programs such as those described above are being shoehorned in already cramped quarters, with illogical and inconvenient access ways for the public clients served by the programs.

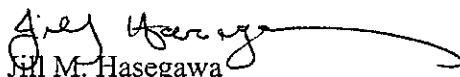
We therefore strongly support the Law School's Building Excellence Project. In addition, we are very pleased that the School has already done much of the planning needed to be a model of sustainability for the University of Hawai'i at Mānoa and for the entire State of Hawai'i.

As part of the University of Hawai'i 2007-09 Biennium Supplemental Budget Request for CIP, the Richardson School of Law seeks \$7.2 million for the next step, which is project design. The Project is not currently included in the draft budget submitted to the legislature by the Governor, but was included in last year's biennium budget, and needs to be added to the Legislature's list of priority projects for final approval this year if the Project is to move forward. The Law School is poised to raise funds for the Project from federal, foundation, and private sources, but design plans are a necessary next step to doing so.

The Richardson School of Law is *Hawaii's Law School*. It is one of the units of the University of Hawai'i of which the State can be justifiably extremely proud. The School is not simply a group of buildings, but is a place where justice is taught and modeled and where access to justice is provided for some of the most vulnerable of our society. The modernization of the School for the 21st century would be a fitting tribute to the legacy of our namesake, Chief Justice (retired) William S. Richardson, whose career was and continues to be committed to justice for all.

Please support inclusion of adequate planning funds in HB 2500 for the Law School's Building Excellence Project.

Sincerely,



J. M. Hasegawa

President

William S. Richardson School of Law
Alumni Association



**UNIVERSITY OF HAWAI'I AT MĀNOA
WILLIAM S. RICHARDSON SCHOOL OF LAW**

March 24, 2008

Chair Rosalyn H. Baker and Vice-Chair Shan S. Tsutsui
Senate Committee on Ways and Means
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

Re: STRONG SUPPORT of AMENDMENT to HB2500 to Add Law School Design Funds

Aloha Chair Baker, Vice-Chair Tsutsui, and Members of the Committee:

We, serving as representatives of the over 300 current students at the William S. Richardson School of Law, collectively write in **strong support of amending HB2500 to add the design funds for the School of Law**. Our Law School is Hawai'i's Law School, one of which we can all be very proud. The school continues to garner national and international attention, yet the existing facilities are simply unable to keep up with our elevating standards of academic achievement and community service. Utilizing \$500,000 allocated by the Legislature in 2006, the Law School has developed conceptual plans for renovating its two buildings in a way that will serve as a model for high performance green buildings in Hawai'i. The renovated buildings will be designed for LEED Gold certification, at minimum. To achieve these goals, we ask you to amend HB2500 to include \$7.2 million for the design phase of the University of Hawai'i at Mānoa Law School expansion and renovation project.

With an average 80% of the student body hailing from our Hawaiian islands, the William S. Richardson School of Law directly provides legal education, access, and public service for all the people of Hawai'i. To better serve the local community, a part-time law program has just been authorized to begin next year, expanding these opportunities even further. The Law School also serves as a hub to connect the United States, the South Pacific, Southeast Asia, Asia, and beyond. We play a vital role already, but we could do so much more with an expanded, professional, and smart-technology facility.

Funding to commence the design phase at this point is vital. Only with this design funding can the Law School move forward with plans for raising supplemental federal and private funding for the construction phase of this project. As part of the University of Hawai'i Biennium Supplemental Budget Request for CIP, the \$7.2 million sought by the Law School is ranked 16 among Mānoa campus priorities and 22 on the President's priority list, although it was not included in the Governor's list of Mānoa projects in HB2500. We greatly appreciate your support for this important amendment. As Retired Chief Justice Richardson said, "Now we must build for the future." We are committed to honoring his original vision for Hawai'i's Law School and to fulfilling his legacy by building excellence for Hawai'i's future. Mahalo for your support.

Should you have any questions, please contact Cameron Black at (808) 620-3379 or cblack@hawaii.edu.

Sincerely,

Cameron Black, 3L Class Representative, Building Committee
Kirby Shaw, 2L Class Representative, Building Committee
Kalani Sloat, 2L Class Representative, Building Committee
Kau'i Yamane, 1L Class Representative, Building Committee

testimony

From: Dane Anderson [danerrr@gmail.com]
Sent: Wednesday, March 26, 2008 12:33 AM
To: testimony
Subject: Testimony for HB2500 WAM Hearing March 27

Dear Chair Baker, Vice Chair Tsutsui, and Members,

I am a first-year student at the William S. Richardson School of Law. I strongly support an amendment to HB2500 that would include the design funds for the School of Law. The design funds will enable the School of Law to better serve Hawaii's community by providing a library with adequate legal resources for public use and creating a world-class learning facility for Hawaii's future lawyers and legal scholars. Thank you.

Sincerely,

Dane Anderson

**234 Pauahilani Place
Kailua, Hawaii 96734**

testimony

From: Harvey Masaji Nakamoto [harveyn@hawaii.edu]
Sent: Wednesday, March 26, 2008 1:49 AM
To: testimony
Subject: Testimony for HB2500 WAM Hearing March 27

Dear Chair Baker, Vice Chair Tsutsui, and Members,

I am a second year student at the Richardson School of law. I strongly support an amendment to HB 2500 that would include the design funds for the School of Law. I support this design fund because it will, among other things, be used to make the law school more sustainable. Environmental beauty is of particular importance in Hawaii. As our state representatives you are delegated with the heavy burden of protecting Hawaii's fragile environment. The Richardson School of law is one of the major training grounds for future leaders of this state. There is consequently no better place for Hawaii to show its commitment to environmental preservation than on its front lines at the Richardson School of Law.

Thank you very much for your time.

Harvey Nakamoto Jr.
488-2866
98-870 Ka'ahele St., Aiea, HI., 96701

testimony

From: Carla Jean Caratto [ccaratto@hawaii.edu]
Sent: Wednesday, March 26, 2008 7:29 AM
To: testimony
Cc: ccaratto@hawaii.edu
Subject: Testimony for HB2500 WAM Hearing March 27

Carla J. Caratto
PO 62000
Honolulu, HI 96839
(808) 222-8885

Testimony

March 26, 2008

Senate Ways and Means Committee

Hearing on HB 2500 HD 1
March 27, 2008
9:30a.m., Conference Room 211

Dear Chair Baker, Vice Chair Tsutsui, and Members,

I am writing in support of the amendment to HB2500 regarding design funding for renovation of key buildings at the campus of William S. Richardson School of Law. As a former law librarian and adjunct professor at the law school, I am well aware of the significant, unique role that the law school and library serve not only in our community here in Hawaii but also beyond. I also know of the critical need to update and expand existing facilities to meet the current and future requirements of all users.

For these reasons I respectfully request and strongly urge the Committee to favorably support this measure as a priority item.

Thank you very much for your time and attention,

Sincerely,

Carla J. Caratto

testimony

From: Everett Ohta [everett.ohta@gmail.com]
Sent: Wednesday, March 26, 2008 7:45 AM
To: testimony
Subject: Testimony for HB2500 WAM Hearing March 27

Dear Chair Baker, Vice Chair Tsutsui, and Members,

My name is Everett Ohta and I am a second-year student at the William S. Richardson School of Law. I am writing to strongly support an amendment to HB2500 that would include the design funds for the School of Law.

I am not someone with a long history of submitting testimony. In fact, the only detailed testimony that I have ever written was for an exercise in Professor Denise Antolini's Environmental Law Class last semester. Despite my lack of previous active involvement, I feel strongly about this measure and decided to submit testimony in support of additional design funds for the School of Law.

The project will be a tremendous boon to the students and faculty— individuals who will continue to shape the future of our state for the better. The preliminary building designs have progressed in the right way—with an eye toward environmental awareness and smart building design. Additional funding would support the only law school in the nation that understands the unique needs of Hawai`i and the greater Pacific region. Although our small school has achieved a lot in the past thirty-five years, the building additions are needed to provide essential educational facilities and bring our school up to par with other law schools across the country.

I am fortunate to be attending the William S. Richardson School of Law. Although I grew up in Hawai`i, I have never been around a better group of people with more aspiration and dedication to improve their communities. Your support at the Capitol supports our efforts in Manoa.

Thank you very much for your time.

Sincerely,
Everett Ohta, law student
2660 Pauoa Rd
Honolulu, HI 96813
291-2931

testimony

From: VIRGINIA HENCH [sk8legal@prodigy.net]
Sent: Wednesday, March 26, 2008 7:53 AM
To: testimony
Subject: Testimony for HB2500 WAM Hearing March 27

Wednesday, March 26, 2008

Re: Design Funding for the School of Law

Dear Chair Baker, Vice Chair Tsutsui, and Members

I am a faculty member at the William S. Richardson School of Law at the University of Hawai`i - Manoa, and I strongly support an amendment to HB2500 that would include the design funds for the School of Law.

We are the only law school that serves the people of Hawai`i, and we have long outgrown our present facility. We urgently need to expand, which of course requires careful design and planning, not only to meet the school's needs, but to do so in an environmentally responsible manner. It is not a question of a few more seats in a classroom. For one example, the Innocence Project, which I run, is housed in my faculty office, which I now share with anywhere from three to a dozen students at a time. Other programs which serve Hawai`i's people are also in desperate need of more space so that we can all serve Hawai`i into the future.

I have devoted a quarter of my life to the W.S. Richardson school of law. It is a wonderful law school and it needs help from all of us.

Please see that we receive the funds necessary to do the design work so that our law school can thrive through the 21st century and beyond.

Yours very truly,
Virginia E. Hench
Professor of Law
hench@hawaii.edu or sk8legal@prodigy.net
808 956-6547

- no need to get fancy or add detail - just keep it simple and sincere
- thank the committee
- put your name and phone number/home address

3/26/2008

testimony

From: deja marie ostrowski [dejamarie@gmail.com]
Sent: Tuesday, March 25, 2008 11:33 PM
To: testimony
Subject: Testimony for HB2500 WAM Hearing March 27

Dear Chair Baker, Vice Chair Tsutsui and Members,

I am a student at the William S. Richardson School of Law. I strongly support an amendment to HB2500 that would include the design funds for the School of Law.

It is important that WSRSL is able to compete with law schools on the mainland. While the current facilities at WSRSL are adequate, they are not comparable to similar mainland public university law schools. As the only law school in the state, it is important that Hawaiian Lawyers are able to have access to comparable facilities available to their mainland peers. Not only will a redesign of the school help in attracting bright minds to the law school, but it will help in improving the quality of education provided by WSRSL to Hawaii residents. As the law school looks to expand and offer a part-time program to better serve the community, it is important to have the design funds necessary to help them achieve this goal, and move WSRSL to better serve Hawaii in the future.

Thank you very much for your time and consideration of this testimony.

Deja Ostrowski
3163 Harding Ave
Honolulu, HI 96816

testimony

From: Joe Dane [jdane@hawaii.edu]
Sent: Wednesday, March 26, 2008 8:24 AM
To: testimony
Subject: Testimony for HB2500 WAM Hearing March 27

Dear Chair Baker, Vice-Chair Tsutsui, and Members -

I am a second year student at the Wm. S. Richardson School of Law, and I am writing to express my very strong support for an amendment to HB2500 that would include funding for design funds for the law school. It is vital that the school continues to attract the best students from Hawai'i and elsewhere. The library in particular is the heart of the school, the place where we spend long hours every day, and currently simply cannot meet the needs of even the existing student body, much less any expansion of enrollment.

My admittedly short experience has demonstrated to me the importance of the law school to the legal community of the State of Hawai'i, and its importance more broadly to the community at large. I hope you will agree, and will permit the process of expansion and modernization to continue.

Sincerely,

--

Joseph A. Dane
4489 Sierra Drive
Honolulu, HI 96816
(808) 778 7855

testimony

From: Kalani Sloat [kbrsloat@mac.com]
Sent: Wednesday, March 26, 2008 1:13 AM
To: testimony
Subject: Testimony for HB2500 WAM Hearing March 27

Dear Chair Baker, Vice Chair Tsutsui, and Members,

I am a second-year student at the William S. Richardson School of Law, and it is my privilege to serve the student body as the Student Bar Association Representative to the Library and Building Committee at the school.

I am writing to indicate that I strongly support an amendment to HB2500 that would include the proposed design funds for the School of Law.

As Hawai'i's law school, we reflect our State. We are recognized for our diverse student body and our fine programs in international law and environmental law, among others. Our alumni are leaders throughout the State, and through this building program, we are committed to making our facilities a model for conservation, efficiency, capability, and proactive maintenance, for the campus and the State. But, we need your help. It is important that we take advantage of our momentum from the planning process and move straight into the design phase, and we need you to amend HB2500 to make that happen. Our facilities are in need of repair, and with the additional enrollment of our first class of part-time students this fall, moving forward now with the design phase of our library expansion/remodeling is imperative.

Thank you for your consideration, and your service to the people of Hawai'i.

Kamana Kealoha Kalani B. R. Sloat
William S. Richardson School of Law, J.D. 2009 (expected) SBA Rep. to the Library &
Building Committee Managing Editor (elect), Hawai'i Law Review

700 Richards St. #2110
Honolulu, HI 96813
808.523.5694

testimony

From: codiga@hawaii.rr.com
Sent: Wednesday, March 26, 2008 1:06 PM
To: testimony
Subject: Testimony for HB2500 WAM Hearing March 27

Dear Chair Baker, Vice Chair Tsutsui, and Members of the Committee:

I am writing to strongly support an amendment to HB2500 that would include design funds for the School of Law.

Such design funds will help renovate existing law school buildings to achieve a high level of LEED certification. This will serve as a much-needed model for UH and other State buildings concerning environmental sustainability.

These funds will capitalize on and support the work of the law school's highly acclaimed Environmental Law Program. As a graduate of the law school (with an Environmental Law Certificate) and past adjunct faculty in the Environmental Law Program, I believe LEED certified renovations to law school buildings will promote Hawaii's leadership in environmental law and sustainability.

It will also be consistent with the desire of landowners and commercial interests (clients I regularly advise on environmental matters) to move forward aggressively to capitalize on the economic and environmental benefits of green building and energy efficiency.

Thank you for your support of the amendment to HB 2500.

Douglas A. Codiga, Esq.

2129 Kamehameha Ave.
Honolulu, HI 96822
(808) 398-0897

Dear Chair Baker, Vice Chair Tsutsui and Members,

I am a second law student at William S. Richardson School of Law, studying environmental law and native Hawaiian issues. Originally from New York, I lived on the west side of Kauai for several years before moving to Oahu to study. I am in strong support of an amendment to HB 2500 that would include design funds for the School of Law.

Updating our facilities at the School of Law is an important step into a future where we are able to attract the best and brightest students and continue to forge a reputation as being a top law school in the nation. The current plan incorporates a well thought out process that reflects environmental sustainability and economic sensibility, promising to serve as a model of what the Mānoa campus can become.

Informed by my current experiences as a student, I am confident these updates will create a more effective atmosphere for academic study and excellence. With updates not scheduled to begin until after my graduation, my aspirations are for future generations of legal scholars to have the best facilities available and for the School of Law to represent the top notch twenty first century campus we all envision the University of Hawai`i to become.

As an alumni to be, I call on your leadership and vision in shaping the future of William S. Richardson School of Law. I am thankful for your consideration, and strongly advise supporting HB 2500 with an amendment that would include design funds for the School of Law.

With Aloha,

Evan Silberstein

3315 East Mānoa Road

Honolulu, Hawai`i 96822

(808) 634-0359

testimony

From: James Burns [jsb808@hawaii.rr.com]
Sent: Wednesday, March 26, 2008 7:17 AM
To: testimony
Subject: Testimony for HB2500 WAM Hearing March 27, 2008

Dear Chair Baker, Vice-Chair Tsutsui, and Members:

Having retired from the Judiciary, one of my primary activities is serving as an Adjunct Professor at the William S. Richardson School of Law of the University of Hawaii. I know from personal experience that this is a first class law school. I seek your support of an amendment to HB2500 HD1 to include the amount of money requested by the WSR Law School to pay for the preparation of the Construction Plans for the improvement of the two Law School buildings. These improvements are urgently needed to allow the Law School to continue and expand its quality and services. Moreover, the Law School is unable to seek commitments from non-State sources for contributions to help pay for the cost of construction until it has the Construction Plans.

Thank you for your consideration of this request.

James S. Burns
147 Mookua St., Kailua, HI 96734
Phones: (h) 2629443, © 2223669

testimony

From: Brian Mackintosh [brian.mackintosh@hotmail.com]
Sent: Wednesday, March 26, 2008 9:20 AM
To: testimony
Subject: Testimony for HB2500 WAM Hearing March 27

Dear Chair Baker, Vice Chair Tsutsui, and Members,

I am a student at the William S. Richardson School of Law. I strongly support an amendment to HB 2500 that would include the design funds for the School of Law. Support for the building project will indicate to all prospective students and faculty members that the legislature is committed to educational excellence and higher learning. Without that commitment, valued members of the community may feel compelled to look elsewhere for their education, and new members with important contributions to make may refrain from coming. Your support for this bill is vital.

Thank you for your time and consideration.

Sincerely,

Brian Mackintosh
1650 Piikoi St., 802
Honolulu, HI 96822
(256)509-5738

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testimony

From: Jack Kittinger [jkittinger@gmail.com]
Sent: Wednesday, March 26, 2008 10:30 AM
To: testimony
Subject: Testimony for HB2500 WAM Hearing March 27

Dear Chair Baker, Vice Chair Tsutsui, and Members:

I am a graduate student at the University of Hawai'i at Manoa studying marine conservation policy, ocean law and sustainable earth system governance. I strongly support an amendment to HB2500 that would include the design funds for the School of Law. The Richardson School of Law is an integral part of our island community. As an educational facility, Richardson is one of the leading institutions in environmental law in the U.S., and is the only law school in the Pacific with a native Hawaiian law focus and faculty dedicated to indigenous law. As such, Richardson is a significant repository of academic capital on issues that are critical to our state and the Pacific, but most importantly the school continues to be a rich training ground for Hawai'i's future leaders.

It is crucial that the law school's facilities receive the attention and support of the HI state legislature. At a time when Hawai'i has dedicated substantial attention to energy issues and sustainability, the law school's focus on designing and building the first LEED-certified building at UHM (the state's 2nd largest user of energy) represents the right path both for our premier educational institution, and our state. Please accept this email as written testimony in support of HB 2500 for funding the design of a new facilities for the Richardson School of Law. I would be happy to testify personally on this matter.

Mahalo,
John N. ("Jack") Kittinger

--
Jack Kittinger
NSF IGERT Fellow
University of Hawai'i at Mānoa
Geography Department
445 Saunders Hall, 2424 Maile Way
Honolulu, HI 96822
jkittinger@gmail.com

testimony

From: Shannon Mears [mears_shannon@yahoo.com]
Sent: Wednesday, March 26, 2008 8:17 AM
To: testimony
Subject: Testimony for HB2500 WAM Hearing March 27

Dear Chair Baker, Vice Chair Tsutsui, and Members,

I am a student at the Richardson School of Law. I strongly support an amendment to HB2500 that would include the design funds for the School of Law. UH will not be on par with mainland universities, thereby unable to attract the best and brightest students and faculty, if the facilities of our university are not timely upgraded. We should not wait until the existing facilities have fallen into an embarrassing state of disrepair before taking action, as was made abundantly clear by the local and national media frenzy around the low quality of athletic facilities at UH. I realize the state budget is tight, as everyone's budget is tight at these times. But if I, and nearly 300 of my classmates can make an investment in our educations and the Law School, then the State should be willing to do the same. The return on the State's investment will be as much if not more than the return on our individual investments.

Thank you,
Shannon Mears
808-381-7924
830 Paahana Street, Honolulu, HI 96816

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testimony

From: Erlene A Greer [egreer@hawaii.edu]
Sent: Wednesday, March 26, 2008 12:47 AM
To: testimony
Subject: Testimony for HB 2500 HD 1: WAM Hearing March 27, 2008, 9:30am, Rm. 211

Dear Chair Baker, Vice Chair Tsutsui, and Members,

My name is Sunny Greer and I am the youngest daughter of subsistence ti leaf farmers in the Ahupuaa of Kahana, Koolauloa, Oahu. I am currently a second-year law student specializing in Native Hawaiian Law and Environmental Law at the William S. Richardson School of Law (WSRSL). I plan on graduating a semester earlier than my class and upon graduation, I will be the first person from my rural community (of only 31 families) to graduate with a law degree. Were it not for the WSRSL, financial and family considerations would have prevented me from pursuing a legal path.

I STRONGLY SUPPORT an amendment to HB 2500 HD 1 that would include design funds for the law school.

In 1973, I was only a year old when "Hawaii's Law School" was established and it has since evolved into a legal institution of outstanding national repute. Most importantly, the WSRSL has nurtured the education of civic-minded individuals, some of whom serve our island community as your fellow legislators. I, too, have a desire to be of service to my rural community and my experience at the law school has proven to be invaluable.

I concur with the testimony of Dean Aviam Soifer and Prof. Denise Antolini, as I have experienced first-hand their commitment to the legal education of residents and non-residents alike for the betterment of Hawaii. Were it not for their actions and the actions of their predecessors and past graduates, the WSRSL would not be at its current opportune position to secure additional and/or matching funds from other sources.

Please amend HB 2500 HD 1 to include design funds for Hawaii's only law school. We are at a critical juncture in the evolution of the WSRSL and your support is greatly appreciated.

Thank you for this opportunity to provide testimony on this important matter, and mahalo for your time and consideration.

E. Sunny Greer
52-180 Kamehameha Highway
Kahana, HI 96730
(808) 237-7086

testimony

From: Rene H Heimgartner [reneh@hawaii.edu]
Sent: Wednesday, March 26, 2008 8:36 AM
To: testimony
Subject: HB2500

Dear Chair Baker, Vice Chair Tsutsui, and Members,

I am writing this testimony from Waikoloa Village on the Big Island of Hawaii, and I strongly support an amendment to HB 2500 that would include the design funds for the School of Law.

Currently, I am a third-year law school student at the William S. Richardson School of Law ("Hawaii's Law School"). In the last two years, I have completed externships at a number of organizations, including the Legal Aid Society of Hawaii and a downtown law firm. Alumni from Hawaii's Law School are prominent leaders and attorneys in myriad organizations in Hawaii, and the modernization of Hawaii's Law School is clearly an investment in Hawaii's leaders and attorneys of tomorrow.

I thank the committee for its time,

Rene Hermann Heimgartner
Waikoloa, Hawaii 96738
(808) 223-9512

testimony

From: Kamaile A Nichols [knichols@hawaii.edu]
Sent: Wednesday, March 26, 2008 6:03 PM
To: testimony
Subject: Ways and Means, HB2500

Senate Committee on: Ways and Means
Attn: Chair Baker and Vice-Chair Tsutsui

Testimony in Support of Amending HB2500 to Add Law School Design Funds

March 27, 2008, 9:30 a.m.
Conference Room 211

Aloha Chair Baker, Vice-Chair Tsutsui, and Members of the Committee:

My name is Kamaile Nichols and I am testifying in strong support of amending HB2500 to include \$7.2M for the University of Hawaii at Manoa Law School Design Funds. This amendment is critical at this time and needs your support.

As Hawaii's Law School, the William S. Richardson School of Law continues to garner national and international accreditation in many fields of law and public assistance. Because of its remarkable growth, the existing facilities are simply unable to keep up with our elevating standards of academic achievement and community service. Utilizing \$500,000 allocated by the Legislature in 2006, the Law School has developed conceptual plans for renovating its two buildings in a way that will serve as a model for high performance green buildings in Hawaii.

The renovated buildings will be designed for LEED Gold certification, at minimum. To better serve our local communities, a part-time law program has been authorized to begin next year, expanding opportunities and legal services to all the people of Hawaii. The Law School also serves as a hub to connect the United States, the South Pacific, Southeast Asia, Asia, and beyond. We play an indispensable role already, but we could do so much more with an expanded, professional, and smart-technology facility.

Funding to commence the design phase at this point is vital. Only with this design funding can the Law School move forward with plans for raising supplemental federal and private funding for the construction phase of this project.

Now is the time to build for the future.

Thank you for this opportunity to testify.

Sincerely,
Kamaile Nichols
94-517 Poloahilani St., Mililani, HI 96789

3/26/2008

testimony

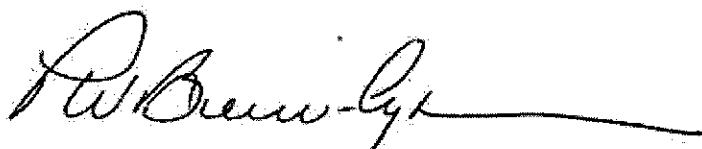
From: Paul Bierman Lytle [pblytle@group70int.com]
Sent: Wednesday, March 26, 2008 9:06 AM
To: testimony
Subject: HB2500 amendment

Dear Chair Baker, Vice Chair Tsutsui, and Members,

I am a Principal and Chief Sustainability Officer of Group 70 International. I am also on the State of Hawaii DBEDT Task Force with the US DOE to advance renewable energy initiatives in the State. I strongly support an amendment to HB2500 that would include the design funds for the UH School of Law. This project will make a difference. It will become a model of how 'brown' organizations can become 'green'. It will demonstrate renewable energy strategies that help the State become more energy independent.

Thank you for your support.

Mahalo,



Paul Bierman Lytle, M.Arch, AIA, LEED AP
Principal
Chief Sustainability Officer (CSO)
Group 70 International, Inc.
925 Bethel Street, Fifth Floor
Honolulu, Hawaii 96813
(808) 523-5866 phone
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HYPERLINK "<http://www.group70int.com>" www.group70int.com

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3/26/2008

testimony

From: Kevin Carney [kcarney@eahhousing.org]
Sent: Tuesday, March 25, 2008 7:33 AM
To: testimony
Cc: Kevin Carney
Subject: HB2500, HD1 Committee on Ways and Means Hearing 27MAR08, 9:30am, Room 211

Dear Chair Baker, Vice-Chair Tsutsui and Members of the Senate Committee on Ways and Means:

Thank you for this opportunity to submit our testimony in support of HB2500, HD1 as it pertains to the following CIP requests related to housing:

- \$26 Million to the financing of the purchase of a portion of Kukui Gardens
- \$10 Million to supplement the Rental Housing Trust Fund (RHTF)
- \$10 Million for the Dwelling Unit Revolving Fund (DURF)

EAH Housing is a non-profit affordable rental housing developer and manager. We are proud to be the non-profit selected by the residents of Kukui Gardens and HHFDC to be the leasehold owner of 389 units at Kukui Gardens. We have a vested interest in the proposed appropriation of the \$26 Million to complete the state's acquisition of this portion of Kukui Gardens.

The legislature has acknowledged that we continue to have a housing crisis in our State. We lose two affordable rental housing units to condominium conversion and market rents for each new affordable rental unit that is produced. This is a national trend and not something specific to Hawaii. It is cheaper to preserve existing affordable rental housing than to build new affordable rental housing therefore the preservation of the 389 units at Kukui Gardens is a critical step in meeting our housing demands. But, in addition to preserving our existing affordable rental housing inventory we must also produce new affordable rental housing as fast as we can.

The preservation and the production of affordable rental housing depends heavily on subsidies, grants and loans from various sources and that is why it is just as critical to keep the RHTF and the DURF funded to the maximum extent possible. Financing the preservation and the production of affordable rental housing takes time and a great deal of patience. Once a project is started it is extremely important for the developer to have the assurance that when needed the required funding will be available. We appreciate the \$10 Million that has been proposed in this Bill for each fund but we would like to see you double that number so that we are better prepared to meet the housing challenges that face us as we move forward.

Sincerely yours,
Kevin

Kevin R. Carney, (B)
Vice President, Hawaii
EAH Housing
841 Bishop Street, Suite 2208
Honolulu, Hawaii 96813
Phone: 808-523-8826
Fax: 808-523-8827
Email: kcarney@eahhousing.org
Website: www.eahhousing.org

3/25/2008

Hawaii Island Community Development Corporation

100 Pauahi Street Suite 204 Hilo, Hawaii 96720 Phone 808-969-1158 Fax 808-935-6916

TESTIMONY IN SUPPORT OF HB2500 HD1

RELATING TO STATE BUDGET

WAM March 27, 2008 9:30a.m. Hearing in Room 211

Submitted by Keith Kato, Executive Director, Hawaii Island Community Development Corp.

We support the passage of HB2500 HD1 as it provides significant resources for the development of more affordable housing for the state and island of Hawaii.

The appropriations to the Rental Housing Trust Fund (RHTF) and the Dwelling Unit Revolving Fund (DURF) will provide needed financing, particularly for rental housing. Greater levels of funding than proposed in HB2500 HD1 would be most helpful as a major source of funding for rental housing, the Low Income Housing Tax Credit program, is being negatively affected by the on-going credit crunch and the threat of recession.

Based on discussions with our Low Income Housing Tax Credit investor we are facing the possibility of a 20%-40% decline in equity coming out of the LIHTC program. Such declines, if applied statewide would reduce the equity for rental projects by some \$10 million annually. In addition, the demise of the housing bond market is shutting off another avenue of financing for rental projects.

These impacts can be mitigated by increasing RHTF funding. The RHTF is already a major part of rental housing financing in the state and needs to do more in the current environment.

A related positive impact is the effects of multi-family housing development on the construction industry.

For these reasons we request increased funding for both the RHTF and DURF programs.

The Hawaii Island Community Development Corporation is a 501(c)(3) tax exempt corporation whose mission is to provide affordable housing for low and moderate income residents. In the course of our work we have developed over 390 affordable housing units on the island in a series of self help and rental housing projects for low income residents.

Thank you for the opportunity to submit testimony on this matter.

HACBED

Hawai'i Alliance for Community-Based Economic Development
677 Ala Moana Blvd., Suite 702 Honolulu, HI 96813
Ph. 808.550.2661 Fax 808.534.1199
Email info@hacbed.org www.hacbed.org

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Akoni Akana (Maui)
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Ke Aupuni Lokahi

Puni Kekauoha &
Adrienne Dillard (O'ahu)
Papakolea CDC

Kelkalohe Kekipi &
Susie Osborne (Hawai'i)
Ho'oulu Lahui/ Kua O Ka La
Public Charter School

Kukui & Gary Maunakea-Forth
(O'ahu)
WCRC/Mala Ai 'Opio

Wayne Tanna (at large)
Asset Building Coalition &
Chaminade University

Rian Dubach (at large)
American Savings Bank

Tommy Otake (at large)

HACBED Staff

Robert Agres, Jr
Executive Director

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate

John Higgins
Capacity Building Associate

Tony Hall
Administrative Manager

March 25, 2008

Senate Committee on Ways & Means

Thursday, March 27, 2008 at 9:30 AM

Conference Room 211

HB 2500 HD1 – Comments

Dear Chair Baker and Committee Members:

The Hawai'i Alliance for Community-Based Economic Development (HACBED) is submitting comments on HB 2500 HD1 urging you to fund the Economics Cadre program under the Department of Commerce and Consumer Affairs.

HACBED partners with the Hawai'i Council on Economic Education (HCEE) who offers an Economic Cadre program that helps Hawai'i students achieve the financial decision-making skills they need to be productive, successful members of our community.

HB2500 HD1 cuts \$65,000 from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economics Cadre program. **We ask that you restore the supplemental budget request for \$65,000 for the Economic Cadre program.**

Hawai'i seniors are graduating with little or no understanding of the markets and public policies that affect them daily. As a result, they have a diminished ability to identify and evaluate the consequences of private decisions and public policies. In a survey conducted by the Hawai'i Council on Economic Education in 2004, 71% of Hawaii's public school seniors surveyed did not know the definition of "budget deficit," while 61% did not know how inflation affects their purchasing power.

The Economics Cadre is a teacher-training program designed to empower high school students to make smart financial and economic choices. It broadens and deepens teachers' knowledge of economic concepts and introduces them to methods, strategies, and resource materials to teach economics and personal finance effectively. The

Chair Baker and Committee Members
March 25, 2008
Page 2

program works within the boundaries of No Child Left Behind by stressing economics integration within other subjects such as math, science or business.

Twenty-nine teachers across the State are members of the Economics Cadre. Each one is dedicating numerous hours of their own personal time to learn how to teach their students economics and personal finance skills. Dozens of individuals from the business community are lending their support, also during their free time. Many organizations are supporting this effort through financial and in-kind donations and the program is already showing results. By the completion of the program in 2009, up to 1,200 students will demonstrate increased understanding of economics or personal finance.

The Economics Cadre is significant in helping students gain the financial skills their need to save, build their assets, and become contributing members of the community. Assets are essential for three reasons: to have financial security against difficult times; to create economic opportunities for oneself; and to leave a legacy for future generations to have a better life.

We humbly ask that you restore the supplemental budget request for \$65,000 for the Economic Cadre program and give Hawai'i students the economic knowledge and skills they need to succeed.

Thank you for the opportunity to submit testimony.

Sincerely,

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate



HAWAII CREDIT UNION LEAGUE

1654 South King Street
Honolulu, Hawaii 96826-2097
Web Site: www.hcul.org

Telephone: (808) 203-6400
Fax: (808) 203-6450
Email: danimoto@hcul.org



*Dennis K. Tanimoto, CAE
President and CEO*

March 25, 2008

The Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means
State Capitol, Room 211
Honolulu, HI 96813
Via Email

Chair Baker and members of the Committee:

H.B. No. 2500, H.D.1 Relating to the State Budget

My name is Dennis Tanimoto, president of Hawaii Credit Union League (HCUL). I am testifying on behalf of Hawaii's 93 credit unions to respectfully request the Committee to restore \$65,000 deleted in H.D.1 from a supplemental request (CCA 111). Those funds are needed to implement the Economics Cadre, a teacher-training program designed to empower high school students to make smart financial and economic choices. This program is designed to provide students with essential decision-making skills needed to be productive, successful members of our community.

HCUL supports the Economics Cadre as a way to broaden and deepen teachers' knowledge of economic concepts and to introduce teachers to methods, strategies, and resource materials for teaching economics and personal finance more effectively. Twenty-nine teachers across the state are members of the inaugural Economics Cadre. Each one dedicates numerous hours of personal time to learn how to teach their students economics and personal finance skills. HCUL is one of several organizations supporting this effort through by providing mentors from the business community to assist teachers in economic education. The program is already showing results. With your support, by the completion of the program in 2009, up to 1,200 students will demonstrate increased understanding of economics or personal finance.

Although we defer to your judgment regarding the placement of this appropriation in the Department of Commerce and Consumer Affairs, we believe the Office of the Securities Commissioner has shown exceptional support for financial literacy and investment education. Thank you for this opportunity to voice our support and ask for yours.

Sincerely,

March 25, 2008

TO:

The Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means
The Honorable Shan S. Tsutsui, Vice-Chair
Senate Committee on Ways and Means

FROM:

Peter K. Hanashiro, Chairman
Hawaii Council on Economic Education

RE:

Support for the Economics Cadre Program, Testimony for HB2500 HD1 Public Hearing on Thursday, March 27, 2008 at 9:30 a.m.

As the Chairman of the Hawai'i Council on Economic Education (HCEE) I've made it a personal commitment to do all that I can to improve the future of our island keiki; and I know you share this commitment. I am sending you this letter to respectfully request that the Committee on Ways and Means reverse the proposal to eliminate \$65,000 from the DCCA's supplemental budget which directly supports HCEE's key educational program, the Economics Cadre.

HCEE is a nonprofit, non-partisan, 501(c)3 organization that has been training teachers in economics and personal finance since 1965. Since 2002, we have logged more than 11,000 contact hours providing economic education to K-12 educators. We are the only organization in our state whose mission is to increase and improve economic literacy through teacher training.

The Economics Cadre is a program designed for public high school teachers to learn how to incorporate economics into the subjects they teach. In the 2006/2007 school year, only 23% of our public school seniors took an economics course, this is down from 1998/1999 when 49% took an economics course. This trend is disturbing when an understanding of basic economic concepts provides our children with the critical-thinking skills they need to make smart decisions. With No Child Left Behind emphasizing math, science, and language arts, it is critical that teachers learn how to integrate economics, consumer education and personal finance into other subjects.

Over the course of the two-year program, which launched in September 2007, teachers will:

- Complete two college level, credit courses: *The Right Start Institute in Teaching Economics* (Core Course 1) and *Standards-Based Curriculum Development & Assessment* (Core Course 2)

- Participate in one or more enrichment workshops such as the Teaching the Ethical Foundations of Economics, International Economics Boot Camp, International Economics Summit, or The Environment & the Economy.
- Attend up to four networking sessions (both statewide and local). During these sessions teachers will meet with their instructor to address challenges, network with other teachers and exchange ideas, and learn about curriculum offerings, upcoming programs and training opportunities.
- Work with an individual from the business community to experience first-hand how economics is used in the workplace and learn what the business community needs from graduates entering the workforce.

Upon completion of the program teachers will understand basic economics concepts and know how to teach economics through another subject. They will have developed and taught an economics unit specifically designed for use in courses they already teach. They will also be prepared to effectively serve as a resource to other teachers who hope to do the same.

Significant time, energy, and resources have already been expended by the teachers and partners of this project.

- Twenty-Nine (29) teachers from across the State have been accepted into the program. Six are from the island of Hawaii, three are from Maui, three are from Kauai, and seventeen are from Oahu. They represent the following schools.

Aiea High School	Keaau High School
Castle High School	King Kekaulike High School
Hilo High School	Konawaena High School
Honokaa High School	Maui High School
Kapaa High School	Myron B Thompson Academy
Baldwin High School	Nanakuli High School
Kahuku High & Intermediate School	Pearl City High School
Kailua High School	Radford High School
Kalahco High School	Roosevelt High School
Kalani High School	Waiakea High School
Kapolei High School	Waialua High School
Kau High School	Waianac High School
Kauai High School	Waipahu High School

- Each has committed their personal time to participate. Since the program's launch:
 - Twenty-one (21) teachers have completed their first college-level course in economics (Core Course 1, September 2007). The remaining eight are scheduled for Spring 2009.

- Eight Cadre Teachers have attended *Teaching the Ethical Foundations of Economics* (November 2007).
 - Twelve Cadre Teachers have attended *International Economics Boot Camp* (March 2008).
 - Thirteen Cadre Teachers have registered for *International Economics Summit* (March 2008).
 - Twenty-six Cadre Teachers have attended at least one networking meeting.
 - Twenty-Seven have been matched with mentors who are volunteering their time to help the teacher access additional resources to enhance learning for their students.
 - Twenty-eight (28) will be attending their second college level course (Core Course 2) at the University of Hawaii this summer to develop an economics unit to be taught in the subject of their choice.
 - All Cadre Teachers have received a mini-library of more than 80 economics and financial literacy curricula for grades K-12. These lesson plans cover all subjects and are meant for use by the teacher and their colleagues within their school complex. An additional 30 libraries have been distributed to Department of Education Complex Areas so that any teacher across the state has easy access to this wealth of material.
- The program is already having a positive impact on teacher understanding of economics. Upon acceptance into the cadre program, teachers were asked to take the online *Test for Economic Literacy*, a nationally-normed, standardized test developed by the National Council on Economic Education. This tool tests understanding of fundamental economic concepts, microeconomics, macroeconomics, and international economics. The results of this test will serve as a baseline for the group. As of March 17, 2008, fourteen teachers have taken the test for a second time (mid-point test). A post-test will be conducted at the end of the program. The results are as follows:

	Fundamental Economic Concepts	Micro-economic Concepts	Macro-economic Concepts	International Economic Concepts
% of test on topic	35%	25%	25%	15%
Pre-Test Mean	82.5%	81.5%	81.5%	67.5%
Midpoint-Test Mean	86.71%	82.9%	76.43%	81.0%
Percentage Point Change	+4.21%	+1.4%	-5.07%	+13.5%

- The key to this effort is student impact. All Cadre Teachers have committed to implement the unit they created in Core Course 2 during the Fall 2008 Semester. It is anticipated that **1,200+ students will be pre- and post-tested for their understanding of economics and/or financial literacy during the Fall 2008 semester.** More students will be tested in Spring 2009.
- Many resources have been spent to research and develop the program to make sure it meets the needs of the teachers, the students and the Department of Education.
 - HCEE met with 12 of the 15 Complex Area Superintendents.
 - The Department of Education supports and welcomes the program. Deputy Superintendent Clayton Fujie advised HCEE during the development of the program, has written letters of support for funding, and requests regular updates on its progress.
 - During its development stage, the program was presented to teachers numerous times for feedback and critique. This input was heard and addressed and specific changes to the program were made to meet the needs of the teachers.
- Three grants were received from the United States Department of Education Office of Innovation and Improvement specifically through Senator Daniel K. Akaka's Excellence in Economic Education Act. A diverse group of local and National organizations have contributed financial and in-kind services to support this project. These include:
 - Alexander & Baldwin Foundation
 - Atherton Family Foundation
 - Federal Reserve Bank of San Francisco
 - Foundation for Teaching Economics
 - Frear Eleemosynary Trust
 - Harold K.L. Castle Foundation
 - The Harry & Jeanette Weinberg Foundation, Inc.
 - The Hawaii Credit Union League
 - Kahuku Community Fund
 - Market City
 - McInerny Foundation
 - National Council on Economic Education
 - Servco Foundation
 - Stock-Trak Portfolio Simulations

Until the recent decision by the Finance Committee this program was considered fully-funded. Several contributions, including one from the United States Department of Education, were made as "matching" donations to the commitment from the DCCA.

The Economics Cadre program is unique in its comprehensive approach that incorporates teacher training, best practices, and implementation. It works within the current educational climate and strives to complement what is already happening in the

classroom. It is flexible enough to respond to the needs of individual teachers and provides support from multiple sources.

Many believe that there is not enough time in the school day to adequately teach all the required subjects. There is hope that with time, these issues will be resolved. However, our students don't have that time – they need the skills to make informed choices now. Economic and personal financial literacy concepts can be successfully taught despite the current challenges facing teachers today. The Economics Cadre gives teachers the tools they need to use their limited resources in the most effective and efficient ways.

There is simply no other program like the Economics Cadre in our state. Hundreds of hours have already been dedicated by teachers, instructors, and other stakeholders all with the one goal of properly preparing our students to make smart economic and financial decision for themselves, their families, and eventually, their communities.

The House Finance Committee cut the DCCA's supplemental budgeting request for \$65,000 to support the economics Cadre stating that it appears to be out of the scope of responsibility for the division. This cut jeopardizes this already successful program. However, Hawaii Revised Statute 26-9(g) states that the DCCA shall ensure the development of a strong consumer education program. The Economics Cadre program directly addresses this charge: it gives our students an understanding of our economy and the ability to manage their personal finances. It enables them to make well-informed purchasing decisions.

We humbly request that the supplemental budget request for \$65,000 in **HB2500 HD1** be restored for the Economics Cadre program.



Peter K. Hanashiro
Chairman
Hawaii Council on Economic Education

testimony

From: david.morimoto@centralpacificbank.com
Sent: Tuesday, March 25, 2008 2:59 PM
To: testimony
Subject: Testimony for HB2500 HD1 Hearing on Thursday, March 27, 2008 at 9:30 a.m.

March 25, 2008

To: The Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means

To: The Honorable Shan S. Tsutsui, Vice-Chair
Senate Committee on Ways and Means

Sent via email: testimony@capitol.hawaii.gov

Re: Support for the Economics Cadre Program, Testimony for HB2500 HD1
Hearing on Thursday, March 27, 2008 at 9:30 a.m.

Dear Chair Baker & Vice-Chair Tsutsui:

I am David Morimoto, Vice-Chair of the Board of Directors of the Hawaii Council on Economic Education, testifying against the proposed cut of \$65,000 from the DCCA's supplemental budget request that supports the Economics Cadre Program. The proposed cut is contained in HB2500 HD1.

Today's newspaper headlines are littered with nightmarish stories of people that have made poor economic decisions that have jeopardized their homes or retirement savings. It is critical that we ensure Hawaii's high school students have sufficient economic and financial knowledge to avoid these pitfalls.

The Economics Cadre is a teacher-training program designed to empower Hawaii's high school students to make smart financial and economic choices. It broadens and deepens teachers' knowledge of economic concepts and introduces them to methods, strategies, and resource materials to teach economics and personal finance effectively. The program works within the boundaries of No Child Left Behind by stressing economics integration within other subjects such as math, science or business.

The Economics Cadre has made significant progress with participation of twenty-nine teachers from across the State. The Cadre's success has been funded by a dozen partners, including the Department of Commerce and Consumer Affairs ("DCCA"), Office of the Securities Commissioner.

HB2500 HD1 proposes to cut \$65,000 from the DCCA's supplemental budget request that supports the Economics Cadre Program. This proposed cut puts the future of the Cadre, which has already shown success, in serious jeopardy.

As a Board member of the Hawaii Council on Economic Education and a supporter of the Economics Cadre Program, I ask your support in restoring the supplemental budget request for \$65,000 for the Economics Cadre.

Sincerely,

David Morimoto
Vice-Chair of the Hawaii Council on Economic Education

Senior Vice President & Treasurer of Central Pacific Bank

David Morimoto
Central Pacific Financial Corp./Central Pacific Bank
808-544-0627/808-532-6825 fax
david.morimoto@centralpacificbank.com
NYSE: CPF

COFIENIAIT NTE Tistrnsisio ad heinoratoncotane i tistrnsisio i pivtean
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please immediately notify the sender by e-mail, and return the original transmission to
the sender at the address above or destroy or delete said transmission. Thank You!

DATE: March 25, 2008

TO: The Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means

The Honorable Shan S. Tsutsui, Vice-Chair
Senate Committee on Ways and Means

FROM: Ash Matar, Board Member, Hawaii Council on Economic Education

RE: Support for the Economics Cadre Program, Testimony for HB2500 HD1
hearing on Thursday, March 27, 2008 at 9:30 a.m.

HB2500 HD1 cuts \$65,000 from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economic Cadre program. We are asking that the Senate Committee on Ways and Means restore the DCCA's supplemental budget request.

Hawaii seniors graduate with little or no understanding of the markets and public policies that affect them daily. As a result, they have a limited ability to identify and evaluate the consequences of private decisions and public policies. In a survey conducted by the Hawaii Council on Economic Education in 2004, 71% of Hawaii's public school seniors surveyed did not know the definition of "*budget deficit*," while 61% did not know how inflation affects their purchasing power.

The Economics Cadre is a teacher-training program designed to empower high school students to make intelligent financial and economic choices. It broadens and deepens teachers' knowledge of economic concepts and introduces them to methods, strategies, and resource materials so that they may teach economics and personal finance effectively. The program works within the boundaries of No Child Left Behind by stressing economics integration within other subjects such as math, science or business.

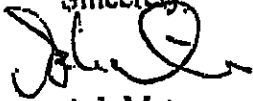
Twenty-nine teachers across the State are members of the Economics Cadre. Each one is dedicating countless hours of their own personal time to learn how to teach their students economics and personal finance skills. Each teacher will complete three professional development trainings, be paired with a mentor from the business community, create an economics unit to teach in the subject of their choice, and receive a library of more than 1,200 economics and financial literacy lessons. By the time the program is completed in 2009, up to 1,200 students will demonstrate increased understanding of economics and/or personal finance.

Among the many local organizations making it possible to offer this program for free to teachers and students, the Department of Commerce and Consumer Affairs, Office of the Securities Commissioner has been exceptional in its support of consumer education, economic and financial literacy, and investment education.

The cut in HB2500 HD1 puts the future of this program, which has already shown success, in serious jeopardy.

We ask that you restore the supplemental budget request for \$65,000 for the Economic Cadre program.

Sincerely,



Ash Matar

testimony

From: Nolan Kawano [nkawano@islandinsurance.com]
Sent: Tuesday, March 25, 2008 1:59 PM
To: testimony
Subject: HB2500 HD1 Economics Cadre

March 25, 2008

TO: The Honorable Rosalyn H. Baker, Chair Senate Committee on Ways and Means

The Honorable Shan S. Tsutsui, Vice-Chair Senate Committee on Ways and Means

FROM: Nolan Kawano

RE: Support for the Economics Cadre Program, Testimony for HB2500 HD1 hearing on Thursday, March 27, 2008 at 9:30 a.m.

This email is to respectfully request that HB2500 HD1 be amended to restore \$65,000 from the DCCA's supplemental budget request that supports the Economic Cadre program. Without this funding, the future of this program, which has already shown success, is in serious jeopardy.

The Economics Cadre is a teacher-training program designed to empower high school students to make smart financial and economic choices. It broadens and deepens teachers' knowledge of economic concepts and introduces them to methods, strategies, and resource materials to teach economics and personal finance effectively. The program works within the boundaries of the No Child Left Behind Act by stressing economics integration within other subjects such as math, science and business.

Twenty-nine teachers across the State are members of the Economics Cadre. Each one is dedicating dozens of hours of their own personal time to learn how to teach their students economics and personal finance skills. Each teacher will complete three professional development trainings, be paired with a mentor from the business community, create an economics unit to teach in the subject of their choice, and receive a library of more than 1,200 economics and financial literacy lessons. By the completion of the program in 2009, up to 1,200 students will demonstrate increased understanding of economics or personal finance.

As a Board Member of the Hawaii Council on Economic Education, the non-profit organization that has organized this program, I ask your support in funding this program.

Respectfully,

Nolan N. Kawano
Senior Vice President, Chief Financial Officer & Treasurer
Island Insurance Company, Ltd.

Board Member
Hawaii Council on Economic Education

The information in this email is confidential and may be
legally privileged. It is intended solely for the addressee. If
you have received this communication in error, please contact
the sender immediately, return the original message to the
sender, and delete the material from your computer. Thank you.

March 18, 2008

The Honorable Rosalyn H. Baker
Hawaii State Senator
Hawaii State Capitol, Room 210
415 South Beretania Street
Honolulu, HI 96813

RE: HB2500 and the Economics Cadre

Dear Senator Baker,

At its heart, economics is about decision-making. A well-educated citizenry has the capability to understand decisions and their consequences then make appropriate choices. Economics, while often involving money, is not simply the pursuit of personal wealth.

An educated citizenry would be able to understand the differing point of view on a variety of public policy decisions, such as:

- Whether to raise taxes on Oahu to fund urban mass transit rather than seek the necessary fund by other means
- Whether to demolish and rebuild Aloha Stadium on its current site rather than seek another site
- Whether funding University of Hawaii-West Oahu deserves higher priority than competing projects
- Whether tax cuts to stimulate the economy in face of short-term economic sluggishness makes any sense

A well-educated citizenry would be able to decide:

- Whether to save the proceeds of a tax refund or spend it
- Whether to choose a 15-year or 30-year mortgage at different interest rates and down payments
- Whether to buy or lease their automobile
- Whether to continue as the employee of another organization or strike out on their own as an entrepreneur

Making these choices in a socially and personally responsible way is the heart of economics, and an education that includes a sound background in economics is a necessity.

The Economics Cadre program trains teachers to incorporate economic concepts into their classrooms, whether the subject be social science, mathematics, or business. The Economics Cadre program provides teachers with foundational knowledge of economics. Furthermore, teachers learn effective methods of communicating economic concepts and receive resource materials to support learning.

What teachers learn is not simply the economic theory that could come from standard university "Econ 101" courses. Through the Economics Cadre program, teachers learn about how economics does and will impact every day life. Teachers will be equipped to show students that economics isn't about supply and demand curves, but an integral part of life.

Twenty-nine teachers (from all parts of Hawaii) are investing dozens of hours of their time to improve their ability to teach their high school students how economics is a part of their lives. Each enjoys the support of their school principal in seeking this self-improvement. Economics Cadre uses professional development opportunities, mentorships, and field work (creating actual course work) to provide the teacher education.

Both public and private organizations are involved in offering the Economic Cadre program without financial cost to teachers. Among those organizations, the Department of Commerce and Consumer Affairs, Office of the Securities Commissioner has been exceptional in its support of financial literacy and investment education.

HB2500 HD1 cuts \$65,000 from the DCCA's supplemental budget request that supports the Economic Cadre program. This cut puts the future of the Economic Cadre program in jeopardy in the near term. In the near term, that affects twenty-nine teachers and (by the end of the program in 2009), potentially over one thousand students in Hawaii.

But the long-term cost of having a less-educated citizenry is much greater. I am asking you to restore the supplemental budget request for \$65,000 for the Economic Cadre program.

Sincerely,

William M. Kawashima

testimony

From: I m [koa_55@hotmail.com]

Sent: Tuesday, March 25, 2008 2:24 PM

To: testimony

Subject: Testimony for Committee on Ways and Means Hearing on March 27, 2008 at 9:30 a.m. on HB2500

Date: March 25, 2008

TO: The Honorable Rosalyn H. Baker, Chair Senate Committee on Ways and Means

The Honorable Shan S. Tsutsui, Vice-Chair Senate Committee on Ways and Means

FROM:

RE: Support for the Economics Cadre Program, Testimony for HB2500 HD1 hearing on Thursday, March 27, 2008 at 9:30 a.m.

Please do not cut \$65,000 from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economic Cadre Program!

HB2500 HD1 cuts \$65,000 from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economic Cadre program. We are asking that the Senate Committee on Ways and Means restore the DCCA's supplemental budget request.

Hawaii seniors graduating with little or no understanding of the markets and public policies that affect them daily. As a result, they have a diminished ability to identify and evaluate the consequences of private decisions and public policies. In a survey conducted by the Hawai`i Council on Economic Education in 2004, 71% of Hawaii's public school seniors surveyed did not know the definition of "budget deficit," while 61% did not know how inflation affects their purchasing power.

The Economics Cadre is a teacher-training program designed to empower high school students to make smart financial and economic choices. It broadens and deepens teachers' knowledge of economic concepts and introduces them to methods, strategies, and resource materials to teach economics and personal finance effectively. The program works within the boundaries of No Child Left Behind by stressing economics integration within other subjects such as math, science or business.

Twenty-nine teachers across the State are members of the Economics Cadre. Each one is dedicating dozens of hours of their own personal time to learn how to teach their students economics and personal finance skills. Each teacher will complete three professional development trainings, be paired with a mentor from the business community, create an economics unit to teach in the subject of their choice, and receive a library of more than 1,200 economics and financial literacy lessons. By the completion of the program in 2009, up to 1,200 students will demonstrate increased understanding of economics or personal finance.

Among the many local organizations making it possible to offer this program for free to teachers and students, the Department of Commerce and Consumer Affairs, Office of the Securities Commissioner has been exceptional in its support of consumer education, economic and financial literacy, and investment education.

The cut in HB2500 HD1 puts the future of this program, which has already shown success, in serious jeopardy. We ask that you restore the supplemental budget request for \$65,000 for the Economic Cadre program.

Sincerely,

Lynette H. Marushige

March 26, 2008

The Honorable Rosalyn H. Baker, Chair Senate Committee on Ways and Means
The Honorable Shan S. Tsutsui, Vice-Chair Senate Committee on Ways and Means

Re: Support for the Economics Cadre Program, Testimony for HB2500 HD1
Public Hearing on Thursday, March 27, 2008 at 9:30 a.m.

As a member of Hawaii's business community, I have made a personal commitment to supporting causes that positively affect our keiki. I serve on the Board of Directors of the Hawai'i Council on Economic Education (HCEE) and fully support promoting economic literacy in Hawaii. I am sending you this letter to respectfully request that the Committee on Ways and Means reverse the decision to eliminate \$65,000 from the DCCA's supplemental budget. This funding is crucial to HCEE's key educational program, the Economics Cadre.

The Economics Cadre is a flagship program designed to develop teacher's ability to teach economics, consumer education, and financial literacy effectively within the current educational climate. Cadre Teachers receive high-caliber training that directly helps them meet the Hawaii State Content Performance Standards.

The 29 teachers participating in this cutting edge program have the potential to reach thousands of Hawaii secondary students over the course of their careers. In 2008 alone, it is expected that more than one thousand students will demonstrate increased understanding of economics and personal finance as a direct result of their teacher participating in this program.

Each of the teachers involved in the program have already dedicated a significant amount of their own personal time to pursue Cadre activities outside the normal school day. They are taking time away from their own families to help ensure that our keiki have the skills they need to make smart choices. We, as a community, should support their commitment. The decision to deny the DCCA's request to support this program only hampers their efforts.

Please reinstate the DCCA's supplemental budget request.

Sincerely,



for

Stanford S. Carr

testimony

From: Russell Castagnaro [rcastag@gmail.com]
Sent: Tuesday, March 25, 2008 1:52 PM
To: testimony
Subject: Support for the Economics Cadre Program, Testimony for HB2500 HD1 hearing on Thursday, March 27, 2008 at 9:30 a.m.

Date: March 25, 2008

TO: The Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means

The Honorable Shan S. Tsutsui, Vice-Chair
Senate Committee on Ways and Means

FROM: Russell Castagnaro

RE: Support for the Economics Cadre Program, Testimony for HB2500 HD1 hearing on Thursday, March 27, 2008 at 9:30 a.m.

Aloha Chair, Vice Chair and Honorable Committee Members:

I am Russell Castagnaro and one of twenty-seven business people volunteering my personal time to mentor a teacher participating in the Hawaii Council on Economic Education's Economics Cadre, a program that provides teachers the training they need to teach their students economics and personal finance. This is an exceptionally well run program that is expertly positioned to help teachers where they need it the most. I am working with Ms. Kathleen Kim who teaches at the Myron B Thomson Academy. She is a great teacher who really cares about her students. We have already come up with some exciting new ideas to help her students 'get' economics and personal finance. Particularly in times like these, we need to make sure that the next generation of citizens has the knowledge and skills they will need to succeed.

HB2500 HD1 cuts \$65,000 from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economic Cadre program. I ask that you restore the supplemental budget request for \$65,000 for the Economic Cadre program.

I humbly request that the supplemental budget request for \$65,000 for the Economic Cadre program be restored.

Sincerely,

Russell Castagnaro

--

Every moment is a once in a lifetime chance.

3/25/2008

testimony

From: Pam Funai [pam@pkicks.com]

Sent: Tuesday, March 25, 2008 4:13 PM

To: testimony

Cc: kristine@hcee.org

Date: March 25, 2008

TO: The Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means

The Honorable Shan S. Tsutsui, Vice-Chair
Senate Committee on Ways and Means

FROM: Pamela Funai

RE: Support for the Economics Cadre Program, Testimony for HB2500 HD1 hearing on Thursday, March 27, 2008 at 9:30 a.m.

As th former Program Director with the Hawai'i Council on Economic Education, I had the opportunity to work on implementing the Economics Cadre, a teacher-training program designed to empower high school students to make smart financial and economic choices. As a supporter of education and a parent I understand that it is essential that our students are equipped with the decision-making skills they need to be productive, successful members of our community.

HB2500 HD1 cuts \$65,000 from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economic Cadre program. I am asking that the Senate Committee on Ways and Means restore the DCCA's supplemental budget request.

Hawaii seniors graduating with little or no understanding of the markets and public policies that affect them daily. As a result, they have a diminished ability to identify and evaluate the consequences of private decisions and public policies. In a survey conducted by the Hawai'i Council on Economic Education in 2004, 71% of Hawaii's public school seniors surveyed did not know the definition of "budget deficit," while 61% did not know how inflation affects their purchasing power.

The Economics Cadre broadens and deepens teachers' knowledge of economic concepts and introduces them to methods, strategies, and resource materials to teach economics and personal finance effectively. The program works within the boundaries of No Child Left Behind by stressing economics integration within other subjects such as math, science or business.

Twenty-nine teachers across the State are members of the Economics Cadre. Each one is dedicating numerous hours of their own personal time to learn how to teach their students economics and personal finance skills. Dozens of individuals from the business community are lending their support, also during their free time. Many organizations are supporting this effort through financial and in-kind donations and the program is already showing results. By the completion of the program in 2009, up to 1,200 students will demonstrate increased understanding of economics or personal finance.

3/25/2008

The Department of Commerce and Consumer Affairs, Office of the Securities Commissioner has been exceptional in its support of financial literacy and investment education. I humbly request that you restore the supplemental budget request for \$65,000 for the Economics Cadre program.

Sincerely,

Pamela N. Funai

testimony

From: Charlene Navarro [naka_shima411@hotmail.com]
Sent: Tuesday, March 25, 2008 5:00 PM
To: testimony
Subject: Support for the Economics Cadre Program, Testimony for HB2500 HD1

Date: March 25, 2008 TO: The Honorable Rosalyn H. Baker, ChairSenate Committee on Ways and Means The Honorable Shan S. Tsutsui, Vice-ChairSenate Committee on Ways and Means FROM: Charlene Navarro RE: Support for the Economics Cadre Program, Testimony for HB2500 HD1 hearing on Thursday, March 27, 2008 at 9:30 a.m. My name is Charlene Navarro and I teach Business Education at Kauai High School. I am a member of the Hawai'i Council on Economic Education's Economics Cadre. HB2500 HD1 cuts \$65,000 from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economics Cadre program. I ask that you restore the supplemental budget request for \$65,000 for the Economics Cadre program. The Economics Cadre is a teacher-training program designed to empower high school students to make smart financial and economic choices. These skills are essential in today's world where personal bankruptcies, predatory tactics, and fraudulent practices abound. The program works within the boundaries of No Child Left Behind by stressing economics/consumer education integration within other subjects such as math or business. As a member of the Economics Cadre, I am dedicating many hours of my personal time to pursue professional development trainings so that I can help my students develop the critical thinking and reasoning skills they need to be productive members of our State. The program has paired me with a mentor from the business community who offers support and encouragement. I have received a mini-library of more than 80 K-12 curricula that my colleagues and I can use in the classroom to teach economics and personal finance in a variety of subjects. Participating in the Economics Cadre has provided me opportunities and resources that I never would have been able to access on my own. Only 42% of 12th grade students tested at or above the proficient level in the 2006 NAEP Assessment in Economics. It is imperative that our community do its best to ensure that our students have the skills they need to make smart economic & financial choices. Many organizations from across the State are supporting this program so that it can be offered to teachers and students for free. These organizations include Alexander & Baldwin, the Atherton Foundation, Servo, Market City, the Kahuku Community Foundation, the Hawaii Credit Union League, the Harold K.L. Castle Foundation and the Department of Commerce and Consumer Affairs, Office of the Securities Commissioner. I humbly request that you restore the DCCA's supplemental budget request for \$65,000 for the Economic Cadre program. Sincerely, Charlene Navarro

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Date: March 25, 2008

TO: The Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means

The Honorable Shan S. Tsutsui, Vice-Chair
Senate Committee on Ways and Means

FROM: Terry O'Malley

RE: Support for the Economics Cadre Program, Testimony for
HB2500 HD1 hearing on Thursday, March 27, 2008 at 9:30 a.m.

My name is Terry O'Malley and I teach 10th grade US History and 12th grade Economics at Honoka'a High School. I am a member of the Hawai'i Council on Economic Education's Economics Cadre.

HB2500 HD1 cuts \$65,000 from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economics Cadre program. I ask that you restore the supplemental budget request for \$65,000 for the Economics Cadre program.

The Economics Cadre is a teacher-training program designed to empower high school students to make smart financial and economic choices. These skills are essential in today's world where personal bankruptcies, predatory tactics, and fraudulent practices abound. The program works within the boundaries of No Child Left Behind by stressing economics/consumer education integration within other subjects such as math or business.

As a member of the Economics Cadre, I am dedicating many hours

of my personal time to pursue professional development trainings so that I can help my students develop the critical thinking and reasoning skills they need to be productive members of our State. The program has paired me with a mentor from the business community who offers support and encouragement. I have received a mini-library of more than 80 K-12 curricula that my colleagues and I can use in the classroom to teach economics and personal finance in a variety of subjects. Participating in the Economics Cadre has provided me opportunities and resources that I never would have been able to access on my own.

Only 42% of 12th grade students tested at or above the proficient level in the 2006 NAEP Assessment in Economics. It is imperative that our community do its best to ensure that our students have the skills they need to make smart economic & financial choices.

Many organizations from across the State are supporting this program so that it can be offered to teachers and students for free. These organizations include Alexander & Baldwin, the Atherton Foundation, Servo, Market City, the Kahuku Community Foundation, the Hawaii Credit Union League, the Harold K.L. Castle Foundation and the Department of Commerce and Consumer Affairs, Office of the Securities Commissioner.

I humbly request that you restore the DCCA's supplemental budget request for \$65,000 for the Economic Cadre program.

Sincerely, Terrence E. O'Malley,
Teacher, Honoka'a High
Honoka'a, Hi. 96727

Date: March 25, 2008

TO: The Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means

The Honorable Shan S. Tsutsui, Vice-Chair
Senate Committee on Ways and Means

FROM: Timothy Alan Stewart 2d, Social Studies Teacher,
493 Pio Drive #409, Wailuku HI 96793

RE: Support for the Economics Cadre Program, Testimony for HB2500 HD1
hearing on Thursday, March 27, 2008 at 9:30 a.m.

My name is Timothy Alan Stewart 2d and I teach 12th Grade Economics at King Kekaulike High School on Maui. I am a member of the Hawai'i Council on Economic Education's Economics Cadre.

HB2500 HD1 cuts \$65,000 from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economics Cadre program. I ask that you restore the supplemental budget request for \$65,000 for the Economics Cadre program. There are many benefits that ultimately positively affect the well-being of Hawaii's keiki.

The Economics Cadre is a teacher-training program designed to empower high school students to make smart financial and economic choices. These skills are essential in today's world where personal bankruptcies, predatory tactics, and fraudulent practices abound. The program works within the boundaries of No Child Left Behind by stressing economics/consumer education integration within other subjects such as math or business.

As a member of the Economics Cadre, I am dedicating many hours of my personal time to pursue professional development trainings so that I can help my students develop the critical thinking and reasoning skills they need to be productive members of our State. The program has paired me with a mentor from the business community who offers support and encouragement. I have received a mini-library of more than 80 K-12 curricula that my colleagues and I can use in the classroom to teach economics and personal finance in a variety of subjects. Participating in the Economics Cadre has provided me opportunities and resources that I never would have been able to access on my own.

Only 42% of 12th grade students tested at or above the proficient level in the 2006 NAEP Assessment in Economics. It is imperative that our community do its best to ensure that our students have the skills they need to make smart economic & financial choices.

Many organizations from across the State are supporting this program so that it can be offered to teachers and students for free. These organizations include Alexander & Baldwin, the Atherton Foundation, Servo, Market City, the Kahuku Community Foundation, the Hawaii Credit Union League, the Harold K.L. Castle Foundation and the Department of Commerce and Consumer Affairs, Office of the Securities Commissioner.

I humbly request that you restore the DCCA's supplemental budget request for \$65,000 for the Economic Cadre program. The program significantly benefits teachers and students in the outer islands, where resources are scarce.

Sincerely,

Timothy Alan Stewart 2d
BA, MA, PBCSE, HSTB License#32A150

testimony

From: Katie French [piercedbabe19@yahoo.com]
Sent: Wednesday, March 26, 2008 9:21 AM
To: testimony
Subject: Testimony for HB2500 Public Hearing 3/27/08 9:30am

Date: March 26, 2008

TO: The Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means

The Honorable Shan S. Tsutsui, Vice-Chair
Senate Committee on Ways and Means

FROM: Kathleen Long

RE: Support for the Economics Cadre Program, Testimony for HB2500 HD1 hearing on Thursday, March 27, 2008 at 9:30 a.m.

My name is Kathleen Long and I am a 19-year-old living in Wahiawa. I graduated from Roosevelt High School and during my senior year I took Business Education, where I participated in the Stock Market Simulation, one of the programs offered through the Hawaii Council on Economic Education. Of all the things they taught us in school, financial literacy is one of the most important things I have ever learned. Now that I'm an adult I realize that just how important it is to be financially literate. Especially in Hawaii where it is one of the most expensive places to live. Without it I wouldn't understand the importance of balancing a checkbook, saving for the future, and making short term sacrifices for long-term gains. It's a part of my everyday life.

Please do not cut the funding the Economics Program requested by the DCCA in HB2500. This programs gives teacher the knowledge they need to impact students like me.

Sincerely,

Kathleen Long

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testimony

From: Elina Koretsky [elinakoretsky@yahoo.com]

Sent: Tuesday, March 25, 2008 9:23 PM

To: testimony

Subject: Testimony for HB2500 HD1

Date: March 25, 2008

TO: The Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means

The Honorable Shan S. Tsutsui, Vice-Chair
Senate Committee on Ways and Means

FROM: Elina Koretsky, Consultant

RE: Support for the Economics Cadre Program, Testimony for HB2500 HD1
hearing on Thursday, March 27, 2008 at 9:30 a.m.

My name is Elina Koretsky and I am one of twenty-seven individuals from the business community volunteering my personal time to partner with a teacher participating in the Economics Cadre, a program that provides teachers the training they need to teach their students economics and personal finance. Our role is to support our teachers by putting them in touch with the additional resources they need to effectively teach their students economics.

HB2500 HD1 cuts \$65,000 from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economic Cadre program. I ask that you restore the supplemental budget request for \$65,000 for the Economic Cadre program.

Economics teaches decision-making, critical thinking, and reasoning. Understanding of these concepts will not only help students excel in economics courses, it will assist in math, business, social studies, and science and better prepare them to further their education or enter into the workforce.

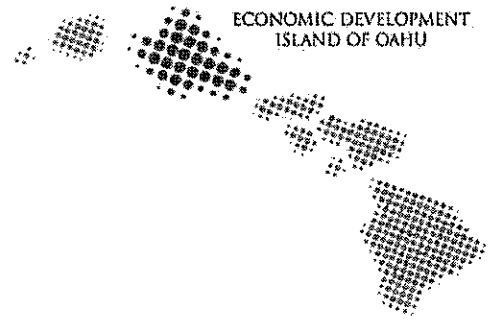
Twenty-nine teachers across the State are members of the Economics Cadre. Each one is dedicating dozens of hours of their own personal time to learn how to teach their students economics and personal finance skills. Each teacher will complete three professional development trainings, be paired with a mentor from the business community, create an economics unit to teach in the subject of their choice, and receive a library of more than 1,200 economics and financial literacy lessons. By the completion of the program in 2009, up to 1,200 students will

3/26/2008

demonstrate increased understanding of economics or personal finance.

Among the many local organizations making it possible to offer this program for free, the Department of Commerce and Consumer Affairs, Office of the Securities Commissioner has been exceptional in its support of consumer education, financial literacy and investment education. I humbly request that the supplemental budget request for \$65,000 for the Economic Cadre program be restored.

Sincerely,
Elina Koretsky



March 25, 2008

Senate Committee on Ways and Means

The Honorable Rosalyn H. Baker, Chair
The Honorable Shan S. Tsutsui, Vice-Chair

RE: **Support** for the **Economics Cadre Program**, Testimony for **HB2500** HD1 hearing on Thursday, March 27, 2008 at 9:30 a.m.

Enterprise Honolulu is working with the Hawai'i Council on Economic Education to implement the Economics Cadre, a teacher-training program designed to empower high school students to make smart financial and economic choices. It is essential that our students be equipped with the decision-making skills they need to be productive, successful members of our community.

HB2500 HD1 **cuts \$65,000** from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economic Cadre program. We are asking that the Senate Committee on Ways and Means **restore the DCCA's supplemental budget request**.

Hawaii seniors graduate with little or no understanding of the markets and public policies that affect them daily. As a result, they have a diminished ability to identify and evaluate the consequences of private decisions and public policies. In a survey conducted by the Hawai'i Council on Economic Education in 2004, 71% of Hawaii's public school seniors surveyed did not know the definition of "budget deficit," while 61% did not know how inflation affects their purchasing power.

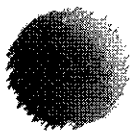
The Economics Cadre broadens and deepens teachers' knowledge of economic concepts and introduces them to methods, strategies, and resource materials to teach economics and personal finance effectively. The program works within the boundaries of No Child Left Behind by stressing economics integration within other subjects such as math, science or business.

Twenty-nine teachers across the State are members of the Economics Cadre. Each one is dedicating numerous hours of their own personal time to learn to teach their students economics and personal finance skills. Dozens of individuals from the business community are lending their support, also during their free time. Many organizations are supporting this effort through financial and in-kind donations and the program is already showing results. By the completion of the program in 2009, up to 1,200 students will demonstrate increased understanding of economics or personal finance.

The Department of Commerce and Consumer Affairs, Office of the Securities Commissioner has been exceptional in its support of financial literacy and investment education. We humbly request that you **restore the supplemental budget request for \$65,000** for the Economics Cadre program.

Sincerely,

Vice President, Director of Business Development & Technology



ENTERPRISE
HONOLULU

737 Bishop Street, Suite 2040, Honolulu, Hawaii 96813 • 808-521-3611
Fax: 808-536-2281 • www.EnterpriseHonolulu.com

HE BUSINESS CLIMATE OF PARADISE

testimony

From: Leisha Bento [lbento@hawaii.rr.com]
Sent: Tuesday, March 25, 2008 11:08 PM
To: testimony
Subject: Support for the Economics Cadre Program

Date: March 25, 2008

TO: The Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means

The Honorable Shan S. Tsutsui, Vice-Chair
Senate Committee on Ways and Means

FROM: Leisha Bento

RE: Support for the Economics Cadre Program, Testimony for HB2500 HD1
hearing on Thursday, March 27, 2008 at 9:30 a.m.

My name is Leisha Bento and I teach 11th and 12th grade social studies at Aiea High School. I am a member of the Hawai'i Council on Economic Education's Economics Cadre.

HB2500 HD1 cuts \$65,000 from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economics Cadre program. I ask that you restore the supplemental budget request for \$65,000 for the Economics Cadre program.

The Economics Cadre is a teacher-training program designed to empower high school students to make smart financial and economic choices. These skills are essential in today's world where personal bankruptcies, predatory tactics, and fraudulent practices abound. The program works within the boundaries of No Child Left Behind by stressing economics/consumer education integration within other subjects such as math or business.

As a member of the Economics Cadre, I am dedicating many hours of my personal time to pursue professional development trainings so that I can help my students develop the critical thinking and reasoning skills they need to be productive members of our State. The program has paired me with a mentor from the business community who offers support and encouragement. I have received a mini-library of more than 80 K-12 curricula that my colleagues and I can use in the classroom to teach economics and personal finance in a variety of subjects. Participating in the Economics Cadre has provided me opportunities and resources that I never would have been able to access on my own.

Only 42% of 12th grade students tested at or above the proficient level

3/26/2008

in the 2006 NAEP Assessment in Economics. It is imperative that our community do its best to ensure that our students have the skills they need to make smart economic & financial choices.

Many organizations from across the State are supporting this program so that it can be offered to teachers and students for free. These organizations include Alexander & Baldwin, the Atherton Foundation, Servo, Market City, the Kahuku Community Foundation, the Hawaii Credit Union League, the Harold K.L. Castle Foundation and the Department of Commerce and Consumer Affairs, Office of the Securities Commissioner.

I humbly request that you restore the DCCA's supplemental budget request for \$65,000 for the Economic Cadre program.

Sincerely,
Leisha Bento

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501 Sumner Street, 601
Honolulu, Hawaii 96817
(808) 521-1151

From Neighbor Islands
(800) 227-6012
Fax (808) 521-9493

Date: March 25, 2008

TO: The Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means

The Honorable Shan S. Tsutsui, Vice-Chair
Senate Committee on Ways and Means

RE: Support for the Economics Cadre Program, Testimony for HB2500 HD1
Hearing on Thursday, March 27, 2008 at 9:30 a.m.

HB2500 HD1 cuts \$65,000 from the Department of Commerce and Consumer Affairs' supplemental budget request that supports the Economic Cadre program. We are asking that the Senate Committee on Ways and Means restore the DCCA's supplemental budget request.

We realize that there are many worthwhile programs that need to be funded.

The Economics Cadre is a teacher-training program designed to empower high school students to make smart financial and economic choices. It broadens and deepens teachers' knowledge of economic concepts and introduces them to methods, strategies, and resource materials to teach economics and personal finance effectively. The program works within the boundaries of No Child Left Behind by stressing economics integration within other subjects such as math, science or business.

Teachers across the State are members of the Economics Cadre. Each one is dedicating dozens of hours of their own personal time to learn how to teach their students economics and personal finance skills. By the completion of the program in 2009, up to 1,200 students will demonstrate increased understanding of economics or personal finance.

Many local organizations donate their time and monies in order to making it possible to offer this program for free to teachers and students. The Department of Commerce and Consumer Affairs, Office of the Securities Commissioner has been exceptional in its support of consumer education, economic and financial literacy, and investment education.

We humbly ask that you restore the supplemental budget request for \$65,000 for the Economic Cadre program to continue the success of the program for the benefit of the students and future workers of Hawaii.

Sincerely,



Myron M. Nakata
President

TO: Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair
Committee on Ways and Means

FROM: Stella M.Q. Wong, Vice President of Programs

DATE: Thursday, March 27, 2008 (9:30 a.m., Room 211)

RE: **HB 2500, HD1 Relating to the State Budget**

Catholic Charities Hawai'i (CCH) has been serving Hawai'i for almost 60 years. Since 1947, its mission remains the same, to serve people in need, especially the poor and vulnerable, regardless of their faith. As a state-wide social services agency and the fourth largest nonprofit organization in the State, CCH's role in the community is a safety-net for over 40,000 individuals and families annually. **We urge your support of the following recommended changes to HB 2500, HD1, Relating to the State Budget:**

Department of Human Services

1. **Homelessness and affordable housing** – is one of Catholic Charities Hawaii's major initiatives. We provide services to senior citizens, former foster youth, and families transitioning from homelessness to permanent, affordable housing through transitional housing, housing assistance for seniors and housing placement for families with children.

Catholic Charities Hawai'i is a member of Partners in Care. Together we support and ask you to support the funding levels originally included in the Housing Omnibus Bills (SB 2225 and HB 2050), including:

- Provide **\$25 Million**, as a one time allocation to the Rental Housing Trust Fund.
- Provide funds to repair and renovate state public housing.
- Provide **\$5.3 Million** for continual operational funds for homeless outreach and supportive services, and transitional and emergency shelters.
- Provide **\$20 Million** for a permanent urban transitional shelter on Oahu.

2. **Support for Needy Families through TANF Funding**

Catholic Charities Hawaii asks you to prevent Federal TANF spending cuts which would have negative impact on needy homeless families and children of needy families who are at risk of child abuse and neglect.

TANF used to support transition of needy families from homelessness to permanent housing: A significant amount of TANF money is used to supplement the Stipend Program that supports homeless services, like Catholic Charities Hawaii's Ma'ili Land and Kawaihae Transitional Housing Programs on the Waianae Coast and in West Hawaii (Big Island).

Cuts in TANF spending would threaten the survival of transitional housing programs and may also eliminate the Housing Placement Program, through which Catholic Charities Hawaii has been able to provide pre- and post-rental housing counseling and placement services to 235 TANF eligible families in FY 2007. This program targets families with Section 8 or other housing vouchers and helps them to overcome community stigma and financial barriers to utilizing the assistance provided through these federally funded programs. Prior to the start of the Housing Placement Program, families with Section 8 vouchers were often unable to find landlords willing to accept their voucher and remained homeless. The program also offers those transitioning from homelessness to permanent housing a hand up as they struggle to overcome the societal and financial barriers related to homelessness.

TANF used to support children in needy families to remain health and safe through Enhanced Healthy Start and Healthy Start: \$3.2 million dollars of TANF through the Department of Human Services has been used annually to fund **Enhanced Healthy Start**, a statewide program which serves Child Welfare Services-involved families of newborns up to age three who are at threatened harm levels of risk or have been abused and/or neglected. The Enhanced Healthy Start teams include nurses and substance abuse/mental health counselors that work with these families to reduce the risk factors of these families. The Enhanced Healthy Start Program has reached a maximum caseload and is **in need of an additional \$600,000, for a total of \$3.8 million** to support community need.

Healthy Start is a statewide home visiting program which provides risk factor reduction and child development services to families of newborns up to age three who are assessed to be environmentally at-risk. The **Healthy Start program needs TANF funds of \$1.66 million** annually. Specifically, this funding supports:

- Clinical professionals to work with substance abuse, etc.
- More Child Development Specialists to address Felix/IDEA requirements
- More assessment workers to engage families prenatally
- Training funds to keep abreast of current best practice standards

Catholic Charities Hawaii asks for your support of these recommended changes to HB 2500, HD1, Relating to the State Budget. If I can provide any further information, please feel free to contact me via phone at 808-535-0889 or via email at swong@catholiccharitieshawaii.org. **Thank you.**

**FAMILY LIFE CENTER, INC
95 S. KANE ST.
KAHULUI, HI. 96732**

PHONE (808)877-0880 FAX (808) 877-4443

March 18, 2008

RE: Budget Bill – HB 2500

To: Members of the Senate Ways and Means Committee

- | | |
|----------------------|--------------------|
| ✓ Rosalyn H. Baker | Lorraine R. Inouye |
| Shan S. Tsutsui | Ron Menor |
| Suzanne Chun Oakland | Donna Mercado Kim |
| J. Kalani English | Jill N. Tokuda |
| Carol Fukunaga | Fred Hemmings |
| Gary I. Hoosier | Paul Whalen |

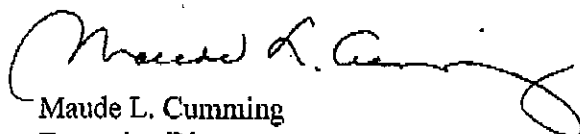
Dear Committee Member:

Family Life Center requests that you consider opposing any cuts to TANF funding. Family Life Center administers two programs through contracts with Hawaii Public Housing Authority (HPHA) – the Housing Placement Program for TANF eligible families and an Emergency Shelter utilizing Shelter Stipend funds.

Over the last three years through the Housing Placement program, Family Life Center assisted approximately 200 families with security deposits and first month's rent. This program has allowed us to: 1) increase the numbers of families that are able to utilize their HUD Section 8 vouchers and 2) reduce the numbers of homeless families. Family Life Center also operates a 15 bed emergency shelter for women and children utilizing Shelter Stipend funds.

Both of these programs are part of our overall strategy to provide a continuum of services as we move individuals from homelessness to permanent housing. We have had many successes and want to continue to provide the necessary supports to improve the lives families in our community. We therefore ask that you *oppose* any cuts to TANF funding and that you support the levels of TANF funding that would enable us to continue to provide these valuable services to the families of Hawaii.

Sincerely,



Maude L. Cumming
Executive Director



ho'omōhala huaka'i
Preparing communities for success and service

Partners in Development
Foundation

March 25, 2008

Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair
Senate Committee on Ways and Means
State Capitol
Honolulu, HI 96813

RE: Hearing on Thursday, March 27, 2008 at 9:30 a.m., Conference Room 211
Regarding HB 2500, "A Bill for an Act Relating to the State Budget"

Dear Chair Baker and Vice Chair Tsutsui and Members of the Senate Committee on
Ways and Means,

I ask that you would **strongly oppose** any cuts in spending of TANF funds. This is currently being proposed in the HB2500 draft Sections 199 and 204. If enacted, these cuts will have a devastating effect on programs that are providing direct and important services to the very needy in our community. The fact is that these funds will not be available for any of these programs if they are not spent. They will go to an already over funded reserve for direct assistance. The proposed cuts will effectively punish immediately the most vulnerable in our state of Hawai'i and remove forever resources that were intended to assist children and families with critical needs.

I ask that you oppose any cuts to TANF spending in the proposed HB2500.

Me ke aloha.

Jan E. Hanohano Dill
President

'Ekela Kahuanui
P.O. Box 6943
Kamuela, HI 96743

March 25, 2008

Testimony opposing spending cuts in HB 2500 HD1, Section 199 and Section 204.1

Aloha Chair Rosalyn Baker, Vice Chair Shan Tsutsui and members of the Senate WAM committee,

As a volunteer kumu and community member I have seen first hand how Kanu o ka 'Aina Learning 'Ohana families, participants and community members from the South Kohala district, Hawai'i island are among the many who have benefited through activities to learn, connect, and become empowered through the TANF grant.

This grant has allowed our youth and their families to increase their education and awareness of health issues, especially teen pregnancy, STD's, and drug addictions. We know that participants are more informed of proactive prevention as a result of this grant. Further, after school and extracurricular activities engage students outside of school allowing them to explore more educational, leadership and career options keeping them engaged and out of trouble during the hours where many fall prey to negative peer/community pressure.

If these funds are cut, we will not be able to offer these activities; our current funding will not support sustaining activities outside of school hours. We have seen notable evidence of learning, growth, and success in just three years, and hope that you will not cut funding to allow these opportunities to be available for our youth and their families. We the community members need to know that the government recognizes that our children's learning and education indeed is essential and not cut one more good thing that benefits them so immensely.

Mahalo nui,



'Ekela Kahuanui



March 25, 2008

Hawai'i State Senate Ways & Means Committee
Hawai'i State Capitol, Room 210
Honolulu, HI 96813

Madam Chair, Mr. Vice Chair, esteemed Members of the Committee:

My name is Dennis Brown, President and C.E.O. of Big Brothers Big Sisters of Honolulu. Thank you for the opportunity to submit testimony regarding House Bill 2500. HB2500 seeks to amend the General Appropriations Act of 2007 (Session Laws of Hawai'i, Act 213) by proposing many cuts to 2007 – 2009 fiscal biennium funding levels for various agencies. Big Brothers Big Sisters of Honolulu is **strongly opposed** to proposed amendments to sections 199, 203, 204, and 205 of Act 213, 2007 Session Laws of Hawai'i, as it would have the effect of withholding of \$27 million in federal funds from the TANF (Temporary Assistance to Needy Families) program.

Many are familiar with our organization but few can truly comprehend the myriad differences we make in the lives of the youth we serve and those around them through mentoring and education. Our mission statement is *helping children become responsible adults*. Over the years, we have helped thousands of youth from disadvantaged backgrounds to learn to make positive choices, believe in themselves, and improve their relationships through our community-based and school-based programs. Youth who are mentored exhibit better academic performance, are more socially adept, display higher levels of compassion and empathy, are more likely to pursue higher education, better equipped to counter peer pressure, less likely to commit criminal offenses and less likely to abuse drugs and alcohol. These are traits our society values in all of its members.

It is estimated that approximately 30,000 children in our state meet certain criteria that define them as "at risk." Our goal is to serve ten percent of that population, or three thousand youth, by 2010. We are well on our way to achieving that goal. In four years, we have nearly doubled the amount of youth we serve, growing nearly forty percent just last year alone. As a private non-profit organization, we rely primarily on donations from individuals, corporations, community organizations, and foundations that believe in our mission. The need for our services eclipses our ability to provide those services because we can only grow as much as funding dictates. One of the reasons for our explosive growth last year was due to a contract with the Department of Human Services. The funds that enabled us to serve 40% more children in need were federal TANF monies.

HB2500 seeks to withhold \$27 million in federal TANF funds from administration by the Department of Human Services (page 362, section 2, line 16). It also seeks to withhold \$1 million in monies for needy children to be cared for in surroundings familiar to them (page 363, section 4, line 17). Over \$17 million in federal TANF funds has been proposed withheld from work programs and related services for TANF recipients (page 364, section 5, line 5), and \$7 million will be withheld from purposes of child safety protection (page 364, section 7, line 20). Without funding for work / training / counseling programs, reliance on financial assistance cannot be eased, creating a circle of dependency. Without funding for child care, some parents may not have the opportunity to earn a living or needy children may not have the developmental benefit of being cared for in familiar surroundings. And eliminating funding for child protection against abuse and neglect is simply reckless policy. Each of these proposed changes, if implemented, would have detrimental repercussions affecting the living situations of the already "at risk" youth we seek to help.

I fully realize and appreciate the fact that as members of the Ways & Means Committee, you have very tough decisions to make regarding provisions for the general welfare of Hawai'i's residents and balancing available funds. As a small, private non-profit organization, we need all the help we can get to fulfill our mission. On behalf of the communities we serve, the volunteers who selflessly devote their time and resources to our mission, and the children whose lives we positively affect every day, I would like to ask for your help. Passing HB2500 as it is now would not help us. It would only increase the difficulties we face every day in serving our youth. I would therefore like to recommend that if HB2500 is to be passed, it be passed with amendments – specifically, eliminating changes proposed to sections 199 (page 362, lines 10-21; page 363, lines 1-2), 203 (page 363; lines 12-21), 204 (page 363, line 22; page 364, lines 1-19), and 205 (page 364, lines 20-22; page 365, lines 1-5) of Act 13, 2007 Session Laws of Hawai'i. Thank you for your consideration.

Sincerely,

Dennis Brown
President/CEO
Big Brothers Big Sisters of Honolulu

Telephone: (808) 536-4302, Fax: (808) 527-8088
924 Bethel St.
Honolulu, HI 96813

LEGAL AID SOCIETY OF HAWAII

George J. Zweibel, Esq.
President, Board of Directors

Charles K. Greenfield, Esq.
Executive Director

Via Fax at 586-6071

March 24, 2008

Senator Rosalyn Baker, Chair
Senate Committee on Ways and Means
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Re: TANF Caps in HB2500 HD1 Budget Provisos

Dear Senator Baker:

The Legal Aid Society of Hawaii provides critical legal services to the low- and moderate-income in Hawaii through its nine offices on every island in the state. Over the years we have provided information to the legislature on a variety of areas which affect our clients.

One of these areas that we have followed over the last few years is the legislature's effort to cap spending by the Department of Human Services of federal temporary assistance to needy family funds. We have spent significant time understanding the TANF reserve and Purposes 1, 2, 3 and 4 as well as the interactions with the required Maintenance of Effort and the Deficit Reduction Act amendments to the TANF program. We have also provided trainings on these issues.

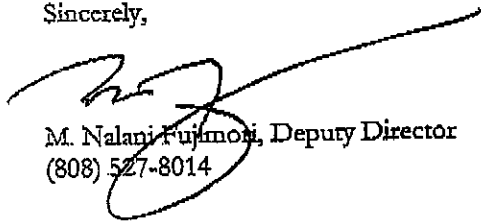
We realize that it is in the jurisdiction of the legislature to allocate TANF spending and we believe it is critical that we stress the on-going need for work programs and work supports for those living in poverty to develop job skills and move into the work place.

In HB2500 HD1, the House has proposed to cap that would limit TANF spending to \$21 million on work programs and work supports. We would ask that this cap be increased to meet the projected budget of work programs and work supports of approximately \$26 million made by the Department of Human Services.

We recognize that as we are looking at a downturn in the State's economy it is critical for the finance committees of the legislature to look with foresight as to the needs of the state, however we do not believe reducing the amount of TANF spending to work programs and work supports is the right place to put these cuts.

Please feel free to contact me should you have questions.

Sincerely,



M. Nalani Fujimori, Deputy Director
(808) 527-8014

TO: Senator Rosalyn Baker, Chair
Senator Shan S. Tsutsui, Vice Chair
Committee on Ways and Means

FROM: Noelle Granato, Division Director of Prevention Programs
Julie Falicki, Program Director Hana Like Home Visitor
Program
Parents And Children Together

DATE: March 25, 2008

RE: HB 2500, HD1
In support of restoring TANF funding.

Parents And Children Together provides many services funded by TANF. Services include Enhanced Healthy Start, Family Center Core Services, Economic Development and Teen Pregnancy Prevention.

PACT is one of Hawaii's leading not-for-profit human services providers, with 13 programs statewide serving over 9,000 consumers annually. We are submitting testimony **in support of continued TANF funding for Healthy Start, Enhanced Healthy Start, Family Center Services, Economic Development and Teen pregnancy Prevention.**

Healthy Start-

The importance of the first three years of life has been well established. The years from birth to three lay the foundation for each child's cognitive and emotional development. The quality of the child's early environment, including their relationship with their parents and the provision of early learning experiences, is predictive of that child's later success in areas such as school performance and social adjustment. It is the mission of the Healthy Start program to optimize each child's development during these critical years by providing at-risk families with the skills and support needed to nurture their child's development and to avoid setting patterns of parenting which may lead to child abuse and neglect. This is done through regular home visitation by a Home Visitor, developmental screening to identify and address developmental concerns, the provision of information on effective parenting techniques and child development, and referral to community resources to reduce family stress. The services provided by the paraprofessional Home Visitor are supported

by professional Child Development Specialists, who address developmental concerns, and Family Specialists, who address risk factors such as mental health issues and substance abuse.

Enhanced Healthy Start-

The Enhanced Healthy Start program serves child welfare active families, and provides more intensive services that include a nurse and a Master's level mental health counselor to address issues contributing to child abuse and neglect, such as mental health issues and substance abuse. The program staff work collaboratively with child welfare staff to reduce risk. From July 2006-June 2007, the PACT Enhanced Healthy Start program served 110 families with 121 children. From July-December 2007, our program served 158 families with 178 target children. The following are examples of the positive impact of the PACT Enhanced Healthy Start program.

- 1) A family was referred due to "ice" and cocaine use by both parents. The 17 year old mother admitted to drug use while pregnant. The father, who is in his 30's, is in prison for selling cocaine. The mother completed an outpatient substance abuse program. With the encouragement of the Home Visitor, the mother attended night school, completed her high school diploma, and is currently enrolled in college. The program assisted the mother in obtaining clothing for school and work through a holiday donation. The mother now has a part-time job while attending college, has been drug free for 18 months, and has permanently split from the father of the baby. According to the Enhanced Nurse and the developmental screens, the baby is developmentally on target, despite drug exposure in utero.
- 2) A family was referred due to drug use by the mother. The baby was born positive for "ice." Mother completed an outpatient drug treatment program, and has been drug free for 8 months. The Home Visitor worked with the CWS worker to enroll mother in the DHS First to Work program. Mother was so successful during her volunteer placement that she was offered a full-time position, which she accepted. The Enhanced Nurse conducted a Comprehensive Developmental Evaluation on the infant, who was determined to have mild cognitive delays. The infant is enrolled in treatment and is progressing well. The Home Visitor is working with the mother to do activities to assist baby in developing. The mother is very interested in ways she can help her baby, and mother and baby are well-bonded.

- 3) A family was referred due to both parents using “ice.” The father was in prison for selling ice. Both parents have now completed outpatient drug treatment programs, and have been drug free for 11 months. The Home Visitor assisted the mother in obtaining a GED. Mother is now enrolled in on-line college courses. The Home Visitor assisted the father in writing a resume and in completing job applications. He is now employed full-time with a national company. The Nurse assessed the infant, who is currently developmentally on target. Due to being drug free, the parents have a much better relationship. The Enhanced staff have educated the parents on the importance of creating a positive environment for their child, and have provided information and activities on child development and parenting. The parents are now well-bonded with their child.

Family Centered Services-

All children live in the context of a family. Strong families and communities support the healthy development of children. PACT’s unique program bridges basic social services with skill building, training and direct links to economic development opportunities. Customized support helps ensure consumer success, and thereby reduces dependency on public support and increases the capacity of individuals, families, and communities to be self-reliant and healthy. PACT Family Centers strengthen families and communities by providing information and referral, client counseling, family libraries, support groups, volunteer programs, classes, and family and community activities. The Family Center uses education and support groups for a variety of purposes: Parenting support, technology education, substance abuse recovery, community leadership building and financial/budgeting skill building. Education and support group services usually consist of the following categories. Group discussions, kinesthetic activities, some didactic education and trust building activities are almost always present. Technology education uses small increments of didactic learning paired with enough time to apply the new skill thus creating strong skill sets. The Kuhio Park Terrace Family Center serves an estimated 3,000 residents from the state’s largest public housing community.

Economic Development Center (EDC)-

Since 1991, EDC has had marked success in the City and County of Honolulu transitioning unemployed and low-income residents into jobs, job training, micro enterprises, home-based businesses, and franchises. The program facilitates job readiness among those with

special challenges, including individuals with low education and literacy levels and those with high socio-economic risks. PACT's unique program bridges economic development and social service approaches. This kind of human capital development reduces dependency on public support and increases the capacity of individuals, families, and communities to be self-reliant and healthy. The overarching goal of EDC is to end the dependence of needy parents on government benefits by promoting job preparation and placement. Economic Development Services are offered island-wide on Oahu. EDC has helped over 100 low-income individuals find jobs or start businesses over the past two years.

Teen Pregnancy Prevention-

The Community Teen Program philosophy and practices directly reflect the philosophy that all youth are worthwhile and can reach their full potential; given opportunities to develop the knowledge, skills, competencies and abilities needed to "complete the business of growing up." PACT realizes that youth do not grow up in programs, but in families and communities. Therefore, our Community Teen Program is community-based and services are based on assets and strengths, focus on the achievement of outcomes, and are holistic in nature.

The Teen Program's continuum of services includes the three core services: community-based outreach, case coordination, and the following positive youth development and teen pregnancy prevention activities – comprehensive sex education, academic support, enrichment and education, decision making/positive choices, service learning/job preparation, and family strengthening. Our services are evidence and outcome based, holistic, and culturally, developmentally, and gender appropriate. Most importantly, our services are provided by caring, skilled adults who are able to build trusting and nurturing relationships with the youth, and believe in their ability to learn, adopt positive behaviors, and make wise choices.

PACT offers the Teen Community Program at Kuhio Park Terrace and Puuwai Momi housing projects. The program has been providing teen pregnancy prevention services for the past four years.

PACT is in support of restoring TANF funding to support critical programs such as Healthy Start, Enhanced Healthy Start, Family Center Services, Economic Development, and Teen Pregnancy Prevention. TANF funding helps support the most vulnerable communities and families, and most importantly our children-Hawaii's future.



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 admin@blueprintforchange.or

Blueprint for Change develops and supports family centered, community-driven service delivery models that assure the safety and well-being of children who have been identified as at risk for abuse and or neglect

March 26, 2008

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To: Committee on Ways and Means
 Senator Rosalyn H. Baker, Chair
 Senator Shan S. Tsutsui, Vice Chair

From: Sara Izen, Executive Director
 Blueprint for Change

RE: HB 2500, HD1, RELATING TO THE STATE BUDGET

This testimony is against the decrease of \$27 million in appropriated TANF funds that is proposed in SECTION 199 of this bill, and particularly the decrease of \$7 million for purchase of service contracts for child protective services that would be the result of the proposed repeal of SECTION 205.

In tight budget times, TANF monies are vital in funding programs to strengthen families and communities for the prevention of child abuse and neglect and for diversion efforts with high risk families. Public outrage over recent tragedies related to child abuse intensifies the need for services that work closely with such families. Programs like the Neighborhood Places, a statewide system of centers where families receive a variety of services and access to resources that help meet basic needs, build skills, and offer opportunities for advancement are an example of the type of program that would be affected by these cuts. Data collected show that 90% of the families served by Neighborhood Places avoid the foster care system.

TANF funds support innovative programs put into place as part of the state's response to the federal Child and Family Service Review findings. Many of these programs, for example, Enhanced Healthy Start, have shown their ability to prevent abuse. This Review will be returning to Hawaii to conduct another audit in the near future, and it is crucial that the state continue its efforts to improve child welfare services.

TANF funds are limited in their use. They cannot be expended to build roads or encourage business incentives. Unless the legislature plans to replace the decrease in TANF funds with General Funds, it is difficult to imagine a better use for those funds than to support programs that strengthen families and communities to make Hawaii a safer, more nurturing place to raise our keiki.

Thank you for the opportunity to express my point of view.

March 26, 2008

The Senate Committee on Ways & Means

The Honorable Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

SUBJECT: WRITTEN TESTIMONY REGARDING HB 2500 HD1, RELATING TO
THE STATE BUDGET

Hearing: Thursday / March 27, 2008
9:30a.m.
Conference Room 211, Hawai'i State Capitol

Aloha Senator Baker,

I am providing testimony in **strong opposition** to HD1 of this measure as it applies to cuts that affect the expenditure of TANF funds. This is proposed in HD1, Sections 199 and 204.

If allowed to pass as it is written, these cuts would have a crippling effect on programs that provide direct and important services to the needy in our community. The fact is these funds will not be available for any intervention programs if they are not spent. They will go to an already over funded reserve for direct assistance. The proposed slash would be injurious to the most vulnerable in Hawai'i, and remove resources intended to assist children and families in critical circumstances.

I ask that you oppose any cuts to TANF spending in the proposed HB2500 HD1.

Mahalo for allowing me the opportunity to submit testimony.

'O Wau No Me Ka Ha'aha'a,

'O Billy Richards
Director of Communications
Partners In Development Foundation
808-595-2752 (B) / 808-595-4932
<http://pidfoundation.org>

Kanani Kaaiawahia Bulawan
P.O. Box 1169, Waianae, Hi 96792
Ph: (808) 696-1654 Cell: (808) 783-9302
Email: kananikb@hawaii.rr.com

Sen. R. Baker, Chair
Sen. S. Tsutsui, Vice-Chair
Committee on Ways and Means (WAM)

Hearing: March 27, 2008
Time: 9:30am
Room: 211

URGENT CALL TO ACTION! HB2500 BUDGET BILL
IN FULL OPPOSITION TO CUT IN TANF FUNDS

Date: March 26, 2008

Aloha Chair, Vice-Chair and Committee members:

My name is Kanani Kaaiawahia Bulawan; I'm a Kupuna, a parent, the oldest of 3 children from an immigrant father and Hawaiian mother, and a Kanaka Maoli. In addition to this, I'm a retired executive director to a human service provider and a long time resident of Waianae. I mentioned all these to give you an idea of what my life's experiences and how I feel component enough to share testimony.

Your assistance is needed with **OPPOSING THE CUT TO TANF FUNDS from the House version of the BUDGET BILL HB2500, section 199, which will allow \$27 million cut in TANF spending overall.** If services will be or be expected to be continued we need all necessary and available funding, this includes Federal funding to help homeless families, children in need, and break the cycle of domestic violence, substance abuse, and neglect of children throughout the State of Hawaii.

The proposed **\$27 million cut** in TANF spending overall will hurt families and children unable to receive the necessary services and parent education to foster resiliency in children as well as place already vulnerable families in homelessness deeper in poverty. While DHS is committed to continuing these

Continue Pg. 2
WAM: BUDGET HB2500
OPPOSITION TO TANF CUT
March 26, 2008

programs, there is no alternative funding for agencies and providers of services to seek because the lack of federal funds and economic climate in Hawaii and the Nation is soon to suffer greater financial hardship that will eventually affect our most needed citizens.

This funding provides supplement support to various major programs, a few to point out:

- a. Stipend for Homeless Shelter services;**
- b. Housing Placement for securing housing;**
- c. Essential services for life-skills / life changing projects that will ultimately affect family preservation**

Thank you for helping meet the needs of children and families through the programs that DHS has funded over the past several years. We very much want to continue our beneficial relationship, so **please join us in opposing any TANF cuts, especially cuts that threaten the ability to provide quality services and programs to the most needy and vulnerable.**

If you have any questions, please feel free to contact me at 808-783-9302. Thank you for giving me the time to share my experience and testimony.

Mahalo,

Kanani Kaaiawahia Bulawan

**Anna L. Ventura
Board of Director Secretary
Waianae Community Outreach
P. O. Box 1912
Waianae, Hawaii 96792
Telephone: (808) 682-4673**

Senator Rosealyn Baker, Chairperson
Senator Shan Tsutsui, Vice-Chairperson
Committee on Ways & Means

**FY09 Executive Supplemental Budget; Operation/CIP appropriations
Thursday, March 27, 2008 at 10:45 a.m.
Room 311**

Re: Oppose of HB 2500 hd1, Relating to the STATE BUDGET

Aloha Madam Chair and Senators:

My name is Anna Ventura, I am a single mom of 2 adult children and a grandmother of 3 children of school ages. I am a resident of the Waianac Coast in Nanakuli. Also I am a volunteer Board Secretary for Waianae Community Outreach.

I am opposing HB 2500, we need to continue our federal funding in order to assistance our homeless families, children in need and break the cycle of domestic violence, substance abuse and neglect of children throughout the State of Hawaii.

Budget Bill (HB 2500) will prevent DHS from spending existing Federal funds on Temporary Assistance for Needy Families (TANF) programs. Section 199 will require a **\$27 million cut** in TANF spending overall. This will hurt families and children unable to receive the necessary services and parent education to foster resiliency in children.

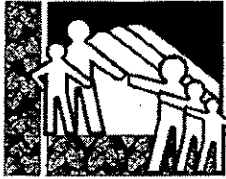
If this **Budget Bill 2500**, is to be cut, there will be much hardship on the agencies as well as families here in Hawaii. The families are already suffering hardship with **high cost of living, employment dropping, education to foster parent children and meeting the cost of rent is high on it standard living.**

I thank you for taking the time to read my testimony. If you have any questions, please feel free to call me at the above telephone number

Sincerely



Anna Ventura
W. C. O. Board Secretary



Family Support Services of West Hawaii

75-127 Lunapule Rd., #11

Kailua-Kona, HI 96740

Phone: (808) 326-7778 Fax: (808) 326-4063

Email: kids@fsswh.org

To: Senator Rosalyn Baker, Chair, Senate Ways and Means Committee
Members of the Ways and Means Committee

Date of Hearing: March 27, 2008

Time of Hearing: 9:30 am

Place: Conference Room 211, State Capitol

Dear Senator Baker and Members of the Senate Ways and Means Committee,

Family Support Services of West Hawaii is a private, community-based organization serving families who live on the island of Hawaii. The mission of Family Support Services of West Hawaii is *"to support families and communities in providing love and care for our children."* Since its inception in 1979, FSSWH has been providing home visiting support to families during the perinatal period through the Hawaii Healthy Start/Enhanced Healthy Start Program in partnership with the Hawaii Departments of Health and Human Services.

Over the past twenty years, scientific evidence has accrued that shows beyond a doubt the life-long physical and mental health consequences of abuse and neglect for our communities' children. For the past three years, the Hawaii State Departments of Health and Human Services have implemented a pilot project designed to prevent or mitigate the consequences of adverse early childhood experiences on the next generation. Hawaii's Enhanced Healthy Start Program utilizes Temporary Assistance to Needy Families (TANF) funding to assist families whose infants and toddlers are at risk for these adverse childhood experiences. Much of this risk is due to the stress caused by the environmental circumstances in which these young families find themselves. The Enhanced Healthy Start Team guides and supports these young families, helping them help themselves by finding the resources they need to overcome the challenges of homelessness, substance abuse, poverty, lack of job skills and interrupted education so that they can care for and nurture their young children.

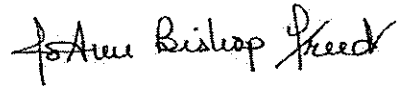
The \$ 3.8 million of TANF funding for this program is used to provide early childhood and adult mental health and substance abuse counseling along with parent training in child development, financial literacy and assistance in meeting family needs. Through the intervention of an interdisciplinary team of professionals and support staff, Enhanced Healthy Start is able to prevent the trauma caused by abuse and neglect to infants and toddlers, including the disruption of attachment so necessary to the future health of every human being.

An additional \$1.66 million of TANF funds are needed to support the recommendations of the Healthy Start Task Force mandated by SCR 13 in 2003. These recommendations were to add additional professional staff support to Healthy Start Teams dealing with the effects of substance abuse, domestic violence and mental illness, all included as adverse childhood experiences in The Adverse Childhood Experiences (ACE) Study. This study is a major American research project, carried out by the Centers for Disease Control (CDC) and Kaiser Permanente

Department of Preventive Medicine in San Diego, that poses the question of whether, and how, childhood experiences affect adult health decades later. The ACE Study based on interviews with over 17,000 adults reveals a powerful relationship between our emotional experiences as children and our physical and mental health as adults, as well as the major causes of adult mortality in the United States. It documents the conversion of traumatic emotional experiences in childhood into organic disease later in life. The most important finding is that adverse childhood experiences have a powerful relation to adult health a half-century later.

The cost to all of us who live in Hawaii of these early traumatic experiences has been made very clear by Dr. Felitti and the ACE Study. The Hawaii State Legislature has the opportunity to intervene where it matters most in a way that has been proven most effective. There were no incidences of abuse or neglect in 99.34% of the Healthy Start families who remained enrolled in the program for at least 12 months. There could be no better use of the state's TANF dollars than to keep our most vulnerable children from experiencing these adverse childhood experiences and their life-long debilitating consequences.

Sincerely,

A handwritten signature in cursive script that reads "JoAnn Bishop Freed". The signature is written in black ink and is positioned below the word "Sincerely,".

JoAnn Bishop Freed
Executive Director

testimony

From: Jani Sheppard [Jani@mfss.org]
Sent: Wednesday, March 26, 2008 9:02 AM
To: testimony
Cc: Sen. Roz Baker; Sen. J. Kalani English; Sen. Shan Tsutsui
Subject: Testimony Re: Enhanced Healthy Start and Healthy Start Programs

Michael E. Kim, M.D.

Date: 3/26/08

Kaiser Permanente
80 Mahalani St Wailuku, Hawaii 96793

To: Rosalyn Baker, Chair, Senate Ways and Means Committee
Members, Senate Ways and Means Committee

**Re: TANF funding for Healthy Start
TANF funding for Enhanced Healthy Start**

\$1.66 M \$3.2 M

HB 2500 deletes \$27 Million in TANF funded programs, which would include the above noted funds for Healthy Start and Enhanced Healthy Start child abuse prevention services.

I am the President of the Board of Directors of Maui Family Support Services and our Prime Directive is the prevention of child abuse and neglect. We administer the above programs for Maui County. I have also been a practicing Obstetrician and Gynecologist on Maui for almost 23 years, and at last count had delivered well over 3000 "Maui Built" babies.

Academically, there are many studies that show the long term impact of child abuse and neglect on our most costly social problems. Personally, I work hard to deliver babies healthy, but have seen too many real life examples of the unhealthy social environment that I then have to let them go into. It has been my primary motivation to be on the Board and support the work that the above Programs provide.

It is very disappointing to think that the funding and therefore these Programs would be cut. I acknowledge that you have been tasked with being fiscally responsible for our tax dollars and that there is a limited amount and you have a broader perspective. I would hope that this perspective is also broader in time frame. The State may save money in the short term, but I still believe in this case, an ounce of prevention is worth the pound of cure.

Sincerely,

3/26/2008

Michael E. Kim, MD

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Date: 3/25/08

To: Rosalyn Baker, Chair, Senate Ways and Means Committee
Members, Senate Ways and Means Committee

Re: **Support for TANF funding for Healthy Start** \$1.66 M
Support for TANF funding for Enhanced Healthy Start \$3.2 M

This letter is in response to the House of Representatives draft of the Budget Bill (HB2500) to prevent the Department of Human Services (DHS) from spending existing Federal funds on Temporary Assistance for Needy Families (TANF) programs, such as the Enhanced Healthy Start programs. Section 199 will require a \$27 million cut in TANF spending overall.

The Enhanced Healthy Start Program services families of very young children who are under considerable stress due to their involvement with Child Welfare Services (CWS); the families are involved with CWS as a result of child abuse and/or neglect issues and the lack of appropriate parenting skills. The Enhanced Healthy Start Program utilizes a strong multi-disciplinary approach to assist parents in identifying significant stressors in the family's environment, and provide relevant interventions to alleviate those stressors, thereby reducing the incidence of child abuse and lessening the subsequent financial and social costs to the community.

Although a few of the individual services the Enhanced Healthy Start Program provides are available through other state or private agencies (i.e. Public Health Nursing, Easter Seals), the Enhanced Healthy Start Program is the only "one-stop shop" statewide that utilizes a multi-disciplinary approach to address the multitude of issues facing families. At a minimum the program provides home and environmental assessment, child and family health status, child development screening and interventions, parenting education and skill building, child abuse prevention activities, parent-child relationship building, counseling and therapy services, community networking and support system increase, referrals to community resources, and advocacy for families. All the program's services are provided in the family's home; for families already stressed to the point of inflicting child abuse and/or neglect on their children, having professionals work with them in their most natural environment enables them to receive and implement interventions in a non-threatening atmosphere.

I believe that the Enhanced Healthy Start Program is critical to achieving and maintaining healthy families and thereby healthy communities. I strongly urge you to support the program by **opposing TANF cuts as proposed in HB2500 and continue funding vital programs such as the Enhanced Healthy Start Program.**

Sincerely,

Michelle K. Teuber
Clinical Manager

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March 25, 2008

TO: Rosalyn Baker, Chair, Senate Ways and Means Committee
Members, Senate Ways and Means Committee

RE: Potential loss of TANF funding for the Enhanced Healthy Start program

This letter is in response to the House of Representatives draft of the Budget Bill (HB2500) to prevent Department of Human Services (DHS) from spending existing Federal funds on Temporary Assistance for Needy Families (TANF) programs, such as the Enhanced Healthy Start programs. Section 199 will require a \$27 million cut in TANF spending overall.

I am most concerned that the Enhanced Healthy Start program not be lost at this point as this program has strengthened the overall prevention effort of the Department of Health's Healthy Start program. The Enhanced Healthy Start program has provided professional intervention with the highest risk families in the State of Hawaii. If we lose this, we will be back at square zero!

I have prepared this document to familiarize you with Healthy Start, SCR 13/45, DHS and family needs which have necessitated the Enhanced Healthy Start program. It provides a through overview of the needs of families at threatened harm levels of risk and lost funding for the service.

I believe that Enhanced Healthy Start program is a critical program in the effort to stem child abuse in Hawaii, and worth investing in. I feel that the DHS staff and the Purchase of Service (POS) providers have worked very hard to continue services under considerable challenges and at the same time to make continuous program improvements. Therefore, I strongly urge you to support the program as it moves forward, by **opposing TANF cuts as proposed in HB2500 which would prevent DHS from spending existing Federal funds on TANF programs, such as the Enhanced Healthy Start program.**

Sincerely,

Andrew A. Kahili
Program Director

YWCA of Hawai`i Island
Healthy Start/Enhanced Healthy Start
1382 Kilauea Avenue
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Phone: (808) 961-3877 ext. 127
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akahili@ywcahawaiiisland.org

Summary in Development of Enhanced Healthy Start:

- **Healthy Start initiated in 1985 to provide Para-professional support to families of newborns at risk for child abuse and neglect.**
- **After a successful 3 year pilot project, the program was expanded to other communities and eventually state wide.**
- **A sister program, the Mother Infant Support Team (MIST), was established to work with families of newborns at threatened harm levels of risk. Successful, plans to integrate with Healthy Start, but budget cuts resulted in program termination.**
- **In the mid-nineties, data from the Healthy Start program family intake assessments showed huge increases in numbers of families experiencing substance abuse, domestic violence, and mental health issues.**
- **Because these problems were beyond capacity of the Family Support Workers (home visitors) to address in such volume, Clinical Specialists were added to the program. Many of these positions were soon lost to budget cuts.**
- **SCR 13 task force initiated by legislature to address the fact that families at threatened harm levels of risk falling through cracks between the Department of Human Services (DHS) and Healthy Start. There was agreement Healthy Start would serve these families with support of DHS. Interagency agreements with the Department of Health (DOH) and DHS were established. Healthy Start was also tasked to serve families of newborns confirmed for abuse by Child Welfare Services (CWS).**
- **\$3 million dollars in TANF funds was allocated to re-instate the MIST level of service state-wide. This was piloted and then expanded statewide.**
- **Now this program is threatened by loss of funding. This will result again in loss of services for children 0 to 3 at threatened harm levels of risk who have been abused or neglected.**
- **Legislators need to consider the feasibility of ending needed services, with all of the work and commitment involved, and then de-funding. This does not seem fair to children or the providers.**

Background on the Enhanced Healthy Start Program

The Hawaii Family Support Institute, April 2006

As legislators are aware, there have been major increases in substance abuse, domestic violence and mental health issues among Hawaii's young families over the past decade.

Considering this issue in the context of prevention of child abuse, it has been necessary to develop a treatment intervention component within Healthy Start, which is now called Enhanced Healthy Start.

The following will describe the history of the development of this component, as well as to touch again on the reasons why prevention and early intervention with child abuse are critical to reducing later major social problems and associated costs.

History

The number of families at very high levels risk has increased dramatically since the 1980's when Healthy Start was initiated. A School of Public Health report on the Healthy Start family assessment program for FY 1998-1999 showed that:

- **80% of families had histories of substance abuse, domestic violence or mental illness;** 56% were severe.
- **66% had histories of violent temper outbursts** by either parent toward child or others and 42.6% were severe.
- **33% showed co-morbidity on the triad of substance abuse, domestic violence and mental health problems** and 13% had severe scores.

The checklist validation study and others have pointed out that **risk for child abuse, as well as other social problems, increases exponentially** with the number of risk factors experienced by the family.

The basic Healthy Start program identifies families at risk through a risk assessment interview at birth at all hospitals in the state, and refers families determined to be at risk to a Healthy Start home visiting team in the families' community. Voluntary family support services are provided primarily by well trained family support workers, who use a range of interventions to reduce risk factors and enhance protective factors to promote family development, early child development and avert abuse and neglect.

Because of the Para-professional limitations of staff, professional Clinical Specialists were added to the model in July 2001, to cope with this huge increase in the number of families with substance abuse, domestic violence and mental health problems, as these families require professional treatment interventions in order to reduce risk and avert abuse. These professionals worked with the family to move through changes of change and provided short term interventions to reduce risk; unfortunately these positions were cut back when funding was reduced so that they cannot meet the needs of families within their programs.

The 2003 Hawaii State Legislature passed Senate Concurrent Resolution 13, which established a task force to address the needs of families of infants determined to be at threatened harm levels of risk. At that time, these children were "falling through the cracks" between the DOH Healthy Start program

and Child Welfare Services. The overall recommendation was that Healthy Start would serve these children, with support from the Department of Human Services.

About 15 policies and procedures were initiated within Healthy Start, and an inter-agency agreement was established between DOH and DHS to implement this decision. The DHS agreed to provide \$3.2 Million in TANF funds annually to insure adequate services to these children. In addition, related to the Child Welfare Services' Program Improvement Plan (PIP), it was agreed that Healthy Start would also serve children under age one already confirmed for abuse and neglect. The task force agreed that this was best for the children and their families, as Healthy Start specializes in services to infants and their parents. Also Healthy Start provides periodic developmental screening; children who have been abused or neglected are at highest risk for developmental delays and problems.

Enhanced Healthy Start

This program was established as Enhanced Healthy Start and was implemented in two pilot areas in October 2004 before statewide expansion in November, 2005. These programs are now fully operating state-wide.

The Enhanced Healthy Start intervention has its roots in the former Mother Infant Support Team (MIST) program, a former sister program to Healthy Start, which was very successful in averting abuse and neglect among infants at threatened harm levels of risk, born to families already involved with Child Welfare Services. This program operated very successfully for over eight years on Oahu, and in Hilo and Kona. Planning was underway to integrate this service with Healthy Start. However, MIST was de-funded due to funding shortages before this could occur.

Enhanced Healthy Start utilizes a multi-disciplinary team approach, consisting of a home visitor, a Registered Nurse, a clinical specialist, and professional supervision provided by the Clinical Manager. The team assesses the strengths and needs of each family and develops a specialized treatment plan. Clinicians provide professional treatment interventions with families experiencing domestic violence, substance abuse and mental health problems in order to reduce risk and avert abuse. Clinical Specialists go into the homes and work with families in a Treatment Readiness model – addressing issues, helping families achieve some short term improvements, working on stages of change and facilitating parents to enter long term treatment programs as needed. The team approach address the following kinds of issues: intervention with major areas of dysfunction as noted above, interventions with dysfunctions in parent child interaction, monitoring and interventions to support developmental functioning of the child, advocacy for basic needs of the family while teaching the family coping skills, therapeutic interventions with family dynamics which cause risk, enhancing parenting capacity, emotional support and community-linkage and referrals for the entire family.

The team will provide the visits in an array of settings as needed including the family home, foster placements, group homes, emergency shelters, etc. Eligibility criteria includes families from the pre-natal period through the child's 30th month of age, who are referred by CWS Case Management, POS providers such as Voluntary Case Management and Diversion managers, and the DOH Healthy Start Program (e.g. families identified as being at threatened harm risk levels at hospital assessment and families who are abusive after the child's enrollment in Healthy Start.) The family remains eligible for services until the child's third birthday. If the CWS closes the case, the family may request to remain with Enhanced Healthy Start, or request transfer to DOH's Healthy Start Program as needed. In families where abuse has already occurred, it often takes more time for the family functioning to improve to the level there is no longer risk.

As the legislature is aware, the child welfare system is currently undergoing major restructuring, with most cases now being handled by the private sector. This is not a good time to de-fund a service component for the most vulnerable CWS cases. Furthermore, as pointed out by the Child Welfare Services staff, it is very counterproductive to continually start and then de-fund programs. The impact upon service providers is severe. It takes a great deal of commitment, creativity and hard work to identify problem in the system, plan appropriate solutions, identify funding sources, develop and respond to RFP's, hire and train staff, and implement good programs.

Why Prevention and Early Intervention with Child Abuse Are Critical

Abuse and neglect are especially damaging in the first few years of life. The science of early child development, as discussed in depth by the National Research Council and Institute of Medicine in "From Neurons to Neighborhoods: The Science of Early Childhood Development", indicates the importance of a nurturing and supportive family and environment during the critical first three years.

During this period, healthy emotional development lays the foundation for strong cognitive development. Emotional and mental health play a tremendously important role in the child's future success in school and in life. The needs of young children, especially those at risk for child abuse and neglect, must be addressed in a comprehensive approach which integrates family support, health care and early education and care.

Between 20-25% of children in Hawaii are born into families, who are at risk for being abusive or neglectful, or who do not have the capacity to support the emotional and early cognitive development of their children.

Consider the data on early abuse and the consequences of abuse:

- In Hawaii, nearly half of confirmed abuse cases are under age five
- 80% of the most severe abuse cases occur among children under age five.
- 43% of all child abuse deaths are under age one
- By age three, a child who has been seriously abused bears emotional scars that are difficult or impossible to erase.
- Children who have been emotionally and physically abused are most likely to fail in school.
- 100% of most violent inmates at San Quentin were severely abused by age two.
- 50-70% of all women and many men treated in psychiatric setting have histories of physical and/or sexual abuse.
- Adverse childhood experiences are directly related to later substance abuse, smoking and major chronic diseases.

Effective prevention and early intervention with child abuse and neglect are critical components of a system of early childhood services designed to ensure that children are safe, healthy and ready to learn in school. As noted earlier, in addition to serving infants at highest risk for abuse, Healthy Start has taken responsibility for serving families of all infants and toddlers at the threatened harm level of risk, as well as infants where abuse or neglect has already occurred through Enhanced Healthy Start.

Enhanced Healthy Start, as it is developing, is potentially the most important component of Hawaii's child abuse prevention efforts. Please do not allow this program to be de-funded for FY 2008-2009.

Enhanced Healthy Start Program Summary Report

Department of Human Services
(FY 2005-2006 and FY 2006-2007)

Enhanced Healthy Start Summary Report (11/1/05 – 6/30/06)

The service became statewide in November, 2005. The late start was due to the fact that Enhanced Healthy Start (EHS) was a secondary purchase on a Department of Health (DOH) Request for Proposals (RFP) for Healthy Start, and there were protests about the DOH process that prohibited DHS from negotiating with providers.

Referrals by Child Welfare Services (CWS) and POS providers of Family Strengthening Services (FSS) and Voluntary Case Management (VCM) are mandatory for families with children up to one year of age and are optional for families with children 1 year to 30 months of age. Providers may move families with greater needs from the regular (Basic HS) to the enhanced program on a space available basis and may move families needing less intense service (e.g. closed CWS cases) to regular Healthy Start.

1. Number of Families/Children Served by Referral Source and Age of Child

	CWS	FSS	VCM	Basic HS	Total
0-90 days	125/142	3/2	23/35	6/6	157/185
91 days – 1 yr.	51/68	2/2	13/14	4/8	70/92
Over 1 year	37/56	1/1	1/3	0	39/60
TOTAL	213/266	6/5	37/52	10/14	266/337

2. Cost

\$1,313,523 for 8 Sites for 8 Months of Service

The maximum prorated amount for 8 months of service was \$266,666 per program, but those with smaller populations received less with the lowest amount being \$68,816. Two providers used 100% of their funds. Others used from 31% to 87% depending upon their ability to hire staff and the number of referrals received from CWS which are often low with a new service.

3. Outcomes

Re-abuse in Family

4% Reports of Abuse/Neglect 11 out of 266

3% Confirmed Reports 8 out of 266

Several reports were made by the providers to give additional information on existing situations which were referred to them and were seen as a “successful intervention” to obtain help for the family.

An Average 95% of Families Actively Participated in Services to Which Referred

Not all families were referred to additional services which ranged from treatment for substance abuse, to help with domestic violence, employment, and medical problems, but those who were referred seemed to receive the support and follow up necessary to make the referral effective

An Average 87% of Families Had Reduced Risk Factors Measured at 6 months as Compared to the Initial Measurement

Only 5 of 8 programs reported these data, and not all families were included because of the 6 months requirement and program confusion about what measurement instrument would be used.

An Average 88% of Families Reported Satisfaction with the Service

Only 6 of 8 programs were able to report these data and not all families were included because of when the program administers the client satisfaction survey e.g. upon exit or after a certain time period or in a certain month.

100% of Families Discharged from CWS and EHS Had No Reports of Abuse/Neglect after 6 months.

Only the two pilot programs on the island of Hawaii were able to report these data because others did not have cases closed for 6 months.

4. Views of CWS Staff

Strengths of the Service

- Coordinated therapeutic services for children with special needs
- Service is provided to parents and foster parents
- Service continues even after the CWS case is closed, providing some additional safety
- Instructions on parenting are specific and there is weekly follow up.
- Support to families and helping with community referrals is good
- Allows young children to remain with their parents
- Flexible and works around mother's schedules
- Comprehensive assessments and services.
- Quick response
- Parents like the service
- With this program foster parents receive the support they deserve
- The RN and CSAC provide good outreach and timely assessments.
- Quality of RN services was high.
- RN and CSAC provide more support and monitoring of the family than just a home visitor
- Feedback from the RN and CSAC were extremely helpful when there were Multi-disciplinary Team Conferences

Changes/Improvements Desired

- Some staff are still unaware of EHS; some have never met an RN or CSAC, and some are confused about EHS v. regular Healthy Start (the DOH contract)
- Quarterly client reports not received regularly by some
- Referral process through Hawaii Keiki Intervention Service System (H-KISS) has been confusing and has taken too long in some instances.
- One provider seemed to have a high turnover of staff

- EHS staff might be incorrectly interpreting the CWS plan without CWS input
- Value of a CSAC questioned since parents are often in substance abuse treatment

5. Views of the Providers

Accomplishments

- Arrangements made for Comprehensive Evaluations of children with possible Developmental Delays
- Grief counseling in the community was arranged for a mother who lost her spouse.
- Collaboration with CWS staff has been crucial in helping families understand goals and participation of CWS in development of the plans has been positive.
- Positive parenting skills have successfully been provided both in foster homes with the biological parents present and with the two sets of parents separately.
- Father involvement has been at a high level in at least one program.
- Several families have successfully ended their CWS involvement and requested transfer into regular Healthy Start.
- Referrals to the programs have continued to grow – some at a rapid pace.
- Several clients in different programs have successfully completed drug abuse services.
- The RPN has enabled both children and parents to obtain necessary medical care through encouragement, instruction, and hands on assistance at appointments.
- Two children with medical neglect in the home were identified, referred to CWS, and eventually removed to foster care.
- Successful engagement of teen mothers with multiple problems.
- Support provided to parents with limited cognitive abilities and developmental disabilities.

Challenges

- Not all CWS staff are aware of the service or of what it provides.
- Some CWS staff do not provide needed information on a timely basis including removal of children and contact information.
- The regular HS requirements and the DOH data system that are required in the EHS contract do not always match the needs of EHS families especially for children in foster care.
- Homeless families and those who feel the service is not required are often difficult to locate and to engage in services.
- Absence of community support services such as housing and childcare.

6. Referrals Through H-KISS

DHS has worked with DOH to have all referrals go through the referral center in the Early Intervention Section (EIS) which is the lead Part C agency. This ensures that children with biological risks and known medical problems can be referred to the Public Health Nurses (PHNs) and those with known developmental delays can be referred to the Early Intervention Section (EIS) and its providers instead of directly to Enhanced Healthy Start

This process also is the first step to full compliance with CAPTA which requires all confirmed reports of children 0-3 be referred to the Part C agency. At this time H-KISS is not able to increase its

acceptance of another category of reports beyond the current mandatory 0-1 year of age and optional 1 year to 30 months of age for Enhanced Healthy Start. The report below was provided by H-KISS.

CWS Referrals to H-KISS and Referred to Programs January-June 2006

Enhanced Healthy Start	Count	Percentage
Catholic Charities Oahu	6	
CFS Oahu	34	
PACT Oahu	46	
CFS Kauai	13	
YWCA HI Island	28	
FSS West Hawaii	10	
Maui FSS	8	
<i>EHS Total</i>	145	55.1%
Public Health Nursing		
East Honolulu PHN	4	
West Honolulu PHN	1	
Central Oahu PHN	8	
Leeward Oahu PHN	5	
Windward Oahu PHN		
East Hawaii PHN		
West Hawaii PHN		
Maui PHN	1	
Kauai PHN		
Molokai PHN		
Lanai PHN		
<i>PHN Total</i>	19	7.2%
Developmental Programs		
Kona ECSP	2	
Lanakila ECSP	6	
Leeward ECSP	2	
Wahiawa ECSP	8	
Windward ECSP	4	
Hilo Easter Seals	11	
Ikaika Molokai FSS		
Imua Family Services	12	
Kailua Easter Seals	4	
KMC Central EI Program	2	
KMC EI Program	1	
Kapolei Easter Seals	10	
Kauai Easter Seals	2	
North HI Child Dev. Prog.	1	
Therapeutic Nursery	4	
Sultan Easter Seals	10	
United Cerebral Palsy	0	
Waianae PCDC	10	
Waipahu Easter Seals	7	
<i>Develop. Pgm. Total</i>	96	36.5%
EIS Unit	3	

<i>EIS Unit Total</i>	3	1.1%
Total Referred to an Early Intervention (EI) Program:	263	100%
Total Number Referred to H-KISS but Not Referred to an EI Program (unable to contact, three years of age, declined services, already receiving services):	62	
Total Number Referred to H-KISS:	325	

Enhanced Healthy Start Summary Report (7/1/06 – 6/30/07)

The service became statewide in November, 2005 after a pilot project on the island of Hawaii so the first full year of operation was this past fiscal year from 7/1/06 – 6/30/07.

Referrals by CWS staff and POS providers of Family Strengthening Services (FSS) and Voluntary Case Management (VCM) are mandatory for families with children up to one year of age and are optional for families with children 1 year to 30 months of age. Additionally all confirmed cases age 0-3 are to be referred for possible services covered by the federal IDEA Part C requirements. (See the last section of this report.) Providers may move families with greater needs from the Department of Health (DOH) basic Healthy Start to the enhanced program on a space available basis and may move families needing less intense service (e.g. closed CWS cases) to basic Healthy Start.

1. New Families/Children By Referral Source and Age Of Child

	CWS	FSS	VCM	Basic HS	Total
0-90 days	160/177	8/9	21/22	15/14	204/222
91 days – 1 yr.	86/97	9/10	12/12	11/13	118/132
Over 1 year	117/133	3/5	16/18	0	136/156
TOTAL	363/407	20/24	49/52	26/27	458/510

An additional 241 families who began service in a previous fiscal year were served this fiscal year for a total of **726 families** served in FY'07.

2. Cost

\$2,568,882 for 8 Sites

This represents 88% of the total funds, \$2,913,134 committed for this fiscal year. The lower amount spent is due primarily to staff vacancies and turn over. As the program continues to grow, and if stability can be achieved in the staffing, the costs will increase in FY '08.

3. Outcomes

Families with no new report of abuse/neglect during the time of services.

New Families in FY '07		All Families Served in FY '07	
#	%	#	%
443/458	97	703/726	97

Families with no new confirmed report of abuse/neglect during services.

New Families in FY '07		All Families Served in FY '07	
#	%	#	%
451/458	98	714/726	98

Families regularly participating in services to which they have been referred.

New Families in FY '07		All Families Served in FY '07	
#	%	#	%
320/392	81	509/621	82

Not all families were referred to services so the base number is less than the total of families served. Additionally, one of the challenges of work with these families is to encourage them to participate in community services which range from domestic violence, drug abuse and mental health counseling, to assistance with employment and housing.

Families with reduced risk factors six months after initial measurement.

New Families in FY '07		All Families Served in FY '07	
#	%	#	%
177/187	95	279/290	96

Not all providers had a way to measure this improvement so the base number is less than the total families served. This process should improve in the next fiscal year. Additionally, not all new families had been in the program for six months at the end of the fiscal year.

Families expressing satisfaction with Enhanced Healthy Start Services

All Families Served in FY '07	
#	%
86/259	72%

All providers did not have a way of measuring satisfaction that either could separate the new families from the total or could easily elicit responses from the families. Most providers waited until services had ended and found that mailed questionnaires were not returned and that very few new families were included in the survey. Thus this number and % are not very reliable, and the methods need to change for the next fiscal year.

4. Views of CWS Staff

Strengths of the Service

- Comprehensive in providing home based services as well as providing supplies, transportation, and referral to and coordination w/ other services.
- Monitoring of child development and explanations to parents about appropriate development
- Flexible in including extended family
- Has helped prevent relapses in families

- RN is helpful especially with some families unfamiliar with our medical system
- RN has authority that parents accept
- RN was identified as apart of a safety plan to allow a newborn to go home with the family
- CSAC has helped families struggling to overcome addiction to drugs
- CSAC helped mothers recognize their drug problems and get help
- Teaches hands-on parenting
- Promotes trust and willingness in families to engage in services and accept advice
- Reports of concern or lack of resources to DHS are helpful for CWS to intervene
- Several foster children with young children of their own have been helped

Changes/Improvements Desired

- Better communication with CWS especially around safety issues and referrals to other services
- RN and CSAC services have not been consistently available on all islands and sometimes they have no contact with CWS staff
- More extended hours would be helpful for families that work 6 days per week.
- Transferring of cases from one geographic area to another has not happened on a timely basis
- Staff turnover is problematic for families
- Written reports are not always timely
- Direct referrals instead of going through H-KISS is preferred by some
- There remains some confusion about foster family eligibility for services

5. Views of the Providers

Accomplishments

- Families with children having medical problems have been identified and assisted to understand how to handle the health issues so the families have been able to stay intact
- Father involvement has been at a high level in more than one program.
- Several families have successfully ended their CWS involvement and requested transfer into regular Healthy Start.
- Several parents receiving services refrained from further drug abuse
- Children are successfully followed as they move several times between their biological and multiple foster parents.

Challenges

- Some CWS staff do not provide needed information and sign authorization forms on a timely basis especially in cases involving foster care and coordination with biological families
- The regular HS requirements and the DOH data system that are required in the EHS contract do not always match the needs of EHS families especially for children in foster care.
- Insufficient number of speech therapists has resulted in delays in evaluations and therapy for some children
- Staff turnover.

6. Referrals Through H-KISS

DHS has worked with DOH to have all referrals go through the referral center in the Early Intervention Section which is the lead state agency for the federal IDEA Part C. This ensures that children with primarily biological risks and known medical problems can be referred to Public Health Nurses and those with known developmental delays can be referred to the Early Intervention Section and its providers instead of directly to Enhanced Healthy Start. This process also ensures compliance with the federal CAPTA requirements.

The information below was provided by H-KISS.

A total of 357 referrals from CWS, FSS and VCM were triaged to:

Enhanced Healthy Start	265	74%
Early Intervention Services	74	21%
Public Health Nursing	<u>18</u>	<u>5%</u>
TOTAL	357	100%

Another 45 referrals or 11% of the total 402 referred to H-KISS were not forwarded to any service because the child was already in services, the child was over age 3, attempts to reach the parents were unsuccessful, or the parents refused services. New procedures have been established between CWS and H-KISS which should decrease the occurrence of being unable to reach parents or having the parents refuse services.

The providers show more families served than does H-KISS because sometimes referrals have gone directly to the Enhanced Healthy Start provider instead of through H-KISS and because once a child is receiving services from Public Health Nursing, Early Intervention Services, or DOH Healthy Start, the child does not need to re-enter through H-KISS for Enhanced Healthy Start.



HAWAII FAMILY SUPPORT INSTITUTE

Making Hawaii's Families Strong

3/26/08

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Members, Senate Ways and Means Committee
State Capitol Room 210
Honolulu, HI 96813

Re: HB 2500

Support for TANF funding for Healthy Start \$1.66 M
Support for TANF funding for Enhanced Healthy Start \$3.2 M

Dear Senator Baker:

HB 2500 deletes \$27 Million in TANF funded programs, which would include the above noted funds for Healthy Start and Enhanced Healthy Start child abuse prevention services.

Healthy Start and Enhanced Healthy Start serve as lifelines to Hawaii's neediest young families and their newborns, infants and toddlers. A journal on "Caring for Infants and Toddlers" in *The Future of Children*, 2001, restates what you have heard many times "A baby depends utterly on his/her caregiver to make the vast world safe, manageable and welcoming." The natural process of positive interaction of a caregiver with the infant mediates early development. However, common problems which impede care-giving may include depression, stress... rooted in the adult's own experience as a child, or caused by life's more immediate problems". As an example of a huge immediate stress, a current AUW study reveals that the income of fully one third of Hawaii's families is not adequate to the cost of living. Healthy Start reaches out to these caregivers at birth, to provide support, teach parenting and life coping skills and intervene therapeutically as needed. Healthy Start serves Hawaii's neediest families and most vulnerable young children during the most critical period of their lives.

What could be a more valuable use of Temporary Assistance to Needy Families?

Dr. Vincent Felitti's recent study "Adverse Childhood Experiences" reinforces a multitude of studies showing that the long term impact of early abuse and neglect results in our most costly social problems- not only behavioral/mental health, drug addiction, school failure, delinquency and crime, but also most costly chronic health problems (diabetes, cancer, heart and lung disease). The study showed that use of addictive drugs increases proportionally with the adverse experiences during childhood. **Using TANF funds to invest in our youngest, most vulnerable children at risk for child abuse and neglect is cost-effective and should be our top priority.**

Enhanced Healthy Start:

Through work of a task force mandated by SCR 13 in 2003, it was agreed that **Healthy Start would serve child welfare active families of newborns up to age three who are at threatened harm levels of risk as well as infants who have been abused and neglected.** DHS agreed to provide **\$3.2 M in TANF funds** to enable the Healthy Start providers to establish Enhanced Health Start teams including nurses, substance abuse/mental health counselors to work with these families. These teams are now maxed out with cases, and actually **need additional TANF funding of \$600,000 to manage the referrals** coming in. Some case summaries are attached.

Healthy Start

A task force was established under SCR 277 (2006) to study current issues of Healthy Start families and the program itself, and to make recommendations for program development to meet these needs. The hospital based assessments showed dramatic increases in substance abuse, domestic violence and mental health issues over the past decade, especially in the past year, with at least 30% having co-morbidity. Additional professional clinical specialists were needed to support the lay family support workers on these issues. Requirements of Felix/IDEA also diverted staff time from addressing child abuse risk issues. There are family retention issues which could be improved by engaging more families pre-natally.

Recommendations that were funded under TANF at \$1.66 M included:

- More Clinical professionals to work with substance abuse, violence and mental health
- More Child Development Specialists to address Felix/IDEA requirements
- More assessment workers to engage families pre-natally through community outreach
- Training funds to keep abreast of current best practice, to increase program effectiveness

State-wide, there have been no abuse/neglect cases among 99.34% of children (11 out of 1,671 Healthy Start families) in service for at least 12 months.

Please also keep in mind that while the Department of Health has in the past been able to use federal Medicaid reimbursements for Healthy Start services to put back into the program, this reimbursement program will end in the coming year. We respectfully request your support in maintaining TANF funding for these programs.

Sincerely,



Gail Breakey, Executive Director
Hawaii Family Support Institute



Maui Family Support Services, Inc.

1844 Wili Pa Loop, Wailuku, HI 96793 (808) 242-0900 Fax: (808) 249-2800
www.mfss.org

...because kiki matter!!!

To Whom It May Concern,

Last year we had a participant who have been referred to our Enhanced Healthy Start program from the hospital as a prenatal participant. When I got this referral, I thought to myself, "This is really going to be a hard case." This mother, aside from being prenatal and battling a drug abuse addiction; was also homeless living in a makeshift camp at the beach near Kahului Harbor. She had no means of transportation nor any other types or resources. In fact, for nearly the 1st month of services, my team members and I would have to drive through the makeshift camp looking for her to provide services as well as to bring her to doctor's appointments.

This mother's safety and health was my first obligation to her. I wanted to help her with getting her prenatal care. I needed to be sure that she got to her doctor appointments due to her health's high risk factors as well as to help her in getting into safe housing. Eventually a room came available at Malama's Recovery Center for Women. She was so happy that she was going to finally have a clean and safe environment for herself and her baby.

A few weeks after getting in Malama, this participant gave birth to a healthy baby girl. After giving birth, she returned to Malama Recovery Center where she continued with her drug program. While she was there the team and I worked on getting her into the homeless resource shelter on island as well as in getting a job. By the time this participant had completed her 3-month program at Malama, she and her baby was able to move into a studio at the Homeless Resource Shelter as well as had medical insurance for she and her baby and also had several job interviews lined up.

Working in Enhanced Healthy Start Program has been such a rewarding and fulfilling feeling. To help families in need as well as to help them move forward in their lives in a positive, healthy direction has been very rewarding. As a Family Support Worker, I work with the children and their parents, encouraging them to love their children and cherish their children. I help them realize that each moment is a learning one.

We work with many high end families and building trusting relationships with them and help them realize that we aren't there to judge them for their past decisions, but is there to help their families become healthy, happy and functioning is what matters to us and the work we do with them.

To the state Legislator,

I'm writing on behalf of my family who has been participants with Maui family support services for five years now. The healthy start program has benefited me as a single parent. I've had the privilege of learning life skills, believing in myself, and nurturing my three young children in positive ways. This program has also encouraged me to be a better parent.

As for our enhanced program it has made a big impact on me. I believe that this program is vital for many of our families in our community, for there is a great need.

So I ask that you please continue to support and fund our enhanced program for it will benefit our families and future clients

Thank You
Mahalo Nui Loa

March 24, 2008

To whom it may concern,

Aloha! I am a resident of Moloka'i as well as a new mother. I was a participant of Healthy Start for a year, and I am writing to urge the Hawai'i State legislature to continue to fund Healthy Start.

I moved from Kaua'i to Moloka'i just over two years ago. I moved from my family and friends so that my husband, who is from Moloka'i, can be closer to his aging grandparents. Although my husband has many relatives here, for me it is not the same. I do not have my mother or sisters to talk to on a daily basis whenever I need help with my baby. What I did have was a Healthy Start worker who sat and asked how I was doing, gave me many informational pamphlets and printouts, and connected me to other mothers and agencies in the community. Healthy Start's Child Development Specialist let me know that my daughter was developing right on target, and that the way my husband and I were playing and interacting with her was correct. She even provided me good advice on certain issues I had with my older daughter. Previous to my enrollment in Healthy Start I was confident in my abilities to parent. However, I believe I am even more confident now, and happy that there is someone here to help me should I need it. My experience with my Healthy Start worker and every one else in the Moloka'i office has been positive, with the message that they care about the total wellbeing of the mother, child and family. Healthy Start is such an important part of the Moloka'i community; I hope that it can continue to operate for as long as it is needed. And since there will always be new mothers Healthy Start should continue to service this very fragile and important section of the community.

Thank you for letting me share my experience as a participant in Healthy Start. I urge every member of the Hawai'i legislature to support continued funding for this program.

Re: Case stories

Family A: Single Mom w/5 children ages ranging from 1-6 yrs old. Family return back to Molokai after being away for 3yrs, lived w/moms sister in a run down unsafe home for awhile. With support from FSW and other local agencies mom involved with, mom decided to apply for low income housing which mom and her 5 children now live in. Mom also utilize transportation service due to mom don't own a car and home that family lives in is located about 18 miles out of town. Mom stated she's happy about decision and move mom made. Children happy and enjoy playing with children in the neighborhood. Mom said it's a safe environment for her family.

Family B: Single Mom w/3 children reported to CWS, with support from FSW for mom to comply with CWS request children has not been removed from the home. FSW along with CWS supervisor has assist family to local community services to help with process.

A Healthy Start Success Story

March 2008

One of the newest participants on Moloka'i is not just a success but actually a miracle. She came to the program while pregnant with her 6th child. She is a first time participant, always refusing services with each prior pregnancy. She said that in the past, she did not want any outside help because she was afraid that someone would discover her secret life of drug abuse. After she lost her last child at only six days old, she began getting heavier and heavier into her addiction. She found herself slipping away into the dark world of despair, feeling that there may never be a way out. Eventually she released custody of her four children and began a life apart from them.

As is often the case, the cycle of addiction is interrupted by legal intervention. This was the case with our participant. She found herself arrested and ordered into services. Still having no use for supportive agency assistance, she complied with court stipulations only. She also began to realize that her relationship with her partner was becoming more positive since both of them had to quit using drugs. Eventually he ended up in prison right at the time she discovered she was pregnant. The Clinical Specialist started working with the participant in pre-engagement outreach activities such as introductions to the recovery community, meeting the family and exploring faith communities.

The participant shared that she was afraid to carry the pregnancy to term and was considering abortion because she just couldn't see having to find housing, employment and raising a child alone. Her partner still incarcerated, was supportive of any decision she had to make. Finally after weighing all the options, she decided she just couldn't go through with the abortion and chose to try to have her first child as a drug-free mother. She endured the long nine months of pregnancy with a prayer each day that she would stay clean and sober. And...she did!

Just at the time she was due, she called up the Clinical Specialist and said she was ready to become a participant. She was so proud that she was going to have her first baby all natural on Moloka'i and that it would be the first time she had ever been drug free the entire pregnancy. She was introduced to her FSW who made her feel welcome and supported from the start.

She had her baby without complications and was blessed to have her partner by her side. He was home for good and he too remained clean and sober the whole time. He found a job and is able to be a wonderful father. The participant enjoys the caring support and programs that her FSW brings. She still meets with the Clinical Specialist as well. Recently both parents celebrated their first year of recovery. They commented that their baby was a miracle child, that they couldn't have done it without all of their support...we at Moloka'i Healthy Start commented that it was because her parents were miracles themselves.



Maui Family Support Services, Inc.

...because keiki matter!!!

Chief Executive Officer:
L. Jani Sheppard

March 24, 2008



Senator Rosalyn H. Baker, Chair
Senate Ways and Means Co.
Hawaii State Legislature

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Programs:

Healthy Start

Enhanced Healthy Start

Early Head Start

- Center-Based

- Home-Based

Teen Services

- Pregnancy Prevention
& Teen Parenting

- Fatherhood Involvement

Lanai Perinatal

Molokai Healthy Start

Dear Senator Baker,

This is a letter to support continuation of the Enhanced Healthy Start Program. Maui Family Support Services (MFSS) has been administering this program since its inception over three years ago. I know you were instrumental in seeing the need and working together with other legislators for a program that provides families at the highest risk for child maltreatment and those with the greatest need for ensuring healthy child development with a home visiting program for those families referred from Child Welfare Services.

MFSS serves almost 60 families on Maui, Moloka'i and Lanai who have the need for Enhanced Healthy Start. We are the "eyes and ears" of the local Child Welfare Services units. We have a very close working relationship with them and provide regular reports to them as to the progress of the families served. Our staff visit some families as often as twice a week based on their needs. As I am sure you are aware, we have an RN and a Mental Health/Substance Abuse Specialist on the team in addition to skilled and specially trained Family Support Workers. Very recently, the Child Welfare Services unit on Maui had a vacancy rate of 50%. There is no way that they can provide the specialized services to these families to prevent them from entering the court system and losing custody of their children to an overworked a foster care system. The number of families has grown in the program and the outcomes for the families served has been very positive.

I know that money is extremely tight and you have a difficult job in deciding what programs to continue. Please do whatever you can to restore the needed \$3.2 million that the House cut in order to support the continuation of the Enhanced Healthy Start Program as well as the \$1.6 mil in regular Healthy Start.

Sincerely,

Lucy W. Feinberg, LSW, CSAC
Director of Program Services

From: Josephine Tancayo
Sent: Monday, March 24, 2008 2:18 PM

Hello, my name is Josephine G.Tancayo. I am working with the Maui family support services. I work with 17 families. I have some new mom and some with couple children. I've been seen a lot of families that depend on this program. I have one mom with 3 children, and she really depend on this program for transitioning her children to preschool, transportation for Doctor appointment, the schools, some important events and all her appointment is updated because of this program that provides transportation

One mom stated that she love this program, it gives her confidence in her parenting role model. She also stated that she loves the handout and the activities that FSW gave her during her home visit. Other mom stated that she loves this program because the workers help with her 3 years old preschools. Healthy start program help family with section 8 application, transport them to where they have to submit their application.

One mom stated that her child develop is very important to her, she stated that she now realized that before when she was on drugs she didn't know how her addicted will affect her children, and she also stated that she was in the stage of denial. Now she's been off drugs about 1 year and half. She told me that she can see the different from the oldest children and this new baby.

I wish this program will goes on toward many generations to come.

Thank you
JosephineG.Tancayo
family support worker.

Lucy Feinberg

From: Cleo Bloedon
Sent: Thursday, March 20, 2008 2:17 PM
To: Colleen Welty
Cc: Lucy Feinberg
Subject: vignettes

To Whom it May Concern:

I have been a Clinical Supervisor with the Maui Family Support Services Healthy Start Program for approximately 4 years. Our families enter this program because they are identified as parents who have a higher risk than others for abusing their children. Our program supports parents in changing their parenting skills toward more positive outcomes.

One family that we worked with was living in the women's shelter when she was referred to us. She had one child and a second on the way. When she started the program, it was common for this mom to feed the baby while he sat in the car seat. Mom would hold the bottle or prop it up so that baby could drink, while she watched TV. She had little eye contact with the baby. The Family Support Worker shared many pieces of information with the mother which helped her to see that the baby's behaviors were normal for the age, that by talking to her baby she could help him develop his language and communication skills. She helped mom to understand what to expect for what age and why stimulating the baby doing baby play would also enhance his brain growth and help him later in school. We now observe her touching her children affectionately and speaking to them in a more attentive way than when she started with the program.

This mother also suffered from feelings of isolation because she was estranged from her Maui family and also from the father of the baby's family. The mom was not working at the beginning of our services to her and she did not know where she was going to live when she got out of the shelter. The Family Support Worker helped mom to connect with our Community Partners and she was able to find a place to live. This mother today is an avid supporter of our program and comes to many of our events. She has a more difficult time doing that these days because she is working full time and her children are well-cared for in childcare that her Family Support Worker was able to help her find.

The mother was also able to deal with some of her issues about the father of the baby. Our Clinical Specialist was able to arrange counseling for this mother. She is, at this point, able to better understand the issues that are present in her relationship with the father of the baby and is observed to co-parent in a more positive way.

This mother's life has definitely been changed in a way that would not have happened if she had not had help from this program.

Please continue to support funding for the Healthy Start and Enhanced Healthy Start Programs.

Sincerely,

Cleo Bloedon
Supervisor
Healthy Start
Maui Family Support Services

Subject: For the Legislature

To Whom It May Concern,

My name is Toni Rodrigues; I work at Maui Family Support Services, Enhanced Healthy Start Program. Enhanced Healthy Start is an early intervention program for families with young children (ages 0-3), who are at high risk for child abuse and neglect. The challenges our families face are many: substance abuse, dependence and recovery; domestic violence; involvement with Child Welfare Services; postpartum depression and other mental health problems. As a Mental Health Specialist, I work as part of a team made up of a Family Support Worker, a Registered Nurse and a Clinical Supervisor. We deliver services to the family in their homes on a weekly basis. We are able to assess the safety of children; and the parents' ability to cope with their special challenges, while trying to raise healthy children in a community with the demands and stresses that all of us have to face.

Because our work is so critical to the well being of Maui's keiki, I do not understand why our elected officials are considering cutting funding to a program that serves the most vulnerable segment of our population. Studies have shown that early intervention and home visiting programs can identify and prevent more serious problems from resulting—stopping the cycle of abuse, reducing the demands on our court, child welfare and mental health systems. From my experience, parents with infants tend to be more willing to examine and change habits that can interfere with their ability to meet their growing child's' needs.

But the best way I know to explain the effectiveness of our program is to give you an example of one of the families we've served. Two years ago, Enhanced Healthy Start began working with Mary and Joseph, an unmarried couple with a baby due in a few months, who were staying at the homeless shelter. Mary and Joseph had used ice for many years. They tried to stop but relapsed after only a few months. Mary had two older children who were in foster care on a neighbor island. This young couple were committed to each other and to this new baby. During the time that we've worked with them, many positive things happened: Mary and Joseph stopped drugs and alcohol during Mary's pregnancy—and never went back! They attend 12 Step Meetings regularly with sponsors. Joseph got a good job. The couple married and moved out of the shelter a few months after the baby was born. They now live in a quiet, rural neighborhood away from the temptations that they faced before. Mary and Joseph love their little daughter, Mele. They practiced the child development activities their Family Support Worker brought to the home on a weekly basis. They allowed the Nurse to do developmental screenings and were relieved to learn that Mele was achieving all her milestones. With me, Mary was able to resolve some of her past childhood abuse issues; and she and Joseph took parenting classes. Her confidence in herself as a nurturing parent blossomed to the point where she even considered trying to get her older children out of foster care. A few months ago, Mary and Joseph successfully regained custody of Mary's older children who were in foster care for many years. Although it has been challenging coping with two teens in the house along with a toddler, Mary and Joseph—and all the kids—are happy that they are reunited. Mary says, "I feel so fulfilled now. I don't think we could have ever accomplished all of this without the help of Maui Family Support Services." Next year, Mary is considering going to Maui Community College to pursue certification in Early Childhood Education because she now understands "how important those early years are in a child's life" and she wants to "give back" by supporting other parents.

There is a saying, "It is easier to build a child than to repair an adult." In the case of Enhanced Healthy Start, we foster the health and well-being of children by giving parents the resources that they need to become nurturing parents. As a result, the whole community of Maui benefits.

Toni Rodrigues MA
Mental Health Specialist Enh. H.S.
MFSS

From: Glenna Okamura
Sent: Thursday, March 20, 2008 2:36 PM
To: Colleen Welty
Cc: Lucy Feinberg
Subject: RE: Stories

Hope these help to tell the story

Story #1:

First time mother, no family on island; living with her boyfriend; isolated due to no transportation. Mob was stressed due to lack of information on infant care and somewhat depressed as her mother lived in another country and her brother and sister lived on another island. Mob did not get along with Fob's family members. HS FSW taught Mob how to bathe TC using hands-on demonstration, role-modeled holding TC during feeding to reduce ear infections, choking etc and how to hold TC to soothe. HS intervened with referral and transport to DV shelter when Mob and Fob involved in verbal and physical altercation. HS provided continuity of services while Mob and TC resided at the DV shelter and supported Mob during her relocation to her own apartment. HS/FSW referred Mob to Legal Aid in order to establish paternity so as to receive Child Support and establish custody.

Story #2

This is a family with Mob/Fob and 5 children ranging from 17 to 11 mos old. Mob is definitely the head of household as the sole wage earner, and disciplinarian. Fob is 100% disabled and does not qualify for supplemental social security benefits. HS assisted Mob to get on a waitlist for housing; apply for medical insurance, assisted Mob to apply for food stamps, and referred family for the Lokahi gift giving project. Through this referral the family received gift certificates for food, gifts for the entire family which included toys and clothes; diapers and baby wipes for the baby. HS/CSp provides regular sessions to Mob for mental health stability and maintaining coping skills. Mob verbalizes that her outlook has improved and feels more hopeful in her ability to overcome her current situation.

Story #3

Mob had been hospitalized for depression prior to receiving HS home visiting services; was on 3-4 medications and seeing a psychiatrist regularly. Mob was unable to provide care for her 2 children and required 24/7 monitoring after being discharged from the hospital. Mob's husband and family have been diligent in their support to Mob. After 2 months of HV services, Mob has discontinued her medications as Mob said she felt better. Mob's husband who would normally intervene has not seen any adverse affects or changes in Mob's behavior. Mob has verbalized that due to receiving HS home visiting services she is feeling better and better supported. Mob is able to show excitement when TC responds to a teaching technique learned from the HS Child Development Specialist and has eagerly shared what she's learned with family and friends. In response to Mob discontinuing her medication, Mob has accepted a referral to the HS/CSp for follow up assessment.

Story #4

Initially Mob and Fob were living together with their 2 children in a chaotic household. The infant was 2 months old and was observed to experience projectile vomiting of formula at least 2-4 times within the 1 hour HV. Mob was propping TC with a bottle of formula on a large pillow on the floor while Mob tended to other activities. Mob also suffered from low self-esteem and depression. HS intervened by educating Mob on proper feeding positions and methods; the proper amounts of formula to feed TC and the appropriate frequency of feeding TC. TC stopped her projectile vomiting within 2 weeks. To increase Mob's self esteem, establish rapport and trust with Mob, HS/FSW using a hands-on method, taught Mob how to prepare a nutritious meal using what Mob had in her refrigerator. HS/CSp has educated Mob on the cycles of DV

and Mob has gained confidence and assertiveness when dealing with Fob who left the family home. Mob has gained employment and her self esteem has improved whereby minimizing her initial depression.

Story #5

TC was 3 years old and was discharged from IMUA services and was about to be discharged from HS services as there was no younger TC. TC could not qualify for the much needed MEO pre-school program as the family was ineligible based on income; TC continued to exhibit delays in language development. Despite turning 3 years old, HS continued to provide transition services and through HS' intervention and advocacy, the DOE accepted the DOE's form 101 application for special services which qualified TC for the MEO pre-school. TC was able to receive special educational services for his language delay.

Thursday, March 20, 2008

To Whom It May Concern,

My name is Raenelle Coloma and I am currently employed at Maui Family Support Services, Enhanced Healthy Start Program as a Family Support Worker (FSW). As an FSW, I work alongside with my team's RN and Mental Health Specialist provides comprehensive services to the families in our program.

Over the course of two years, I have been able to see many families successfully overcome dire situations. One specific case involved a mother who had been an avid "ice" user for nearly 15 years and who had been sexually molested as a child. During her period of "drugging" as she refers to it, she gave up parental rights to her two older children, was involved in a relationship with heavy domestic violence with a partner who was also a "big time" drug dealer in the state. This woman was broke down so much by her partner, that her self-worth was near zero and she lived in constant fear of this man. During the day while he would perform his drug deals, he would leave her locked up in their car on an empty lot that they lived on with a tarp over the car so that no one would see her. This woman would remain there for hours in the blazing heat and although able to run away, would remain in the covered car, fearing that her boyfriend's threat of death to her and her family would be carried out.

When she entered our Enhanced Healthy Start Program, she had just completed inpatient treatment @ Aloha House and was completing ongoing outpatient treatment @ Malama Women and Family's Recovery Center. She was a new mother to her 3rd child and in a new healthy relationship.

During the past 2 years that I have serviced her, she has transformed into a confident woman who no longer shelters herself from the outside world. She now actively participates in our agency's family day activities and socializations; a tremendous positive step forward because for the first 6 months of services, she was afraid to leave her studio apartment afraid that she wouldn't be able to face society and the judgments she felt they would put on her due to her past.

Aside from remaining clean for nearly 3 years, she and the father of her 3rd child have gotten married, has secured stable employment, got off of all DHS assistance, completed her GED program and most importantly in recent months have gotten parental rights for her two older children restored to her from CWS. She actively advocated and sought out

counseling for her family and herself to aid in the transition for everyone and has become her own advocate as well as an advocate for her family,

Her life has done a complete 360 turn and I truly believe that the Enhanced Healthy Start team's approach along with this mother's will have all contributed to the success that this woman now has.



COMMERCIAL PROPERTIES
OF MAUI

March 24, 2008

To Whom It May Concern,

My name is Grant E. Howe, and I serve on the Board of Director's for Maui Family Support Services. Maui Family Support Services provides the critical Enhanced Healthy Start and Healthy Start programs on Maui, Lana'i and Moloka'i to our most vulnerable families and children.

Enhanced Healthy Start is an early intervention program for families with young children (ages 0-3), who are at high risk for child abuse and neglect. The challenges our families face are many: substance abuse, dependence and recovery (including the ever-growing and devastating methamphetamine/"ice" epidemic); domestic violence; involvement with Child Welfare Services; postpartum depression and other mental health problems.

As a Board Member, I invest considerable energy, time and other resources to ensure the agency is able to provide these critical services because I am committed to promoting the optimum safety and health of children in our communities. I work to ensure effective and needed services such as Healthy Start and Enhanced Healthy Start are available to provide for safe environments for children, prevent child abuse and neglect, and help parents increase their ability to address a myriad of challenges; Families are challenged with many economic and social stressors while trying to raise healthy children.

Because our work is so critical to the well being of Maui's keiki, I do not understand why our elected officials are considering cutting funding to a program that serves the most vulnerable segment of our population. Studies have shown that early intervention and home visiting programs can identify and prevent more serious problems from resulting--stopping the cycle of abuse, reducing the demands on our court, child welfare and mental health systems. From my experience, parents with infants tend to be more willing to examine and change habits that can interfere with their ability to meet their growing child's' needs.

I strongly urge you to maintain funding for the Healthy Start and Enhanced Healthy Start Programs for the sake of our keiki, our families and our communities.

Very truly yours,

Grant E. Howe, CCIM
Principal Broker

GEH:isp