

STAND. COM. REP. NO.

1211

Honolulu, Hawaii

APR 09 2009

RE: H.B. No. 1364  
H.D. 1  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1364, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE BUDGET,"

begs leave to report as follows:

The purpose of this measure is to require the Governor or Director of Finance to submit a report to the Legislature for each restriction placed on any appropriation authorized by the Legislature.

Your Committee received one written comment from a state agency on this measure. The written comment may be reviewed on the Legislature's website.

Your Committee finds that many unprecedented events have converged to create an economic, financial, and fiscal environment that threatens the very foundation of our national economy. For state governments, the financial crisis and economic downturn have adversely affected tax revenues and operating budgets. The impact on Hawaii has been a severe reduction in projected general fund revenues for fiscal year 2008-2009 through fiscal biennium 2009-2011 by \$2.1 billion over the period of one year. Based on the Council on Revenues' March 2009 projections, the State is faced with a general fund revenue shortfall of \$430,500,000 in fiscal year 2008-2009 if corrective action is not taken.



Your Committee further finds that the federal American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, was enacted to help the states by providing federal funds to replace state general revenues for education and Medicaid. In addition, Title V, State Fiscal Relief, of the Recovery Act temporarily increases the federal medical assistance percentage that permits states to reduce their share of Medicaid costs.

The Recovery Act also temporarily increases federal support to states for energy initiatives, water systems development, unemployment insurance, vocational rehabilitation, transportation, social services, public housing, Native Hawaiian homesteads, support for elders, and education.

The federal Deficit Reduction Act of 2005 authorizes an enhanced level of federal Temporary Aid for Needy Families funding if a state qualifies, as Hawaii does, as a "needy state" in terms of high food stamp case loads. However, federal regulations require that the State appropriate the Temporary Aid for Needy Families funds before the federal funding can be used. The increased federal medical assistance percentage funding for Medicaid correspondingly reduces general fund costs thereby freeing some general funds in fiscal year 2008-2009 for use to address increased program requirements in the adult mental health - outpatient program and the Hawaii health systems corporation program.

Accordingly, your Committee has amended this measure by:

- (1) Funding various programs that are expected to receive funding during fiscal year 2008-2009 under the American Recovery and Reinvestment Act of 2009;
- (2) Reducing general fund appropriations for certain programs that receive offsetting federal funding;
- (3) Providing additional federal Temporary Assistance for Needy Families funds for fiscal year 2008-2009 under the federal Deficit Reduction Act of 2005;
- (4) Providing additional general funds for fiscal year 2008-2009 to the adult mental health outpatient program; and
- (5) Providing additional general funds for fiscal year 2008-2009 to the Hawaii Health Systems Corporation.



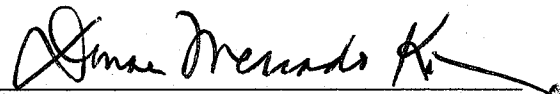
1211

Your Committee finds that this measure is necessary to:

- (1) Promote openness and transparency in the use of federal Recovery Act funds for fiscal year 2008-2009;
- (2) Address the general fund revenue shortfall for fiscal year 2008-2009;
- (3) Authorize Temporary Aid for Needy Families funds for fiscal year 2008-2009 as required by federal regulations; and
- (4) Meet fiscal year 2008-2009 program requirements of the adult mental health - outpatient program and the Hawaii health systems corporation program.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1364, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1364, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

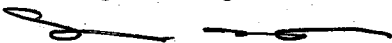


DONNA MERCADO KIM, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1364 HDI	WAM	APRIL 6 2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood	/			
HEE, Clayton	/			
HOOSER, Gary L.	/			
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred	/			
<b>TOTAL</b>	12			
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes