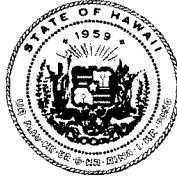


LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

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

February 26, 2009

MEMORANDUM

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 1065, H.D. 1 – MAKING AN APPROPRIATION FOR THE DEPARTMENT
OF HUMAN SERVICES TO ADDRESS THE BUDGET SHORTFALL**

Hearing: Thursday, February 26, 2009 4:00 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of this bill is authorize an appropriation from the Emergency and Budget Reserve Fund in lieu of general funds for the health care payments program (HMS 401) to address the budget shortfall in fiscal biennium 2009-2011.

DEPARTMENT'S POSITION: The Department of Human Services defers to the Department of Budget and Finance on this bill.

Thank you for this opportunity to testify.

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1065, H.D. 1

February 26, 2009

MAKING AN APPROPRIATION FOR THE DEPARTMENT OF HUMAN SERVICES
TO ADDRESS THE BUDGET SHORTFALL

House Bill No. 1065, H.D. 1, appropriates \$15 million from the Emergency and Budget Reserve Fund to replace general funds that have been included in the proposed Fiscal Biennium 2009-11 Executive Budget for the health care payments program for Fiscal Year 2010. The effective date, however, has been changed to January 1, 2010.

This appropriation is needed to assist in addressing the critical budget shortfall facing the State in Fiscal Biennium 2009-11. When the Executive Budget was submitted, we projected a general fund balance of \$100.5 million at the end of Fiscal Year 2011. However, at its January 2009 meeting, the Council on Revenues reduced its general fund revenue projections by \$650 million for the three-year period from Fiscal Year 2009 to Fiscal Year 2011. If no corrective action is taken, we face a deficit of \$550 million in the general fund balance by the end of Fiscal Year 2011.

Along with House Bill No. 1064, which appropriates \$60 million from the Emergency and Budget Reserve Fund to replace general funds that are currently appropriated for the health care payments program for Fiscal Year 2009, House Bill No. 1065 is part of our plan to address the budget shortfall and will help ensure that the State is operating within a balanced budget.



House FIN committee
THURS, Feb 26, 2009
4:00 pm
room 308

National Association of Social Workers

Hawaii Chapter

February 25, 2009

TO: Rep. Marcus Oshiro, Chair
Members of the House Finance Committee

FROM: Debbie Shimizu, LSW
National Association of Social Workers, Hawaii Chapter

RE: HB 1065 HD1 and HB 1064 Making an Emergency Appropriation for the Department of Human Services to Address the Budget Shortfall- **OPPOSED**

Chair Oshiro and members of the House Finance Committee, I am Debbie Shimizu, Executive Director of the National Association of Social Workers (NASW), Hawaii Chapter **testifying in OPPOSITION to HB 1065 HD1 and HB 1064.**

We prefer SB 1679 relating to the Emergency and Budget Reserve Fund.

On Tuesday, Feb 10th in a hearing of the Senate Health and Human Services Committees, the state budget director testified that the administration wanted to use \$60 million from the Emergency and Budget Reserve Fund to make up the budget shortfall THIS fiscal year (08-09) and \$15 million from the fund to balance the budget for the 09-10 fiscal year. This is what HB 1065 HD1 and HB 1064 proposes to do. Both bills will ultimately deplete the entire fund.

Language from 328L-3 relating to the Emergency and Budget Reserve Fund states that *"the legislature may make appropriations from the fund for the following purposes:*

- (1) To maintain levels of programs determined to be essential to public health, safety, welfare, and education;*
- (2) To provide for counter cyclical economic and employment programs in periods of economic downturn;*
- (3) To restore facilities destroyed or damaged or services disrupted by disaster in any county; and*
- (4) To meet other emergencies when declared by the governor or determined to be urgent the legislature".*

Furthermore, it states that, *"Any act making appropriations from the emergency and budget reserve fund shall include a declaration of findings and purposes setting forth the purposes, the amounts, and the reasons why the appropriations are necessary..."*

HB 1065 HD1 and HB 1064 state that the emergency appropriation requested in these bills will *"be used as a source of funding to replace the general funds that are currently being appropriated for the health care payments program"*

This is clearly an inappropriate use of the Emergency and Budget Reserve Fund. We believe SB 1679 is a more appropriate use of the fund and hope you will consider SB1679 if it passes over from the Senate.

Thank you for this opportunity to testify.