

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEES ON HUMAN SERVICES AND HEALTH
ON
HOUSE BILL NO. 1065

February 12, 2009

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

House Bill No. 1065 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. 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.