HB 200

LINDA LINGLE
GOVERNOR OF HAWAII

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
LAURA H. THIELEN
Chairperson

Before the Senate Committee on
WAYS AND MEANS

April 7, 2009
9:30 AM
State Capitol, Conference Room 211

In consideration of
HOUSE BILL 200, HOUSE DRAFT 1
RELATING TO THE STATE BUDGET

House Bill 200, House Draft 1 appropriates funds for the operating and capital improvement budget of the Executive Branch for Fiscal Years 2009-2010 and 2010-2011. The Department of Land and Natural Resources (Department) is opposed to adjustments made in the House Bill 200, House Draft 1 affecting our programs.

The Department has carefully identified and preserved the programs in our budget that protect public safety: Division of Conservation and Resources Enforcement (DOCARE), dam safety, flood control, rockfall mitigation, and fire protection. The Department has also identified the public recreational spaces as our second priority, as these places are heavily used by residents and visitors alike, and are in great need of improvements and cannot sustain reductions and remain open.

The House disregarded these priorities *and cut an additional $515,000 from DOCARE,* sacrificing public safety to support a minor stock enhancement program.

Similarly the House *reduced the Division of State Parks budget by an additional $120,000, leaving State Parks without vehicles with which to maintain public areas*, again to support a minor stock enhancement program.

While the Aquatics programs are worthy, they can be sustained with the cuts the Department proposed and are more likely to be supplemented by federal program funds than are State Parks or DOCARE. The House budget will force us to close more parks and leave resources and public vulnerable by reducing the ability of our enforcement officers to respond to requests for assistance.

Accordingly, the Department respectfully request our original budget proposal for DOCARE, State Parks and Aquatics be restored to our original request.

The Department also respectfully request the programs (Land Use Commission (LUC), Hawaii Community Development Authority (HCDA), and the Office of Planning (OP)) the House proposes to transfer from the Department of Business, Economic Development, and Tourism (DBEDT) to the Department remain in DBEDT.

DLNR is already challenged with managing 12 line divisions within our department. Adding these unrelated and additional functions will be devastating as; 1) It would divert us from our core mission of natural and cultural resource protection and management – The functions and missions of LUC, HCDA, and OP are unrelated and not consistent, 2) To do so at a time of 20%+ budget cuts imposed by the Administration, will have a catastrophic effect on our operations.

Further, the proposed transfers will have absolutely no cost savings, and amounts to leaving agencies and staff to handle the additional and unjustified administrative duties and responsibilities on top of the aforementioned fiscal reductions. The Department currently is made up of 808 employees. By comparison there are only 7 positions (5 of which are filled presently) in the Personnel Office, 16 positions (14 of which are filled presently) in the Fiscal Office and 9 positions in Information and Technology Office to service the entire department. The bill fails to address the additional burden placed on these service and support offices, further draining our already reduced resources.

Our department is making a strenuous effort to integrate our myriad of existing divisions and programs. The creation of multiple new programs within the Department that have little to do with natural or cultural resource protection will be disruptive and counterproductive to our core mission.

House Bill 200 House Draft 1 did not also concur with the Department's Capital Improvement budget request for the Recreational Renaissance. The deletion of $20 million in General Obligation Bond (GOB) funding in each of the fiscal years and the deletion of $45.76 million in General Obligation Reimbursable Bond (GORB) funding in Fiscal Year 2011 will severely impact the Department's ability to effectively implement the RR.

The Recreational Renaissance is structured to accelerate the Department's effort to address public health and safety issues and provide much needed improvements at state parks, trails and boat harbors. The $40 million in GOB funding is needed in the first 2 years to "jumpstart" the process by funding priority projects that will be "ready to bid" for construction and to leverage and support an additional $200 million in GORB funding for improvements over a 5 year period.

The ability to service the debt on the GORB funding is directly related to the amount of revenue the Department proposes to collect from a combination of sources. These sources include lease rents and sales on public lands and modest and gradual fee increases at boating facilities and parks that either generate entrance fees and/or include cabin rentals. Because of this gradual generation of revenue, the GOB funding is needed upfront with the GORB funding in the out years.

Without the GOB funding in the first 2 years, the Department will be unable to move forward with $31 million in projects that will be ready to bid for construction within the first 1st year and $21 million in projects within the 2nd year. This is a significant amount of work that the construction industry so desperately needs to help stimulate and rebuild our local economy.

Also, without the GOB funding, the Department cannot begin implementing projects at both boating and park facilities with proposed fee increases or facilities that support local businesses and rely heavily on our visitor industry. This is important because improvements at these facilities will not only improve safety and reduce hazardous conditions but will also gain the support of the users and justify the fee increases.

GOB funding is also needed to provide the Department resources to respond to unanticipated damages resulting from storm events or other natural disasters. Other statewide funding is needed to incorporate various interpretive displays and to develop an asset management system that will provide a tool to protect our investments through proper maintenance and operations.

In summary, within the first two years of the plan, the Department highlights its priority categories as follows:

1) $31 million of projects, currently in design, will be ready to bid for construction within the first year. $21 million of projects will be ready to bid for construction within the 2nd year.

2) $27 million will be used toward improvements within the park facilities that either generate entrance fees and/or include cabin rentals.

3) $6 million will be used toward emergency mitigation, environmental restoration/mitigation, installation of interpretive signs and displays, and the development of an asset management plan.

4) $21 million will be used toward improvements at boating facilities that either generate significant revenue from commercial activities and/or are highly visible and heavily used by visitors.

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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS & MEANS

Tuesday, April 7, 2009
9:30 AM
State Capitol, Conference Room 211

in consideration of

HB 200 HD1
RELATING TO THE STATE BUDGET

Chair Kim, Vice-Chair Tsutsui and members of the Senate Committee on Ways & Means:

HB 200 HD1 contains the following program transfers that relate to the department:

1. Small Business Regulatory Review Board from BED 100/SM to Department of Commerce and Consumer Affairs CCA 193;
2. State Land Use Commission BED 103/DA to Department of Land & Natural Resources LNR 103;
3. Creative Industries Division BED 105/CI to State Foundation of Culture & the Arts AGS 881;
4. Foreign Trade Zone BED 107/BA to Department of Transportation Harbors Division TRN 301;
5. Research and Economic Analysis BED 130/FA to Department of Commerce and Consumer Affairs CCA 130;
6. Tourism Liaison BED 142 to Office of the Governor GOV 100;
7. High Technology Development Corporation BED 143/TE to Department of Commerce and Consumer Affairs CCA 143;

8. Office of Planning BED 144 PZ and PL to Department of Land & Natural Resources LNR 144;
9. Natural Energy Laboratory of Hawaii Authority BED 146/EL to University of Hawaii UOH146;
10. Hawaii Community Development Authority BED 150 (KA and KL) to Department of Land & Natural Resources LNR 150;
11. Aloha Tower Development Corporation BED 151/AT to Department of Transportation TRN 301; and
12. Hawaii Housing Finance & Development Corporation BED 160 to Department of Human Services HMS 160.

On the basis that –

1. The department's existing programs, both within its core divisions and its attached agencies, are integrated and aligned to meet the State's short-term economic difficulties and to achieve the State's longer-term economic development objectives; and
2. The proposed program transfers will take necessary focus away from addressing the State's short-term economic difficulties without any commensurate or offsetting benefits; and
3. Any necessary and proper periodic reassessment of the State's economic development mission and function should be thorough and thoughtfully made –

I respectfully oppose the program transfer provision in HB 200 HD1 which relate to the department.

The Department's Programs are Aligned to
Meet the State's Short-Term Difficulties and Achieve Long-Term Opportunities

As set forth in the department's testimonies before your Committee on Ways & Means over the past four years, including its testimony on January 7 of this year, the department's core divisions and attached agency programs have been aligned[1] toward achieving the following strategic objectives:

- Lead implementation of the Hawaii 5-Point Economic Plan to stabilize the economy and establish the basis for future growth.
- Lead efforts to transform how Hawaii produces, distributes and uses energy with an objective that 70% of Hawaii's energy to come from locally developed alternative energy sources and energy efficiency and conservation efforts by 2030.
- Align, facilitate and lead public and private resources to develop Hawaii's innovation capacity based on science, technology, engineering, and math skills, creative ideas

[1] This alignment was referred to in the budget testimony's Narrative, Attachments and each program's individual program testimonies. "Attachment A" hereto contains one of the attachments provided with the budget testimony.

and lifelong learning resulting in an innovation-driven and globally-competitive economy.

- Increase international trade and international educational opportunities for Hawaii's citizens.
- Support public policy-making and public and private decision-making by providing data, research and analysis; by creating better data standards, reports, and data-sharing protocols with other state entities and Hawaii's educational institutions.
- Advocate open, fair and transparent tax and regulatory policies to provide a competitive business environment for Hawaii's small businesses.
- Increase the supply of workforce or "gap" housing units to support an increasing quality of life in Hawaii.
- Plan and advocate policies, including land-use policies, that promote the efficient use of public and private resources.
- Advocate and achieve, directly and in partnership with other departments, world-class infrastructure.

These strategic objectives and programs' alignment thereto is consistent with the department's statutory obligations under Section 201 HRS. They are also consistent with the necessary response to the current national and state-wide economic crisis.

Specific plans and resulting functional programs, as well as specific measurements of effectiveness[2] and results, were included in the department's written testimony submitted to your Committee on Ways & Means. These plans, functional programs and measures of effectiveness are also contained in each program's "Yearly Activity Plan", copies of which are on the department's website and have been provided to the Committee on Ways & Means.

The department's current programs are aligned and are functioning and the measure before you is not necessary.

The Proposed Program Transfers Will Take Necessary Focus Away From Meeting the State's Short-term Economic Difficulties Without any Commensurate or Offsetting Benefits

Driven by the national and global financial crisis, Hawaii's economy has experienced its severest decline in decades, negatively impacting workers, households and businesses.

The department's current focus, together with its' sister departments and agencies, is on stabilizing the Hawaii economy and forming the basis for an economic recovery.

Within the overarching framework of strategic objectives set forth above, all the department's programs have focused their plans and activities on stabilizing the Hawaii

[2] See Table 1, attached to the department's budget testimony. Column 3 contains measures of effectiveness. Table 1 is also attached as "Attachment B" hereto.

economy. The proposed transfers will shift focus and attention away from these activities at a critical time in these economic stabilization and recovery efforts.

It is not clear how the proposed transfers increase the efficiency and effectiveness of the programs. The proposed transfers seek general fund budgetary savings by changing the method of funding of three programs to the Resolution Compliance Fund of the Department of Commerce and Consumer Affairs (DCCA). We defer to the DCCA on whether such a change is advisable or legal.

Rather, in these difficult times when focus is critically needed on the economic stabilization and recovery and when departments are called on to "do more with less", the transfers will reduce program effectiveness and increase program costs.

Program effectiveness will be reduced as attention will necessarily be diverted to the administrative and logistical requirements of the transfers and the policy, programmatic and administrative integration with the new department. Significant time will also be expended on programmatic alignment with the mission and functions of the new department[3].

Increased costs would arise due to additional administrative and personnel time and direct expenses, including costs of physical relocations, additional office space, IT and telecommunication services, personnel transfers and disruption of services.

<u>Periodic Reassessment of the State's Economic Development Function is Necessary and Should be Conducted Thoroughly and Thoughtfully</u>

Because the economy is a dynamic system and undergoes business cycles, the state's economic development function also needs to be dynamic and adapt to the circumstances presented by a particular cycle. The dynamic macro economic context also requires that the state's economic development function be periodically reviewed and realigned to ensure ability to properly respond.

That periodic review and realignment should be conducted, I believe, thoroughly and with reference to –

- Changes in fundamental national, regional and local economic structures and drivers, with increasing importance of global interdependencies;
- Structural imbalances and inefficiencies caused by these changes;
- New opportunities resulting from these changes;

[3] The most recent program transfer was the transfer of the Hawaii Housing Development & Finance Corporation from the Housing and Community Development Corporation of Hawaii (HCDCH) from the Department of Human Services to DBEDT. That process too two years. Should these transfers take place as proposed by this measure, I expect the transitions to take up to 18 months by which time there may well be a new Director of the department in place.

- Capacity and resource availability to address the imbalances and inefficiencies and to capture the new opportunities;
- Benefits and costs, including the costs of externalities, of allocation of capacity and resources to address the imbalances and inefficiencies and to capture the new opportunities;
- The state's short- and longer-term economic development objectives, including workforce and quality of life; and
- Efficiencies, productivity and effectiveness.

I support a periodic review and realignment of the state's economic development function. However, the transfers proposed in the measure before you is not the product, I believe, of such a review. Consequently, not only are the intended results of the proposed transfers not identified, the transfers will result in many unintended consequences.

One of these unintended consequences, I believe, is the significant narrowing of the state's economic development function, such that it may be rendered ineffective to meet future challenges and interests of the state, regardless of who is serving as the Director of the department.

In order to meet the dynamic national and global economy, the state's economic development function requires a breadth of tools to meet this ever-changing economic environment. On its surface, the department's programs may appear broad, but collectively the programs provide the state's economic development function with all of the tools to meet its statutory obligations under Section 201, HRS.

For example, economic data gathering, research and analysis not only underpin economic "policy determinations" as required by Section 201-2, HRS, but good decision-making across the economy. The technology attached agencies support development of "new industries", as required by Section 201-3 (1). The development-related attached agencies support "productive use of land" as required by HRS 201-3 (2).

Transferring these programs will serve to narrow the economic development function and will restrict the ability and effectiveness of future administrations to utilize a broad set of tools to deal with new challenges and opportunities as they arise.

Conclusion

The proposed transfers come at a time when the departmental programs are aligned and focused on meeting the state's short-term economic crisis. The transfers would take focus away from the critical task of stabilizing and growing the economy, would be disruptive and costly and would have no commensurate benefit.

I would support a thorough and thoughtful review of the state's economic development functions with the objective of any realignment improving the state's ability to achieve its economic development objectives. The proposed transfers are not based on such a review nor do they accomplish such an improvement.

I respectfully request that you delete the program transfer provisions in HB 200 HD1 that relate to the department.

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Statement of
GEORJA SKINNER
Administrator
Creative Industries Division
Department of Business, Economic Development, and Tourism
before the

SENATE WAYS AND MEANS COMMITTEE

Tuesday, April 7, 2009
9:30 AM.
State Capitol, Conference Room 211

in consideration of

HB 200, HD1
RELATING TO THE STATE BUDGET

Chair Kim, Vice Chair Tsutsui and members of the Ways and Means Committee.

The Department of Business, Economic Development, and Tourism's (DBEDT), Creative Industries Division (CID) respectfully opposes this measure. CID has concerns about this measure and the ramifications it would have on its programs.

Our staff and constituents have serious concerns about the proposed transfer of CID to Hawaii State Foundation on Culture and the Arts (HSFCA) within the Department of Accounting and General Services (DAGS), in light of the impacts this will have on the industries and constituents we mutually serve. We defer to HSFCA and DAGS to comment on the affects of these proposed transfers on their respective agencies.

While we appreciate the committee's recognition of the division's vital role in diversifying Hawaii's economy and the committee's intention to keep CID intact in this proposed move, any reorganization in this economic climate negatively affects our ability to contribute to Hawaii's economic recovery and greatly impacts services to our constituents for many reasons.

The necessary legislation, reorganization, and re-aligning of missions, structures, how our core functions will operate within an attached agency, additional oversight of a board of commissioners, affects on staff and integration of core operations of multiple state agencies, risks compromising services to the public, and may negatively impact Hawaii's relationships and reputation with the local and global business community. With CID in particular, such a move will adversely affect the immediate economic stimulus our creative industries provide to our economy and may adversely affect the studio, its tenants and productions, as well as the film industry at large.

In consideration of all these factors, we believe that DBEDT is where the division and its branches are best aligned at this time.

The Creative Industries Division (BED105) was formed in DBEDT in 2003 in recognition of Hawaii's vast creative resources and our potential to be a leader in the global creative economy. As a business advocate for Hawaii's film, television, new media, digital arts industries and diverse artistic and cultural resources, CID's program became integral to transitioning Hawaii's economy to one based on human capacity and innovation.

Collectively, CID's branches, the Hawaii Film Office/Film Industry Branch (FIB) and the Arts and Culture Development Branch (ACDB) have provided support for business development and programs that have had significant impact on Hawaii's economic diversification. Since the division's inception Hawaii's creative industries have been on a steady growth curve. In 2007, Hawaii's creative sector accounted for 46,919 jobs with average earnings of $49,906, and contributed $3.9 billion to Hawaii's total GSP, up 14% from 2002 putting it in fifth place in overall GSP rankings. This aspect of Hawaii's general economy supports a highly skilled work force that through innovation, artistic or applied design-based efforts, contributes to the advancement of Hawaii's general economy while positively affecting the overall quality of life within the State.

As an agency dedicated to looking at these industries collectively and developing programs that build on 24+ years of staff and industry experience, CID is providing creative Hawaii with a much needed voice to support its economic growth. The division's strategic industry alliances and recognition by national organizations as a leader in arts and the economy further validate the synergy of CID and its alignment with DBEDT.

This bill proposes the transfer of CID to the Hawaii State Foundation on Culture and the Arts (HSFCA) Department of Accounting and General Services. Our division has a strong working relationship with this organization and a familiarity with their operations and mission "to promote, perpetuate, preserve, and encourage culture and the arts, history and the humanities as central to the quality of life of the people of Hawaii." While we appreciate the committee's recommendation, the scope of HSFCA's 10 year strategic plan and its mission are not aligned with the core economic development functions of CID. And while HSFCA does have a special fund, it is not available for marketing or business development purposes, as suggested, and would require HSFCA board approval, and legislation to amend the law in order to allow for any ancillary utilization of this fund for any other purposes. More discussion with the respective parties in the affected agencies is needed in order to fully understand all the implications of the proposed move.

There may appear to be areas of alignment or similarity on the surface with our state's art agency, however CID's role in the development of Hawaii's creative industries encompass many areas outside of HSFCA's core functions. These industries need an advocate in government to advance their economic viability and growth including the key sectors of film, digital media & animation (i.e., broadcast media, film production, digital media, game production, etc.), visual arts, performing arts (i.e., music, dance, etc.) literary arts (i.e., writing, publishing, etc.), heritage & preservation (i.e., museums, heritage corridors, etc.), arts education, design & culinary arts (i.e., architecture, web design, graphic/commercial design, etc.), and cultural arts & events. These sectors collectively represent the fabric of Hawaii's creative economy.

CID's programs align with DBEDT's strategic economic development objectives including (1) Workforce Development: to develop, retain and attract a workforce with the skills required for an innovation-driven, globally competitive economy, (2) Global Links: to increase the flow of people, products, services, and ideas between Hawaii and its export markets, (3) Creation of an Innovation Infrastructure: to create the infrastructure that enables Hawaii's creative and entrepreneurial talent to turn ideas into products and services, and compete on a global scale, and (4) Improving Hawaii's Small Business Environment: to lead public sector efforts to bring about a business environment that is market-driven, and rewards productivity and entrepreneurship.

With a new administration taking office within two years, it would be prudent to further engage the agencies affected in these proposed transfers in a longer, more thorough examination and evaluation of the potential of such moves and their impacts – not only on the agencies, but in particular on the broader creative community we all serve.

In summary, CID and its functions as one of DBEDT's core divisions has brought cohesion and direction for developing and promoting Hawaii's creative industries and this important aspect of Hawaii's innovation infrastructure that no other agency was or is currently performing in our state government.

Therefore, we believe CID should remain in DBEDT at this time, as its programs are more aligned with the department's current mission and objectives as compared to those of HSFCA and DAGS.

Thank you for this opportunity to offer these comments. Mahalo.

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Statement of
GREGORY P. BARBOUR
Administrator
Hawaii Foreign-Trade Zone No. 9
before the
SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, April 7, 2009
9:30 AM
State Capitol, Conference Room 211

in consideration of

HB 200, HD1
RELATING TO THE STATE BUDGET

The Hawaii Foreign-Trade Zone is pleased to comment on H.B. 200 H.D. 1, relating to the State budget. This measure would transfer the Hawaii Foreign-Trade Zone Program and Division to the Department of Transportation. As noted in the Committee Report for HB 200 HD1, the purpose of this transfer is to allow programs to continue to flourish. We understand the intent to this measure and note that together with the steadfast support of the Legislature over the past 43 years, we have flourished and built a program that I believe is quite extraordinary.

Indeed, with your support 2008 was a significant year for the Hawaii Foreign-Trade Zone. We were able to complete a number of important projects at the "Zone" and were able to pass a significant milestone. The total value of merchandise handled in FTZ9 sites in Hawaii was almost $12 billion. This is the first time we have exceed $10 billion in our 43 year history. In addition, the total value of exports from FTZ9 sites reached nearly $900 million this year.

The program continues to service approximately 300 small businesses on a day-to-day basis. FTZ recently reinvented itself and established a "Hub for International Trade" at its Pier 2 site. This hub has been successful, enjoying virtually 100 percent occupancy, and essentially operates as an incubator for small businesses involved in importing and exporting. Recently, new programs to help local businesses with understanding aspects of importing/exporting and understanding e-commerce have been initiated.

However, **<u>we are very concerned regarding the timing of the measure</u>** and the impact it could have on our program over the next several months. There are two main points:

The transfer would put stimulus funds in jeopardy. FTZ9 is on a final short list for American Recovery and Reinvestment Act of 2009 funding for $6.0 million. These funds would be from the U.S. Department of Commerce and used to double the size of our existing business incubator. It would add approximately 30,000 s.f. to our Pier 2 facility and create over 200 jobs. This federal funding requires a 20 percent match from the State, and the Pier 2 land and building are being used as the match in lieu of funds. Act 165, SLH 2006 transferred this land to DBEDT and Executive Order 4228 was issued in July 2008 giving DBEDT title. Given the extremely competitive nature of this funding, it is very plausible that Hawaii will not be awarded these funds if the FTZ program is in DOT and the land is being used as the match. This is "fast-track" funding and if awarded, the grant would require "shovel in the ground" in 120 days.

In addition, the federal grant of authority from the US Department of Commerce lists DBEDT as designated by the federal government to operate this program in Hawaii. Congress authorized and empowered the U.S. Department of Commerce to grant corporations or agencies the privilege of establishing, operating and maintaining FTZ sites in the United States. The grant from the Department of Commerce specifically designates DBEDT as the instrumentality of the State to establish, operate and maintain FTZ sites in Hawaii. The application for a grant of authority is a fairly complex process and currently requires approximately seven months. This could possibly lead to a disruption in the FTZ benefits on the $12 billion in merchandise handled by zones in Hawaii. In addition to a 60 day public comment period three separate federal agencies (Homeland Security, Treasury and Commerce) review the application. It is also important to note that FTZ through DBEDT has 20 year operating agreements with six other zone operators in Hawaii which operate under our authority. These agreements would also need to be changed and require Department of Homeland Security approval.

Thank you again for your steadfast support over the years and the opportunity to present these comments.

LINDA LINGLE
GOVERNOR OF HAWAII

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In reply, please refer to:
File:

SENATE COMMITTEE ON WAYS AND MEANS

HB 200 HD 1, RELATING TO THE STATE BUDGET

Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health

April 7, 2009
9:30 AM

Department's Position: The Department strongly opposes the House Draft 1 mark-up of the Executive Biennium Budget.

Fiscal Implications: The adjustments proposed in this draft will essentially leave the Department inoperable. We will be faced with shutting down essential services, including those in our mandated and critical programs such as Adult Mental Health, Child and Adolescent Mental Health and Developmental Disabilities.

Purpose and Justification:

These adjustments will greatly impact the general public and impact the Department's ability to provide the resources necessary to deliver these essential services.

The State's dire financial condition required our Department to reevaluate how we can provide essential services within our limited resources. We fully realize during these financially strained times that the State cannot afford to provide all services to all people. With this understanding, we believe that we presented a budget that takes into consideration these factors and strives to maintain a level of service that will address the public's health and safety while ensuring that the department 's operations are run as efficiently and effectively as possible with sound, prudent decision making. Attachment 1 reflects the

DOH's Executive Biennium Budget for FB 2009-11, the Committee on Finance's proposed budget for the DOH, and the difference between these two budgets.

The Department of Health is a billion dollar corporation with 3700 employees providing services statewide. Highlights of the adjustments proposed in HB 200, HD 1:

- Eliminates the DOH Chief Financial Officer (Business Management Officer), Chief Fiscal Officer (Accountant VI), Contract Manager and 33% of the corporate financial staff;
- Eliminates the Chief Human Resources Officer, support staff for human resources, and the Labor Relations Officer crucial for union interaction;
- Eliminates the majority of the fiscal, personnel, and secretarial support staff throughout the Department;
- Eliminates critical environmental division and branch chiefs in Safe Drinking Water, Clean Water, Sanitation, Hazard Evaluation and Emergency Response Program Manager and staff from each; reduces the State Laboratory budget to the point of inoperability;
- Eliminates the Hawaii County District Health Officer – the Department's top manager of public health functions and services on the Big Island;
- Eliminates the Marriage License Bureau personnel – closes the Oahu-based issuance of marriage licenses;
- Eliminates half the Vital Records staff that serve the public directly at the counter for birth, death, marriage, and divorce certified copies – closes all personal, face-to-face service to the public for vital records;
- Eliminates many positions twice;
- Eliminates federally funded positions while classifying them as general funded;
- Transfers behavioral health quality assurance services to the Office of Health Care Assurance – a direct and serious conflict of interest;
- Proposes unlawful use of tobacco settlement special fund money;

- Eliminates critical management and direct service staff from Adult Mental Health Division, Child and Adolescent Mental Health Division, Developmental Disabilities Division;
- Transfers the Hawaii Health Systems Corporation to the Department, eliminates all HHSC corporate staff, proposing that by adding a new Deputy Director to DOH, the department can oversee, run, manage the statewide, 13 hospital system – returning the state to a scenario that did not work 13 years ago.

Court ordered/Mandated Programs

Through the years, the Department has made strides in complying with court orders that mandate oversight of programs until compliance is attained. Further reductions to program operations will hamper and jeopardize progress made to date and could go as far as placing the State in a position to once again be placed under stringent federal oversight.

- HTH 501 – Developmental Disabilities Division (DDD): DDD continues to make improvements in their efforts to comply with the requirements of the Makin Settlement Agreement. The agreement requires that improvements be made in DDD's service delivery system to reduce the delays in the provision of services to those that are eligible for waiver services. Any further reductions to DDD's budget or staffing resources would severely hamper their ability to comply with the terms of the Makin Settlement Agreement and places the State in jeopardy of even greater sanctions.
- HTHs 420, 430, 495/HB – Adult Mental Health Division (AMHD): With limited funding, AMHD continues to seek ways of improving its outpatient community service delivery system within its existing budget while striving to provide a level of service that is consistent with the terms of the Community Plan. Any further reduction to their budget would definitely affect their ability to address and place clients who are ready to be discharged from the Hawaii State Hospital into the community.

  Hawaii State Hospital (HSH) continues to struggle to manage its operations within a limited budget and provide the level of service that is required and expected under the original settlement agreement. Fixed costs, including electricity, utilities, as well as variable costs such as a shortage of qualified labor force and the number of clients admitted to the HSH has adversely impacted HSH's ability to operate within its funding level.

Purchase of Services

Many of the HB 200, HD1 adjustments across the various programs in the department seek to reduce general funds for Purchase of Services (POS) such as those in the following high priority programs:

- Adult Mental Health – Reduces POS by $4,000,000 which represents a 6% reduction.
- Developmental Disabilities – Reduces POS by $1,300,000 which represents a 3% reduction.
- Alcohol and Drug Abuse – Reduces POS by $1,300,000 which represents a 10% reduction.
- Child and Adolescent Mental Health – Reduces POS by $3,000,000 which represents a 10% reduction.

These POS reductions will result in a reduction in the number of clients served as well as a reduction in the services provided. Ultimately, such a reduction in services may result in sentinel events that may, unfortunately, seriously harm clients as well as the public.

Direct Services

HB 200, HD 1 proposes to delete many direct service positions in the Behavioral Health programs. For example, the House version reduces twenty-one (21) social worker/human services professional positions in the Developmental Disabilities Division (DDD). These positions serve as case managers for the DDD clients. Currently, the DDD serves 2,500 clients with approximately 150 new clients added each year. The staff to client ratio is currently 1:36. With the proposed reduction in these direct service positions, the staff to client ratio would increase to 1:42 which would place a great burden on the remaining staff and lead to staff burnout and high turnover.

Also, in the AMHD, the House version reduces a total of 81direct service positions. This reduction represents a 10% reduction to the AMHD's direct service staff. AMHD will not be able to adequately service all their clients.

Administrative and Financial Resources Oversight

HB 200, HD1 proposes to delete many of the vital and essential administrative support positions within the Department; positions that are essential to the ongoing operations of the Department. We are extremely concerned about the numerous key administrative support positions that have been identified for deletion throughout the Department. These various support positions are critical to maintain the Department's day-to-day operations, including ensuring that our employees and providers are paid on a timely basis, minimizing labor-management disputes, and providing information technology support to maintain management information systems for disease surveillance and Medicaid claims processing. The Department currently has a 1 billion dollar budget with five means of financing (general, special, federal, revolving and interdepartmental) and over 3,700 employees (excluding the Hawaii Health Systems Corporation).

Further, reductions in key administrative oversight positions in AMHD will jeopardize the entire service delivery system which includes utilization management of services, quality assurance for services, fiscal oversight and maximization of revenue reimbursement. Currently, these administrative financial and clinical positions are assisting in implementing the necessary changes to the AMHD service delivery system to ensure the continued provision of essential mental health services with limited resources.

In general, it is noted that the position reductions for filled positions reflected 100% of the budgeted salaries and did not account for the 5% turnover adjustment. Although the budget details reflect the full salary on the BJ-1 and BT-1 tables, there is a 5% negative adjustment on the BJ-1a table for the turnover savings. In other words, programs are appropriated only 95% of the salaries shown on the budget details. Also, there was no adjustment to allow three months funding for these filled positions while they go through the Reduction-in-Force (RIF) process.

Thank you for the opportunity to testify on this measure.

Attachment

ATTACHMENT 1

The following table shows the difference between the EBB 2009-2011 and HB 200, HD1 for the Department of Health:

Governor's Executive Biennium Budget

Means of Financing	Perm Pos Counts	DOH Exec Biennium Budget FY 2010	Perm Pos Counts	DOH Exec Biennium Budget FY 2011
A - General Funds	2420.04	443,752,901	2420.04	444,402,901
B - Special Funds	135.00	213,618,159	135.00	214,068,089
N - Federal Funds	358.31	118,307,740	358.31	118,306,815
U - Interdepartmental Funds	4.50	77,136,718	4.50	77,136,718
W- Revolving Funds	69.20	168,562,230	69.20	168,562,230
TOTAL:	2987.05	1,021,377,748	2987.05	1,022,476,753

House Finance Adjusted Budget (HB 200, HD1) (excluding HHSC)

A - General Funds	1997.54	394,082,252	1997.54	400,508,729
B - Special Funds	122.00	210,167,687	122.00	207,622,617
N - Federal Funds	358.31	118,307,740	358.31	118,306,815
U - Interdepartmental Funds	2.50	89,784,861	2.50	83,358,384
W- Revolving Funds	69.20	168,442,950	69.20	168,442,950
TOTAL:	2,549.55	980,785,490	2,549.55	978,239,495

<u>DIFFERENCE</u> Between EBB 2009-2011 and House Finance Version HB 200, HD1 (excluding HHSC)

A - General Funds	**-422.50**	**-49,670,649**	**-422.50**	**-43,894,172**
B - Special Funds	**-13.00**	**-3,450,472**	**-13.00**	**-6,445,472**
N - Federal Funds				
U - Interdepartmental Funds	**-2.00**	**12,648,143**	**-2.00**	**6,221,666**
W- Revolving Funds		**-119,280**		**-119,280**
TOTAL:	**-437.50**	**-40,592,258**	**-437.50**	**-44,237,258**

Date: 04/07/2009

Committee: Senate Ways and Means

Department: Education

Person Testifying: Patricia Hamamoto, Superintendent of Education

Title of Bill: HB 0200, HD1 (HSCR 987) RELATING TO THE STATE BUDGET.

Purpose of Bill: Appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2009-2010 and 2010-2011. (HB200 HD1)

Department's Position: The Department of Education requests that any general fund reductions from EDNs 100 through 500 be taken as lump sums, so that we may comply with Board of Education policy regarding the determination of which programs and positions will be reduced. Due to the current uncertainty regarding the availability of federal State Fiscal Stabilization Funds to temporarily restore some general fund reductions, the Department also requests that the reductions in Fiscal Biennium 2009-2011 be minimized.

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April 7, 2009

The Honorable Donna Mercado Kim, Chair
Senate Committee on Ways and Means
Twenty-Fifth Legislature
State Capitol
State of Hawaii
Honolulu, Hawaii 96813

Dear Senator Mercado Kim and Members of the Committee:

SUBJECT: HB 200 HD1 – RELATING TO THE STATE BUDGET

The position and views expressed in this testimony do not represent nor reflect the position and views of the Department of Health (DOH).

The State Council on Developmental Disabilities (DD) **DOES NOT SUPPORT HB 200 HD1** specifically for HTH 905 – DD Council.

We bring to your attention the recommendations made to the Council's budget by the House Finance Committee. The House version of the Executive Biennium Budget in HB 200 HD1 essentially eliminated all of the general funds in the amount of $209,851 for FY 2010, and the same amount for FY 2011. That amount includes 1.5 FTE filled positions, 1.0 FTE temporary position, and operating costs for the Council, Donated Dental Services Program, and Self-Advocacy Network. Attached is the impact statement that lists the description of the adjustments made in the House Version of the Executive Biennium Budget for FB 2009-2011.

Essentially, the 1.5 FTE filled positions and operating costs are required for the State match for the Federal grant under P.L. 106-402-DD Assistance and Bill of Rights Act of 2000, Sub-Title B – Federal Assistance to State Councils on DD. The reduction or elimination of those positions and operating costs will jeopardize $462,315 in Federal funds for the DD Council. The Council only receives that amount in addition to the general funds to carry out the provisions of the Federal law that includes implementation of its State Plan (FY 2007-2011) activities to assure that individuals with DD and their families participate in the design of and have access to needed community services, individualized supports, and other forms of assistance that promote self-determination, independence, productivity, and integration and inclusion in all facets of community life through culturally competent programs.

The Council humbly asks for your favorable consideration to restore the general funds back into HTH 905 – DD Council.

Thank you for the opportunity to provide testimony opposing HB 200 HD1, specifically for HTH 905.

Sincerely,

Waynette K.Y. Cabral
Executive Administrator

Rosie Rowe
Chair

Impact Statement Regarding Operating Requests in the House Version of the Executive Biennium Budget for FB 2009-11

Program ID: HTH 905
Program Title: DD Council

Sequence Number:
1100-001

Description of Adjustment:
Reduce (1) temporary position (Program Specialist IV (#118735) and funds for vacancy savings.

Amount of Adjustment:
FY 2010 - $40,037
FY 2011 - $40,037

Impact of adjustment:
The Council is in the process of filling the above position. The 2007 Legislature through Act 213, Section 53 initially appropriated funds of $70,637 for FY 2008-09 for a Planner IV temporary position ($40,037) and operating costs ($30,600). That position was established as a Program Specialist IV position (#118735) to better reflect the duties and responsibilities for planning and coordinating statewide self-advocacy programs and activities, and to establish a statewide self-advocacy network.

The position was established and approved on April 7, 2008 as full-time, temporary and not to exceed June 30, 2009. The ASO-17 requesting to fill the position was approved on May 17, 2008 and a list of eligible applicants were received on August 13, 2008. Interviews were conducted on September 19, 2008 and another list was generated on October 20, 2008 with additional interviews conducted on November 17 and December 4, 2008. A recommendation was submitted to DOH, Health Resources Office on December 12, 2008 and a recommendation was forwarded to Department of Human Resources and Development (DHRD) for further review on December 24, 2008. Follow up on March 9, 2009 indicated that the recommendation is still under review by DHRD.

The Executive Administrator of the DD Council has been providing assistance to support the activities of the Self-Advocacy Advisory Council (SACC) during the recruitment process and until the position is filled. Funds of $70,637 for the position and operating costs were in the DD Council's budget for FY 2009-2010 and FY 2010-2011.

Without the position and operating costs, the SACC and its activities to establish a statewide self-advocacy network will terminate. All the work of the SAAC will be lost and individuals with DD who have begun to organize will disband and there will be no mechanism for them to increase their knowledge base, develop leadership skills, empower themselves and others to take control over their lives, and prepare themselves and other self-advocates to engage in leadership roles in guiding systems change in ways that promote self-directed services, self-determination, and community inclusion and integration.

The position is responsible to:

1. Provide the planning and coordination of self-advocacy programs and activities in establishing a self-advocacy advisory council and a statewide self-advocacy network for individuals with developmental disabilities.

2. Conduct studies and analyses of programs and activities relating to self-advocacy for individuals with developmental disabilities.

3. Develop a plan that includes the mission, goals and objectives to establish a self-advocacy advisory council and a statewide self-advocacy network with the input from self-advocates.

4. Participate in implementing activities identified in the plan to address the mission and accomplish its goals and objectives.

5. Participate in community activities and networking with other local, state and national self-advocacy organizations in order to promote, design and develop self-advocacy programs for individuals with developmental disabilities.

6. Serve as a liaison to various committees, other agencies and community groups concerned with self-advocacy of individuals with developmental disabilities.

7. Coordinate meetings, travel arrangements, outreach and leadership training and educational events for the Council.

8. Provide research and review of State, Federal, private grants, trusts, foundations, and scholarships to support the activities of the self-advocacy network.

9. Prepare and write reports as necessary to the state legislature, state and federal agencies.

10. Gather information to develop education and training materials and curriculum for advocacy and leadership development.

11. Disseminate information about the self-advocacy advisory council and self advocacy network to the public.

Self-Advocacy Network Activities and Performance Outcomes for FY 2008

A core group of individuals with DD have formed a Self-Advocacy Advisory Council (SACC) and have been meeting over the past two years to organize the Self-Advocacy Network (SAN). Meetings have been to recruit membership, identify officers, discuss a vision, and establish by-laws of the network. The SAAC has been involved in the following activities:

1. Elected new officers ((President, Vice President, Secretary, Treasurer, Sergeant-at-Arms) for 2008-09.

2. Conducted monthly meetings on the last Monday of each month at alternate sites (DD Division's Dillingham/Dole Office) and Easter Seals of Hawaii (Ewa) to allow individuals from Leeward and Honolulu areas to participate.

3. Completed a draft of the By-Laws. SAAC is waiting for the position to be filled so that individual can facilitate the final approval with the SAAC.

4. Gathered information about the process of incorporating the SAAC into a private non-profit 501(3)(c) entity.

5. Participated in the interview process for the coordinator (Program Specialist IV) position and on the interview panel. Five of the six panel members belong to SAAC.

6. Identified specific activities such as travel to the neighbor islands to conduct education, outreach and training, producing flyers, and a video about self-advocacy.

7. Identified specific topics to schedule speakers to address abuse and neglect, dental services, employment, guardianship, Olmstead, self-determination, and transportation services.

8. Participated in the DD Council's 9th annual Day at the Capitol event on March 19, 2008. Over 300 individuals with DD, family members, and service providers attend this event. Of that number, about 194 were self-advocates. Thirty-two self-advocates and their personal assistants from the neighbor islands were supported through the self-advocacy operating funds. Self-advocates met with legislators and staff, attended the House and Senate Floor Sessions and public hearings, and took a tour of the State Capitol. Discussions included topic areas of dental care services, employment, housing, managed care, respite care, special education, transition, and transportation services.

9. Attended the 24th annual Pac Rim Conference on April 14-15, 2008 to provide info about SAN to recruit members.

10. Participated in the self-advocacy teleconference calls. A National Conversation on Advising Self-Advocacy Groups consisted of three teleconference calls on April 7, May 5, and June 2, 2008. Each teleconference included a 60-minute panel presentation and a 30-minutes Question and Answer discussion. The panel participants included self-advocates and advisors. The first teleconference emphasized the nuts and bolts of the self-advocacy movement. The second teleconference included a presentation and discussion on the Advisor-coach, guide or doer? The third teleconference focused on growing with the self-advocacy movement.

11. Attended the Abled Hawaii Artists event held on Sunday, July 27, 2008 at Kapiolani Community College. An exhibit table was provided for SAAC to distribute information about SAN and recruit members.

Impact Statement Regarding Operating Requests in the House Version of the Executive Biennium Budget for FB 2009-11

Program ID: HTH 905
Program Title: DD Council

Sequence Number:
1200-001

Description of Adjustment:
Reduce (1.5) filled positions - Program Specialist IV – Developmental Disabilities (#45115, #45718), (1) temporary position – Planner IV (#98011H) and other current expenses.

Amount of Adjustment:
FY 2010 - 1.5 positions and $186,707
FY 2011 - 1.5 positions and $186,707

Impact of adjustment:
A. Reduction of 1.5 Filled Positions and Operating Costs

The reduction of the 1.5 filled positions (Program Specialist IV, # 45115 and #45718) and operating costs will result in not meeting the required state match funds for the federal grant (P.L. 106-402 - DD Assistance and Bill of Rights Act of 2000). The State provided those positions and funds for operating costs as part of the state match.

Total operating costs for FY 2010 = $209,851
Total operating costs for FY 2011 = $209,851

The $209,851 includes the following:
1. $99,021 State match for 1.5 FTE positions (Program Specialist IV, # 45115 and #45718) and operating costs for DD Council
2. $70,637 Statewide Self-Advocacy Network (Program Specialist IV temporary position (#118735)
3. $24,342 Donated Dental Services Program
4. $15,851 Collective Bargaining

In addition to not meeting the state match requirements, the reduction of the above positions will significantly affect the DD Council's ability to carryout its activities in the State Plan for FY 2001-2011 relating to access to medical and dental services; community supports; public awareness, self-determination and training; transportation services; and employment and education services.

Program Specialist IV (#45718) is a full-time position that serves as the Coordinator for Maui County, provides the staff support for the Maui DD Committee, and DD Council-sponsored Partners in Policymaking Leadership Academy Training.

Program Specialist IV (#45115) is a part-time (.50 FTE) position that serves as the Coordinator for West Hawaii and provides the staff support for the West Hawaii DD Committee.

Both Program Specialist IV positions duties and responsibilities include:

1. Maintaining close contact with the public and serves as liaison between the DD Council and the Maui and West Hawaii DD Committees in monitoring the provision of services to individuals with DD.

2. Collecting the necessary data and information relevant to the development of DD systems change efforts.

3. Participating in community activities to design and develop the necessary programs that support individuals with DD.

4. Conducting analysis for systems change activities in areas identified in the Council's State Plan.

5. Keeping the public informed of nationwide activities on DD and federal, state and county funding opportunities.

6. Estimating the needs of people with DD to be supported in their communities.

7. Identifying gaps in the provision of services and the number of individuals needing services, and assisting agencies to plan and develop programs to meet their needs.

B. Reduction of Planner IV (#98011H) Temporary Position

The above position was initially designated to support a Self-Advocacy Network for individuals with developmental disabilities. However, that position was established as a Program Specialist IV temporary position (#118735) to better reflect the duties and responsibilities related to the establishment of a statewide self-advocacy network. Refer to previous impact statement for the Program Specialist IV position as the reduction of Planner IV (#98011H) duplicates the reduction in position/funds for position #118735 found in sequence #1100-001.

C. Reduction of Operating Costs

Part of the operating costs included funds for:
1. Self-Advocacy network $30,600
2. Donated Dental Services $24,342

Note: These funds are not part of the state match.

1. Self-Advocacy Network
The reduction in 1.0 temporary position and operating costs was explained in the previous impact statement.

2. Donated Dental Services

The reduction in operating costs will result in termination of the Donated Dental Services (DDS) Program.

Initial funding for the DDS Program was appropriated by the 2001 Legislature (Act 155). Continued funding from the Legislature (Act 45, SLH 2004; Act 218, SLH 2006; and Act 158, SLH 2008) has totaled $181,081.

The DDS Program was started in 1985 by the National Foundation on Dentistry for the Handicapped (Foundation) to assist individuals who are elderly, disabled and medically compromised to receive comprehensive dental services from volunteer dentists. The program recruits volunteer dentists and dental laboratories to agree to donate comprehensive dental services to one or two individuals each year, people who cannot afford treatment and are ineligible for public assistance. A coordinator links the dentist with the individual who needs the services to assure compatibility between dentist and recipient, and appropriate treatment.

The Foundation has been implementing the Hawaii DDS program since January 2002 and is administered by the Department of Health through the DD Council.
The Council administers the funds through a restrictive purchase of service contract with the Foundation. The Foundation is the only known provider in the United States that organizes and operates donated dental services for the population described.

Since the program started in January 2002, 190 individuals have received comprehensive dental services valued at $593,605. As of February 2009, there are 78 volunteer dentists; 53 volunteer dental laboratories; and 98 applications pending for services. Termination of the program would result in 98 individuals seeking dental care services, 78 dentists and 53 dental laboratories that will become an untapped resource to provide dental services for persons with disabilities.

The DDS Program is an effective and efficient approach that is low cost and has high yields in valued dental services. Hawaii has no other dental program like DDS that utilizes volunteer dentists and dental laboratories to donate their time, equipment and supplies to provide comprehensive dental services to persons who are elderly, disabled and medically compromised.

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
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TO THE SENATE COMMITTEE ON
WAYS AND MEANS

TWENTY-FIFTH STATE LEGISLATURE
REGULAR SESSION, 2009

Tuesday, April 7, 2009
9:30 a.m.

TESTIMONY ON HOUSE BILL NO. 200, H.D. 1
RELATING TO THE STATE BUDGET

TO THE HONORABLE DONNA MERCADO KIM, CHAIR, SHAN S. TSUTSUI, VICE CHAIRS, AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on House Bill No. 200, H.D. 1, Relating to the State Budget. My name is Lawrence M. Reifurth, and I am the Department's Director.

By way of a letter dated March 19, 2009, the Department responded to Chair Kim's request for information on the adjustments made to the Department's proposed 2009-2011 fiscal biennium budget by the House in H.B. No. 200, H.D. 1. For the Committee's convenience, a copy of that letter is attached. As our response identified the adjustments and provided an impact statement for each adjustment, our testimony will focus on the proposed transfer of four programs to the Department.

Insufficient opportunity to comment.

The transfer of programs proposed by H.B. No. 200, H.D. 1 is extensive and far reaching and should only be entered into after careful consideration of the comments and concerns of all affected stakeholders in a deliberative process. It should be planned for with the input and active participation of all affected stakeholders—it should not be rushed into. However, we first learned about the transfers in mid-March, when the House version of the budget was released. We did not have any opportunity to provide comment in a public hearing to the House. Nor were we invited to actively participate in the development of such a proposal that has a considerable impact on the Department.

Research and Economic Analysis.

The House version of the budget proposes to create a new program ID designated CCA-130 and transfer into it 22 positions and funds to reflect the transfer of the Research and Economic Analysis Division (READ) from BED-130. Although READ has important responsibilities and performs its duties with a high-level of excellence, it is not a logical fit within the Department. The Department licenses professions, receives business filings, and helps ensure that consumer interests are protected. READ compiles data and conducts research, analyzes economic trends, and develops strategic economic development plans.

However, the bigger concern is funding the activities of READ. The Department is a self-sufficient agency. We exist almost exclusively on what we charge our customers. Also, the Legislature requires that the Department set its fees at a level to maintain a "reasonable relation" between the revenues derived from the fees and the cost or value of the services rendered. In fact, over the past several years, the Legislature has taken a great interest in how the Department's expenditures are aligned with its special fund revenue collections, and has required reports on that issue. The Department has submitted those reports to the Legislature and they are available on our website.

Although the House is considering proposed legislation that includes a provision that authorizes the Department to include as part of any other fee, an amount with a "reasonable nexus" to the economic research and analysis activities of READ, READ does not have "customers" per se who have that "reasonable nexus" that we could charge the additional amount.

The Department's other divisions have customers who are obvious and easily identified. For example, the Insurance Division's customers include insurance companies and insurance producers and the Professional and Vocational Licensing Division's customers are licensed professionals such as doctors, contractors, accountants, engineers, veterinarians, et al. Those parties pay fees to those divisions for the services that those divisions render, whether it is processing licensing applications or investigating and prosecuting violations (in the case of the Insurance Division. The Regulated Industries Complaints Office is essentially the enforcement arm of PVLD and performs those investigatory functions).

However, READ does not have obvious "customers" who would need to pay for its services. In other words, who would READ charge the additional amount authorized by the proposed legislation? Additionally, even if a group of customers were identified (perhaps as an example research institutes), it would likely not be large enough to generate the needed revenues to sustain READ's current budget which exceeds $1.1 million in "A" funds and $1.8 million in "U" funds. We would not be able to assess the additional amount on those who do not utilize READ's services, as there would not be a "reasonable nexus".

Small Business Regulatory Review Board.

H.B. No. 200, H.D. 1 transfers one position and funds to move the Small Business Regulatory Review Board (SBRRB) from BED-100 to CCA-191. We have two major concerns with this proposed transfer.

First, because the Department has numerous rules that have the potential of affecting small business, we appear before the SBRRB on a frequent basis. It could be argued that placing the SBRRB within the Department would have the appearance of having the "fox guarding the henhouse". In order to maintain the integrity of the SBRRB and the public's confidence in its decision-making process, it would be prudent not to create a situation where the appearance of a conflict of interest is created. A prime example of potential conflict between the Department and SBRRB is SBRRB's April 2, 2009 letter to the Department. Under the auspices of the "small business bill of rights" enacted last year by the Legislature pursuant to Act 230, the SBRRB has requested that the Department appear at its May 2009 meeting to explain its proceedings with regard to disciplinary action taken by the Department against a respondent for unfair and deceptive practices. The SBRRB has also invited the respondent to the same meeting to provide its side of the story. We believe such a situation would result in a clear conflict of interest should the SBRRB be attached to the Department.

Second, although both the House and Senate are considering proposed legislation that requires the Department to include as part of any of its other fees, an additional amount with a "reasonable nexus" to the activities of the SBRRB, we presently do not have the ability to segregate out "small business" to charge only them the additional amount—we would have to charge **all** business registrants the additional charge. If we were to include the additional charge for all business registrants, some of those who pay the additional charge would not have that "reasonable nexus", and therefore, would be subsidizing "small business".

High Technology Development.

H.B. No. 200, H.D. 1, transfers three positions, 13 temporary positions, and funds to move the High Technology Development Corporation (HTDC), from BED-142 to a newly created program ID, designated as CCA-143. Similar to the READ transfer situation, the HTDC does not logically fit in the Department. The Department licenses professions, receives business filings, and helps ensure that consumer interests are protected. The HTDC facilitates the growth and development of the commercial high technology industry by developing and encouraging industrial parks as high technology innovation centers, providing financial and other support and services to Hawaii-based high technology companies, and collecting and analyzing information on the state of commercial high technology activity in Hawaii.

Also, as with READ, the customer base of the HTDC is not likely large enough to sustain its budget which exceed $762,000 in "A" funds, $3.8 million in "B" funds, $3.6 million in "N" funds, and $1.5 million in "W" funds.

Measurement Standards.

The House version of the budget proposes to transfer 12 positions and funds to move the measurement standards program from AGR-812 to a newly created program ID designation of CCA-812. If the principle reason for the transfer is to save general fund moneys, this proposal will not achieve that goal. The program already charges fees and is in the process of increasing those fees. The fees collected by the program are currently deposited into the general fund. Presumably, those fees would now be deposited into the Department's Compliance Resolution Fund. Therefore, although the expenditures for the program would be removed from the general fund ledgers, the revenues from the program's fees would also be removed from the general fund's revenue stream. This would result in very little to no general fund savings.

Additionally, the Department does not have expertise in the measurement standards area. This transfer would, at least initially, cause some operational disruptions.

Closing.

The Department is not adverse to assuming responsibility for additional programs when there is a logical fit and the program charges sufficient fees to sustain its operations. In 2005, the Department supported the transfer of the Business Action Center from DBEDT to the Department because that transfer was a good fit and we were involved in the early discussions and cooperative planning for the transfer which occurred before the 2005 session. The transfers called for in H.B. No. 200, H.D. 1, do not fit as well and we have not been active participants in the planning process.

Based on the foregoing, the Department respectfully urges the Committee to remove the proposed transfers identified in our testimony.

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

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LAWRENCE M. REIFURTH
DIRECTOR

RONALD BOYER
DEPUTY DIRECTOR

March 19, 2009

The Honorable Donna Mercado Kim
Chair, Senate Committee on Ways and Means
State Capitol, Room 210
Honolulu, Hawai'i 96813

Re: Department of Commerce and Consumer Affairs' Comments Relating to Review of Executive, Judiciary and OHA Appropriations Bills

Dear Chair Kim:

This responds to your memorandum dated March 13, 2009, requesting information on adjustments made to the Department of Commerce and Consumer Affairs' ("Department" or "DCCA") proposed fiscal biennium 2009-2011 executive budget by the House Finance Committee ("FIN") in HB200, HD1 (the "House Draft"). At FIN's request, and to aid future discussions, we are providing FIN with a copy of this letter.

1. Identify all adjustments made to proposed operating and capital appropriations and provisos that affect your department.

	FY 2010		FY 2011	
Means of Financing	Exec Budget	HD1	Exec Budget	HD1
	398.00	429.00	398.00	429.00
Special Funds	46,844,520	54,455,258	46,844,520	54,455,258
	8.00	5.00	8.00	5.00
Trust Funds	2,391,836	2,391,836	2,371,836	2,371,836
		-		-
Federal Funds		3,648,750		3,548,750
		5.00		5.00

Interdepartmental Transfers		1,793,588		1,793,588
		-		-
Revolving Funds		1,500,000		1,500,000
	406.00	439.00	406.00	439.00
Total	49,236,356	63,789,432	49,216,356	63,669,432
i. Transferred Research and Economic Analysis Division (READ) and High Technology Development Corporation (HTDC) from DBEDT to DCCA. ii. Transferred Measurement Standards from Department of Agriculture to DCCA. iii. Transferred Small Business Regulatory Review Board to DCCA.				

In sum, the Department received approval of the bulk of the submissions included in the Governor's operating budget submission. The only items that were disapproved were the five temporary position conversions to permanent requested for the Professional and Vocational Licensing ("PVL") division:

- 2 from special fund, CRF S-305
- 2 from trust fund, REEF T-905
- 1 from trust fund, CMEF T-918

In addition, the House Draft proposes the transfer of the following four programs into DCCA:

(See attached)

2. <u>Explain the rationale for the adjustment</u>

The Department hesitates to try to speak for FIN's rationale for adjustments made to the Department's budget or the proposed transfer of the three programs from the Department of Business and Economic Development ("DBEDT") and the one program from the Department of Agriculture ("DOA"). The Committee, however, offered the following two comments in its report (HSCR 987) concerning its decision to transfer ten of DBEDT's programs and its decision to transfer DOA's Measurement Standards Program:

> "Furthermore, this prolonged ineffectiveness and lack of mission have prompted your Committee to reorganize DBEDT to ensure that specific current programs can continue to flourish under new direction more in line with its core goals and functions."
>
> * * * * * * * * *
>
> "Creativity and out-of-the-box thinking has allowed your Committee to help DOA to realize general fund savings with no impact to services. Because of the increase in the Pest Inspection, Quarantine, and Eradication Fund, the Plant Industry

Division was able to retain staff and fund programs slated for cuts, including coqui frog eradication. Additionally, your Committee transferred the Division of Measurement Standards out of DOA to DCCA."

3. Provide an impact statement for each adjustment

a. Request to make permanent five PVL temporary positions

These five (5) positions fulfill an on-going critical component of PVL's licensing and registration operations. The work involved is not temporary but permanent in nature, and is necessary for the program to service its clients. As such, the program's budget should reflect permanent, not temporary, staff to support these on-going services.

b. Transfer of DOA Measurement Standards Program

The Measurement Standards Program ("MSP") consists of 12 permanent positions and the executive budget reflects a general fund appropriation of $595,427 (FY10 and FY11). The House, however, proposes to change the Means of Financing (MOF) from general to special fund, and to increase the appropriation to $835,885, as part of the proposed program transfer to DCCA.[1]

It is our understanding that the MSP charges fees for service, but that its fees are not fully compensatory.[2] According to DOA, MSP has proposed new fees which the program believes are fully compensatory. There is nothing that indicates that these revised fees will be enough to make the program self-sufficient within DCCA, and, more importantly, there is nothing in the bill or the worksheets that indicate that the MSP fees can be deposited into the Department's compliance resolution fund ("CRF"), the special fund established to ensure self-funding for the bulk of the special-funded programs in Department (§ 26-9(o) HRS).

The Department objects to the proposed transfer for the following reasons:

i. The MSP fits better within DOA's mission and other programs than it does DCCA's. According to the DOA, "the program has a direct connection to agriculture and the sale of agriculture measuring devices. The program also supports agriculture through the enforcement of specific agricultural labeling requirements." Department of Agriculture Budget Briefing for Fiscal Biennium 2010-2011, page 812-1.

The MSP staff consists largely of "inspectors", while the Department most closely related counterparts are "investigators." The Department's investigators, generally, have law enforcement backgrounds, and are not trained to "inspect" measuring devices.

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[1] The appropriation not only does not reflect the overhead necessary for all of DCCA's programs (see section 3.b.ii below), but there appears to be some discrepancies in the DOA-related costs as reflected in the worksheets. The associated operating costs needed to implement the program have not been addressed in the House Draft and will need to be discussed and accounted for.

[2] According to DOA, the total raised by the program through fees, etc in FY08 was $320,000.

ii. The Department's programs need to be self-funding (§ 26-9(o) HRS). Although the MSP assesses fees for service, there is nothing to suggest that the fees are adequate under the DOA cost structure, and even less to suggest that they are adequate under the Department's cost structure. The majority of the Department's special-funded programs, for instance, are assessed departmental overhead, in addition to a 5% (current law) central services assessment. It appears that these additional costs have not been addressed in the House proposal. As such, a ceiling increase will be needed.

The Department can not fund the program from current revenues. As was made perfectly clear in the recent Supreme Court decision, *Hawai'i Insurers Council v. Lingle*, the Department's fees are "regulatory fees" only because the fees charged pay directly for the services provided, plus a reasonable (and related) overhead. Causing professional license fees (from accountants to veterinarians), business registration fees, cable franchise fees and insurance producer fees (just to name a few) to pay the expense of agricultural measure device inspection would jeopardize the regulatory nature of the fees collected, and place the Department and the Legislature at risk of losing the ability to put the fee revenue to its intended uses.

iii. The MSP is not authorized to deposit its revenues into the CRF. There is nothing in the bill, the worksheets or the committee report that indicates that MSP revenues be deposited into the CRF. As noted above, without that ability, the Department would not be able to operate the program.

iv. The MSP does not come with a revenue transfer sufficient to allow it to operate until fees are able to pay for current expenses. Even if program revenues were to be deposited into the CRF, and even if the fees charged were fully compensatory under the Department's cost structure, there is nothing in the bill, the worksheets or the committee report that indicates that any funding has been provided to the Department for the program's start-up costs (until its fees are collected and can begin to pay for on-going expenses). The Department can not start up new programs without a revenue source to address start-up costs.

v. Statutory changes to chapters relating to DOA and DCCA may be required to transfer the program.

c. Transfer of DBEDT Research and Economic Analysis Division

DBEDT's Research and Economic Analysis Division ("READ") consists of 22 permanent positions (17 general funded and 5 interdepartmental funded). The executive budget reflects a general fund appropriation of $1,125,445 for personal services and other current expenses (FY10 and FY11), and inter-department transfer fund ceiling of $1,893,588 for personal services and other current expenses (FY10 and FY11). It appears that as part of the program transfer to DCCA, the House proposes to change the MOF for the personal services portion from general funds to special funds and adds $445,445 for fringe costs.[3] Additionally, the House proposes to reduce the inter-departmental fund ceiling by $100,000 for other current expenses to $1,793,588.

While the House proposes to transfer the interdepartmental funding associated with the 5 U-funded READ employees, there are no funds transferred with regard to the work of the 17 general-funded positions. READ assesses no fees for its services, so it appears that the House envisions that DCCA will assume responsibility for READ general fund expenses from current revenues.

The Department objects to the proposed transfer for the following reasons:

i. READ fits better within DBEDT's mission and other programs than it does DCCA's. According to DBEDT, its "mission ... is to monitor and strengthen Hawai'i's economy." This is precisely what READ employees do for DBEDT, other executive agencies, and the public at large (in the program structure, READ is under government-wide support). DCCA, on the other hand, ensures "fairness in the marketplace" by regulating and registering businesses and enforcing consumer protection laws.

ii. The Department's programs need to be self-funding (§ 26-9(o) HRS). READ charges no fees for its services, and its services are not reasonably related to the regulatory fees already charged by the Department.

The Department can not fund the program from current revenues. As was made perfectly clear in the recent Supreme Court decision, *Hawai'i Insurers Council v. Lingle*, the Department's fees are "regulatory fees" only because the fees charged pay directly for the services provided, plus a reasonable (and related) overhead. Causing professional license fees (from accountants to veterinarians), business registration fees, cable franchise fees and insurance producer fees (just to name a few) to pay the expense of economic research and data collection would jeopardize the regulatory nature of the fees collected, and place the Department and the Legislature at risk of losing the ability to put the fee revenue to its intended uses.

iii. Statutory changes to chapters relating to DBEDT and DCCA may be required to transfer the program.

d. Transfer of DBEDT's High Technology Development Corporation

DBEDT's High Technology Development Corporation ("HTDC") executive budget consists of 3 permanent positions (1.50 general-funded and 1.50 special-funded) and 19 temporary positions (5.25 general-funded, 5.95 special-funded, and 7.80 federally-funded). The executive budget also reflects funds/ceilings for general funds (FY10, FY11:$762,202), special funds (FY10, FY11:$3,827,732), federal funds (FY10: $3,648,750, FY11: $3,548,750), and revolving funds (FY10, FY11: $1,500,000). As part of the program transfer to DCCA, the

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[3] The special fund expenditure ceiling does not provide for other current expense costs associated with READ. As a result, the special fund ceiling is insufficient.

House proposes to change the MOF from general funds to special funds, and it appears that the special fund ceiling was also increased to accommodate general fund reductions proposed in the executive budget.

According to DBEDT's Non-General Fund report, it appears that there is no cash balance in the HTDC revolving fund account. There may be approximately $1,000,000 in the special fund account (available to expend on the 1.50 positions attributed to the fund). Finally, there is insufficient fund balance information associated with the current general fund and federal fund accounts. HTDC assesses no fees for its services, so it appears that the House envisions that DCCA will assume responsibility for HTDC general fund expenses from current revenues.

The Department objects to the proposed transfer for the following reasons:

i. The HTDC fits better within DBEDT's mission and other programs than it does DCCA's. The reassignment from DBEDT, an economic development engine of the Administrative branch to DCCA, which has more of a regulatory mission, does not appear to be a better fit for HTDC (which, itself, is an economic development program). DCCA's internal procedures, processes and policies are not optimized for non-regulatory and economic development work since the Department's focus and administrative procedures are geared to functions not similar to HTDC's purpose.

ii. The Department's programs need to be self-funding (§ 26-9(o) HRS). HTDC charges no fees for its services, and its services are not reasonably related to the regulatory fees already charged by the Department.

The Department can not fund the program from current revenues. As was made perfectly clear in the recent Supreme Court decision, *Hawai'i Insurers Council v. Lingle*, the Department's fees are "regulatory fees" only because the fees charged pay directly for the services provided, plus a reasonable (and related) overhead. Causing professional license fees (from accountants to veterinarians), business registration fees, cable franchise fees and insurance producer fees (just to name a few) to pay the expense of technology development would jeopardize the regulatory nature of the fees collected, and place the Department and the Legislature at risk of losing the ability to put the fee revenue to its intended uses.

iii. HTDC is not authorized to deposit its special fund revenues into the CRF. Although it appears that there may be a $1.4M balance (estimated) in HTDC's special fund account, there is nothing in the bill, the worksheets or the committee report that indicates that the fund transfers with the program, or that other HTDC revenues will be deposited into the CRF. As noted above, without that ability, the Department would not be able to operate the program.

iv. Statutory changes to chapters relating to DBEDT and DCCA may be required to transfer the program.

e. Transfer of DBEDT's Small Business Regulatory Review Board

DBEDT's Small Business Regulatory Review Board ("SBRRB") consists of 1 permanent position. The executive budget reflects a general fund appropriation of $78,984 (payroll, FY10 and FY11). The House proposes to change the MOF for the payroll portion from general to special fund and adds $33,173 for fringe as part of the proposed program transfer to DCCA.[4]

It appears that there are no cash balances to transfer over with the SBRRB account. SBRRB assesses no fees for its services, so it appears that the House envisions that DCCA will assume responsibility for SBRRB general fund expenses from current revenues.

The Department objects to the proposed transfer for the following reasons:

i. SBRRB fits better within DBEDT's mission and other programs than it does DCCA's. According to DBEDT, its "mission ... is to monitor and strengthen Hawai'i's economy." This is precisely what the SBRRB and its related employee does for small businesses throughout the state, and the public at large. DCCA, on the other hand, ensures "fairness in the marketplace" by regulating and registering businesses and enforcing consumer protection laws. DCCA, in fact, is a principle "customer" of the SBRRB. Transferring the program to DCCA would turn the proverbial hen house over to the fox for guarding.

ii. The Department's programs need to be self-funding (§ 26-9(o) HRS). SBRRB charges no fees for its services, and its services are not reasonably related to the regulatory fees already charged by the Department.

The Department can not fund the program from current revenues. As was made perfectly clear in the recent Supreme Court decision, *Hawai'i Insurers Council v. Lingle*, the Department's fees are "regulatory fees" only because the fees charged pay directly for the services provided, plus a reasonable (and related) overhead. Causing professional license fees (from accountants to veterinarians), business registration fees, cable franchise fees and insurance producer fees (just to name a few) to pay the expense of small business-related rule review would jeopardize the regulatory nature of the fees collected, and place the Department and the Legislature at risk of losing the ability to put the fee revenue to its intended uses.

iii. Statutory changes to chapters relating to DBEDT and DCCA may be required to transfer the program.

4. Identify an alternative reduction for each adjustment you oppose

House Draft 1 does not reflect any reductions for the Department.

The Department appreciates the confidence that the House displays in us by proposing to transfer these four programs. The programs, however, have little in common with DCCA's regulatory and consumer protection mission, and are generally ill-suited to the Department's self-sufficiency funding model.

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[4] The special fund expenditure ceiling does not provide for other current expense costs associated with SBRRB. As a result, the special fund ceiling is insufficient.

If you or your staff has any questions with regard to the Department's ability to absorb the proposed adjustments, please do not hesitate to contact me at 586-2850 or Meoh-Leng Silliman, Business Management Officer, at 586-2844.

Very truly yours,

LAWRENCE M. REIFURTH
Director

Attachment

c: Department of Budget and Finance
House Committee on Finance
Mr. Roderick Becker (via email: r.becker@capitol.hawaii.gov)

Proposed transfer of four programs to DCCA

PrgID	Program		MOF	HB200 FY 2010	HB200 FY 2011	HB200, HD1 FY 2010	HB200, HD1 FY 2011
AGR812	Measurement Standards Program	Pos (P)	A	12.00	12.00	0.00	0.00
		Pos (T)	A	0.00	0.00	0.00	0.00
		$	A	595,427	595,427	0	0
CCA812	Measurement Standards Program	Pos (P)	B	0.00	0.00	12.00	12.00
		Pos (T)	B	0.00	0.00	0.00	0.00
		$	B	0	0	835,885	835,885
BED130	Research and Economic Analysis (READ)	Pos (P)	A	17.00	17.00	0.00	0.00
		Pos (T)	A	0.00	0.00	0.00	0.00
		$	A	1,125,445	1,125,445	0	0
		Pos (P)	U	5.00	5.00	0.00	0.00
		Pos (T)	U	0.00	0.00	0.00	0.00
		$	U	1,893,588	1,893,588	0	0
CCA130	Research and Economic Analysis (READ)	Pos (P)	B	0.00	0.00	17.00	17.00
		Pos (T)	B	0.00	0.00	0.00	0.00
		$	B	0	0	1,570,890	1,570,890
		Pos (P)	U	0.00	0.00	5.00	5.00
		Pos (T)	U	0.00	0.00	0.00	0.00
		$	U	0	0	1,793,588	1,793,588
BED143	High Tech Development Corporation (HTDC)	Pos (P)	A	1.50	1.50	0.00	0.00
		Pos (T)	A	5.25	5.25	0.00	0.00
		$	A	762,202	762,202	0	0
		Pos (P)	B	1.50	1.50	0.00	0.00
		Pos (T)	B	5.95	5.95	0.00	0.00
		$	B	3,827,732	3,827,732	0	0
		Pos (P)	N	0.00	0.00	0.00	0.00
		Pos (T)	N	7.80	7.80	0.00	0.00
		$	N	3,648,750	3,548,750	0	0
		Pos (P)	W	0.00	0.00	0.00	.0.00
		Pos (T)	W	0.00	0.00	0.00	0.00
		$	W	1,500,000	1,500,000	0	0
CCA143	High Tech Development Corporation (HTDC)	Pos (P)	B	0.00	0.00	3.00	3.00
		Pos (T)	B	0.00	0.00	11.20	11.20
		$	B	0	0	5,091,806	5,091,806
		Pos (P)	N	0.00	0.00	0.00	0.00
		Pos (T)	N	0.00	0.00	7.80	7.80
		$	N	0	0	3,648,750	3,548,750
		Pos (P)	W	0.00	0.00	0.00	0.00
		Pos (T)	W	0.00	0.00	0.00	0.00
		$	W	0	0	1,500,000	1,500,000
BED100*	Small Business Regulatory Review Board	Pos (P)	A	1.00	1.00	0.00	0.00
		Pos (T)	A	0.00	0.00	0.00	0.00
		$	A	98,984	98,984	0	0
CCA191**	Small Business Regulatory Review Board	Pos (P)	B	0.00	0.00	1.00	1.00
		Pos (T)	B	0.00	0.00	0.00	0.00
		$	B	0	0	112,157	112,157

*This table only reflects the SBRRB's position portion of BED100's budget.
**This table only reflects the SBRRB's position portion of CCA191's budget.

April 7, 2009

Senator Donna Mercado Kim, Chair and Members
Committee on Ways and Means
Senate
State Capitol
Honolulu, HI 96813

Dear Chair Kim and Members:

Subject: H.B. No. 200, HD1, relating to the state budget.

I am Jim Donovan, Director of Athletics for the University of Hawai'i at Mānoa.

I strongly support the provision of H.B. No. 200, HD1, relating to the State budget which allocates $5 million for the plans, design, and construction for improvements to the Clarence T. C. Ching Complex.

Chancellor Hinshaw's vision for UH Manoa is to become a destination of choice for students, faculty, and staff, the citizens of Hawaii and beyond. World class students, faculty, staff, community members, coaches, and athletes expect and deserve excellent facilities. Facilities at UH Mānoa, including the Athletics Department, fall short of excellence and do not reflect appropriately the University's commitment to our students and the communities we serve. Our goal is to create a state of the art track and field facility capable of efficiently meeting the needs of world class athletes and the recreational needs of student and community groups.

The Clarence T. C. Ching Foundation shares in this vision and has contributed $5 million for the improvement of this facility. With the support of the legislature and the Governor the opportunity exist for a public-private partnership that will propel the creation of a facility that will be a magnet for students and the broader community. It will house and support a wide variety of activities – from band and soccer practice, to intramural sports, and events like the Special Olympics. It will serve to strengthen the University's bond with its own students, helping provide a 'complete' college experience. It will be a portal through which the community will enter and experience the best of what the University of Hawaii at Manoa has to offer. We propose to create an athletic complex where students and the community come to learn, compete and celebrate.

Today, the Clarence T. C. Ching Athletics Complex is home to activities that enrich students' academic experiences and bring UH closer to the community. Currently, members of the Warrior Marching Band work out their intricate routines at the field. Over the years, thousands of students have participated in intramural sports here. It is home to Women's Cross Country, Indoor and Outdoor Track & Field and has hosted the Western Athletic Conference Outdoor Track and Field Championship as recently as 2006. Kinesiology faculty and students regularly use the facilities for classes and several community events are held here each year. This facility has been and continues to be well-used, even though it has not been considered state-of-the-art for many, many years.

Renewing and enhancing this facility is one of the highest priorities of UH Mānoa because of its potential. At its best, this complex could be an aid to recruiting top high school prospects from Hawai'i and elsewhere to join UH to compete and learn. It will promote healthy competition, musical and dance expression and serve as a gathering place for our own students and the community beyond.

As a first step to renewing the facility, nearly $3 million has already been invested into upgrade lighting, replace the stands on the Makai side of the existing field, and install new turf. Another $10 million (approximate and including the gift from the Clarence T. C. Ching Foundation) is needed to complete the facility. The Ching Foundation gift requires a match and if we don't raise the matching funds within a specific time frame (another year or so), we could risk losing the $5 million commitment of the Ching Foundation. Further, we see this request as an opportunity for a public/private partnership that leverages $5 million in CIP funds with $5 million in private funds -- leverage that will significantly benefit our construction industry and overall economy. In light of the fact that we are facing some of the worst economic times since Statehood, it would be very difficult to raise the $5 million "matching funds" right now through private donations, and CIP funding would ensure the project's success in a timely manner.

I ask your support for and investment in the Clarence T. C. Ching Athletics Complex and the allocation this bill contains for $5 million to assist with developing the plans, design, and construction for improvements. It is important that the University of Hawaii Athletics Department have the facilities to compete in the national marketplace of Colleges and Universities and meet the competitive and recreational needs of our students and the broader community.

Thank you for this opportunity to testify in support of this measure.

Sincerely,

Jim Donovan
Director of Athletics

HAWAII HEALTH SYSTEMS
C O R P O R A T I O N
"Touching Lives Every Day"

The Senate Committee on Ways and Means
Senator Donna Mercardo Kim, Chair
Senator Shan Tsutsui, Vice Chair

Tuesday, April 7, 2009
9:30 AM
Room 308
Hawaii State Capitol

Testimony for HB 200 HD1 - Relating to the State Budget
Appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2009-2010 and 2010-2011. (HB200 HD1)

Testimony By: Andrew Don, M.D.
Corporate Board Chair
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporation Board of Directors, thank you for this opportunity to provide testimony in strong "opposition" to provisions in HB 200, HD1 that, in combination with provisions in SB1673, SD2, HD1, would disestablish both the HHSC Corporation Board of Directors and the five HHSC Regional System Boards of Directors, cut recommended funding to the five HHSC regions, eliminate irreplaceable shared service expert personnel from the corporate office, dissolve HHSC and place all twelve hospitals back under Department of Health (DOH) with no consideration for transition planning and a loss of all autonomy and savings achieved over the past 13 years.

We respectfully request that the committee restore funding levels for Hawaii Health Systems Corporation (HHSC) and our five regions to amounts no less than those in the executive biennium budget. Detailed comments on HB 200, HD1 and our requested amendments to the bill are included in memorandum CEO-09-38, dated March 19, 2009, from Thomas M. Driskill, Jr., our President & CEO, which memorandum is attached for reference (attachment 1).

Our testimony on SB 1673, SD2, HD1 presented at House Committee on Finance hearing on Thursday, April 2, 2009 more fully documents the concerns of board members plus staff of HHSC and the five regions. We are providing that testimony for reference as well. (attachment 2).

Until enabling legislation has been passed and an appropriate working group to determine best new structures for HHSC regions has completed its work, the substantial operating losses of HHSC facilities are going to continue, and will continue to grow. As we identified in our initiation biennium budget submission last year to the administration, we are forecasting a cash shortfall of $35 million in FY 2010 and a cash shortfall of $31 million in FY 2011, based on the $82.5 million in general funds subsidy included in the executive biennium budget. We respectfully request consideration for increasing the general funds subsidy to HHSC and its regions for the two years of the biennium to cover these forecast shortfalls. With the passage of enabling legislation and the support of the legislature, the administration and HHSC corporate board and regional systems boards for a working group process to identify appropriate revised future operating models for HHSC Regions, we will work during this biennium to establish and implement transition plans to establish operating models to control or reduce the financial burden of the community hospitals on the state of Hawaii. If future subsidy to HHSC hospitals is to have a realistic chance of reduction, then new structure opportunities must be created so HHSC acute care hospitals can develop private / public partnerships as well as HHSC facilities must be given the authority and tools to get their cost under control. Unless these two things happen, then cost of providing "safety net" acute care and LTC on the Neighbor Islands and LTC on Oahu will continue to escalate dramatically.

While this is testimony on the state budget bill HB 200, HD1, we feel we must comment on the enabling legislation that is so desperately needed to afford HHSC regions the opportunity to restructure and improve the financial performance of their facilities while continuing to uphold the quality standards that have been set and agreed to by all HHSC facilities. Your support for the SD2 version of SB 1673 will be greatly appreciated as well as your support for a realistic transition work group to capitalize on the Act 290 transition that has already been put into effect by evaluating where HHSC facilities are now, what are the future needs of the communities they serve and what is the best way to facilitate HHSC getting the authority and tools necessary to get cost under control while evolving to meet their future needs. The HHSC Corporate Board and corporate management are committed to working collaboratively with each of our five regions and representatives of the legislature to establish an appropriate new operating model or models for all or portions of the state's community hospital system and to establish plans for a smooth transitioning process for any facility or region being restructured. We provide to you our commitment to work closely and collaboratively with the house and the senate to transform our system while assuring that the quality healthcare needs of our communities are met.

We respectfully ask for your consideration for the amendments to HB 200, HD1 we have requested.

Andrew Don, M.D., Chair

HAWAII HEALTH SYSTEMS
C O R P O R A T I O N
"Touching Lives Every Day"

March 19, 2009

CEO-09-38

MEMORANDUM

TO: Senator Donna Mercado Kim, Chair
Committee on Ways & Means

FROM: Thomas M. Driskill, Jr.
President and Chief Executive Officer
Tom Driskill

SUBJECT: Review of HB 200 HD1

Thank you for the opportunity to provide comments and recommendations on adjustments to the biennium budget in HB 200 HD1. HHSC responses to the major points delineated in your memorandum of March 13, 2009 follow.

1. Identify all adjustments made to proposed operating and capital appropriations and provisos that affect your department.

The worksheet lists all adjustments to the proposed operating budget in HB 200 HD1. (Attachment 1) Significant adjustments include $500,000 reductions in general funds subsidy to each of the five regional systems for a total of minus $2,500,000. This is reflected in the establishment of five new programs (HTH 205, HTH 206, HTH 207, HTH 208, HTH 209), one for each regional system, in amounts exactly $500,000 less than the allocation of general funds by region included in the executive biennium budget submission by HHSC. By subtraction, this reduces the general funds for HTH 210 to $307,687, which, by establishment of five regional programs, changes HTH 210 to a single program for the HHSC corporate office.

Similar to the establishment of general funds subsidies under new programs for each of the five HHSC regions, HB 200 HD 1 reduces special fund (B) appropriation to HTH 210 to $5,751,106, adding special fund (B) appropriation amounts to each of the five regions, in amounts equal to those in the executive biennium budget submission by HHSC. This results in $2,500,000 reduction in total funding for the HHSC corporate office. Budget worksheets list the following items associated with this reduction:

- Add (2) general fund positions and general funds to HHSC for the Department of Health management and oversight of the State Hospital System (plus $145,661).
- Reduce (25) special fund positions and general funds from Hawaii Health Systems Corporation (HHSC) Corporate Office (minus $2,638,868).

We appreciate the addition to the corporate office of five million dollars ($5,000,000) in general funds (A) and forty-five million dollars ($45,000,000) in stimulus funds (V) in FY 2010 for automation of medical records and two and one-half million dollars ($2,500,000) in general funds (A) and twenty-two million and five hundred thousand dollars ($22,500,000) in stimulus funds (V) in FY 2011 for automation of medical records.

2. **Explain the rationale for the adjustment.** (combined with impact statement)

3. **Provide an impact statement for each adjustment.**

If legislative action were taken requiring transfer of the control of HHSC facilities to the Department of Health, it would greatly endanger the viability and survival of the hospitals and long term care safety net on the neighbor islands and Oahu. The quality of healthcare services, access to healthcare services, and the operations of HHSC facilities was significantly enhanced with the establishment of HHSC in 1996, which transferred the state's community hospitals from the Department of Health to HHSC. The management and operations of HHSC facilities simply did not work under the Department of Health prior to the establishment of HHSC, and will not work under the Department of Health if the control of the facilities is transferred back to the Department of Health. The operational complexity of HHSC and its hospital support requirements are so unique as to render the DOH State government model incapable of effectively serving hospital needs and demands.

The House Budget elimination of senior leadership including a total of twenty-five positions from reduction in the corporate office will render "inoperable" the services provided to regions by the corporate office and the operation of HHSC as a system. Coherent support to the regions and facilities of HHSC will not be possible with this level of uncoordinated reduction in funding and positions over a short period between the final approval of the State budget legislation and July 1, 2009 when the reduction in funding and positions would be imposed. This is a badly considered reduction in support to the safety net at a time when the system is already fragile and barely able to sustain quality care at all facilities. This proposed reduction would cause unnecessary and undue chaos with a huge negative impact on regional hospital operations.

The current HHSC rules, policies, procedures, processes, programs, various technology systems and business operations differ greatly from those of the executive branch. Thus numerous system developments and improvements that have been implemented by HHSC over the course of the last twelve years would be jeopardized as the regions would now have to rely on non-hospital operations currently provided by the Department of Health. At a minimum, a more complete and thorough evaluation/analysis of this level of impact to include transition time and transition funding, needs to be undertaken to ensure continuation of services and functionality of the HHSC systems. All of the accomplishments and collaborative efforts that have already been put forth by the five regions and corporate office in accordance with processes set up by Act 290 to reduce expenditures of the hospital system would be totally ignored. Instead, millions of wasted tax dollars for new costs would be incurred by each of the five regions in their effort to rapidly duplicate services currently provided by the HHSC corporate office. This proposed direction clearly counters most other hospital systems in the country today that continually pursue operational advocate efficiency and effectiveness through ongoing centralization of shared services and management. A local example of this fundamental practice of system savings through shared services is Hawaii Pacific Health, Straub & Wilcox.

The proposed leadership, under the Department of Health, would be unable to operate the hospital system effectively with limited resources. For one thing, the present community-hospital system has significantly unique administrative requirements that necessitate the need for greater autonomy in managing typical government functions in areas such as finance, personnel, planning, corporate compliance, procurement, etc. As a result, the proposed Department of Health leadership would be overwhelmed with operational demands, complaints, litigation and a myriad of federal and state reporting requirements. Without qualified staff and structure to deal with complex and numerous daily technical issues demanding action and qualified responses, there would be additional, unnecessary lawsuits and significant fines totaling millions of dollars per year as well as potential life threatening situations. In addition, the Department of Health would face a significant conflict with the requirement to manage the same hospitals it would be required to license and regulate.

It should be expected that a rapid downward spiral of additional expenses, reduced revenues, increased litigation and new federal fines for violations of federal compliance laws and regulations will tremendously escalate the financial decline of HHSC facilities. The Department of Health's current state organizational structure will further serve to inhibit the system's ability to respond to the ever-changing dynamics of the state's hospitals and meet the needs of the acute, long-term, and rural patients they serve. If further infrastructure cuts were imposed upon the Department of Health as proposed by the new House Budget, then the concerns expressed above would be greatly exacerbated.

4. Identify an alternative reduction for each adjustment you oppose.

The reduction in corporate office positions and funding in HB 200 HD1 is an ill-considered, unorganized and premature initiative that would harm the ability of the HHSC regions and facilities to continue to provide quality care and assure access to healthcare services for the communities served. Act 290 clearly prescribes a process in which the five regions, in coordination with the HHSC Corporate Board of Directors, establish the funding level for the HHSC corporate office for each biennium. That process was followed for the establishment of the HHSC corporate office budget that was included in the executive budget submission for HHSC. In this process the regions determined which functions and services of the corporate office they would pay for in FY 2010 and FY 2011. A key part of this process was the desire of the regions to avoid the transfer of responsibilities and higher costs from the corporate office to the regions from any premature elimination of services and staffing at the HHSC corporate office. The Corporate Office Functions and Services Implementation Plan that delineates services to be provided to regions in FY 2010 and FY 2011, according to the Act 290 process, is available upon request. For additional information are the Hawaii Health Systems Corporation Corporate Office Organization Charts and General Functions and Addendum to the HHSC Corporate Office Organization and General Functions bullet lists of services provided to regions that are also not currently performed in the regions. (Already forwarded to Stacy Ogimi, WAM Analyst)

In concert with our major effort to implement effective restructure change by moving forward the HHSC omnibus bill SB 1673 SD2, we recommend establishment of a "Blue Ribbon" Panel as suggested in June 30, 2008, HHSC System-Wide Strategic Plan submission to the leadership of the Senate of Hawaii, the House of Representatives of Hawaii and the Governor of Hawaii. That recommendation is attached for reference in the transmittal cover letter to Senate President (Attachment 2) and in the extract from June 30, 2008 HHSC System-Wide Strategic Plan (Attachment 3). Rather than making abrupt reductions to the HHSC corporate office structure with no rationale strategy and no transition, further changes should be deferred to

FY 2011 and made in accordance with the report of a "Blue Ribbon" Panel structured and established as recommended in HCR 53 or similar structure such as the June 30, 2008 HHSC recommendation. Copy of HCR 53 is attached for reference. (Attachment 4) The state's community hospital system requires a highly sensitive and dedicated form of governance quite apart from any other government service. Hospital complexity must be recognized in governance as well as management and thus reflected in a carefully thought through system evaluation process that looks not only at services provided but also at system/region governance processes. While the current system is not perfect, support, assistance and more evaluation is needed to help the systems hospitals further evolve and strengthen their viability rather than to weaken the system by regressive actions. Among the tasks of the blue ribbon panel would be:

- Defining relationships among the agency, regional boards, corporate board and local Facilities.
- Development of rules and bylaws for new governance.
- Discussions and negotiations with labor unions over proposed restructure.
- Determination of responsibilities and costs of central office, regional offices, and facilities.
- Determination of relationships and lines of authority within new proposed structure.

We propose that the shortfalls in HB 200 HD 1 can be solved by restoring the $2.5 million in funding reductions imposed on the funding of the five new regional system programs ($500,000 reduction to each region). We suggest this funding restoration can be achieved by changing reducing general funds for electronic health records in FY 2010 by $2.5 million ($2,500,000) and by reducing stimulus funding (V) by $22.5 million ($22,500,000) in FY 2010 and increasing general funds (A) for electronic health records in FY 2011 by $2.5 million ($2,500,000) and increasing stimulus funding (V) by $22.5 million in FY 2011.

We propose that the transfer of funds and establishment of two positions in Department of Health would be eliminated from the budget worksheets but that these funds in the amount of $150,000 be redirected to support the conduct of the recommended "Blue Ribbon" Panel for evaluation of the HHSC System Support concept.

We propose the reduction of twenty-five positions in the corporate office would be eliminated from the budget worksheets. The restoration of $2.5 million ($2,500,000) in funding for HHSC regions and elimination of funding and position transfers from HHSC to the Department of Health and the elimination from budget worksheets of the reduction of twenty-five (25) positions in the corporate office will restore the majority of reductions in to the FY 2010 corporate office budget, allowing the corporate office to provide the services agreed to and required by the five HHSC regions for FY 2010. At the same time, the recommended "Blue Ribbon" Panel can conduct a corporate system evaluation and report back to the 2010 legislation session the results of their evaluation effort.

We recommend that increasing general funds (A) for electronic health records by 2.5 million dollars ($2,500,000) in FY 2011 would be accommodated by reducing general funds subsidy (A) to the five regions by 2.5 million dollars ($2,500,000), $500,000 reduction for each region. It is essential for the blue ribbon panel to be established in FY 2010 to recommend to the HHSC regional system boards and the HHSC Corporate Board of Directors and the Legislature the legislative and structural changes that need to be made to accommodate the $2.5 million in FY 2011 budget reductions and for further restructuring HHSC and its regions for the future.

In regards to the adjustments made to the capital appropriations, HHSC supports the addition and provides the following comments

$7, 200,000 - Maui, New Dialysis Unit (FY 10) (Attachment 5)

The Dialysis department at MMMC needs to be upgraded immediately. The area utilized for inpatient dialysis is in need of major renovations. The attached Table R provides the rationale and impact of the project to the community.

$2,300,000 - Maui, New Helipad (FY 10) (Attachment 6)

The Helipad request is critical for improved patient care as it reduces the transport time by providing point to point patient transport. MMMC opened bids for construction of a Helipad and the requested amount is necessary to complete the project. Maui County currently has helicopter patient transport and landing is done at the War Memorial Complex with transport by ambulance to and from the MMMC. See attached Table R which provides further rationale and impact of the project.

$5,000,000 - Maui, Phase II Improvement and Expansion (Molokai North/OB/OR/SNF/Molokini) (FY 11) (Attachment 7)

MMMC needs to renovate, expand and improve its services to the community. Operating Room (OR), OB/L & D/Nursery, Med/Surg wing and other ancillary departments are planned for this new wing. See attached Table R for more info of the rationale and impact of the project.

$5,000,000 - Kula, New 30-bed LTC Facility (FY 10) (Attachment 8)

The community needs additional long-term care beds as the population ages. The lack of long-term care beds affect MMMC's acute beds. Long-term patients occupying acute beds are inappropriate patient care as well as reduces the number of MMMC's acute beds. See attached Table R for more information on rationale and impact.

Your consideration and support of the recommended changes is greatly appreciated. Should you have any questions, please call Kelley C. Roberson at 733-4171 or 733-4029

Attachments

THE SENATE
THE TWENTY-FIFTH LEGISLATURE
REGULAR SESSION OF 2009

COMMITTEE ON WAYS AND MEANS
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsue, Vice Chair

Date: Tuesday April 7, 2009
Time: 0:30a.m.
Place: Conference Room 211
State Capitol
415 South Beretania Street

HB 200, HD1 (HSCR987)	AGENDA: RELATING TO THE STATE BUDGET Appropriates funds for the operating and capitol improvement budget of the Executive Branch for Fiscal years 2009-2010 and 2010- 2011 (HB200 HD1)

Testimony from:
Richard "Dickie" Alihilani Nelson III
Hawaiian Homes Beneficiary on the wait-list
President, Oiwi Lokahi O Ka Mokupuni O Keawe
POBox 2245 Kealakekua, Hawaii, Kona Akau

My testimony consists of **two parts**. Part one is the *summary budget for years 2009 through 2011 for the Department of Hawaiian Homes Program*. Part 2 is a copy of an article entitled *"The State's Broken Promise to Native Hawaiians"* that is appearing in the April 2009 issue of Ka Wai Ola, an Office of Hawaiian Affairs monthly newsletter to its 60,000 recipients of predominantly Hawaiian ancestry. Both parts compliment each other suggesting that our governments of the past have exploited our Host Culture at the expense of and endless list of Hawaiians that have died, or are too old to enjoy their entitlements.

PART ONE:

Summary budget documents for the **Department of Hawaiian Homes Program** (source: DHHL documents)

	2009-10	2010-11
Total FTE	195	195
Lease Expense costs		
Other	1,720,000	1,720,000

Total Lease Expense costs	1,720,000	1,720,000
<u>Operating Costs</u>		
Personnel	14,946,240	14,946,240
Other	12,702,100	12,706,100
Total Operating Costs	27,652,340	27,652,340
CIP Costs		
Plans / Land Acquisition	1,000	1,000
Design	301,000	501,000
Construction	83,198,000	15,998,000
Equipment	200,000	800,000
Total CIP Costs	83,700,000	17,300,000
Grand Total Program Costs	**$ 113,072,340**	**$ 46,672, 340**
<u>Source of Funds</u>		
General Funds	0	0
Special Funds*	13,269,792	13,269,792
Trust Funds**	6,501,157	6,501,157
Federal Funds ***	24,601,391	24,601,391
General Obligation Bonds****	8,700,000	2,300,000
Revenue Bonds*****	60,000,000	0
Grand Total Funding Sources	**$ 113,072,340**	**$ 46,672,340**

*	From Trust Accounts (HHAdmin or DHHL Rev. Bonds)
**	From Trust Accounts (HH Operating, NHRF, HH Lands Trust Fund)
***	NAHASDA Funds
****	State Pay back
*****	Trust Pay back

PART TWO: Ka Wai Ola April, 2009 article.....

The State's Broken Promise to Native Hawaiians

For the First time in 20 years, Governor seeks to Defund DHHL's Administrative Budget

Richard Nelson III

Sheri Adams

Alan T. Murakami

In 1978, the delegates at the Constitutional Convention recognized that the State of Hawaii's failed to live up to its promise to the federal government at Statehood to faithfully administer the spirit of the Hawaiian Homes Commission Act. They recognized that the exclusive reliance at the time on general leasing Hawaiian homes trust lands to pay for its programs and operations was insufficient. The Convention's Hawaiian Affairs committee concluded:

> "DHHL cannot afford to lease more acreage to the general public for the purposes of generating income to accommodate a minimal employee level. It is clear to your Committee that the intent and spirit of the Act would be better served by releasing the department of its present burden to generate revenues through the general leasing of its lands. Your committee decided that through legislative funding this dilemma would be resolved. In that manner more lands could be made available to the intended beneficiaries."

(Emphasis added). Accordingly, they adopted a provision that required the State to provide "sufficient sums" to pay for all Hawaiian homestead costs, <u>including the "administrative and operating budget"</u> of the Department of Hawaiian Home Lands (DHHL). The delegates proposed to make it "expressly clear that the legislature is to fund DHHl" in order to rectify chronic under funding of the program since its inception in 1921. In fact, the committee report stated that the constitutional amendment would "no longer allow the legislature the discretion in this area."Hawai'i voters ratified this constitutional amendment.

Over three decades later, the promise of the constitutional delegates remains unfulfilled. The DHHL residential, farm, and ranch waitlist has grown four-fold. More than 1,700 applicants have waited more than three decades for a homestead. The State has not issued a new agricultural homestead lease since 1`986. Many die each year waiting.

Now, after a decade of declining appropriations to the DHHL, Governor Lingle proposes to make a bad situation even worse. She has proposed to provide **<u>no</u>** general funds to the DHHL for its operating and administrative expenses this coming fiscal year and next. Instead, she is proposing to do exactly what the 1978 Constitutional Convention delegates intended to stop 30 years ago – compel the DHHL to find money by leasing its homestead lands.

Given its trust responsibility to beneficiaries, Governor Lingle's plan to zero out DHHL general funding for its administrative and operating budget is not only illegal; it makes a mockery of the State's 1978 promise to native Hawaiian beneficiaries.

- No other department within the executive branch is responsible for administering a land trust exclusively on behalf of native Hawaiian beneficiaries;
- No other department within the executive branch has had 100% of its general fund (GF)appropriation eliminated for the next fiscal biennium;
- No other department within the executive branch must generate 100% funding for Its own administrative and program budgets;
- There is no constitutional mandate to fund any other department within the executive branch; yet DHHL is the sole department targeted for elimination of general funding;
- Dhhl administers a land base one-sixth the size of the Department of Land & Natural Resources; DLNR's 2009 budget is $111,965,479 million, consisting of state general funds, special funds, capital improvement funds and federal funds.

DLNR has never been required to generate 100% of its administrative and program costs.

Contrary to Lingle administration characterizations, those demanding that the state fulfill its constitutional obligation are not attempting to undermine Hawaiian self-determination or self-sufficiency. Remember, the Governor currently appoints all Hawaiian Homes Commissioners, including the Commission Chair. Rather, it is a matter of basic fairness to native Hawaiian beneficiaries, whom state of Hawai'i has for too long relegated to Cinderella stepchild status. A promise is a promise that should be kept. It is also simply a matter of enforcing the supreme law of Hawai'i which the Governor and all legislators have taken an oath to uphold.

Note: As a result of the chronic failure to fund the DHHL sufficiently, 5 native Hawaiians, including Richard Nelson III and Sheri Adams, co-authors of this article, assisted by the Native Hawaiian Legal Corporation, have sued the State, the HHC, and the DHHL for breeches of trust and violating Art. XII S 1 of the Hawaii Constitution.

xxxx

In summary: This years Committee on Ways and Means have the capacity to demonstrate that *it will not continue the ways of the past to ignore the Hawaii Constitutional Amendment, Article 12, Section 1*. You are mandated to provide sufficient funds even if the department of Hawaiian Homes program and the Governor see fit not to seek general funding for our beneficiaries who have suffered long! Should this body continue the old ways of ignoring our 1978 legislator's wisdom and courage to act, then you will be perceived, by our community and it's supporters, to be in concert with a the governor and the department of Hawaiian Homes as co-conspirators to break the spirit of our host culture's homeland program.

With respect....

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Native Hawaiian Health Care System
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(808) 560-3653 • Fax (808) 560-3385

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April 6, 2009

To: Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
WAYS & MEANS COMMITTEE

From: Judith Mikami, RN, MPH and Director of Resource Development
Na Pu`uwai Native Hawaiian Health Care System, Moloka`i and Lana`i
Site Coordinator, Quentin Burdick Rural Health Interdisciplinary Team Training

Re: Testimony at the hearing on HB200 on April 7, 2009 at 9:30am *to include funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1)*

Thank you Chair Mercado Kim, Vice Chair Tsutsui and distinguished members of the Senate Ways and Means Committee for providing this opportunity to provide testimony on HB200.

It is well-known that there is a desperate shortage of health care professionals in rural communities across our state. Since 2000, the Hawaii Quentin Burdick Rural Health Interdisciplinary training program has been addressing this need. Participation in the program is a significant way to recruit health professionals to our most underserved rural communities.

On behalf of the communities of Moloka`i and Lana`i who have both benefited from the Quentin Burdick Rural Health Interdisciplinary Training Program (QB), I would like to thank you for considering HB 200 that would appropriate funds to support and continue the QB program in Hawaii. The rural areas of Hawaii experience a dearth of qualified and committed health care providers and when we are fortunate enough to have any health care provider come to live and work in our communities, we count it a true blessing. The QB program would enable health career students to live and work in rural communities (6 throughout Hawaii) for the summer. Beginning with seminars that address challenges of living and working in rural and remote areas, cultural sensitivity to these challenges and other topics addressing rural health, the program prepares interested health career students representing up to 11 disciplines to experience rural health.

We have supported QB students for over 10 years and our community has embraced these students and the activities they develop and implement for our community. Through the years, there have been sustainable projects such as advance directives for our kupuna, a locally-oriented guide to college preparation and application that includes the ohana responsibility of supporting a student planning to attend college, website development for agencies, and other worthy projects. They have mentored our youth who also express an interest in the health care arena.

More importantly, the QB Program is a forum to recruit and retain qualified health care professionals to the rural areas. On Moloka`i, there have been at least (5) students who have returned to live and work in the community they participated in as QB students. This scenario has happened at the other island sites as well. The loss of funding for the QB Program would negatively impact the opportunities that have been established due to the students living and working here as well as the potential influences these QB students would have on especially our youth who need this type of positive mentoring.

I urge you to include $400,000 per year funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1). There is a desperate shortage of health care professionals in rural communities across our state and in our rural and remote areas, such as Moloka`i and Lana`i, and this bill will do much to address this need.

To reiterate what I outlined above related to the QB Program in our specific communities on Moloka`i and Lana`i, these students work with professionals and community members to provide culturally and place appropriate health promotion and disease prevention services for vulnerable rural residents from *keiki* to *kupuna.* Ultimately, this opportunity encourages students to consider working in rural communities and provides them with opportunities to be recruited to the most underserved areas of Hawaii.

The funding in HB 200 for **Hawaii's only rural health interdisciplinary training program** will allow University of Hawaii students from many health disciplines to gain knowledge and experience in working on interdisciplinary teams with professionals and people from rural communities and agencies. **Without this funding there will be NO opportunity for students from the health professions to work on interdisciplinary teams in rural areas of Hawaii.**

Thank you for considering funding through HB 200 for the Hawaii Quentin Burdick Rural Health Interdisciplinary Training Program, an **important and proven program that addresses the health care worker shortages in Hawaii's rural areas, such as Moloka`i and Lana`i.**

If there are any questions, please contact me at (808) 560-3653 or via e-mail at jasmikami@yahoo.com.

Mahalo.

NATIVE HAWAIIAN LEGAL CORPORATION
1164 Bishop Street, Suite 1205
Honolulu, Hawaii 96813

April 7, 2009

TO: Sen. Donna Mercado-Kim, Chair
Sen. Shan Tsutsui, Vice Chair

FROM: Alan T. Murakami

RE: **HB 200**
RELATING to the State Budget

Date/Time: Tuesday, April 7, 2009 9:30 a.m.
Place: Conference Room 211
State Capital, 415 So Beretania St

I urge this Committee to AMEND HB 200 to insert an appropriate amount to reflect a commitment to plan, design and construct a water system to support the Honokaia Hawaiian homestead pastoral lessees struggling to survive on their leaseholds. I ask you to include general bond financing to plan and design a domestic water system for stock water and drinking purposes on Hawaiian homes trust land at Honokaia. I urge the Committee to review and consider the testimony of Mr. Mike Isaacs (and the 12 lessees on whose behalf he has testified) in amending this budget:

James Akiona	Joe Papalimu	Deedee Bertelmann
Ruby Isaacs	Angela Thomas	Dolores Ramos
Yvonne L.K. Deluz	Penny Miranda	Lehua Ho`opai
Duke Kapuniai	Roy Santos, Sr.	Flora Beamer Solomon

This capital improvement project is long overdue.

My office has litigated a case against the Hawaiian Homes Commission that resulted in the belated lease of trust lands in the Waimea area to its intended beneficiaries, after being occupied and used for decades by Parker Ranch. *Aged Hawaiians v. Hawaiian Homes Commission*, 78 Haw. 192; 891 P.2d 279; (1995). Despite the 8 years it took to reach that decision, the DHHL, now 14 years later, refuses to recognize the need for water to support commercial ranching on these trust lands, despite clear law to the contrary. It ignored its own consultant expert, who recommended the installation of this improvement to support ranch lessees. Lessees who were once young and could have gotten these lands decades ago are running out of time. They need your help to put an end to this nonsense.

The Hawaiian Homes Commission Act. Section 101 of the HHCA provides:

> [§101. Purpose.] [Text of section subject to consent of Congress.] (a) The Congress of the United States and the State of Hawaii declare that the policy of this Act is to enable native Hawaiians to return to their lands **in order to fully support self-sufficiency for native Hawaiians and the self-determination of native Hawaiians** in the administration of this Act, and the preservation of the values, traditions, and culture of native Hawaiians.

(b) The principal purposes of this Act include but are not limited to:

(1) Establishing a permanent land base for the benefit and use of native Hawaiians, upon which they may live, farm, ranch, and otherwise engage in commercial or industrial or any other activities as authorized in this Act;

(2) Placing native Hawaiians on the lands set aside under this Act in a prompt and efficient manner and assuring long-term tenancy to beneficiaries of this Act and their successors;

(3) Preventing alienation of the fee title to the lands set aside under this Act so that these lands will always be held in trust for continued use by native Hawaiians in perpetuity;

(4) **Providing adequate amounts of water and supporting infrastructure, so that homestead lands will always be usable and accessible**; and

(5) Providing financial support and technical assistance to native Hawaiian beneficiaries of this Act so that by pursuing strategies to enhance economic self-sufficiency and promote community-based development, the traditions, culture and quality of life of native Hawaiians shall be forever self-sustaining.

(c) In recognition of the solemn trust created by this Act, and the historical government to government relationship between the United States and Kingdom of Hawaii, the United States and the State of Hawaii hereby acknowledge the trust established under this Act and affirm their fiduciary duty to faithfully administer the provisions of this Act on behalf of the native Hawaiian beneficiaries of the Act.

. . .

The **State Constitution, Art. XII, sec. 1** buttresses his policy by mandating that the Legislature provide "sufficient sums" to the DHHL to fund all of its programs, including homestead development, loans, and "the administrative and operating budget" of the DHHL. See, attached. Without adequate water supplies to their homesteads, the beneficiaries of the Hawaiian Homes Commission Act, 1921 as amended will be frustrated by the hurdles caused by this failure to address the intention of Congress, prior legislatures, and the Hawai`i Constitution.

Even after the 1978 Constitutional Convention passed the amendment specifically requiring the State Legislature to provide "sufficient sums" to the DHHL for all of its programs, including its "administrative and operating budget," the Governor, the HHC, and the Legislature have chronically left the DHHL without sufficient funding to perform its mission.

The State made a promise to support the homestead program in order to gain all the significant the benefits of statehood in 1959. The State has long enjoyed the benefits of statehood and the huge economic boom that resulted. Simultaneously, native Hawaiians attempting to get homestead lands have largely suffered egregiously, as the state has systematically ignored its promise.

In addition, homestead lessees have been left without needed infrastructure to support viable ranching and farming on homestead lands left without water, roads and other infrastructure. These improvements could make homesteaders successful ranchers and farmers - at Maku`u, Honokaia, Ho`olehua, Anahola and other homestead areas long deprived of financial and technical support the DHHL has failed to fund for decades. To date, the DHHL has no specialists to help farmers and ranchers to their severe detriment.

At Honokaia, 12 homestead lessees must ***haul*** their cattle drinking water to their ranches because the DHHL refuses to provide the necessary infrastructure to deliver piped water to the lessees. It has not even attempted to coordinate the improvements needed to install a water system for this purpose. Worse, the DLNR which developed a well source less than 100 yards from the pastoral homestead border at Honokaia, failed to follow HRS § 174-17 (attached), which requires it "to assure that adequate water is reserved for future development and use on Hawaiian home lands that could be served by the proposed water project." The DLNR ignored this mandate and the DHHL failed to enforce it.

The DHHL does *not* have any ranching or farming expertise on staff to help us with these challenges; it didn't even listen to the recommendations of the cooperative extension agent it hired to substitute for that lack of internal expertise. He recommended the installation of piped water infrastructure to help the ranch lessees succeed with raising their cattle.

All public officials, including the Governor, Legislators, and appointees subject to Senate confirmation took an oath of office to "support and defend" the Hawaii Constitution including the amendment in 1978, which incorporated this specific provision to provide the DHHL "sufficient sums" to operate and fund its programs. The idea was ***to release the DHHL from the necessity of general leasing its trust lands to non-Hawaiians to raise money*** to pay for its salaries, equipment, supplies, and other expenses. The delegates to the convention recognized specifically that this practice handicapped the DHHL and denied native Hawaiians the lands intended for them. They intended ***to stop using up trust lands for general leasing for income generation***.

Simultaneously, while public officials routinely ignored these mandates during the last 30 years, the DHHL waiting list has quadrupled from 5,200 to over 23,600 applicants. The DHHL has not issued a new agricultural homestead lease since 1986. Scores of native Hawaiians have died waiting for land intended for them in their lifetime. Currently, there are over 1700 native Hawaiians on the waiting list who have waited over 30 years for homestead lands.

Moreover, despite the recognition by the Governor in her own budget submission (at p. 643) that it will take over $2 billion to pay for needed infrastructure, she has proposed that the state provide **NO general funds for the DHHL administrative and operating budget** for the next biennium, with Micah Kane's blessing. She has asked for only $10 million in general obligation bond financing – are too little to address the needs of Honokaia Hawaiian homestead pastoral lessees, who have waited 2 years, and Pu`ukapu Hawaiian homestead pastoral lessees, who have waited 17 years for adequate water infrastructure to support viable commercial ranching operations. In the past, the only way any of these lessees got any land was to engage in lawsuits to force the DHHL to address pastoral homesteader needs.

Now, the Governor and Mr. Kane would have the DHHL general lease more and more trust lands to pay for those expenses, *exactly the opposite of what the 1978 Constitutional Convention delegates intended*. They have ignored their oath of office to "support and defend" the Hawaii State Constitution. As legislators, you are poised to do the same, whether knowingly or unwittingly, without the urging from the trustee that is supposed to protect and support us. Our years-long pleas for help to get piped water supplied to Honokaia from the DHHL and the Hawaiian Homes Commission have fell on deaf ears. The system has completely broken down for these Hawaiian homestead pastoral lessees.

Therefore, please amend the CIP budget to insert:

- adequate planning and design money to start a water project to specifically service the Honokaia and Puukapu pastoral homestead areas
- adequate construction money to install piped water to the Honokaia homestead lessees who are now forced to pay for hauling water to their leased ranches;
- at least the same funding you appropriated to the DHHL a biennium ago, which is admittedly insufficient for the DHHL to meet its mission. This amount should be progressively increased to fund the entire $12 million operating budget of the DHHL, now paid for with general lease revenues which cannot go to homestead development.

I ask that all legislators recognize that they owe native Hawaiians to simply "support and defend" the State Constitution, including the mandate in Art. XII, sec. 1 as well as to implement HHCA § 101(b)(4) and HRS § 174-17.

THE CONSTITUTION OF THE STATE OF HAWAII

ARTICLE XII
HAWAIIAN AFFAIRS

HAWAIIAN HOMES COMMISSION ACT

Section 1. Anything in this constitution to the contrary notwithstanding, the Hawaiian Homes Commission Act, 1920, enacted by the Congress, as the same has been or may be amended prior to the admission of the State, is hereby adopted as a law of the State, subject to amendment or repeal by the legislature; provided that if and to the extent that the United States shall so require, such law shall be subject to amendment or repeal only with the consent of the United States and in no other manner; provided further that if the United States shall have been provided or shall provide that particular provisions or types of provisions of such Act may be amended in the manner required for ordinary state legislation, such provisions or types of provisions may be so amended. The proceeds and income from Hawaiian home lands shall be used only in accordance with the terms and spirit of such Act. The legislature shall make sufficient sums available for the following purposes (1) development of home, agriculture, farm and ranch lots; (2) home, agriculture, aquaculture, farm and ranch loans; (3) rehabilitation projects to include, but not limited to, educational, economic, political, social and cultural processes by which the general welfare and conditions of native Hawaiians are thereby improved; (4) the administration and operating budget of the department of Hawaiian home lands; in furtherance of (1), (2), (3) and (4) herein, by appropriating the same in the manner provided by law.

Thirty percent of the state receipts derived from the leasing of cultivated sugarcane lands under any provision of law or from water licenses shall be transferred to the native Hawaiian rehabilitation fund, section 213 of the Hawaiian Homes Commission Act, 1920, for the purposes enumerated in that section. Thirty percent of the state receipts derived from the leasing of lands cultivated as sugarcane lands on the effective date of this section shall continue to be so transferred to the native Hawaiian rehabilitation fund whenever such lands are sold, developed, leased, utilized, transferred, set aside or otherwise disposed of for purposes other than the cultivation of sugarcane. There shall be no ceiling established for the aggregate amount transferred into the native Hawaiian rehabilitation fund. [Ren and am Const Con 1978 and election Nov 7, 1978]

ACCEPTANCE OF COMPACT

Section 2. The State and its people do hereby accept, as a compact with the United States, or as conditions or trust provisions imposed by the United States, relating to the management and disposition of the Hawaiian home lands, the requirement that section 1 hereof be included in this constitution, in whole or in part, it being intended that the Act or acts of the Congress pertaining thereto shall be definitive of the extent and nature of such compact, conditions or trust provisions, as the case may be. The State and its people do further agree and declare that the ***spirit*** of the Hawaiian Homes Commission Act looking to the continuance of the Hawaiian homes projects for the further rehabilitation of the Hawaiian race shall be ***faithfully carried out***. [Ren and am Const Con 1978 and election Nov 7, 1978]

COMPACT ADOPTION; PROCEDURES AFTER ADOPTION

Section 3. As a compact with the United States relating to the management and disposition of the Hawaiian home lands, the Hawaiian Homes Commission Act, 1920, as amended, shall be adopted as a provision of the constitution of this State, as provided in section 7, subsection (b), of the Admission Act, subject to amendment or repeal only with the consent of the United States, and in no other manner; provided that (1) sections 202, 213, 219, 220, 222, 224 and 225 and other provisions relating to administration, and paragraph (2) of section 204, sections 206 and 212 and other provisions relating to the powers and duties of officers other than those charged with the administration of such Act, may be amended in the constitution, or in the manner required for state legislation, but the Hawaiian home-loan fund, the Hawaiian home-operating fund and the Hawaiian home- development fund shall not be reduced or impaired by any such amendment, whether made in the constitution or in the manner required for state legislation, and the encumbrances authorized to be placed on Hawaiian home lands by officers other than those charged with the administration of such Act, shall not be increased, except with the consent of the United States; (2) that any amendment to increase the benefits to lessees of Hawaiian home lands may be made in the constitution, or in the manner required for state legislation, but the qualifications of lessees shall not be changed except with the consent of the United States; and (3) that all proceeds and income from the "available lands," as defined by such Act, shall be used only in carrying out the provisions of such Act. [Add 73 Stat 4 and election June 27, 1959; ren and am Const Con 1978 and election Nov 7, 1978]

§174-17 Formation of a project on initiative of board; notice and hearing; protests. The board of land and natural resources may organize projects upon its own initiative. In this event, it shall fix a date for public hearing upon the proposed project, which date shall not be less than sixty days after the first public notice thereof in the county in which the project is proposed. The notice shall be given once in each of four successive weeks, and shall include notice of the area to be included in and general details of the proposed project, stating the time and place of the public hearing. If the owners of fifty-five per cent of the acreage of lands proposed to be organized into a project at the hearing or prior thereto shall file written protest against the proposed project, the project shall not be made and proceedings shall not be renewed within twelve months from the date of closing the public hearing, unless each and every owner protesting withdraws each and every owner's protest; provided that any lessee of any lands included within the proposed project, who, by the express terms of the lessee's lease must pay the assessment contemplated hereunder shall be subrogated to all the rights of the owner to protest by filing at the hearing or prior thereto written protest against the proposed project, the written protest to be accompanied by a certified copy of the lease; provided further that any lessor, at any time before the closing of the public hearing, may void the protest of the lessor's lessee on consideration of the filing with the board a duly acknowledged waiver of the provision in the lease which requires the lessee to pay the assessment, and a written undertaking of the lessor to pay the assessment to be made on account of the proposed project; and further provided that a project may be instituted without further public notice for a smaller acreage within the acreage described in the original public notice in the event the board determines the smaller project to be economically feasible, if written protests by the owners, or lessees subrogated to the right to protest, of fifty-five per cent of the smaller acreage shall not be filed. The department shall assure that adequate water is reserved for future development and use on Hawaiian home lands that could be served by the proposed water project. [L 1961, c 166, pt of §3; Supp, §86-16; HRS §174-17; gen ch 1985; am L 1987, c 306, §10; am L 1991, c 325, §5; am L 1998, c 2, §41]

Law Journals and Reviews

Native Hawaiian Homestead Water Reservation Rights: Providing Good Living Conditions for Native Hawaiian Homesteaders. 25 UH L. Rev. 85.

Written Statement of
YUKA NAGASHIMA
Executive Director & CEO
High Technology Development Corporation
before the
SENATE COMMITTEE ON WAYS AND MEANS
Tuesday, April 07, 2009
9:30 AM
State Capitol, Conference Room 211

In consideration of
HB 200 HD1 RELATING TO THE STATE BUDGET.

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

The High Technology Development Corporation (HTDC) appreciates the opportunity to provide comments and concerns relating to HB 200 HD1 relating to the State Budget.

We are grateful to the members of the legislature for their support of statewide tech-based economic development programs in HB 200 HD1. While we have concerns regarding alignment of mission and compatibility in budgetary structures if attached to DCCA, we very much appreciate this opportunity to be able to review laws and government structures to improve our effectiveness so HTDC may be part of the solution to address the current economic challenges.

Please be advised that the comments reflected here are not those of the HTDC or the High Technology Innovation Corporation (HTIC) Boards. Given the need for adequate notice of meetings per Sunshine Law and time to discuss openly, we were not able to meet with board members to obtain consensus on the contents and impacts of Proposed SD1. We did our best to incorporate staff input; however, there may be additional factors not yet explored, as we are still researching the ramification of this potential reorganization. In addition, while HTDC is very much interested in synergies with other affected divisions and attached agencies, our comments are restricted to only portions of Proposed SD1 that relate to HTDC and HTIC.

We would like to offer the following comments and concerns on HB 200 HD1 as it relates to HTDC, CCA 143:

(i) Concern: DCCA's compliance resolution special fund replaces HTDC's Small Business Innovation and Research (SBIR) Grant program, which by existing statutes must be general funded. Current HTDC statutes under 206M-15, relating to SBIR matching grant program (matches federal funding from various agencies), require that State grant be general funded. Under HD1, DCCA's compliance resolution special fund could not legally fund this successful program. Even if special funds were permitted by law for grants (Chapter 42), since funding is proposed through the DCCA, new language will be needed to change the SBIR funding to come from the DCCA's compliance resolution special fund.

(ii) Concern: HTDC receives federal funds from various agencies, some are matching programs and some are direct grants. It may be preferred for transparency, accountability, and other purposes to retain the current high technology special fund This structure would avoid the potential appearance of co-mingling of federal funds requiring State matching funds with revenues of DCCA.

(iii) Concern: HTDC's budget appropriation in this bill eliminates all general funding and instead shifts funding to the compliance resolution special fund. HTDC's current revenue stream is not sufficient to absorb these additional expenditures and it is not certain if the compliance resolution special fund has sufficient resources to fund the needed shortfall or additional new projects. It is our understanding that the monies in the compliance resolution fund are currently designated for specific programs/projects within DCCA and may not be available to fund HTDC's needs.

As you are aware, in addition to administrative and legislative budget reductions and restrictions, our program has for years maximized State resources through developing new partnerships, obtaining new federal contracts and grants, voluntarily reducing staffing and redescribing positions to increase and diversify workloads, conserving office equipment and supplies, and more. However, we have reached a point where we are not able to sustain additional budget cuts and restrictions of general funds without severely affecting delivery and quality of the very programs which are poised to assist with this economic climate.

Thank you for the opportunity to submit testimony.

KONA
COMMUNITY HOSPITAL
Care You Can Count On

Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice-Chair

Tuesday, April 7, 2009
9:30 AM
Hawaii State Capitol
Conference Room 211

Testimony Concerning HB 200 HD1

On behalf of the West Hawaii Region of HHSC, thank you for the opportunity to provide testimony concerning provisions of HB 200 HD1.

There are provisions in HB 200 HD1 that, in combination with provisions in SB1673 SD2 HD1, would, among other things: eliminate the five HHSC Regional Boards of Directors and the HHSC Corporation Board of Directors, reduce funding to the five regions, eliminate shared service personnel from the corporate office and place HHSC facilities under the Department of Health without adequate transition planning.

Until enabling legislation is passed, HHSC's operating losses will continue to grow. As identified in HHSC's biennium budget submission last year to the administration, a cash shortfall of $35 million in FY 2010 and $31 million in FY 2011 were forecasted. I respectfully request that the committee restore funding levels for HHSC and its five regions to amounts no less than those in the executive biennium budget. Further, I ask that you consider increasing the general funds subsidy to HHSC and its regions to address shortfalls.

While this is testimony on the state budget bill HB 200, HD1, I feel it is important to comment on the enabling legislation that is needed to afford HHSC regions the opportunity to restructure and improve financial performance while maintaining quality.

Act 290 (2007) established five new regional system boards and changed the composition of the HHSC Corporate Board. The act shifted authority for custodial control of assets, operations and authority and at the corporate board level for major policy, strategy and financial decisions to the regional level. The implementation of Act 290 required an enormous amount of work and remains a work in progress. Act 290 was written with the very best of intentions – and we need more time to continue the positive transformation of the system. SB 1673 SD2 HD1, as currently written would effectively negate these efforts.

SB1673 SD2 HD1 would negatively impact current operations; for example, it would:

- Eliminate the volunteer regional boards who have worked tirelessly to improve healthcare in their local communities,

- Eliminate many of the positions in the corporate office who provide shared services for such things as: financial reporting, personnel arbitration, risk and litigation management, physician credentialing, information technology management and contact negotiations; the loss of these economies-of-scale would eventually add even greater expense to our operating budgets,
- Limit or even prevent the pursuit of private-public joint ventures, that afford each region the opportunity to partner with other healthcare systems to facilitate the infusion of private capital and to provide cost-effective care,
- Require re-tooling of innumerable policies and practices to adhere to Department of Health standard operating procedures,
- Limit the authority of line-level supervisors and managers to make operating unit business decisions, and
- Limit the ability of management to make strategic and tactical decisions in a complex and rapidly changing industry,

There is no doubt that HHSC could benefit from an appropriate, planned and carefully considered reorganization process. Act 290 provides for a process for regular alignment of corporate functions consistent with the needs of the five regions. It also provides for the assumption of custodial control of all financial assets and real property by the regional boards.

The five HHSC regions completed their first review of the HHSC corporate functions and services in late 2008. I chaired this group, which had regional board-appointed executive-level representation from each of the five regions. We completed a robust and credible analysis. Our report was submitted to corporate leadership, which, in turn developed a responsive action plan that was accepted by the five regions' representatives.

Considerable effort has been expended by the region and corporation staffs to transfer custodial control. In fact, the West Hawaii Region recently submitted a request to assume full custodial control of all assets, duties and powers as provided by Act 290.

More time is needed to better study the short and long-term impact of placing HHSC under the aegis of the Department of Health or any other major structure change, particularly with the challenging and fragile healthcare environment that all hospitals are face.

HHSC regions and facilities need the ability to respond effectively to the changing health care needs of their island communities. HHSC must be afforded flexibility to effectively address key issues related to organizational structure, funding and reimbursement, and labor.

Our preliminary projection for FY-10 for Kona Community Hospital (KCH) is a $5 million deficit. In round numbers: Operating expenses are forecasted to be $61 million; revenue from insurance payments is $47 million – a $14 million operating loss before State support. Add in our State appropriation of $6 million and collective bargaining funds of $3 million.

Healthcare is the most regulated industry in our country with burdensome administrative requirements and an inadequate reimbursement system. At Kona Community Hospital, we are reimbursed about 67% of the total cost for our patients with Medicare. Medicare pays a fixed rate, based on the patient's diagnosis, and not their need for care. The amount is the same whether the patient requires a three day stay or a thirteen day stay. For Medicaid, the ratio is about 50% of cost. And from those with no insurance, we collect about 10% of the cost. Next fiscal year, our costs for Medicare patients will exceed payments by $6 million, the loss for

Medicaid/Quest recipients will be $9 million, for those with no insurance or ability to pay another $2 million - a total of $17 million. SB 1673 SD2 included provisions to enhance reimbursement for long-term care and critical access hospitals.

We need legislation to better manage and control escalating costs. Healthcare is a labor-intensive industry. There are added costs for being a state agency - the cost of civil service is real and measurable - our labor expenses are significantly higher than most hospitals in our state. All hospitals deal with the cost of paid time-off; however, state employees receive a generous paid time-off benefit. Few other hospitals offer this level. In comparison to other Hawaii hospitals outside of HHSC, our cost is $3.7 million above what those organizations would incur. The state pension and retiree health insurance program adds another $4.7 million. For Kona Community Hospital the added annual cost is $8.4 million.

To date, no bill has moved forward that would permit HHSC facilities to partner with businesses to provide support functions. Nor has one moved forward to permit the creation of a new personnel system within HHSC for new hires (current employees would be "grandfathered" into the existing system). Nor has a bill that would permit the creation of one new collective bargaining unit specifically for HHSC employees and establishes HHSC as the Public Employer and allow HHSC and its five regions the autonomy to negotiate directly with a union to address our unique and specific needs. The State of Hawaii can no longer afford to fully support the escalating cost of healthcare; therefore, it is essential that we explore ways to better manage these costs so that we can take care of our communities.

Thank you for your consideration.

Respectfully submitted,

Earl G Greenia

Earl Greenia
Chief Executive Officer
West Hawaii Region - Hawaii Health Systems Corporation
Kona Community Hospital and Kohala Hospital

The Nature Conservancy
Protecting nature. Preserving life.

The Nature Conservancy
Hawai'i Program
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Testimony of The Nature Conservancy of Hawai'i
Commenting on H.B. 200 HD1 Relating to the State Budget
Senate Committee on Ways & Means
April 7, 2009, 9:30AM, Room 211

The Nature Conservancy requests that the Legislature not reduce conveyance tax revenue allocations to the DLNR's Natural Area Reserve (NAR) Fund.

We appreciate that these are unprecedented times for our State budget and that we must find ways to balance priorities and get our economy back on sound footing. While you may have to take action like moving accrued and future interest from special funds into the State general fund, we are hopeful that you can avoid drastic measures that will cripple, or even totally eliminate, the **watershed protection and invasive species control programs that are vital to the ecological, economic and public health of the state.**

The watershed protection and invasive species control programs that are supported by the NAR Fund are **already anticipating 50-60% cuts** in State funding—far more than anticipated by other State funded programs. These cuts are going to happen no matter what because the conveyance tax source of funding is drastically reduced with the down real estate market. The attached documents show declining conveyance tax revenues over the last few years, and the anticipated programmatic and staff cuts planned by NAR Fund beneficiaries.

The partnerships that receive money from the NAR Fund and manage our natural resources have already stopped filling open positions, are planning to lay off staff in the coming months, and have pulled back on protection efforts. Any further cuts taken in the State budget and the resulting loss of experienced staff will render many natural resource protection programs either inoperable or severely diminished, leaving our watersheds and communities vulnerable to threats which do not recognize recessions.

Significant belt tightening is necessary and occurring, but please don't cripple conservation in Hawai'i.

Attachments

CONVEYANCE TAX TRANSFERS FOR FY 2009

Month	Total Monthly Conveyance Tax Collections to General Fund - 100%	**DLNR** S-09-342-C NARS Trf In - 25%	**DLNR** S-09-317-C Land Conservation Trf In - 10%	**HCDCH** T-09-930-B Rental Housing Trust Trf In - 30%	**TAXATION** G-00-000-C General Fund Balance Remaining - 35%
July	$2,192,465.87	$548,116.47	$219,246.59	$657,739.76	$767,363.05
August	$1,774,945.34	$443,736.34	$177,494.53	$532,483.60	$621,230.87
September	$2,514,102.90	$628,525.73	$251,410.29	$754,230.87	$879,936.01
October	$1,825,468.79	$456,367.20	$182,546.88	$547,640.64	$638,914.07
November	$1,233,090.89	$308,272.72	$123,309.09	$369,927.27	$431,581.81
December	$2,074,566.26	$518,641.57	$207,456.63	$622,369.88	$726,098.18
January	$1,738,521.89	$434,630.47	$173,852.19	$521,556.57	$608,482.66
February					$0.00
March					$0.00
April					$0.00
May					$0.00
June					$0.00
Grand Totals	$13,353,161.94	$3,338,290.50	$1,335,316.20	$4,005,948.59	$4,673,606.65

TOTAL CONVEYANCE TAX COLLECTIONS		
FY08	$	38,408,022
FY07	$	48,328,508
FY06	$	56,646,115
FY05	$	24,318,038
FY04	$	18,432,214

F/data/FISCAL/convey tax trfs/convey tx trf wksht FY09

CONVEYANCE TAX COLLECTIONS & TRANSFERS FOR FY 2008

Month	Total Monthly Conveyance Tax Collections to General Fund - 100%	**DLNR** S-08-342-C NARS Trf In - 25%	**DLNR** S-08-317-C Land Conservation Trf In - 10%	**HCDCH** T-08-930-B Rental Housing Trust Trf In - 50%	**TAXATION** G-00-000-C General Fund Balance Remaining - 15%
July	$2,213,212.44	$553,303.11	$221,321.25	$1,106,606.22	$331,981.86
August	$3,025,234.70	$756,308.68	$302,523.47	$1,512,617.35	$453,785.20
September	$4,492,022.48	$1,123,005.62	$449,202.25	$2,246,011.24	$673,803.37
October	$3,573,776.52	$893,444.13	$357,377.65	$1,786,888.26	$536,066.48
November	$2,959,259.75	$739,814.94	$295,925.98	$1,479,629.88	$443,888.95
December	$3,079,131.57	$769,782.89	$307,913.16	$1,539,565.79	$461,869.73
January	$3,478,274.45	$869,568.61	$347,827.45	$1,739,137.23	$521,741.16
February	$1,871,282.33	$467,820.58	$187,128.23	$935,641.17	$280,692.35
March	$2,952,992.29	$738,248.07	$295,299.23	$1,476,496.15	$442,948.84
April	$4,051,020.17	$1,012,755.04	$405,102.02	$2,025,510.09	$607,653.02
May	$2,860,587.29	$715,146.82	$286,058.73	$1,430,293.65	$429,088.09
June	$3,851,227.53	$962,806.88	$385,122.75	$1,925,613.77	$577,684.13
Grand Totals	$38,408,021.52	$9,602,005.38	$3,840,802.17	$19,204,010.79	$5,761,203.18

TOTAL CONVEYANCE TAX COLLECTIONS	
FY07	$48,328,508
FY06	$56,646,115
FY05	$24,318,038
FY04	$18,432,214

PROGRAM	OBJECTIVE	TOTAL # OF STAFF	STAFF SUPPORTED BY STATE FUNDS	RESULTS OF ANTICIPATED 60% REDUCTION IN STATE FUNDS IN FY10
WATERSHED PARTNERSHIPS	The Hawaii Association of Watershed Partnerships (HAWP) is comprised of nine Watershed Partnerships on six islands. Watershed Partnerships are voluntary alliances of landowners and other partners working collaboratively to protect more than 1 million acres of forested watersheds for water recharge, conservation, and other ecosystem services.	67	43	• **Layoff 24 Staff** • Reduced weed/ungulate control activity • Only maintain current fences • Gains of prior years severly eroded • Loss of species, habitat and water recharge capacity • Increased exposure to fire • Decreased outreach • Increased cost to repair environmental degradation downstream and on reefs
NATURAL AREA PARTNERSHIP PROGRAM	The Natural Area Partnership Program was established in 1991 to provide state funds on a two-for-one basis with private funds for the management of private lands that are dedicated to conservation. With over 30,000 acres enrolled, this innovative program complements the protection efforts on state lands - a partnership essential for the success of conservation in Hawai`i.	28	19	• **Layoff 11 staff** • Reduce forest mangement activity by 60% • Lose investment in staff training and expertise • Increased future costs to control identified invasive species • Feral pig damage will increase significantly causing degredation to native ecosystems, rare plants and watershed • Invasive weeds will significantly displace native ecosystems • Lose ground gained by removing ungulates from newly fenced area
NATURAL AREA RESERVES SYSTEM	The Natural Area Reserves System (NARS) was established in 1970 to preserve in perpetuity Hawaii's most unique ecosystems. There are currently 19 reserves on five islands, encompassing more than 109,000 acres. The diverse areas found in the NARS range from marine and coastal environments to lava flows, tropical rainforests, and an alpine desert. The reserves also protect major watershed areas, which are vital sources of fresh water.	39	39	• **Layoff 8-13 staff** • No ability to conduct necessary archaeological/cultural surveys or design services necessary for effective management of resources within the NARS • Reduced ability to maintain existing fences and special mgmt units, control priority weeds/ungulates, or outplant rare plants • Significantly reduced ability to coordinate volunteers and outreach • Reduced support/funding for educational/outreach programs • No ability to provide consistent presence and reduced ability to accomplish management priorities at ORMP areas: Kaena Point NAR and Ahihi Kinau NAR • Reduced ability to maintain and repair infrastructure such as fences, trails, roads, boardwalks, helipads, and management shelters.
YOUTH CONSERVATION CORPS	The Youth Conservation Corps (YCC) is a hands-on summer learning experience aimed at educating Hawaii's youth on the many conservation issues that threaten Hawaii's unique environment. Students are mentored by and work alongside some of Hawaii's premiere conservation leaders. Nearly 170 local youth participated in the 2008 summer program.	8	4	• **Layoff 2 staff** • Summer program will be reduced from 120 students to 58 • Summer program leaders will remain at 24 as they are funded by federal dollars, but for half of the managers, duties will change from mentoring youth to working as an intern for 7 weeks • Natural resources will suffer from less human assistance to mitigate for ungulates, invasives and other impacts

PROGRAM	OBJECTIVE	TOTAL # OF STAFF	STAFF SUPPORTED BY STATE FUNDS	RESULTS OF ANTICIPATED 60% REDUCTION IN STATE FUNDS IN FY10
FORESTRY/ FOREST STEWARDSHIP PROGRAM	The Forest Stewardship Program (FSP), administered by the Department of Land and Natural Resources, Division of Forestry and Wildlife (DLNR-DOFAW), provides technical and financial assistance to owners of nonindustrial private forest land that are interested in conservation, restoration, and/or timber production. The Forestry Program manages 55 forest reserves comprising more than 640,000 acres, or 16% of Hawaii's land area. The program also provides financial incentives to agricultural landowners to covert fallow or open land to trees, shrubs, and forest habitat, conducts control and monitoring efforts in each county for existing and incipient invasive species, and coordinates T&E species management.	17	12	• **Layoff 4-6 staff** • Limited ability to maintain existing fences and special management units, control priority weeds, or control ungulates • Decreased ability to mitigate known threats to federally endangered species, interruption of restoration and data collection projects • No new FSP projects. Two projects in development to be placed on hold • Limited ability to continue multi-year fence construction projects • Unmitigated degredation of existing road, trail and fencing infrastructure • Possible loss of federal funds due to lack of matching, including loss of up to 2.5 FTE state funded staff supporting these projects; more positions may be lost if federal grants are lost due to lack of funding • Erosion of existing rare plant restoration/ research projects, further loss of Hawaii's natural heritage due to extinction
INVASIVE SPECIES COMMITTEES	The Invasive Species Committees (ISCs) are island-based partnerships of government agencies, NGOs, and private businesses working to protect each island from the most threatening invasive pests. The ISCs address the need for rapid response and control work on new invasive pests that have the ability to severely impact our economy, ecosystem, watersheds, human health, and quality of life. A driving objective of the ISCs is to control the most threatening pests while populations are still relatively small and it is economically feasible to control or eliminate them.	64	29	• **Layoff 19 staff** • Increased future costs to control identified invasive species (*e.g.*, estimated cost impacts from delaying miconia work on Maui range from $22M-$34M) • Inability to respond to new coqui reports resulting in island-wide infestations • Inability to assist with HDOA nursery surveys to prevent spread of Little Fire Ant, nettle caterpillars, and coqui frogs
HAWAII INVASIVE SPECIES COUNCIL	The Hawaii Invasive Species Council (HISC) was established to provide policy level direction, coordination, and planning among state departments, federal agencies, and international and local initiatives for the control and eradication of harmful invasive species infestations throughout the State, and to prevent the introduction of other invasive species that may be potentially harmful.	35	35	• **Layoff 13 staff** • Cease operation of SuperSucker, and lose 5-year investment in technology/research • Reduced capacity to conduct risk assessments for new plants • Lose ballast water management data collection • Reduced ability to conduct vessel hull inspections • Reduced capacity to respond to new pest incursions • Reduced community outreach • 50% reduction in West Nile Virus sample collection (mosquito traps, dead birds, bird sera), testing and detection

Programs Supported by the DLNR Natural Area Reserve Fund	FY09 State Funding	FY10 Expected 60% Reduction in State Funds	Staff Funded with State Funds	Expected Layoffs
HAWAII ASSOCIATION OF WATERSHED PARTNERSHIPS				
Kauai Watershed Alliance	$294,190	$117,676	5	5
Koolau Mountains Watershed Partnership	$227,514	$91,006	6	3
East Molokai Watershed Partnership	$124,740	$49,896	8	1
Lanai Forest & Watershed Partnership	$75,000	$30,000	0.5	0
W. Maui Mountains Watershed Partnership	$217,500	$87,000	5	4
E. Maui Watershed Partnership	$441,900	$176,760	5	4
Leeward Haleakala Watershed Restoration Partnership	$343,830	$137,532	6	4
Kohala Watershed Partnership	$235,500	$94,200	2	0
Three Mountain Alliance	$448,320	$179,328	6	3
HAWP Subtotal	**$2,408,494**	**$963,398**	**43.5**	**24**
NATURAL AREA PARTNERSHIP PROGRAM				
Waikamoi Preserve	$220,000	$88,000	4.5	4
Kapunakea Preserve	$125,000	$50,000	2.5	2.5
Kanepuu Preserve	$16,667	$6,667	0.5	0.5
Kamakou Preserve	$218,737	$87,495	3	0
Pelekunu Preserve	$96,289	$38,516	0.5	0.5
Moomomi Preserve	$52,455	$20,982	0.5	0
Kau Preserve	$119,910	$47,964	2.5	1
Puu Kukui Preserve	$281,216	$112,486	5	3
NAPP Subtotal	**$1,130,274**	**$452,110**	**19**	**11.5**
NATURAL AREA RESERVES SYSTEM				
Hawaii Island NARS			12	5
Maui Nui NARS			12	6
Oahu NARS	$4,590,000	$1,836,000	7	1
Kauai NARS			3	0
Statewide Administration			5	1
NARS Subtotal	**$4,590,000**	**$1,836,000**	**39**	**13**
YOUTH CONSERVATION CORP	**$474,588**	**$189,835**	**4**	**2**
FORESTRY / FOREST STEWARDSHIP				
Forest Stewardship	$453,516	$181,406	0.5	0
Watershed Management in Forest Reserves	$1,000,000	$400,000	1	0
Conservation Reserve Enhancement Program	$300,000	$120,000	1	0
DLNR Invasive Species Program Operations	$244,898	$97,959	4	0
T&E Species Management	$400,000	$160,000	5.5	5.5
FORESTRY / FS Subtotal	**$2,398,414**	**$959,366**	**12**	**5.5**
INVASIVE SPECIES COMMITTEE				
Big Island Invasive Species Committee (BIISC)	$375,094	$150,038	9	5
Kauai Invasive Species Committee (KISC)	$374,249	$149,700	6	4
Maui Invasive Species Committee (MISC)	$430,700	$172,280	7	4
Oahu Invasive Species Committee (OISC)	$437,200	$174,880	7	6
ISCs Subtotal	**$1,617,243**	**$646,897**	**29**	**19**
HAWAII INVASIVE SPECIES COUNCIL				
AIS / Hull Fouling	$579,800	$231,920	11.5	4.5
DOA / USDA	$129,200	$51,680	3	3
Bishop Museum	$160,000	$64,000	1	1
Invasive Species Research Grants	$330,000	$132,000	10	0
HISC Support	$135,000	$54,000	1.5	0.5
Weed Risk Assessment	$97,700	$39,080	2	1
Invasive Species Outreach	$97,700	$39,080	4	1
West Nile Virus Detection & Suppression	$307,300	$122,920	2	2
HISC Subtotal	**$1,836,700**	**$734,680**	**35**	**13**
GRAND TOTAL	**$14,455,713**	**$5,782,285**	**182**	**88**

HONOKAIA HAWAIIAN HOMESTEADERS
P. O. Box 6364
Kamuela, Hawaii 96743

April 7, 2009

TO: Sen. Donna Mercado-Kim, Chair
Sen. Shan Tsutsui, Vice Chair

FROM: Mike Isaacs

RE: **HB 200**
RELATING to the State Budget

Date/Time: Tuesday, April 7, 2009 9:30 a.m.
Place: Conference Room 211
State Capital, 415 So Beretania St

I am summarizing the following testimony on behalf of the following Honokaia pastoral Hawaiian homestead lessees. My mother holds one of these leases. All have long suffered without the crucial water infrastructure for their homestead area because of the failure of the DHHL to adequately plan for this improvement since the inception of this homestead area:

James Akiona	Joe Papalimu	Deedee Bertelmann
Ruby Isaacs	Angela Thomas	Dolores Ramos
Yvonne L.K. Deluz	Penny Miranda	Lehua Ho`opai
Duke Kapuniai	Roy Santos, Sr.	Flora Beamer Solomon

Any one of these lessees may submit their own testimony, as well.

WE ASK YOU TO **AMEND** THIS BILL to include general bond financing to plan and design a domestic water system for stock water and drinking purposes on Hawaiian homes trust land at Honokaia. Despite years of trying, the DHHL refuses to recognize our need for water to support commercial ranching on these trust lands, as intended by the Hawaiian Homes Commission Act. Section 101 of the HHCA provides:

> [§101. Purpose.] [Text of section subject to consent of Congress.] (a) The Congress of the United States and the State of Hawaii declare that the policy of this Act is to enable native Hawaiians to return to their lands **in order to fully support self-sufficiency for native Hawaiians and the self-determination of native Hawaiians** in the administration of this Act, and the preservation of the values, traditions, and culture of native Hawaiians.
>
> (b) The principal purposes of this Act include but are not limited to:
>
> (1) Establishing a permanent land base for the benefit and use of native Hawaiians, upon which they may live, farm, ranch, and otherwise engage in commercial or industrial or any other activities as authorized in this Act;

(2) Placing native Hawaiians on the lands set aside under this Act in a prompt and efficient manner and assuring long-term tenancy to beneficiaries of this Act and their successors;

(3) Preventing alienation of the fee title to the lands set aside under this Act so that these lands will always be held in trust for continued use by native Hawaiians in perpetuity;

(4) **Providing adequate amounts of water and supporting infrastructure, so that homestead lands will always be usable and accessible**; and

(5) Providing financial support and technical assistance to native Hawaiian beneficiaries of this Act so that by pursuing strategies to enhance economic self-sufficiency and promote community-based development, the traditions, culture and quality of life of native Hawaiians shall be forever self-sustaining.

(c) In recognition of the solemn trust created by this Act, and the historical government to government relationship between the United States and Kingdom of Hawaii, the United States and the State of Hawaii hereby acknowledge the trust established under this Act and affirm their fiduciary duty to faithfully administer the provisions of this Act on behalf of the native Hawaiian beneficiaries of the Act.

. . .

The **State Constitution, Art. XII, sec. 1** buttresses his policy by mandating that the Legislature provide "sufficient sums" to the DHHL to fund all of its programs, including homestead development, loans, and "the administrative and operating budget" of the DHHL. See, attached. Without adequate water supplies to their homesteads, the beneficiaries of the Hawaiian Homes Commission Act, 1921 as amended will be frustrated by the hurdles caused by this failure to address the intention of Congress, prior legislatures, and the Hawai`i Constitution.

For decades, the Governor, the HHC, and the Legislature have chronically left the DHHL without sufficient funding to perform its mission, despite the State's promise to "faithfully administer" the spirit of the HHCA. Moreover, in 1978, the Constitutional Convention passed an amendment specifically requiring the State Legislature to provide "sufficient sums" to the DHHL for all of its programs, including its "administrative and operating budget." The State made this promise to support the homestead program in order to gain all the significant the benefits of statehood in 1959. The State has long enjoyed the benefits of statehood and the huge economic boom that resulted. Simultaneously, native Hawaiians attempting to get homestead lands have largely suffered egregiously, as the state has systematically ignored its promise.

In addition, homestead lessees have been left without needed infrastructure to support viable ranching and farming on homestead lands left without water, roads and other infrastructure. These improvements could make homesteaders successful ranchers and farmers - at Maku`u, Honokaia, Ho`olehua, Anahola and other homestead areas long deprived of financial and technical support the DHHL has failed to fund for decades. To date, the DHHL has no specialists to help farmers and ranchers to their severe detriment.

At Honokaia, 12 homestead lessees must ***haul*** their cattle drinking water to their ranches because the DHHL refuses to provide the necessary infrastructure to deliver piped water to the lessees. It has not even attempted to coordinate the improvements needed to install a water system for this purpose. Worse, the DLNR which developed a well source less than 100 yards from the pastoral homestead border at Honokaia, failed to follow HRS § 174-17 (attached), which requires it "to assure that adequate water is reserved for future development and use on Hawaiian home lands that could be served by the proposed water project." The DLNR ignored this mandate and the DHHL failed to enforce it. The DHHL does *not* have any ranching or farming expertise on staff to help us with these challenges; it didn't even listen to the recommendations of the cooperative extension agent it hired to substitute for that lack of internal expertise. He recommended the installation of piped water infrastructure to help the ranch lessees succeed with raising their cattle.

All public officials, including the Governor, Legislators, and appointees subject to Senate confirmation took an oath of office to "support and defend" the Hawaii Constitution including the amendment in 1978, which incorporated this specific provision to provide the DHHL "sufficient sums" to operate and fund its programs. The idea was ***to release the DHHL from the necessity of general leasing its trust lands to non-Hawaiians to raise money*** to pay for its salaries, equipment, supplies, and other expenses. The delegates to the convention recognized specifically that this practice handicapped the DHHL and denied native Hawaiians the lands intended for them. They intended ***to stop using up trust lands for general leasing for income generation***.

Simultaneously, while public officials routinely ignored these mandates during the last 30 years, the DHHL waiting list has quadrupled from 5,200 to over 23,600 applicants. The DHHL has not issued a new agricultural homestead lease since 1986. Scores of native Hawaiians have died waiting for land intended for them in their lifetime. Currently, there are over 1700 native Hawaiians on the waiting list who have waited over 30 years for homestead lands.

Moreover, despite the recognition by the Governor in her own budget submission (at p. 643) that it will take over $2 billion to pay for needed infrastructure, she has proposed that the state provide **NO general funds for the DHHL administrative and operating budget** for the next biennium, with Micah Kane's blessing. She has asked for only $10 million in general obligation bond financing – are too little to address the needs of Honokaia Hawaiian homestead pastoral lessees, who have waited 2 years, and Pu`ukapu Hawaiian homestead pastoral lessees, who have waited 17 years for adequate water infrastructure to support viable commercial ranching operations. In the past, the only way any of these lessees got any land was to engage in lawsuits to force the DHHL to address pastoral homesteader needs.

Now, the Governor and Mr. Kane would have the DHHL general lease more and more trust lands to pay for those expenses, *exactly the opposite of what the 1978 Constitutional Convention delegates intended*. They have ignored their oath of office to "support and defend" the Hawaii State Constitution. As legislators, you are poised to do the same, whether knowingly or unwittingly, without the urging from the trustee that is supposed to protect and support us. Our years-long pleas for help to get piped water supplied to Honokaia from the DHHL and the Hawaiian Homes Commission have fell on deaf ears.

Therefore, please amend the CIP budget to insert:

- adequate planning and design money to start a water project to specifically service the Honokaia and Puukapu pastoral homestead areas

- adequate construction money to install piped water to the Honokaia homestead lessees who are now forced to pay for hauling water to their leased ranches;
- at least the same funding you appropriated to the DHHL a biennium ago, which is admittedly insufficient for the DHHL to meet its mission. This amount should be progressively increased to fund the entire $12 million operating budget of the DHHL, now paid for with general lease revenues which cannot go to homestead development.

I ask that all legislators recognize that they owe native Hawaiians to simply "support and defend" the State Constitution, including the mandate in Art. XII, sec. 1 as well as to implement HHCA § 101(b)(4) and, retroactively, HRS § 174-17.

Mike Isaacs
P. O. Box 6364
Kamuela, Hawaii 96743
Phone: (808) 889-5719 (Res) (808) 987-8704 (Cell)
Email: puupili@yahoo.com

THE CONSTITUTION OF THE STATE OF HAWAII

ARTICLE XII
HAWAIIAN AFFAIRS

HAWAIIAN HOMES COMMISSION ACT

Section 1. Anything in this constitution to the contrary notwithstanding, the Hawaiian Homes Commission Act, 1920, enacted by the Congress, as the same has been or may be amended prior to the admission of the State, is hereby adopted as a law of the State, subject to amendment or repeal by the legislature; provided that if and to the extent that the United States shall so require, such law shall be subject to amendment or repeal only with the consent of the United States and in no other manner; provided further that if the United States shall have been provided or shall provide that particular provisions or types of provisions of such Act may be amended in the manner required for ordinary state legislation, such provisions or types of provisions may be so amended. The proceeds and income from Hawaiian home lands shall be used only in accordance with the terms and spirit of such Act. The legislature shall make sufficient sums available for the following purposes (1) development of home, agriculture, farm and ranch lots; (2) home, agriculture, aquaculture, farm and ranch loans; (3) rehabilitation projects to include, but not limited to, educational, economic, political, social and cultural processes by which the general welfare and conditions of native Hawaiians are thereby improved; (4) the administration and operating budget of the department of Hawaiian home lands; in furtherance of (1), (2), (3) and (4) herein, by appropriating the same in the manner provided by law.

Thirty percent of the state receipts derived from the leasing of cultivated sugarcane lands under any provision of law or from water licenses shall be transferred to the native Hawaiian rehabilitation fund, section 213 of the Hawaiian Homes Commission Act, 1920, for the purposes enumerated in that section. Thirty percent of the state receipts derived from the leasing of lands cultivated as sugarcane lands on the effective date of this section shall continue to be so transferred to the native Hawaiian rehabilitation fund whenever such lands are sold, developed, leased, utilized, transferred, set aside or otherwise disposed of for purposes other than the cultivation of sugarcane. There shall be no ceiling established for the aggregate amount transferred into the native Hawaiian rehabilitation fund. [Ren and am Const Con 1978 and election Nov 7, 1978]

ACCEPTANCE OF COMPACT

Section 2. The State and its people do hereby accept, as a compact with the United States, or as conditions or trust provisions imposed by the United States, relating to the management and disposition of the Hawaiian home lands, the requirement that section 1 hereof be included in this constitution, in whole or in part, it being intended that the Act or acts of the Congress pertaining thereto shall be definitive of the extent and nature of such compact, conditions or trust provisions, as the case may be. The State and its people do further agree and declare that the ***spirit*** of the Hawaiian Homes Commission Act looking to the continuance of the Hawaiian homes projects for the further rehabilitation of the Hawaiian race shall be ***faithfully carried out***. [Ren and am Const Con 1978 and election Nov 7, 1978]

COMPACT ADOPTION; PROCEDURES AFTER ADOPTION

Section 3. As a compact with the United States relating to the management and disposition of the Hawaiian home lands, the Hawaiian Homes Commission Act, 1920, as amended, shall be adopted as a provision of the constitution of this State, as provided in section 7, subsection (b), of the Admission Act, subject to amendment or repeal only with the consent of the United States, and in no other manner; provided that (1) sections 202, 213, 219, 220, 222, 224 and 225 and other provisions relating to administration, and paragraph (2) of section 204, sections 206 and 212 and other provisions relating to the powers and duties of officers other than those charged with the administration of such Act, may be amended in the constitution, or in the manner required for state legislation, but the Hawaiian home-loan fund, the Hawaiian home-operating fund and the Hawaiian home- development fund shall not be reduced or impaired by any such amendment, whether made in the constitution or in the manner required for state legislation, and the encumbrances authorized to be placed on Hawaiian home lands by officers other than those charged with the administration of such Act, shall not be increased, except with the consent of the United States; (2) that any amendment to increase the benefits to lessees of Hawaiian home lands may be made in the constitution, or in the manner required for state legislation, but the qualifications of lessees shall not be changed except with the consent of the United States; and (3) that all proceeds and income from the "available lands," as defined by such Act, shall be used only in carrying out the provisions of such Act. [Add 73 Stat 4 and election June 27, 1959; ren and am Const Con 1978 and election Nov 7, 1978]

§174-17 Formation of a project on initiative of board; notice and hearing; protests. The board of land and natural resources may organize projects upon its own initiative. In this event, it shall fix a date for public hearing upon the proposed project, which date shall not be less than sixty days after the first public notice thereof in the county in which the project is proposed. The notice shall be given once in each of four successive weeks, and shall include notice of the area to be included in and general details of the proposed project, stating the time and place of the public hearing. If the owners of fifty-five per cent of the acreage of lands proposed to be organized into a project at the hearing or prior thereto shall file written protest against the proposed project, the project shall not be made and proceedings shall not be renewed within twelve months from the date of closing the public hearing, unless each and every owner protesting withdraws each and every owner's protest; provided that any lessee of any lands included within the proposed project, who, by the express terms of the lessee's lease must pay the assessment contemplated hereunder shall be subrogated to all the rights of the owner to protest by filing at the hearing or prior thereto written protest against the proposed project, the written protest to be accompanied by a certified copy of the lease; provided further that any lessor, at any time before the closing of the public hearing, may void the protest of the lessor's lessee on consideration of the filing with the board a duly acknowledged waiver of the provision in the lease which requires the lessee to pay the assessment, and a written undertaking of the lessor to pay the assessment to be made on account of the proposed project; and further provided that a project may be instituted without further public notice for a smaller acreage within the acreage described in the original public notice in the event the board determines the smaller project to be economically feasible, if written protests by the owners, or lessees subrogated to the right to protest, of fifty-five per cent of the smaller acreage shall not be filed. The department shall assure that adequate water is reserved for future development and use on Hawaiian home lands that could be served by the proposed water project. [L 1961, c 166, pt of §3; Supp, §86-16; HRS §174-17; gen ch 1985; am L 1987, c 306, §10; am L 1991, c 325, §5; am L 1998, c 2, §41]

Law Journals and Reviews

Native Hawaiian Homestead Water Reservation Rights: Providing Good Living Conditions for Native Hawaiian Homesteaders. 25 UH L. Rev. 85.

April 6, 2009

To: **Committee on Ways and Means**
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

Senator Suzanne Chun Oakland	Senator J. Kalani English
Senator Carol Fukunaga	Senator Brickwood Galuteria
Senator Clayton Hee	Senator Gary L. Hooser
Senator Michelle Kidani	Senator Russell S. Kokuban
Senator Jill N. Tokuda	Senator Fred Hemmings

RE: **Testimony Requesting Amendment of HB 200 HD 1 to Include an Emergency Room Appropriation for the Waianae Coast Comprehensive Health Center**

Submitted by: Richard P. Bettini, MPH, MS, Chief Executive Officer
Waianae Coast Comprehensive Health Center
Contact – wcchc@wcchc.com

In addition to including the balance of funds needed to complete Phase III of our Capital Improvement Project (emergency department CIP), we urgently request that WAM provide $332,000 in funding for emergency room operations in the budget bill. The funds requested were originally contained in HB 1641 which was deferred in favor of a line item adjustment in the budget.

The Waianae Coast Comprehensive Health Center must budget at least $1.8 million to operate its emergency services between the hours of midnight to 8:00 am, 365 days a year. With recent budget cuts and other economic downturns, the Health Center is unable to support the cost to make up for its financial losses. **The financial loss for 2009-2010 is expected to be well beyond the $332,000 requested.**

The Health Center is requesting support from the Legislature to enable the emergency room to be available 24 hours a day to service the community. **To address this important appropriation, the Health Center would like to recommend an amendment to SB 417 to add an allocation of $332,000 to support emergency services at the Waianae Coast Comprehensive Health Center.**

As the primary medical provider on the Waianae Coast, the Health Center fills a major role in providing health services to the community, which allows the State to focus its limited resources in other areas. Increased homelessness, economic conditions and behavioral health conditions have increased the demand for emergency medical services.

The Health Center's participation and role in the statewide Emergency Medical System is substantial. We are connected to the Emergency Management computer, which connects all the hospitals and the EMS system. The Health Center's emergency room is known as the Trauma Support Clinic for the entire Waianae Coast. The emergency room is also rated as a Type II facility (out of 3 types) for Hospital Capability for Readiness.

The Health Center's emergency room is one of the most heavily utilized on Oahu, serving 14,334 patients through a total of 21,036 visits annually.

The Health Center's emergency room is also used by the Honolulu Police Department and Child Protective Services. The Honolulu Police Department brings individuals in custody to the emergency room for medical care. If HPD had to take the individual to Hawaii Medical Center East, or another emergency facility, that would decrease police protection in the community. Child Protective Services uses the emergency room for pre-placement physical exams when children are removed from their parents/guardians.

Subsidy funding allows the Health Center to support the difference between fees collected from services rendered and the actual cost of providing the services. Funding supports uninsured visits, staffing of the emergency room, lab, radiology and security services, as well as other operational costs related to providing services during the hours of midnight to 8:00 am Monday through Saturday and all day on Sundays and holidays.

Without additional funding, and with continued financial losses, the Health Center faces closure of the emergency room during midnight to 8:00 am.

Mahalo for considering our request to amend SB 417 and add an allocation of $332,000 to support emergency services at the Waianae Coast Comprehensive Health Center. Without such funding, we must eliminate hours of coverage.

Senate Testimony

Bill #: **HB200 HD1 RELATING TO STATE BUDGET**
Committee: **Ways and Means: Senator Donna Mercado Kim, Chair**
Time: **Tuesday, April 7, 2009 9:30 am**
Place: **Room 211**

From: Hawaii Substance Abuse Coalition (HSAC)

Aloha, Chair Mercado Kim, Vice Chair Tsutsui, and distinguished members.

HSAC Recommends First Reducing Special Funds before General Funds to Preserve the Federal Match for Alcohol and Substance Abuse Treatment.

The recent $1.5 million dollars in reductions for 2010-2011 DOH: ADAD for Substance Abuse Treatment will also reduce $1.1 million of the Federal match given to Hawaii.. Due to the Maintenance of Effort calculation imposed by the Federal government, the total $1.9 million dollar reductions for 2010 results in a $3 million reduction after the loss of the Federal Match.

HSAC recommends that the $1.1 million dollars in the special fund: Drug Demand Reduction Assessment fund, which is funded by DUI fines be first reduced before reductions in the general fund so as to preserve the Federal match as much as possible.

SAMHSA, the Federal agency, strongly encourages States, such as Hawai'i, to follow President Obama's lead to not reduce treatment at this time of most need by so many.

We appreciate the opportunity to provide information and are available for questions, if needed.

Comments and Recommendations

On

THE PROPOSED REORGANIZATION OF DEPT. OF BUSINESS,

ECONOMIC DEVELOPMENT, AND TOURISM

As Contained in

HB200 HDI HSCR FIN HMS 2009-2946

(STAND. COM. REP. No. 987, Page 10)
Adopted on March, 11 2009
House Committee on Finance

By

Richard Y. P. Joun, Ph.D

Submitted to The Honorable Donna M. Kim, Chairwomen
Senate Committee on Ways and Means, State of Hawaii
The Twenty-Fifth Legislature

April 7, 2009

My name is Richard Joun and I came here today to offer my comments and recommendations on the subject matter as an informed citizen and taxpayer.

My experience includes almost 20 years of service at the Dept. of Business, Economic Development, and Tourism (DBEDT) as the State Economist and Head of It's Research & Economic Analysis Division (READ) beginning 1970.
Before joining DBEDT, I taught at California State University, Fullerton, Economics and Quantitative Methods in the College of Business Administration and Economics as an Associate Professor. I started my job at DBEDT (It was called Dept. of Planning & Economic Development (DPED) at that time until the name and the function of the Department were changed to the current form under political pressure and concern.
My view is that such change was not made to enhance the long- term interest of Hawaii residents as a statesman, such as the late Governor John A. Burns would have done it. Most of the other Governors and political leaders after him were instead more concerned about their own personal ambitions and interests rather than long- term public interest.
My view is based on working with most of the governors of the State of Hawaii, beginning with the late governor, John A. Burns in 1970.

Concerning on the proposed reorganization of DBEDT contained in HB200, my questions and comments, recommendations, and rationales for my recommendations are as following:

1. The Questions and Comments on the Proposed Reorganization of DBEDT:

HB 200 points out the "prolonged ineffectiveness and lack of mission" of DBEDT.
I understand about the urgency and importance of increased energy independence and alternative-energy programs and the frustration of the committee members on the actual or perceived inability of DBEDT to provide "a clear plan with specific performance measures and goals."

I can not, however, find any explanation at all about the reasons for the proposed transfer of other divisions and functions. What are they? Were they communicated to DBEDT? Are they available to the interested public? If not, Why not?

A local newspaper recently reported about the reaction of the DBEDT director who was quoted as saying about his complete surprise on the proposed reorganization of his department.

Does DBEDT now have more information about reasons for the proposed transfers of other functions to other departments and organizations?
If not, why not?

April 6, 2009

To: Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
WAYS & MEANS COMMITTEE

From: Ron Matayoshi, MSW, LSW
Director of Practicum
School of Social Work, University of Hawaii

Re: Testimony at the hearing on HB200 on April 7, 2009 at 9:30am *to include funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1)*

Thank you Chair Mercado Kim, Vice Chair Tsutsui and distinguished members of the Senate Ways and Means Committee for providing this opportunity to provide testimony on HB200.

It is well-known that there is a desperate shortage of health care professionals in rural communities across our state. Since 2000, the Hawaii Quentin Burdick Rural Health Interdisciplinary training program has been addressing this need. Participation in the program is a significant way to recruit health professionals to our most underserved rural communities.

I urge you to include $400,000 per year funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1).

I have been involved in this unique and successful interdisciplinary program for the past 8 years as Social Work faculty. The Hawaii QBRH training program has successfully exposed and nurtured social work students toseriously explore professional practice and leadership in Hawaii's neighbor island rural communities. We are successfully getting professional graduates to reside on the neighbor island and at several QBRH sites. We are also actively working with local high school youth to apply for higher education via mentoring, college prep workshops – local style, and involving high school students in the interdisciplinary team activities each summer.

Thank you for considering funding for the Hawaii Quentin Burdick Rural Health Interdisciplinary Training Program, Hawaii's only rural health interdisciplinary training program and an important and proven program that addresses the health care worker shortages in Hawaii's rural areas.

April 6, 2009

To: Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
WAYS & MEANS COMMITTEE

From: Clifford R. O'Donnell, Ph.D.
Professor
University of Hawai'i

Re: Testimony at the hearing on HB200 on April 7, 2009 at 9:30am *to include funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1)*

Thank you Chair Mercado Kim, Vice Chair Tsutsui and distinguished members of the Senate Ways and Means Committee for providing this opportunity to provide testimony on HB200. Please note that I am testifying for myself and not representing the University of Hawai'i.

I support HB200, a bill to appropriate funds to support the Hawaii Quentin Burdick rural health interdisciplinary training program. There is a desperate shortage of health care professionals in rural communities across our state and this bill will do much to address this need.

The Quentin Burdick Rural Interdisciplinary Training Program provides excellent practicum opportunities for students in health disciplines to live and work in rural areas of Hawai'i. The students learn about the unique characteristics of rural communities, the health needs of these communities, and how their knowledge and skills can contribute to rural community health. The students also learn about working with health professionals from other discplines. This knowledge is particularly important because of the interdisciplinary nature of health services. Students in psychology, medicine, nursing, social work, medical technology, public health, dental hygiene, education and speech have participated in this program.

As a result of this program, many students choose to work in rural areas after they graduate. Since 2000, 53 teams comprised of a total 168 students from 11 disciplines have participated. Results from the annual alumni survey of September 2008 include the following: Of the alumni who have graduated, 15 work on the neighbor islands (7 on the Island of Hawaii, 4 on Maui, 2 on Molokai, 1 on Lanai and 1 on Kauai) and 14 work on Oahu (3 in rural areas and 11 with underserved and/or at-risk populations). These alumni include participants from medicine, nursing, social work, education, nutrition and psychology. In addition, one works on the island of Guam and another works in a small rural community in Vermont. Forty-six participants are still in school and 17 are currently finishing their medical residencies. As you know, there is a desperate shortage of health care professionals in rural areas of our State. Clearly, this program is an effective way to recruit health professionals to work in rural areas and with underserved communities.

Without this funding there will be NO opportunity for students from the health professions to work on interdisciplinary teams in rural areas of Hawai'i. Health services will be reduced to these communities because the services provided by this program will not be available. Most importantly, future health services will be reduced in the rural areas of Hawai'i because fewer health professionals will chooose to work in these communities.

I served as a faculty liaison to the interdiscciplinary teams for four years and saw firsthand the difference this program makes. Therefore, I urge your support for an appropriation of $400,000 per year for fiscal years 2009-2011 ($800,000 total). Mahalo for your consideration.

April 6, 2009

To: Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
WAYS & MEANS COMMITTEE

From: June T. Kunimoto
Chair, Community Advisory Board
Hawaii Quentin Burdick Rural Health Interdisciplinary Training Program

Re: Testimony at the hearing on HB200 on April 7, 2009 at 9:30am *to include funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1)*

Thank you Chair Mercado Kim, Vice Chair Tsutsui and distinguished members of the Senate Ways and Means Committee for this opportunity to provide testimony on HB200.

It is well-known that there is a desperate shortage of health care professionals in rural communities across our state. Since 2000, the Hawaii Quentin Burdick Rural Health Interdisciplinary training program has been addressing this need. Participation in the program is a significant way to recruit health professionals to our most underserved rural communities.

The Hawaii State Legislature has approved funding for the program from July 2006 – June 2009. In order to keep this valuable program in Hawaii, we are looking again to the State for funds to support its continuation in this upcoming biennium (2009-2011). **I urge you to include $400,000 per year funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1).**

This program has been addressing the shortage of health care professionals in our rural communities in Hawaii since 2000. The program provides the opportunity for University of Hawaii students from a variety of disciplines including medicine, nursing, social work, medical technology, public health, psychology, dental hygiene, nutrition, pharmacy, education and others, to gain experience working on interdisciplinary teams in Hawaii's rural areas.
In the short term these students work with professionals and community members to provide culturally and place appropriate health promotion and disease prevention services for vulnerable rural residents from *keiki* to *kupuna*. In the long term this opportunity encourages students to consider working in rural communities and provides them with opportunities to be recruited to the most underserved areas of Hawaii. In addition, rural high school students are invited to participate with the interdisciplinary teams during the summer practicum, thus providing these high school students with a hands-on opportunity to learn more about health careers.

Participation in the program is a significant way to recruit health professionals to our most underserved rural communities. Since 2000, 53 teams comprised of a total 168 students from

11 disciplines have participated. As of the last alumni census report dated January 2009, of the alumni who have graduated, 15 work on the neighbor islands (7 on the Island of Hawaii, 4 on Maui, 2 on Molokai, 1 on Lanai and 1 on Kauai) and 14 work on Oahu (3 in rural areas and 11 with underserved and/or at-risk populations). These alumni include participants from medicine, nursing, social work, education, nutrition and psychology. In addition, one works on the island of Guam and another works in a small rural community in Vermont. Forty-six participants are still in school and 17 are currently finishing their medical residencies. The remaining program alumni who are still in school have been encouraged by their rural health interdisciplinary training experience to live and work in a rural underserved area upon graduation. A survey of the 2008 students confirmed that their participation in the program had increased their interest in and commitment to living and working in a rural community upon graduation.

This program began in 1988 when Senators Daniel Inouye and Quentin N. Burdick co-wrote and sponsored legislation to fund a rural health interdisciplinary training program to improve access to health care in America's rural communities. The program was funded by the US Department of Health until Congressional budget cuts eliminated the funding in June 2006 and the federal funding has not been restored.

The funding in this bill for **Hawaii's only rural health interdisciplinary training program** will allow University of Hawaii students from many health disciplines to gain knowledge and experience in working on interdisciplinary teams with professionals and people from rural communities and agencies. **Without this funding there will be NO opportunity for students from the health professions to work on interdisciplinary teams in rural areas of Hawaii.**

Thank you for considering funding for the Hawaii Quentin Burdick Rural Health Interdisciplinary Training Program, an **important and proven program that addresses the health care worker shortages in Hawaii's rural areas.**

April 6, 2009

To: Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
WAYS & MEANS COMMITTEE

From: Sheri M. Gon, MPH, CLS (NCA)
UHM, Department of Medical Technology

Re: Testimony at the hearing on HB200 on April 7, 2009 at 9:30am *to include funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1)*

Thank you Chair Mercado Kim, Vice Chair Tsutsui and distinguished members of the Senate Ways and Means Committee for providing this opportunity to provide testimony on HB200.

It is well-known that there is a desperate shortage of health care professionals in rural communities across our state. Since 2000, the Hawaii Quentin Burdick Rural Health Interdisciplinary training program has been addressing this need. Participation in the program is a significant way to recruit health professionals to our most underserved rural communities.

I urge you to include $400,000 per year funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1).

As a Quentin Burdick (QB) Faculty Liaison, I've witnessed the amazing transformation of students after they complete their time with us. The QB program places health profession students of different disciplines together in a six-week practicum. They live and work together in one of six different rural areas across the state of Hawaii. QB students:

- Discover the challenges of providing healthcare in a rural setting and how the community identifies and addresses gaps.
- Shadow health professionals to learn more how they have adapted to a rural setting.
- Learn about each others' discipline and as a result have a better understanding of roles and responsibilities of each. This is the beginning of interdisciplinary collaboration.
- Develop good team skills so assignments can be accomplished with reasonable effort.
- Are more likely to work in a rural setting after completing the QB program.

Thank you for considering funding for the Hawaii Quentin Burdick Rural Health Interdisciplinary Training Program, Hawaii's only rural health interdisciplinary training program and an important and proven program that addresses the health care worker shortages in Hawaii's rural areas.

April 6, 2009

To: Senator Donna Mercardo Kim. Chair
Senator Shan S. Tsutsui, Vice Chair
WAYS & MEANS COMMITTEE

From: John Casken, Associate Professor
School of Nursing and Dental Hygiene

Re: Testimony at the hearing on HB 200 on April 7, 2009 at 9:30 am *to include funding in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick Rural Health IUnterdisciplincaty Training Program (SB 1046-SD1).*

Thank you Chair Mercardo Kim, Vice-Chair Tsutsui and distinguished members of the Senate Ways and Means Committee for providing this opportunity to provide testimony on HB200.

I support HB 200, a bill for an act that will appropriate funds to support the Hawaii Quentin Burdick Rural Health Interdisciplinary Training Program. There is a desperate shortage of health care professionals in rural communities across our state and this bill will do much to address this need.

I urge you to include $400,000 I urge you to include $400,000 per year funding in HB 200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick Rural Health Interdisciplinary Training Program (SB 1046-SD1).

For the last nine years I have been the faculty for the Pahoa Quentin Burdick site and as such have been directly involved in some of the projects directly affecting the people of the Puna District.

For instance – one year the students identified that a number of students who attended summer programs spent the day in the school office because they had no footware. They were not allowed to eat with other students nor take part in field trips. So the QB student organized a slipper drive. Working with local businesses and local folks a supply of useable slipper were made available to school principals in the district for students without footware. This program is still continuing because of the need.

I'm reminded too of another student who took part in the Pahoa program and told me it was her first time to actual live in a rural area and she mentioned that she wasn't sure if she would survive even the six weeks of the program. This student recently completed her PhD and is now a **RESIDENT** psychologist living on Molokai with her husband and child. She told me recently that she couldn't think of working and living anywhere else now. The reason for her change of heart was the Quentin Burdick experience.

A student from last year graduated and is now working in Hilo – again because of the life changing experience of Quentin Burdick. She wants to work with this year's students at Pahoa to make sure that they too gain an appreciation for the benefits of living and working in a rural community as a health professional.

Thank you for considering funding for the Hawaii Quentin Burdick Rural Health Interdisciplinary Training Program, an **important and proven program that addresses the health care worker shortages in Hawaii's rural areas.**

April 6, 2009

To: Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
WAYS & MEANS COMMITTEE

From: Dr. Jan Shoultz
Program Director
Hawaii Quentin Burdick Rural Health Interdisciplinary Training Program

Re: Testimony at the hearing on HB200 on April 7, 2009 at 9:30am *to include funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1)*

Thank you Chair Mercado Kim, Vice Chair Tsutsui and distinguished members of the Senate Ways and Means Committee for this opportunity to provide testimony on HB200.

It is well-known that there is a severe shortage of health care professionals in rural communities across our state. Since 2000, the Hawaii Quentin Burdick Rural Health Interdisciplinary training program has been addressing this need. Participation in the program is a significant way to recruit health professionals to our most underserved rural communities.

The Hawaii State Legislature has approved funding for the program from July 2006 – June 2009. In order to keep this valuable program in Hawaii, we are looking again to the State for funds to support its continuation in this upcoming biennium (2009-2011). **I urge you to include $400,000 per year funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1).**

This program has been addressing the shortage of health care professionals in rural communities in Hawaii since 2000. The program provides the opportunity for University of Hawaii students from a variety of disciplines including medicine, nursing, social work, medical technology, public health, psychology, dental hygiene, nutrition, pharmacy, education and others, to gain experience working on interdisciplinary teams in Hawaii's rural areas.
In the short term these students work with professionals and community members to provide culturally and place appropriate health promotion and disease prevention services for vulnerable rural residents. In the long term this opportunity encourages students to consider working in rural communities and provides them with opportunities to be recruited to the most underserved areas of Hawaii. **In addition, rural high school students are invited to participate with the interdisciplinary teams during the summer practicum, thus providing these high school students with a hands-on opportunity to learn more about health careers.**

Participation in the program is a significant way to recruit health professionals to our most underserved rural communities. Since 2000, 53 teams comprised of a total 168 students from

11 disciplines have participated. As of the last alumni census report dated January 2009, of the alumni who have graduated, 15 work on the neighbor islands (7 on the Island of Hawaii, 4 on Maui, 2 on Molokai, 1 on Lanai and 1 on Kauai) and 14 work on Oahu (3 in rural areas and 11 with underserved and/or at-risk populations). These alumni include participants from medicine, nursing, social work, education, nutrition and psychology. In addition, one works on the island of Guam and another works in a small rural community in Vermont. Forty-six participants are still in school and 17 are currently finishing their medical residencies. The remaining program alumni who are still in school have been encouraged by their rural health interdisciplinary training experience to live and work in a rural underserved area upon graduation. A survey of the 2008 students confirmed that their participation in the program had increased their interest in and commitment to living and working in a rural community upon graduation.

This program began in 1988 when Senators Daniel Inouye and Quentin N. Burdick co-wrote and sponsored legislation to fund a rural health interdisciplinary training program to improve access to health care in America's rural communities. The program was funded by the US Department of Health until Congressional budget cuts eliminated the funding in June 2006 and the federal funding has not been restored.

The funding in this bill for **Hawaii's only rural health interdisciplinary training program** will allow University of Hawaii students from many health disciplines to gain knowledge and experience in working on interdisciplinary teams with professionals and people from rural communities and agencies. **Without this funding there will be NO opportunity for students from the health professions to work on interdisciplinary teams in rural areas of Hawaii.**

Thank you for considering funding for the Hawaii Quentin Burdick Rural Health Interdisciplinary Training Program, an **important and proven program that addresses the health care worker shortages in Hawaii's rural areas.**

Senate Testimony

Bill #: **HB200 HD1 RELATING TO STATE BUDGET**
Committee: **Ways and Means: Senator Donna Mercado Kim, Chair**
Time: **Tuesday, April 7, 2009 9:30 am**
Place: **Room 211**

From: Linda Rich, DCSW,LSW, CSAC

Aloha, Chair Mercado Kim, Vice Chair Tsutsui, and distinguished members. My name is Linda Rich and I am the Executive Director of The Salvation Army Family Treatment Services, which operates Women's Way residential and outpatient alcohol and other drug abuse treatment for pregnant and parenting women with their children as well as therapeutic living and transitional housing for the same population.

I am asking you to first Reduce Special Funds before General Funds to Preserve the Federal Match for Alcohol and Substance Abuse Treatment. Reducing the general funds will result in a one million dollar loss in federal block grant funds that will further weaken our system of care.

The recent $1.5 million dollars in reductions for 2010-2011 DOH: ADAD for Substance Abuse Treatment will also reduce $1.1 million of the Federal match given to Hawaii. . Due to the Maintenance of Effort calculation imposed by the Federal government, the total $1.9 million dollar reductions for 2010 results in a $3 million reduction after the loss of the Federal Match.

I implore you to tap instead the $1.1 million dollars in the special fund: Drug Demand Reduction Assessment fund, which is funded by DUI fines, rather than reducing the general fund so as to preserve the Federal match as much as possible. This will help preserve vital services for Hawaii's vulnerable families.

SAMHSA, the Federal agency, strongly encourages States, such as Hawai'i, to follow President Obama's lead to not reduce treatment at this time of most need by so many.

Thank you for this opportunity to provide information.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 06, 2009 4:40 PM
To: WAM Testimony
Cc: frankepi@gmail.com
Subject: Testimony for HB200 on 4/7/2009 9:30:00 AM

Testimony for WAM 4/7/2009 9:30:00 AM HB200

Conference room: 211
Testifier position: support
Testifier will be present: No
Submitted by: Frank Episale
Organization: Individual
Address: 8310 35th Ave, #3-H Jackson Heights, NY 11372
Phone: 917-683-0110
E-mail: frankepi@gmail.com
Submitted on: 4/6/2009

Comments:
I recently received my Masters in Theatre and Dance Studies from the University of Hawaii, Manoa and, as such, enthusiastically support the proposal for a new arts center and parking facilities on the campus. I've been a part of a several different university communities at this point, and I have never seen a theatre program so integrated into the larger community of a city. UHM productions are reviewed in the Honolulu papers, attract Honolulu audiences, etc. The world-class children's theatre program and unique-in-the-US Asian theatre programs are genuinely cultural treasures for Hawaii. Etc.

All that the dept. has accomplished, however, has been in spite of the facilities available. Kennedy Theatre is beautiful, but it was designed to host lectures. There is little-to-no teaching space, insufficient space for rehearsal, dressing rooms, etc. The mainstage is too big and the studio space (Earl Ernst) is too small for most shows.

Worst of all, the impressive dance program has been in "temporary" facilities for far, far too long.

I support this proposal because I want the value of a UH degree in Theatre and Dance to continue to increase and value and because I think that the UHM performing arts community is an invaluable part of a city and culture that made a significant impression on me, and to which I hope one day to return.

kim2 - Arline

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 06, 2009 1:17 PM
To: WAM Testimony
Cc: boopkent@earthlink.net
Subject: Testimony for HB200 on 4/7/2009 9:30:00 AM

Testimony for WAM 4/7/2009 9:30:00 AM HB200

Conference room: 211
Testifier position: support
Testifier will be present: No
Submitted by: Elizabeth Burdick
Organization: Individual
Address:
Phone:
E-mail: boopkent@earthlink.net
Submitted on: 4/6/2009

Comments:
A strong dance and theatre department will also support the new film department. Having room for all the dance and drama classes together is a basic need!

April 6, 2009

To: Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
WAYS & MEANS COMMITTEE

From: Amy Hubbard
Faculty liaison on Hawaii Quentin Burdick rural health interdisciplinary training program

Re: Testimony at the hearing on HB200 on April 7, 2009 at 9:30am *to include funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1)*

Thank you Chair Mercado Kim, Vice Chair Tsutsui and distinguished members of the Senate Ways and Means Committee for providing this opportunity to provide testimony on HB200.

It is well-known that there is a desperate shortage of health care professionals in rural communities across our state. Since 2000, the Hawaii Quentin Burdick Rural Health Interdisciplinary training program has been addressing this need. Participation in the program is a significant way to recruit health professionals to our most underserved rural communities.

I urge you to include $400,000 per year funding in HB200 in the allocation to the University of Hawaii-Manoa to support the Hawaii Quentin Burdick rural health interdisciplinary training program (SB1046-SD1).

I have worked in the Hawaii Quentin Burdick rural health interdisciplinary training program, as a faculty liaison to the Hanalei, Kauai teams, for over five years now; and I know first hand of its successes. I have seen the immediate benefits of the Hawaii Quentin Burdick rural health interdisciplinary training program. Not only does this program attract and recruit nursing students and other allied health disciplines to later live and work in rural communities, but during their time in the program, they also directly help these rural communities. For example, in Hanalei, the Hawaii Quentin Burdick rural health interdisciplinary training program students (or "QBs" as they are affectionately known as in the community), design and implement health education activities for elementary-aged children and teenagers who come from Hanalei, Kilauea, and Anahola at the Hale Halawai Ohana O'Hanalei community center The children learn about such diverse health topics as ocean safety, bicycle safety, how germs are spread, the effect of germs in the family and in the community, the importance of healthy meals, the size of various organs in our bodies, increasing self-esteem, defense mechanisms in our bodies, and physical fitness. The QBs also mentor the teenagers and enrich their understanding and appreciation of health occupations. I have even heard some teenagers in Hanalei say that they are now considering a career in health. Thus, by investing money into this program, you will not only be providing an avenue for college students to be trained in rural health issues and practices in an interdisciplinary team, but you will also be encouraging future college students to pursue careers in rural health.

Thank you for considering funding for the Hawaii Quentin Burdick Rural Health Interdisciplinary Training Program, Hawaii's only rural health interdisciplinary training program and an important and proven program that addresses the health care worker shortages in Hawaii's rural areas.

kim2 - Arline

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, April 04, 2009 7:54 PM
To: WAM Testimony
Cc: ttinker@wave.bicv.net
Subject: Testimony for HB200 on 4/7/2009 9:30:00 AM

Follow Up Flag: Follow up
Flag Status: Completed

Testimony for WAM 4/7/2009 9:30:00 AM HB200

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: Tommy Tinker
Organization: Individual
Address: PO Box 599 Kapaau HI
Phone: 808-889-5584
E-mail: ttinker@wave.bicv.net
Submitted on: 4/4/2009

Comments:
I live in a rural town on the Big Island and our small critical access hospital has thrived under HHSC. I feel that the changes in this bill will be very detrimental here therefore: I oppose the House Bill HB 200s position on HHSC, ask to restore HHSC to Administration recommended position for HHSC and to add $35M in FY10 and $31M in FY11 to budget for HHSC on top of the $82.5M each year in FY 10 and FY 11

kim2 - Arline

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 06, 2009 10:52 AM
To: WAM Testimony
Cc: jwalker1@hhsc.org
Subject: Testimony for HB200 on 4/7/2009 9:30:00 AM

Testimony for WAM 4/7/2009 9:30:00 AM HB200

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: Jerry Walker
Organization: West Kauai Medical Center
Address: 4643 Waimea Canyon Dr. Waimea, Hi 96796
Phone: 808-338-9422
E-mail: jwalker1@hhsc.org
Submitted on: 4/6/2009

Comments:
The Kauai Region (West Kauai Medical Center / KVMH; West Kauai Clinics - Waimea, Eleele, Kalajeo; Samuel Mahelona Medical Center, SMMH) opposes HB200 HD1. During testimony on SB1673 SD2 HD1 the Director of Health stated that if HHSC were to be placed in the DOH it would lose all of its current licensure and certification from the State and Federal government's. Before the hospitals got back it licenses and certification it would loss 250 to 275 million dollars in reimbursement. Because of this the transfer is not fincially wise at this time. HB200 should be adjusted back to the executive budget, with one exception and that is to keep the general appropriation by region instead of one lump sum amount.

March 19, 2009

To: Senator Colleen Hanabusa, President of Senate
Senator Donna Mercado Kim, Chair Senate Ways and Means

I am asking for your support of a budget item critical to Wai'anae.

This year, HB 200 HD 1 (Page 155) lists $3 M for LCC/ Wai'anae, for expansion. This item has been on the State Budget in years past, and each time, it is taken out in the end!

At LCC/Wai'anae, the enrollment is up, - more and more Wai'anae residents want to go to college. These are usually students who were not able to go to the University of Hawaii or a mainland university. Either they did not have the money, did not do well in high school, or had family and poverty problems. However, now they are interested in getting that education. Many have children, have transportation, childcare and financial problems. Most start off at the remedial level as well. Thankfully, the community college is right here in the community! It has BEEN quietly here for many years. It provides opportunity, and support for these students.

In addition to increasing enrollment, more teachers have been hired. Some have to teach at the Pearl City campus due to lack of space /or equipment at the Wai'anae site.

The time has come that LCC/Wai'anae requires more space. And there is a willing seller of land adjacent to the current site. This is an opportunity not to be missed. The funds would also provide jobs for the preparation and renovation of the land and building.

Having graduated from Wai'anae High School and working in the community for the last 35 yrs, I can attest to the dire need for equal and just access to better education for our community. As far as I can remember, we have been a poverty community, with horrific unemployment and poor educational levels. We have had teacher shortages, high rates of high school drop outs, high levels of "special ed" children, homelessness and illiteracy for generations. Of course there is more, but I want to focus on our need to start changing our future now. And we have an opportunity right before us to help Wai'anae, by safeguarding the budget item for LCC/Wai'anae expansion. Please support this item. Please write me or call 696-4677 to discuss any further.

Sincerely,

Karen GS Young
President, Women of Wai'anae