

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON HUMAN SERVICES  
ON  
SENATE BILL NO. 882

February 12, 2009

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

Senate Bill No. 882 appropriates \$60 million from the Emergency and Budget Reserve Fund to replace general funds that are currently appropriated for the health care payments program for Fiscal Year 2009. This appropriation is needed to assist in addressing the critical budget shortfall facing the State in Fiscal Year 2009.

When the Fiscal Biennium 2009-11 Executive Budget was submitted, we projected a general fund balance of \$42.5 million at the end of Fiscal Year 2009. However, at its January 2009 meeting, the Council on Revenues reduced its general fund tax revenue projections by \$116.0 million for Fiscal Year 2009. Together with reductions in general fund non-tax revenue projections, if no corrective action is taken, we face a deficit of \$75.6 million in the general fund balance by the end of Fiscal Year 2009.

To meet this deficit, we are proposing the following actions:

1. Use an additional \$20 million from the Emergency and Budget Reserve Fund in Fiscal Year 2009 instead of in Fiscal Year 2010 as originally planned; this brings the total Fiscal Year 2009 appropriations from the Emergency and Budget Reserve Fund to \$60 million (as proposed in this bill).

2. Impose an additional 2% restriction on Fiscal Year 2009 discretionary funds for the Executive Branch; it is estimated that this will reduce expenditures by \$16 million.
3. Include \$31 million federal Medicaid reimbursement of Fiscal Year 2008 expenditures; this was received in the current fiscal year.
4. Accelerate the transfer of \$14 million of excess revenues from the Unclaimed Property Trust Fund and the Public Utilities Commission Special Fund from Fiscal Year 2010 to Fiscal Year 2009.

Accordingly, this bill is a vital part of our efforts to address the budget shortfall.

LINDA LINGLE  
GOVERNOR



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February 12, 2009

MEMORANDUM

TO: Honorable Suzanne Chun Oakland, Chair  
Senate Committee on Human Services

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 882 – MAKING AN EMERGENCY APPROPRIATION FOR THE  
DEPARTMENT OF HUMAN SERVICES TO ADDRESS THE BUDGET  
SHORTFALL**

Hearing: Thursday, February 12, 2009 1:45 p.m.  
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is authorize an appropriation from the Emergency and Budget Reserve Fund to replace general funds appropriated for the health care payments program (HMS 401) to address the budget shortfall in fiscal year 2008-20011.

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

Thank you for this opportunity to testify.