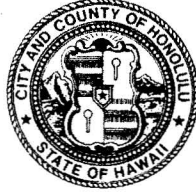


POLICE DEPARTMENT
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813
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MUFI HANNEMANN
MAYOR



BOISSE P. CORREA
CHIEF

PAUL D. PUTZULU
KARL A. GODSEY
DEPUTY CHIEFS

OUR REFERENCE MC-LS

April 7, 2009

LATE

The Honorable Marcus R. Oshiro, Chair
and Members
Committee on Finance
House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair and Members:

Subject: Senate Bill No. 884, S.D. 2, Relating to Non-General Funds

I am Marie McCauley, Major of the Communications Division of the Honolulu Police Department (HPD), City and County of Honolulu.

The HPD strongly opposes Senate Bill No. 884, S.D. 2. This bill seeks the power to move surcharge money from the funds collected specifically for the 9-1-1 system and transfer it to the state general funds to help with the budget shortfall. Any funds that are collected from fees imposed on consumer bills for the purpose of funding enhanced 9-1-1 services should be expended for that reason.

We believe that there are no excess monies in the current wireless fund. The HPD received \$1.2 million from the fund in 2008, which was mostly for maintaining service to our Public Safety Answering Point (PSAP). Each PlantCML position costs \$2,300 per month for receiving wireless and landline calls. We currently have 26 live positions for answering the almost one million calls for service we receive each year.

The HPD has barely touched the surface of our need for assistance from the fund. We have been carefully analyzing our equipment and believe that we will need a new Computer Aided Dispatch (CAD) system to be able to provide excellent service to the community. This system alone could cost \$20 million for a department of our size.

The Honorable Marcus R. Oshiro, Chair
and Members

Page 2

April 7, 2009

In addition, all of the Oahu PSAPs have analyzed the possibility of each of us sharing a CAD system, which would allow for more efficiency in transferring information immediately from one department to another. Although this would increase the cost of purchasing a system, we believe that the effectiveness of this long-range planning is imperative to satisfy the ongoing public safety needs of our community. This one project alone could diminish a substantial amount of money from the fund, thereby showing there is no excess.

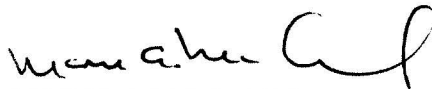
The 9-1-1 system is the foundation of our community's homeland security in times of natural or man-made disasters. We must be able to field the volume of calls that arrive in emergency situations and have the capability to record and respond to each need.

We also believe that there are legal issues surrounding this proposed legislation that may result in civil action that could potentially tie up the funds until resolved. This would not help anyone in our community.


Lastly, the federal government has clearly affirmed that states that raid wireless funds for use in the general funds may be ineligible for certain federal grant programs. This year, there are numerous opportunities available for grants that would enhance the 9-1-1 wireless technology. Therefore, we believe that it is not feasible to take this course of action at this time.

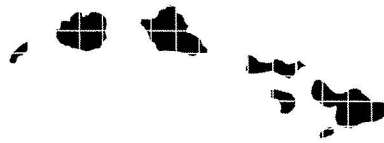
Thank you for giving us the opportunity to express our strong opposition to this bill.

Sincerely,


MARIE A MCCAULEY, Major
Communications Division

APPROVED:


BOISSE P. CORREA
Chief of Police



LAND USE RESEARCH
 FOUNDATION OF HAWAII
 700 Bishop Street, Ste. 1928
 Honolulu, Hawaii 96813
 Phone 521-4717
 Fax 536-0132



LATE

Via Capitol Website

April 7, 2009

House Committee on Finance
Hearing Date: Tuesday, April 7, 2009, at 3:30 p.m. in CR 308

Testimony in Opposition to SB 884 SD2, PROPOSED HD1.
Relating to Non-General Funds
(Transfers funds including Rental Housing Trust Fund)

Honorable Chair Marcus Oshiro, Vice Chair Marilyn Lee and House Committee on Finance Members:

My name is Dave Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF **opposes SB 884 SD2, PROPOSED HD1** which transfers excess balances from various non-General Funds to the State General Fund; repeals central service and administrative fee exemptions; transfers interest from non-General Funds to the General Fund; and redistributes conveyance tax revenues. This bill **will negatively impact the production of affordable housing**, and thus, LURF objects to the following portions of the bill:

- **Section 16 – Transfer out of Rental Assistance Revolving Fund.** Transfers \$20,000,000 out of the Rental Assistance Revolving Fund(RARF);
- **Section 46 – Repeals the Central Service Fee exemption for bond special funds.** Repeals the exemption from the central service expense assessment fee for the Housing Loan Program Revenue Bond Special Fund and the Housing Project Special Fund;
- **Section 54 – Transfer of Interest Income into the General Fund.** Temporarily transfers interest earnings on Hawaii Housing Finance and Development Corporation's (HHFDC) revolving funds to the General Fund; and

- **Section 60 – Reduction of Conveyance tax revenue allocation.** Temporarily reduces from 30 percent to 15 percent the amount of conveyance tax revenues that is deposited into the Rental Housing Trust Fund (RHTF).

Background. The lack of affordable housing remains a significant problem affecting Hawaii. Finding ways to provide sufficient affordable housing and market housing for Hawaii's residents has been a major objective for our elected officials, and state and county agencies, and members of the housing industry and business community. For the past two years, LURF has participated in a statewide Task Force comprised of representatives from all four counties, business, labor, developers, architects, nonprofit providers of services, the State, and the legislature, whose purpose was to identify, address and propose regulatory reform and solutions to remove the regulatory barriers to the production of affordable housing. The members of the Task Force agreed that a major part of the solution to the affordable housing problem was to increase the supply of both affordable and market housing, by removing regulatory barriers. This bill is contrary to the goals, objectives and solutions proposed in the state-wide Task Force Report, and will have a negative impact on the production of affordable housing projects.

SB 884, SD2, PROPOSED HD1. The purpose of this bill is to essentially find ways to fund the budget shortfall that the State is experiencing due to the economic downturn plaguing our state and nation. As stated in the Purpose section of the PROPOSED HD1:

Given the level of spending that has been authorized by the legislature during the 2007 and 2008 regular and special sessions and the anticipated rising cost of state operations, a \$1,760,000,000 general fund budget shortfall is projected by the end of fiscal year 2010-2011 if corrective action is not taken. The legislature finds that due to the extraordinary fiscal crisis the State faces, non-general funds must be reviewed and scrutinized to determine if excess balances are available. The legislature further finds that transfers of excess balances are needed to help address the critical budget shortfall in fiscal biennium 2009-2011.

SB 884, SD2, PROPOSED HD1 would cause a reduction of affordable housing alternatives available in Hawaii as follows:

- **Section 16 – Transfer out of Rental Assistance Revolving Fund,** We understand that this bill would negatively impact the availability of affordable housing by transfer of approximately \$2,000,000.00 out of the Rental Assistance Revolving Fund to the General Fund. We have strong reservations regarding this transfer. A transfer of this size would result in the termination of the interim construction financing program.
- **Section 46 – Central Service Fee Exemption Repeal.** We understand that this bill would negatively impact the availability of affordable housing because it repeals of the exemption from the central service expense assessment fee for the Housing Loan Program Revenue Bond Special Fund and the Housing Project Bond Special Fund. These bond special funds were established to account for a system of housing projects to be financed from the proceeds of bonds secured under the same trust indenture. These funds serve as pass through funds in which the HHFDC issues tax-exempt revenue bonds for a private housing

developer/owner. The trustees for these funds provide the necessary administrative services.

- **Section 54 – Transfer of Interest Income of affordable housing revolving funds into the General Fund.** We understand that the temporary transfer of interest earnings on HHFDC’s revolving funds to the General Fund will have a negative impact on the availability of affordable housing. Transferring investment interest to the General Fund would negatively impact the amount of funds available for financing assistance to affordable housing efforts for the following affordable housing programs, which earn investment interest for the Housing Finance Revolving Fund, Rental Assistance Revolving Fund, Dwelling Unit Revolving Fund, and Fee Simple Residential Revolving Fund.
- **Section 60 – Reduction of Conveyance tax revenue allocation.** In prior testimony, LURF has questioned the legal nexus of using conveyance taxes to fund the RHTF. Notwithstanding those comments, however, we understand that Section 60 would negatively impact the availability of affordable housing by temporarily reducing the amount of conveyance tax revenues that is deposited into the Rental Housing Trust Fund (RHTF) from 30 percent to 15 percent. Essentially, the effect of cutting in half the percentage of conveyance tax revenues dedicated to the RHTF would negatively impact the development of much-needed affordable rental housing statewide. It is evident that at these funding levels, the HHFDC cannot fully leverage its annual allocation of Federal Low-Income Housing Tax Credits. The Federal tax credits are typically leveraged with other financial resources, including the Rental Housing Trust Fund, to finance the development of approximately 150 rental units per year.

LURF’s Position. In the past, LURF has commented that there is no legal nexus to use conveyance tax revenues to fund the RHTF. Notwithstanding those comments, LURF **opposes the portions of SB 884, SD2, PROPOSED HD1** which would: transfer \$2,000,000 out of the RARF to the General Fund; repeal the central service fee exemption for bond special funds related to affordable housing; transfer the interest income from HHFDC’s affordable housing revolving funds to the General Fund; and reduce the amount of conveyance tax revenues deposited into the RHTF. This bill, combined with the economic problems faced by many prospective homeowners and the real estate market, would severely hinder the production of affordable housing options for lower income households.

Based on the above, we respectfully request the House Finance Committee to **hold this bill, or in the alternative, amend the bill by deleting the above-referenced portions of the bill which negatively affect the production of affordable housing.**

Thank you for the opportunity to testify **in opposition to SB 884 SD2, PROPOSED HD1.**

LINDA LINGLE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

CHIYOME LEINAALA FUKINO, M.D.
DIRECTOR OF HEALTH

LATE

In reply, please refer to:
File:

WRITTEN TESTIMONY

House Committee on Finance

S.B. 884, S.D. 2, H.D. 1, Relating to Non-General Funds

**Testimony of Chiyo Leinaala Fukino, M.D.
Director of Health**

April 7, 2009, 3:30 p.m.

- 1 **Department's Position:** The Department of Health (DOH) strongly opposes Parts I and II of the
2 proposed HD 1 that speak to the lapsing of the DOH special funds into the general fund.
- 3 **Fiscal Implications:** The proposed lapses will severely impair the continued operations of many of
4 these Departmental programs,
- 5 **Purpose and Justification:** In order to address the State's budget shortfall, the proposed HD 1
6 proposes to transfer funds to the general funds from various special funds; transfer into the general fund
7 interest earned on short-term investment or deposit of moneys of certain special funds and revolving
8 funds for the period from July 1, 2009 until June 30, 2015; and repeal the provisions that exempt certain
9 special funds from assessments for central service and departmental administrative expenses.
- 10 • Deposit Beverage Container Special Fund (DBCSF) – Section 5 of HD 1 proposes to transfer
11 \$20,000,000 from the DBCSF for FY 2009 to the general fund. In addition, Section 19 of HD 1
12 also proposes to transfer \$20,000,000 from the DBCSF for FY 2009 to the general fund. Thus, a
13 total of \$40,000,000 is proposed for transfer from the DBCSF to the general fund for FY 2009.
14 This, together with the proposed transfer of interest earned from FY 2010 through FY 2015 and
15 the repeal of the DBCSF's exemption from the central service assessment and administrative

1 expenses will render the DBC program inoperable. As of February 2009, the DBC special
2 fund unencumbered balance is only approximately \$14.3 million. All DBC program staff
3 positions would be eliminated, including 10 warm bodies. The DBC program also financially
4 supports county recycling staff positions. These county positions would also be eliminated,
5 including approximately 6 warm bodies. The Department supports the previous draft of this
6 measure, which authorized the transfer of \$10 million from the DBC special fund, which is
7 consistent with current executive budget priorities.

8 Further, the proposed transfer of \$40,000,000 in FY 2009 would leave the DBC program with
9 insufficient funds to reimburse refund values (5-cents/container) and pay handling fee
10 (1-cent/container) to certified redemption centers (CRCs). CRCs generally take out loans from
11 lending institutions to front refund values (5-cents) to their redeeming customers. As a result,
12 CRCs demand almost immediate payment from the DBC program in order to reduce the finance
13 charges applied to their loans. The program, by generating large purchase orders to expedite
14 payment, is able to pay CRCs on their refund value reimbursement claims (form DR-1s) within 2
15 weeks. If the DBC program does not have an available and adequate cash balance, they would
16 not be able to pay the CRCs. CRCs also submit claims for handling fees for DBC material the
17 CRCs process and transport for recycling. In general, the CRCs store their collected DBC
18 material to fill shipping containers, which minimize shipping costs. When the stored DBC
19 material is shipped for recycling, the CRCs submit claims for handling (also termed processing)
20 fees. The timing of such claims is unpredictable and may be submitted well after the DBC
21 material was originally collected. If the program does not have sufficient funds, payments on
22 handling fee claims would be delayed. In addition to DBC material scrap value, the CRCs rely
23 on the handling fees to cover transportation costs and to generate a profit. CRC managers have
24 stated that, if payments on refund reimbursement and/or handling fee claims are significantly

1 delayed, the CRCs would not be able to continue redemption operations and would shutdown.
2 Shutdown of the CRCs would result in CRC employee layoffs (adding to Hawaii's
3 unemployment woes) and, more significantly, to the elimination of DBC redemption centers and,
4 ultimately, to the termination of DBC recycling. Approximately 300 CRC staff would be
5 without jobs.

- 6 • Drug Demand Reduction Assessments Special Fund (DDRASF) – The HD 1 proposes to transfer
7 \$1,000,000 from this fund to the general fund for FY 2009. This fund **supplements drug**
8 **treatment and other drug demand reduction programs** through the imposition of monetary
9 assessments in cases involving persons convicted of an offense related to drugs and intoxicating
10 compounds under Part IV of Chapter 712, Hawaii Revised Statutes (HRS), and Chapters 291 and
11 291E, HRS. Assessments are applicable to persons who are convicted, or charged with an
12 offense and have been granted a deferred acceptance of guilty (DAG) or no contest plea
13 (DANC). Act 152 Session Laws of Hawaii (SLH) 2004, added “driving under the influence”
14 offenses for which drug demand reduction assessments are also imposed. As the DUI rate
15 increased in Hawaii, ADAD intended to expand the use of the DDRASF funds in a more targeted
16 manner to effectively address this growing statewide problem. Efforts to plan, coordinate and
17 implement various programs and services with private sector organizations as well as public
18 sector agencies including the Judiciary and the Department of Transportation was anticipated to
19 strategically allocate DDRASF funds to support and strengthen DUI related efforts across the
20 state.

21 Clearly the impact of the transfer of DDRASF funds to the general funds and the temporary
22 transfer of interest earned on the DDRASF (approximately \$36,000 per year) **will result in**
23 **suspending ADAD’s efforts to address the growing DUI problem here in Hawaii.** It is vital
24 that the true impact of this transfer must also be assessed in relationship to all of the proposed

1 reductions to the Alcohol and Drug Abuse Division (ADAD). The current House version of the
2 Executive Biennium Budget for FB 2009 -11 will impact ADAD in the following manner:

3 In FY 2010, ADAD's MOE general fund requirement is estimated at \$19,457,240. If
4 ADAD'S FY 2010 general fund appropriation is reduced to \$18,337,016, **the State will**
5 **be out of compliance by approximately \$1,120,224 which could result in a dollar to**
6 **dollar reduction in the SAPT Block Grant award by \$1,120,224, or close to 16%.**

7 In FY 2011, ADAD's MOE general fund requirement is estimated at \$19,088,510 with
8 the \$1,916,912 total reduction in FY 2010. If ADAD'S FY 2011 General fund
9 appropriation is reduced to \$18,337,016, the State will be out of compliance by
10 approximately \$751,494 **which could result in a dollar to dollar reduction in the**
11 **SAPT Block Grant award by \$751,494, or close to 11%.**

12 Please note that the current proposed House version of the Executive Biennium Budget, as
13 detailed above, will result in a General fund reduction of \$1,916,912 and a possible federal fund
14 reduction of \$1,120,124 for a total reduction of \$3,037,136 in FY 2010; and a general fund
15 reduction of \$1,916,912 and a possible federal fund reduction of \$751,494 for a total reduction of
16 \$2,668,406 in FY 2011.

17 If the transfer of **\$1,000,000 in special funds** in FY 2009 was imposed in **ADDITION** to the
18 proposed reductions reflected in the House version of the budget, ADAD's budget would take an
19 overall reduction of **\$3,833,824 in general fund** reductions as well as possible additional
20 reduction of **\$1,871,718 in federal funds** over the two years of the fiscal biennium. This would
21 result in a total reduction of **\$6,705,542** over all sources of funds (General, Special and Federal)
22 over the next three fiscal years.

23 These reductions would result in a significant number of individuals who would not receive vital
24 substance abuse services. We estimate that **approximately 7,285 youth would not receive**

1 substance abuse prevention services and approximately 764 individuals would not receive
2 substance abuse treatment services. This would result in an increased level of substance use
3 and abuse in our communities statewide with corresponding increases in a wide range of
4 physical, psychological and social dysfunctions.

- 5 • Tobacco Settlement Special Fund (TSSF) – The HD1 proposes to transfer \$33,000,000 from this
6 fund to the general fund for FY 2009. However, the TSSF is statutorily appropriated for set
7 purposes in Chapter 328L-2 of the Hawaii Revised Statutes:

- 8 1. 24.5% for emergency and budget reserve fund;
- 9 2. 35% for Department of Health (up to 10% Department of Human Services for the State
10 Children's Health Insurance Program;
- 11 3. 25% for DOH health promotion and disease prevention programs;
- 12 4. 12.5% for tobacco prevention and control trust fund; and
- 13 5. 28% for University of Hawaii revenue-undertaking fund and annual operational expenses
14 for the new medical school.

15 The revenue from the multi-state settlement with the participating tobacco companies is not
16 received into the State Treasury until the last quarter of the fiscal year. From there, the
17 Department works with the different agencies following state procurement procedures and
18 memorandums of agreements to transfer the fund for various appropriations. The Department
19 retains a portion for the purpose of the health promotion and disease prevention programs. The
20 portion that the Department receives is carried into the following fiscal year to be expended for
21 that year. The revenue received is historically 15% below the projected master settlement
22 amounts, based on the profits from cigarette sales and subject to payment adjustments,
23 reductions and offsets by the tobacco companies.

- 1 • Environmental Health Education Fund (EHEF) – The HD 1 proposes to transfer \$400,000 from
2 the EHEF to the general fund for FY 2009. The Environmental Health Services Division
3 programs have been historically plagued with staffing and budget problems, severely impacting
4 the programs' ability to fulfill their functions and responsibilities. General fund allocations have
5 been drastically reduced over the years so that currently all division programs are operating on
6 limited allocations. **The EHEF is an essential funding component to support the division's**
7 **programs.**

8 The EHEF is established within §321-27, HRS. The statutes allow for the deposit of all moneys
9 collected from fees for permits, licenses, inspections, various certificates, variances,
10 investigations, and reviews. Moneys in the fund shall be expended for the purpose of enhancing
11 the capacity of environmental health programs to:

- 12 1. Improve public outreach efforts and consultations to industries regulated;
- 13 2. Educate the public, staff, and industries regulated;
- 14 3. Plan for future growth and expansion to meet emerging needs; and
- 15 4. Provide training opportunities to ensure the maintenance of professional
16 competence among environmental health staff and administrators.

17 Currently, approximately 90% of the fees supporting the EHEF are generated through food
18 establishment permits. As such, a majority of the funds is used to support the food safety
19 programs. One of the major programs supported by the fund is the Food Safety Consultative and
20 Education Program. This program provides food safety surveillance and control, and educational
21 activities to assist the food service industry and food handlers. Informed food managers and
22 food handlers are essential for the control of foodborne pathogens in food served to the public.
23 Restaurants, catering services, delicatessens, markets, and other food purveyors employ food
24 handlers who need continuing education and training in food safety. It is the intent of this

1 program to provide preventive measures through educational programs and analytical studies of
2 contamination outbreaks. Other public outreach efforts allow the division to maintain optimal
3 levels of public health prevention functions.

4 The reduction of any budget allotment to the EHEF would severely impact the division's
5 programs' capability to provide optimal public health services. Any reduction would virtually
6 cripple the division's ability in providing adequate protection to the public from health related
7 diseases and injuries. The general public would be at critical risks for lack of necessary program
8 functions. The reduction of funds would result in the deletion of six (6.00) permanent positions
9 and result in warm body reduction-in-force:

- 10 • Clean Air Special Fund (CASF) –The HD 1 proposes to transfer \$8,000,000 from the CASF to
11 the general fund for FY 2009. This transfer is **federally prohibited unless it is used for the**
12 **intended purposes of supporting all direct and indirect costs of the federal Title V**
13 **permitting program.** It is not clear whether the transfer of the interest accrued from the Fund
14 falls under the same federal Title V restriction.

15 The CASF was established (Act 240/1992) pursuant to the federal Clean Air Act (CAA), Title V,
16 Section 502, which mandated the development of a federal operating air permit program and the
17 collection of fees to sufficiently cover all cost associated with the subject program.

18 Section 502(b)(3)(A) specifically states that: “. . . the owner or operator of all (Title V) sources.
19 . pay an annual fee, or the equivalent over some other period, sufficient to cover all reasonable
20 (direct and indirect) costs required to develop and administer the permit program requirements of
21 the title. . .” Furthermore, Section 502(b)(3)(C)(iii) stipulates that: “Any fee required to be
22 collected by a state, local, or interstate agency under this subsection shall be utilized solely to
23 cover all reasonable (direct and indirect) costs required to support the permit program as set forth

1 in subparagraph (A).” Thus, the State CASF was established to manage the fees that were
2 collected from the air permitted sources and to account for the expenditures of the air program.

3 In a correspondence to the State Senate and House, dated April 14, 1998, the Attorney General
4 confirmed that “under section 502 of the Clean Air Act, air permit fees shall be utilized solely to
5 cover all reasonable (direct and indirect) costs required to support the permit program.”

6 Furthermore, a recent correspondence from the Acting Regional Administrator of EPA, Region 9
7 also reaffirmed this same position.

8 **If the CASF is not maintained accordingly and is compromised, Hawaii will lose its federal**
9 **delegation of the CAA, Title V, operating air permit program.** The negative impact will be
10 that the state will no longer be able to process and issue Title V permits for covered sources such
11 as Hawaiian Electric Company, Chevron, Tesoro, and other industrial facilities. Instead, the
12 sources will have to apply and report to the U.S. Environmental Protection Agency (EPA),
13 Region 9, located in San Francisco since EPA will be required to assume responsibility of the
14 operating permits program and to establish its own fee program within the State. In addition,
15 strict sanctions may be imposed by EPA jeopardizing the receipt of future EPA grant awards to
16 Hawaii.

- 17 • **Noise, Radiation & Indoor Air Quality Special Fund (NRIAQSF) -- The HD 1 proposes to**
18 **transfer \$300,000 from this fund to the general fund which will shut down the tactical**
19 **Radiological Response Team operations, severely impact the radiation program, and the**
20 **neighbor island operation of the community noise program.** Specifically, the following
21 effects will occur:

- 22 1. About 80% of interisland travel to conduct periodic inspections of radiation facilities will
23 not occur raising the potential for unnecessary exposure to ionizing radiation to the
24 workers, patients, and the general public.

- 1 2. Non-compliance with radiation instrument annual calibration requirements. This impacts
2 not only radiological response but also radiological health inspections for over 1100
3 radiation facility and services licensees.
- 4 3. The Department of Health's State Radiological Response Team operations will not be
5 able to conduct training and exercises necessary to maintain response skills, and conduct
6 response for real events such as a release of radioactive materials from the nuclear
7 propulsion ships and operations at Pearl Harbor, from high-energy industrial radiography
8 sources used statewide in construction projects, and from potential terrorist events
9 involving radiological dispersal devices (RDD) or improvised nuclear device (IND).
- 10 4. Non-compliance of OSHA requirements for response personnel because requirements
11 such as annual respirator physicals, respirator fit tests, and mandatory hazardous
12 operations (Hazwoper) training cannot be accomplished.
- 13 5. Non-compliance with FDA and the Mammography Quality Standards Act of 1992
14 (MQSA) for Certified Mammography Inspectors to obtain continuing education units.

15 The radiation program has two such inspectors.

- 16 • Environmental Management Special Fund (EMSF) – The HD 1 proposes to transfer \$4,000,000
17 from this fund to the general fund for FY 2009. **The anticipated FY 2010 revenue for the
18 EMSF is only \$891,000 and expenses will be over \$1,440,000. Program activities supported
19 by this fund will not be sustainable with the \$4 million transfer.**

- 20 1. Solid Waste Tip Fee -- The transfer of funds would result in the deletion of 8.00
21 permanent positions and result in a warm body reduction-in-force (RIF). These positions
22 are required to develop and implement departmental rules on solid waste management
23 activities, implement the requirements of the Resource Conservation and Recovery Act
24 (CFR part 258); review and approve or disapprove permit applications for solid waste

1 management, special waste, and materials recycling facilities; inspect and assure
2 compliance of permitted waste management facilities; investigate and initiate
3 enforcement actions against violators and illegal operations; analyzes monitoring data
4 relating to groundwater contamination, ash management and landfill gas generation;
5 respond to complaints regarding illegal dumping or disposal of solid waste, or other
6 special wastes. There no other state agencies that would be able to provide these
7 services.

8 2. Glass Advanced Disposal Fee -- The transfer of funds would result in the deletion of 1.00
9 permanent position and result in a warm body RIF. The position provides oversight to
10 contracts for the recycling glass containers in each county. There no other state agencies
11 that would be able to provide these services. The reduction may have significant impact
12 on the funding glass recycling programs and may also result in a warm body reduction-
13 in-force at the county level.

14 3. Advance Tire Surcharge fee -- The funds currently in this fund were collected from
15 companies that import new tires into Hawaii (tire wholesalers and new car dealers). The
16 fund is intended for cleaning up illegal tire dumps throughout the state. There are no new
17 revenues for this fund. The transfer of funds would eliminate the State's ability to initiate
18 a cleanup any tire piles that pose a risk to human health and the environment. Given the
19 current economic climate, we expect more illegal dumping associated with companies
20 avoiding cost to properly dispose and/or abandoning tires. In fact, we have just identified
21 a site in Aiea with over 2,000 tires.

- 22 • Neurotrauma Special Fund (NSF) – The HD 1 proposes to transfer \$1,500,000 from this fund to
23 the general fund for FY 2009. As of January 14, 2009, the current NSF balance is estimated to
24 be \$2.6 million dollars. The Neurotrauma Advisory Board (NTAB), established under the

1 authority of Section 321 H, HRS, is tasked with advising the Department of Health (DOH)
2 regarding the expenditure of the NSF; thus, planned expenditures for FY 2009 are determined by
3 the NTAB. Of the estimated \$2.6 million balance, approximately \$692,867 will be expended
4 during FY 2009 for: a peer mentoring project and a fall prevention study, a statewide needs
5 assessment of individuals with Neurotrauma Injuries, a brain injury specialist certification
6 program, a study of the benefits of community based cognitive rehabilitation, and educational
7 and awareness activities. At the annual planning meeting February 27, 2009, NTAB voted on
8 future uses of the special fund. DOH expects to receive the formal recommendations of the
9 NTAB shortly; these recommendations should comply with the statutory purpose for which the
10 NSF was established. Planning of future activities (for such things such as support for persons
11 with co-occurring neurotrauma and mental illness) may result in delayed implementation or
12 limits to the scope of future proposed work.

- 13 • Emergency Medical Services Special Fund (EMSSF) – The HD 1 proposes to transfer
14 **\$12,000,000 from this fund to the general fund for FY 2009 which will result in a**
15 **substantial shortage in funding for FY 2010 to fully encumber EMS contracts for**
16 **ambulance services** based on our biennium budget request. This situation would necessitate
17 cuts in ambulance contracts. This projection does not account for delays (other than a one-month
18 lag) in monthly deposit of collections, diminishing collections, or the impact that other proposed
19 measures (i.e. HB 1732, HB 1733, HB 1734, HB 1740) may have on the availability of
20 Emergency Medical Services Special Funds.
- 21 • Vital Statistics Improvement Special Fund (VSISF) – The HD 1 proposes to transfer \$500,000
22 from this fund to the general fund for FY 2009. These funds are intended to be used to:

- 1 1. Modernize the marriage registration system to encourage more people to get married in
2 Hawaii. The marriage/wedding/honeymoon business is an important economic
3 component of Hawaii's tourism industry.
- 4 2. Support the federally mandated requirements to make birth, marriage and death records
5 more secure to prevent identity theft per the REAL ID Act and the Intelligence Reform
6 and Terrorism Prevention Act. The reduction in funds would result in the deletion of 2
7 temporary positions and subsequent warm body RIF. These 2 positions are required to
8 carry out federal mandated requirements to make birth, marriage and death records more
9 secure to prevent identity theft per the REAL ID Act and the Intelligence Reform and
10 Terrorism Prevention Act. In addition, there is no other agency that is responsible for
11 this function and has the resources, expertise, and knowledge to address the federal
12 mandates. Complaints related to the public not obtaining their birth, marriage, and death
13 certificates would end up unaddressed and resulting in problems of greater magnitude in
14 the future.

- 15 • The Department of Health administers the domestic violence and sexual assault special fund.
16 Established in 1997 (Hawaii Revised Statutes Section 321.1.3), the special fund provides for
17 programs that support or provide domestic violence and sexual assault intervention or
18 prevention. The Department has a number of existing contracts and would like to continue a
19 number of projects already underway, particularly those in which we have invested significant
20 resources. Raiding the special fund will jeopardize a number of our projects and delay
21 implementation of the Domestic Violence 5 Year Strategic Plan which was requested by the
22 Legislature in 2005.

23 Thank you for the opportunity to testify.

DOMESTIC VIOLENCE SEXUAL ASSAULT SPECIAL FUND
Description of Activities and Purchase of Service Contracts

Contract	FY 2009 7/1/08-6/30/09	FY 2010 7/1/09-6/30/10	FY 2011 7/1/10-6/30/11	Totals
A. Hawaii State Coalition Against Domestic Violence (HSCADV)	200,000	200,000	150,000	550,000
B. Honolulu Theater for Youth	24,900	-	-	24,900
C. University of Hawaii - Sexual Violence Policy (5 Yrs) Women's Health	150,000	150,000	100,000	400,000
D. University of Hawaii - Athletics PSA (Sexual Violence)	24,000	-	-	24,000
E. Sexual Violence Primary Prevention Implementation	-	-	80,000	80,000
F. Sexual Assault Treatment Center Evaluation Curricula	24,000	24,000	-	48,000
G. Dating Violence	-	50,000	50,000	100,000
H. BFRSS Surveillance	10,000	10,000	10,000	30,000
I. Domestic Violence/Child Death Review Fatality Review Training	5,000	5,000	50,000	60,000
J. Personnel - CDR Nurse	-	75,000	75,000	150,000
K. Administrative Cost/Central Services	29,000	29,000	29,000	87,000
Totals:	466,900	543,000	544,000	1,553,900

- A. Hawaii State Coalition Against Domestic Violence (HSCADV)**
Provide statewide implementation of the Domestic Violence 5 Year Strategic Plan which was requested by the Legislature in 2005. Includes providing oversight and leadership, consultation and technical assistance, and training to county task forces to identify priorities from the plan for their communities.
- B. Honolulu Theater for Youth**
Development of a companion presentation of sexual violence prevention education through theater performances of a play entitled "Choice" for female high school students. Post-performance gender specific discussion groups between trained leaders and students are a key part of the effectiveness of the program.
- C. University of Hawaii at Manoa, Women's Center**
Development of a model to address sexual violence prevention including sexual assault, dating violence, stalking and cyberstalking and victim services in 2 college campuses to be replicated in the remaining 7 college campuses in the following 4 years. In addition, Sexual Violence Prevention Task Forces will be developed in each of the campuses.

DOMESTIC VIOLENCE SEXUAL ASSAULT SPECIAL FUND
Description of Activities and Purchase of Service Contracts

- D. University of Hawaii, Office of Student Equity, Excellence, and Diversity** Development of PSAs to promote messages which endorse non-violent and respectful male attitudes toward women. The messages will be presented by well-known University of Hawaii (UH) student athletes and coaches, who have been selected as positive roles models to influence the young adult male population. A minimum of three (3) 30-second PSAs shall be produced.
- E. Sexual Violence Primary Prevention Plan Implementation**
Plans to implement the Centers for Disease Control and Prevention Sexual Violence Primary Prevention Plan which is expected to be completed by June 30, 2009. Statewide programs will be identified with strategies to address the goals and objectives stated in the plan.
- F. JBN Solutions and University of Hawaii, School**
Evaluation of Sex Abuse Treatment Center's Sexual Violence Curricula for kindergarten to high school in the Department of Education. This project will measure the effectiveness of the curricula and of the teacher's training through the development of testing measures, piloting the test, and implementing the evaluation design.
- G. University of Hawaii, John A. Burns School of Medicine, Department of Psychiatry**
Development of a science-based teen dating violence prevention curricula using a train-the-trainer approach. Data collected from previous dating violence projects with DOH will be used in the curriculum development by graduate and undergraduate students which will be implemented as a train-the-trainer model with community-based organizations serving youth statewide.
- H. Behavioral Risk Factors Surveillance System (BRFSS)**
Surveillance system to obtain sexual violence and intimate partner violence data through survey method to determine their prevalence.
- I. Domestic Violence Fatality Review Training**
Conduct statewide training related to Domestic Violence Fatality Review initiatives.
- J. Child Death Review Nurse (CDR) Coordinator**
Provide for .5 FTE salary and fringe benefits for the CDR Nurse Coordinator.
- K. Administrative Cost/Central Services**



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

LATE

TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
FINANCE
ON
April 7, 2009

S.B. 866, S.D. 2, Proposed H.D. 1

RELATING TO FUNDS

Chair Oshiro, and members of the Committee, thank you for the opportunity to testify on S.B. 884, S.D. 2, Proposed H.D. 1.

The Department of Accounting and General Services (DAGS) has serious concerns S.B. 884, S.D. 2, Proposed H.D. 1 for the following reasons:

1. The State Risk Management Revolving Fund (the Fund) funds the purchase of the State's insurance policies for property loss, liability, and crime (wrongful acts by employees). Additionally, the Fund provides the deductible portion for the insurance policies including automobile losses (which are self insured). Any reduction in the Fund will jeopardize our ability to pay the deductible portion on property losses and to negotiate insurance policy renewals because we may be unable to increase deductible amounts to decrease premium cost. We did this two

years ago with our property policy increasing the deductible from \$250,000 per occurrence to \$1 million per occurrence to reduce the increase in the premium. Deductibles for events such as hurricanes and floods can be much higher as the deductible amount or State's portion of the loss for these events is 3% of the market value of the building and contents. If the latter events occur, the funding requirements on the Fund could significantly erode the balance if not deplete it. A reduction in the Fund coupled with the reduction of \$2.5 million in the general fund appropriation will adversely affect this program's ability to negotiate new policies.

2. Any transfer from the works of art special fund could devastate the Art in Public Places Program and the Hawaii State Art Museum. The current appropriation of \$4,479,548 includes more than \$1.2 million in salaries and \$3 million in operating costs. This fund has been conservatively managed by spending approximately \$2.6 million each year on the average and negotiating and planning projects well in advance of the encumbrance process. For these reasons, variances in the expenditure level from year to year are not uncommon. In FY 2008, for example, \$4.7 million was spent, including \$1 million that was transferred to the Public Works Division to replace the mosaic floor mural in the State Capitol rotunda.
3. The funds in the Stadium Special Fund are being set aside to aid in funding two improvement projects to the exterior of the facility. The two major projects are to repair the circulation road and sections 4-6 of the Lower Halawa Parking Lot. These projects are estimated to cost \$11.5 million and \$5 million, respectively. The significance of repaving the circulation road is that this is the swap meet location which contributes approximately 60% of the Stadium Authority's

revenue. If funds are transferred from this special fund, these repair projects could be delayed or cancelled.

4. The proposed transfer from the system-wide information technology and services special fund is not necessary. This special fund is a "U" for transfer of funds between state departments and any available balance in this account is transferred to the general fund at the end of the fiscal year.

Thank you for the opportunity to testify on this matter.

LATE

Representative Marcus Oshiro, Chair

Representative Marilyn Lee, Vice-chair

Committee on Finance

Sonny Ton That Nam

University of Hawaii at Manoa Student and Campus Center Board President

Tuesday, April 07, 2009

Opposition to of SB884 S.D. 2 HD1 Relating to Transfer of Non-General Funds

To the Honorable Chair Representative Marcus Oshiro,

My name is Sonny Ton and I am the President of the Campus Center Board a Chartered Student Organization at the University of Hawaii at Manoa and a Pre-Medical student. As a student and representative of the University's student union, I am strongly opposed to SB 884 SD 2. This bill allows for the redirection of the University's revenue undertaking funds to the general fund.

There are two significant reasons why this should not be done:

1. Projects like the Campus Center are required to be self-sufficient and "scooping" funds that are saved or that are used for the operations and repair and maintenance of the student union will directly impact the operations and maintenance of the student union. The funds that are said to be in "excess" are no "excesses" and are in fact spoken for as indicated by the union's repair and replacement schedule. In addition, funds are being used for the Campus Center Renovation and Expansion Project. The funds for this project were raised for a specific purpose

with the approval of students so that campus services can meet the needs of students and facilities can begin to be at par with peer institutions.

2. Student organizations that generate savings for a specific purpose should not be penalized for planning to improve and maintain services. Campus Center Board has diligently worked towards planning to enhance their programs based on surveys conducted by the board about student needs. These funds are used to fully plan for the needs of students.

Therefore, I strongly oppose SB884, SD2.

LATE

Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice-chair
Committee on Finance
April 7, 2009

To the Honorable Representative Oshiro,

Re: Opposition to of SB884 S.D. 2 HD1 Relating to Transfer of Non-General Funds

Chair Oshiro and members of the committee, my name is Glenda Duldulao. I am an undergraduate student of the University of Hawaii at Manoa and a member of the Campus Center Board (CCB). Thank you for the opportunity to testify on SB 884 SD2 Relating to Transfer of Non-General Funds.

I strongly oppose SB 884, which would redirect student activity fee monies from Campus Center Operations & Recreation Fee also known as the University Revenue-Undertakings Fund into financing our state's budget shortfall situation.

As a student of the university, I believe that the money that is being sought after belongs to us; the students. We paid for these fees with the understanding it will be used in ways that would benefit us, which includes the services and programs that enhances the quality of campus and student life experience. I have attended a few of the events that are being offered to the students, such as the movie night, concerts and arts and crafts and I personally think that these events provides a venue for students, like me, to unwind from our tiring school schedule. The proposed redirection of excess funds will lessen the funds that are available for programs that aims to enrich our educational experiences here at UH Manoa.

In addition as a member of the Campus Center Board (CCB), which the governing board of the student union, I believe that the "scoop" of money will certainly limit the role of student leaders, like myself, in student empowerment, involvement, and participation in institutional governance. With this proposed redirection of money, it will reduce the CCB's fund balance and may result in eliminating leadership positions and leadership opportunities. Furthermore, our student initiated projects maybe stalled if not eliminated due to low or no fund balances.

The money that is being sought after needs to stay at the university and be used for the students at the university. We need this money to maintain the quality of student life and to provide means of empowerment for our students.

I urge the committee to be in opposition of SB 884 to help maintain the quality of campus and student life of our future leaders.

Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice-chair
Committee on Finance

LATE

Andrew Ken Itsuno
President-Elect
Campus Center Board
University of Hawaii at Manoa

Tuesday, April 7, 2009

**Opposition of SB884 Section 35 and Section 54B Relating to Funds
Specifically Lapsing Special and Revolving Funds to the General Fund**

To the Honorable Representative Marilyn Lee,

I would like to state that on behalf of the Campus Center Board at the University of Hawaii at Manoa and its constituents, I am strongly opposed to Senate Bill 884.

If these funds or any funds from the reserves are taken, the Campus Center will not be able to realize its renovation and repair projects. Students paid the fees in order to receive services from the student union, including services that can be obtained from its renovation and construction. In 2006, students petitioned to raise their own student fees in order to construct this recreational facility.

Renovation and repair of the Campus Center and Hemenway Hall buildings, which are 35 and 71 years old respectively, is critical. If no funds are allocated for its upkeep and its preventive maintenance, the buildings will deteriorate and it will cost the state and university even more funds to manage the deteriorating facilities. Deteriorating facilities will affect programs and services in which students depend on. In addition, they will eventually effect admissions because our facilities will no longer be up to par or will be in disrepair.

Bill 884 will encourage Chartered Student Organizations (CSOs) to maintain low to no fund balances in the future. It will also trigger premature proposals for increases in student fee levels to make up the difference in CSO fund balance reductions. Senate Bill 884 will result in the elimination of student leadership positions and opportunities; minimizing the role student leaders and CSOs assume in student involvement in campus governance.

The Bill will also have a psychological impact on lowering student and staff morale, contributing to decreased student trust of the legislature's perceived infringement of the CSOs right to expend funds as the CSOs see fit from their own accounts.

It is understood that these reserves or cash balances are being considered for other uses because of the current financial state, however, if this rationale is used, funds that are identified for very specific uses will not be used for its intended purpose. Students petitioned to raise their own student activity fees to help build their recreational facility and to maintain and renovate their current student union.

Please do not penalize the Chartered Student Organization for its effective long-range planning & sound fiscal management.

I humbly ask that you oppose Senate Bill 884.

Thank you,

Andrew Ken Itsuno
President Elect
Campus Center Board
University of Hawaii at Manoa

MATTHEW R. WILLIAMS
6581 Hawaii Kai Drive
Honolulu, Hawaii 96825
(808) 366-4157

LATE

April 7, 2009

Dear Chairperson Marcus Oshiro,

I am writing today to offer testimony regarding Senate Bill 884, Senate Draft 2, House Draft 1, relating to Non General Funds. I understand that by the end of fiscal year 2010-2011, a budget shortfall of 1 billion 7 hundred sixty million dollars will occur if no corrective actions are taken, and that everyone has been asked to make sacrifices to contribute to a solution to this problem.

As a graduate student of the University of Hawaii, Graduate Student Organization Representative for the School of Nursing and Dental Hygiene, and a member of the Student Caucus, I hope that I may be offer insights into the repercussions of this legislation. If SB 884, SD2 HD1 is passed Chartered Student Organizations may suffer the following consequences:

1. The proposal may eliminate student leadership positions and opportunities to students by limiting student representation and resources, and by also denying students the opportunity to operate in leadership roles.
2. The proposal may trigger additional increases in student fees to cover the financial shortage. Considering that the UPASS initiative that requires an mandatory fee has been approved by the Board of Regents, and that there is a now a proposal for a mandatory student fee for UH athletics, there is a trend to increase student fees when funding is not available. Mandatory fees are a burden to students, and students require the assistance of the state in light of these increasing educational costs.
3. The proposal will diminish the quality of campus and student life that enriches the educational experience for students.

Investment into the University of Hawaii is an investment into the workforce of our state and part of the solution to this financial crises. SB 884, SD2 HD1 only undermines the student experience. I understand the difficult decisions that you and the committee must face. I thank you for your service during these difficult times and for the opportunity to offer testimony.

Sincerely Yours,

Matthew Williams

Representative Marcus Oshiro, Chair

Representative Marilyn Lee, Vice-chair

Committee on Finance

Nico Nicolo Santos

University of Hawaii at Manoa Student and Campus Center Board Member

LATE

Tuesday, April 7, 2009

Opposition to of SB884 S.D. 2 HD1 Relating to Transfer of Non-General Funds

To the Honorable Chair Representative Marcus Oshiro,

I am a UHM student and I oppose the bill that takes away money from student activities money here at the University of Hawai'i. These are funds paid for by the students of the University of Hawaii at Manoa and if the funds are not being used for the students then it just is not fair. What types of projects will the government use the funds for? If it is to make up for a deficit in government spending then that is something that taxpayers should pay and not just the students of the University. The students already are facing increased cost in student activity fees, tuition, dorm fees, parking, etc. The funding from that account should be used on the students and a use of it for something else that does not benefit student needs here at Manoa is just wrong.

LATE TESTIMONY

April 7, 2009

House Finance Committee,

I come to you today with a heavy heart and deep concern for the students at University of Hawaii Manoa, and ultimately the future of Hawaii, who will be negatively affected if the proposed Senate Bill 884 SD2 HD1 is passed. The purpose of this statement is not to badger you with complaints, rather to enlighten you on the importance of allowing the University Revenue Undertaking Fund and other funds appropriated to Chartered Student Organizations (CSO) to be left for the benefit of the students at UH Manoa.

As you all may know, UH Manoa, like universities throughout the world, is a place of nurturing young aspiring students to become the leaders of tomorrow. Thus, any detrimental affect on students today, can greatly affect the future, not only of our state but of our nation as well. I understand that broad statement such as the one mentioned can be elusive, but one must never forget that every choice we make has its place in the future. And quite honestly, the most dangerous choice is choosing to decrease the tools that will increase the value of the great minds that will soon be in your positions, making the same challenging and detrimental decisions.

The CSOs at UH Manoa are essentially the backbone of student life on campus. The first priority of college is of course academics, but it is within the realm of extracurricular activities that students can truly develop themselves as leaders and as active members of the community. The CSOs provide students with a platform from which their characters can develop into well rounded and aware individuals. The proposed bill will affect the quality of campus and student life since less student fee funds will be available for programs and services that enrich the educational experience for Manoa students. Diminishing the value of these programs, is essentially neglecting to give students all of the tools from which they can shape and mold their own and our society's future.

Students who are directly involved with CSOs are given the opportunity to partake in long-range planning and sound fiscal management, yet the proposed scooping of CSO fund balances will essentially encourage CSOs in the future to maintain a low to NO fund balance for fear of future scoops. Considering the grim financial situations that our economy faces, the last thing we want to be teaching our future generations is to be fearful of making the right financial choices like proper budgeting and saving money. Furthermore, the proposed bill will reduce the CSOs fund balances and may result in eliminating student leadership positions and opportunities. Also, the proposed bill minimizes the role that student leaders and CSOs assume in student involvement and student participation in campus governance. Surely, some of you were involved in your colleges' student leadership boards and look where you are today. Do we really want to close doors for future leaders before they are even opened?

The opportunity to attend college and earn a degree is in theory, priceless. However, thousands of students at UH Manoa and throughout the nation, resort to student loans to pay the bill for this priceless education. The student fee monies are representative of the hard working students, who acknowledge the importance of education not only for their own individual success, but also for the success of our entire society. The proposed bill may trigger premature proposals for increases

in student fee levels to make up the difference in CSO fund balance reductions. The last thing that students need is an increase the high price they already pay for education. Trust me, as a student myself, I assure you that any increase whether it be 1 dollar or 1 thousand dollars, is going to raise concern with many students. Ultimately, the proposed bill could have a detrimental psychological impact by lowering student and staff morale, contributing to decreased student trust of the Legislature's perceived infringement of the CSOs' right to expend funds as the CSOs see fit from their (the CSOs) accounts.

I ask that the House Finance Committee consider the above statements when making a decision on Senate Bill 884 SD2 HD1.

Sincerely,

A handwritten signature in cursive script that reads "Malia Chung". The signature is written in black ink and is positioned above the printed name and title.

Malia Chung
Graduate Student, UH Manoa