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STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
AND  
THE HOUSE COMMITTEE ON FINANCE

January 5, 2010

Chairs Kim and Oshiro and Members of the Committees:

Thank you for this opportunity to present to you an overview of the State's financial condition.

We are currently dealing with the economic and fiscal challenges that have resulted from the severe recession of 2008. The national and global economic events in the past two years have had a profoundly adverse impact on Hawaii. Since 2008, the State has experienced a significant contraction in businesses and employment and unprecedented reductions in tax revenues. The financial crisis and economic downturn have created great hardship on all levels of government by reducing revenues at a time when operating costs continue to rise. However, we are not alone in this experience. As reported by the National Association of State Budget Officers, the majority of state governments currently face major shortfalls in their budgets.

REVENUE PROJECTIONS

Revenue projections from the Council on Revenues (COR) in the past two years have been continually revised, mostly in the downward direction.

On September 29, 2009, the COR changed its general fund tax revenue projections to reflect a decrease of -1.5% for FY 10 and an increase of 6.5% for FY 11. (The previous projections were 0% and 5.6%, respectively.) At its most recent meeting on December 17,

2009, the COR revised its projections to reflect a decrease of -2.5% for FY 10 and an increase of 7.6% for FY 11.

Actual general fund tax collections in the first five months of FY 10 (July through November 2009) decreased by a cumulative -6.5% over the previous year.

To put these numbers in perspective, general fund tax revenues increased by 8.3% in FY 04, 16% in FY 05, 10.9% in FY 06, 3.4% in FY 07, and 1.2% in FY 08; positive growth was reversed by a decline of -9.5% in FY 09. Clearly, lower revenue growth has resulted from the economic moderation in recent years, and negative growth rates in recent years are the fiscal reality we face in the current recession.

#### THE BUDGET SHORTFALL

The cumulative effect of successive revenue reductions is a substantial decrease in the amount of money that the State can expect in the immediate and near future. Given the level of spending that had been authorized and the anticipated rising cost of government operations, it was clear that our revenues and expenditures were out of balance.

Starting with the execution of last year's budget (FY 2009), the Administration has pursued a deliberate and prudent fiscal policy to control State spending and keep it in line with lower revenue expectations. First, hiring restrictions went into effect for all programs except those affecting public health and safety. Second, a general fund restriction of 4% on discretionary operating costs was applied to all departments. Third, restrictions were placed on specific appropriations outside of the budget.

These restrictive measures continued when additional spending reductions were imposed (2% in January 2009 and 2% in May 2009) as we developed the budget for the Fiscal Biennium 2009-11. Sharply declining State revenues required the most severe budget

reductions in recent history. General fund operating costs were cut by \$270 million over the biennium. The 2009 Legislature further reduced the Executive Branch biennium budget by an additional \$173 million in response to lower revised revenue projections by the COR during the session. These cost cutting decisions and various revenue generation actions by the Legislature and the Administration were instrumental in averting a serious budget shortfall at the end of FY 2009.

However, the fiscal crisis continued as we began the new fiscal biennium on July 1, 2009 with a worse-than-projected revenue picture. Using the official revenue projections from the COR as of June 2009, we had anticipated a budget gap of \$633 million by the end of FY 11. This number became significantly larger, \$1.19 billion, as a result of the COR revisions in August 2009. With the most recent revisions in December 2009, this number has grown to \$1.23 billion. The gap between projected revenues and actual appropriations must be closed to satisfy the constitutional requirement of a balanced budget. This is our paramount responsibility and overriding concern in the current fiscal biennium.

#### REDUCING EXPENSES IN FY 2010

The magnitude of the budget gap has required a substantial and immediate reduction in operating expenses. For FY 2010, spending restrictions and other administrative measures were implemented on July 1, 2009 to reduce overall spending. These included restrictions on specific appropriations, eliminating cash funding for capital improvements, debt restructuring, and a comprehensive restriction of 13.85% on operating budget appropriations.

Because payroll costs are the single largest category of expenditures in the State budget, accounting for 60% of the budget total, they must be reduced for any plan to effectively close the budget gap. Our original plan to implement a furlough of all State employees for 3 days a

month was blocked. This furlough plan would have saved an estimated \$680 million in general funds for the biennium.

To achieve needed payroll savings, a reduction-in-force (RIF) was initiated in August 2009. Concurrently, collective bargaining discussions were pursued with the Hawaii State Teachers Association (HSTA), the Hawaii Government Employees Association (HGEA) and the United Public Workers (UPW) to arrive at contract agreements for the biennium. We have secured a contract with the HGEA and a contract with the HSTA. Negotiations with one of the bargaining units of the UPW are currently in arbitration. At this time, there is no movement on a new agreement with the University of Hawaii Professional Assembly (UHPA) or the other UPW unit. Contracts with the HGEA and the HSTA allow for furloughs averaging two days a month over the biennium. General fund savings on payroll costs including fringe benefits from the furlough plan are estimated to be \$170.7 million in FY 2010.

The combination of all the above actions - - restrictions, debt restructuring, RIF, furlough and other administrative measures - - is expected to reduce general fund spending by a total of \$452.3 million in FY 2010. This is a critical step toward closing the budget gap but it is not enough to close the shortfall completely. The following additional actions are needed in order to balance the 2010 budget and produce a projected \$60.3 million ending fund balance:

1. Transfer excess balances from special funds. Our most recent review of non-general fund accounts indicates a potential \$10 million in excess balances that can be transferred to the General Fund.

2. Delay payment of income tax refunds within the legally allowed 90-day period starting in 2010. This administrative change would provide a one-time savings of \$275 million in FY 2010.
3. Refinance and restructure G.O. bond debt. The refinancing of debt which was recently completed in November 2009 yielded a total of \$97.3 million in savings for the biennium. Additional refunding and restructuring will reduce debt service costs by \$18.6 million in FY 2010.
4. Review expenditure plans and lapse excess authorizations as applicable. We will continue our efforts to closely monitor program expenditure plans to eliminate unnecessary spending and lapse any excess appropriations.

#### REDUCING EXPENSES IN FY 2011: SUPPLEMENTAL BUDGET REQUESTS

As an integral part of budget preparation, departments and agencies have been directed to continue a critical review and re-assessment of programs to determine the core functions and essential services of State government. The overall target is a 13.85% reduction in general funded operating costs for FY 2011. Special funded programs are also required to operate under a ceiling and trim their expenses.

#### The Operating Budget

The Executive Supplemental Budget submission for FY 2011 reflects the following actions:

1. **Reduce State payroll costs.** A total of 1,990 positions (1,693 permanent and 297 temporary) are proposed for elimination. Of this total, 792 positions are vacant. While every department is affected, the biggest reductions are in the largest general funded

programs: Health, Human Services, Public Safety, Accounting and General Services, and Agriculture. The reduction includes the following components:

- Elimination of 792 vacant positions (\$29.2 million saved from all MOF, \$11.1 million in general funds).
- Elimination of up to 1,198 positions identified for layoffs under the August 2009 RIF plan (\$48.8 million saved from all MOF, \$42.7 million in general funds).
- Adjustment in the number of positions that were affected by program changes due to reduction, restructuring, or MOF changes.

For the Department of Education (DOE), the University of Hawaii (UH), and the Hawaii Health Systems Corporation (HHSC), their respective governing boards were given latitude as to how to implement a 13.85% reduction in operating expenses.

The overall changes to the State's workforce are summarized below.

	<u>General Fund</u>	<u>Other MOF</u>	<u>Total</u>
Number of reductions	1,402	588	1,990
Permanent	1,263	430	1,693
Temporary	139	158	297
Filled positions	1,023	175	1,198
Vacant positions	379	413	792

2. **Pursue other labor cost savings through collective bargaining negotiations.** Another means to reduce payroll expenses is through curtailment of working days. The new contract with the HGEA implements a furlough of up to 24 days in FY 2011, and the HSTA contract includes furloughs of 17 or 21 days depending on whether the employee is a 10-month or 12-month worker. While negotiations are still pending with other unions, the departments and agencies their members work for are held to the same level of savings that can be

expected from a comparable furlough. Overall payroll reductions including fringe benefits are estimated to be \$198.4 million from general funds.

3. **Align program requirements with appropriate means of financing.** We have identified additional programs and activities that could be and should be funded with revenue sources other than general funds. As a result, 22 positions and related program expenses are proposed to be funded by various federal and non-general fund sources. Expected general fund savings amount to \$15 million each year.
4. **Reduce operating costs, restructure programs, and preserve essential services of State government.** As revenues continue to decline, the State cannot stay on its current course and maintain the same level of services. Reductions in general funded programs will be achieved through: consolidating and streamlining operations, rolling back non-essential or recently added services, eliminating programs of low priority, and reducing levels of benefits. The major changes will be addressed by the affected departments and programs when they appear before you to discuss their budget requests.
5. **Maximize the use of federal funds.** Hawaii is receiving a substantial amount of federal assistance under the American Recovery and Renewal Act of 2009 (ARRA). A total authorization of \$943 million was included for the biennium in Act 162, SLH 2009, to provide additional operating funds for higher and lower education, unemployment insurance and workforce development, health and welfare, renewable energy and environmental management, housing, and transportation. Another \$19.8 million is requested in the Supplemental Budget to increase the federal ceiling for ARRA funds being received by the Housing Finance and Development Corporation. We continue to explore

and maximize the opportunities for additional federal grants under ARRA as well as through traditional federal programs.

6. **Continue the restructuring and refinancing of G.O. bond debt.** Debt restructuring has been an important tool of fiscal management as we seek to find market opportunities for reducing the debt service costs of the State's borrowing program. For FY 2011, a restructuring program will provide significant savings and result in lower debt service costs.

#### The Capital Improvement (CIP) Budget

For capital improvements, the current level of authorizations is substantial and is deemed adequate for the biennium. Requests for new funding and projects have been kept at a minimum to curtail borrowing costs. Departments have been instructed to accommodate their CIP needs through lapses and trade offs of existing capital improvement program appropriations.

The capital improvement plan for FY 2011 continues to focus on an expanded Major Repair and Maintenance program aimed at getting projects done quickly to address the repair and maintenance backlog and help with job creation. Priority is given to projects currently in progress or nearing completion and projects that improve energy efficiency or contribute to the development of clean energy alternatives for Hawaii. In the area of transportation, the modernization plans for airports and harbors continue to be high priorities.

In an effort to update and eliminate project authorizations that are no longer necessary, we have identified a total of \$70.2 million in existing CIP appropriations that are designated to lapse.



PROPOSALS TO ADDRESS THE BUDGET AND REVENUE SHORTFALL IN FY 2011

Under the prevailing economic and fiscal conditions, the revenue gap of \$1.23 billion cannot be closed by budget reductions alone. We must consider, in this legislative session, other options for generating the revenues needed for basic support of State programs and services. Thus, in addition to the spending reductions being proposed, we recommend the following actions to provide the State with additional resources at this critical time:

1. Refinance and restructure G.O. bond debt. Additional refunding and restructuring will reduce debt service by \$75.2 million in FY 2011.
2. Suspend distribution of revenues from the Transient Accommodations Tax (TAT) to the counties. TAT taxes are currently earmarked for several purposes: funding the operations and marketing programs of the Hawaii Tourism Authority and the Hawaii Convention Center, and giving financial aid to the counties. We recommend that distribution to the four counties be suspended until the State regains its fiscal balance.
3. Implement tax measures to reform and improve Hawaii's tax system. Legislative proposals will be submitted to make Hawaii's tax system more efficient and equitable, to tighten up tax rules, and to improve tax administration. The total tax package, including the TAT proposal, is an integral part of the General Fund Financial Plan and is estimated to generate \$178.3 million in additional revenues for the State in FY 2011.

Taken together, the proposed actions summarized above are expected to generate a significant stream of additional revenues for the State and will enable us to achieve a positive balance in the General Fund for FB 2009-11 and for each year of the planning period.

THE GENERAL FUND FINANCIAL PLAN

The Multi-Year General Fund Financial Plan is presented in Attachment 1.

The General Fund balance was initially determined to be at \$8.0 million on June 30, 2009. Subsequently in September 2009, an error was discovered in the recording of certain tax collections. This error resulted in an overstatement of general fund revenues of \$800,000 in FY 08 and \$44 million in FY 09. With these revisions, the FY 09 general fund balance was changed from a projected positive \$8.0 million to an actual minus \$36.8 million. This is a decrease of \$367.2 million from the previous year, reflective of the decline in revenues due to the global recession.

The General Fund Six-Year Financial Plan encompassing FY 2009-11 and the four subsequent years shows a positive balance in each fiscal year. Under the constraint of declining revenues, these positive balances were achieved from the following actions:

- Executive Branch budget reductions and adjustments as proposed;
- Legislative approval and authorization for Administration proposals that have revenue and expenditure impact; and
- Economic recovery and revenue improvements to take place in FY 11.

I would like to add that the State's disciplined approach in managing its budget has been favorably recognized by all three major credit rating agencies, even in these difficult times. In October 2009, Hawaii received a rating of "AA" from both Standard and Poor's Ratings Service and Fitch Ratings, and "Aa2" from Moody's Investor Service. These strong ratings reflect their assessment that Hawaii State government has consistently displayed prudence and discipline in its fiscal management and governance.

THE EXECUTIVE SUPPLEMENTAL BUDGET RECOMMENDATIONS

THE OPERATING BUDGET

All Means of Financing

For FY 11, total proposed adjustments to the operating budget amount to a net decrease of \$378.2 million, or 3.6%, from all means of financing, as shown below.

<u>Means of Financing</u>	<u>FY 11 Act 162/2009 Appropriation</u> (\$)	<u>FY 11 Proposed Adjustment</u> (\$)	<u>FY 11 Recommended Appropriation</u> (\$)
General Funds	5,267,648,691	(348,294,916)	4,919,353,775
Special Funds	2,504,362,703	(30,087,726)	2,474,274,977
Federal Funds	1,772,522,731	(18,230,466)	1,754,292,265
Private Contributions	433,067	.....	433,067
County Funds	674,179	.....	674,179
Trust Funds	67,648,676	(559,531)	67,089,145
Interdept. Transfers	193,297,512	(3,773,695)	189,523,817
Federal Stimulus Funds	263,661,986	26,407,961	290,069,947
Revolving Funds	385,019,552	(2,964,845)	382,054,707
Other Funds	<u>12,060,876</u>	<u>(714,605)</u>	<u>11,346,271</u>
Total	10,467,329,973	(378,217,823)	10,089,112,150

General Fund

For FY 11, total proposed general fund adjustments to the operating budget amount to a net decrease of \$348.3 million, or 6.6%, less than the current appropriation level. It should be noted that nearly three-quarters (\$253.4 million) of the decrease is due to reductions in payroll costs.

Decrease in Positions

The Supplemental Budget includes a significant decrease in the number of permanent positions and temporary positions:

	<u>Permanent</u>	<u>Temporary</u>	<u>Total</u>
Total adjustments	(1693)	(297)	(1990)

By means of financing:

General Funds	(1263)	(138)	(1401)
Special Funds	(102)	(27)	(129)
Federal Funds	(315)	(88)	(403)
Revolving Funds	(10)	(16)	(26)
Interdepartmental Transfers	(3)	(28)	(31)

The distribution by department is as following:

	<u>Permanent</u>	<u>Temporary</u>	<u>Total</u>
Accounting & General Services	(156)	(1)	(157)
Agriculture	(96)	(3)	(99)
Attorney General	(40)	(6)	(46)
Budget & Finance	(11)		(11)
Business, Econ Dev & Tourism	(36)	(14)	(50)
Commerce & Consumer Affairs	(3)		(3)
Defense	(25)	(3)	(28)
Education			
Education - Charter Schools			
Education - Libraries			
Governor		(4)	(4)
Hawaiian Home Lands	(3)		(3)
Health	(338)	(28)	(366)
Health - Hawaii Health Sys Corp			
Human Resources Development	(20)		(20)
Human Services	(522)	(17)	(539)
Labor & Industrial Relations	(127)	(118)	(245)
Land & Natural Resources	(61)	(21)	(82)
Lieutenant Governor			
Public Safety	(148)	(3)	(151)
Taxation	(33)	(74)	(107)
Transportation	(74)	(5)	(79)
University of Hawaii			

THE CAPITAL IMPROVEMENT (CIP) BUDGET

For **FY 10**, total proposed CIP adjustments amount to a decrease of \$30.4 million in general obligation bond funds, reducing the current general obligation bond appropriation level from \$678.2 million to \$647.8 million.

For **FY 11**, total proposed CIP adjustments amount to \$164.9 million, to be funded from the following sources:

<u>Means of Financing</u>	FY 11 <u>Act 162/2009 Appropriation</u> (\$)	FY 11 <u>Proposed Adjustment</u> (\$)	FY 11 <u>Recommended Appropriation</u> (\$)
General Funds	.....	.....	.....
Special Funds	92,986,000	3,000,000	95,986,000
G.O. Bonds	185,810,000	46,298,000	232,108,000
G.O. Reimbursable	.....	.....	.....
Revenue Bonds	502,557,000	25,170,000	527,727,000
Federal Funds	138,248,000	54,467,000	192,715,000
Private Contributions	3,100,000	.....	3,100,000
County Funds	2,000	.....	2,000
Interdept. Transfers	.....	.....	.....
Federal Stimulus Funds	.....	.....	.....
Revolving Funds	.....	.....	.....
Other Funds	<u>49,600,000</u>	<u>36,000,000</u>	<u>85,600,000</u>
<b>Total</b>	<b>972,303,000</b>	<b>164,935,000</b>	<b>1,137,238,000</b>

Summary details of the Executive Supplemental Budget are provided in the “Budget in Brief” (Attachment 2).

THE GENERAL FUND EXPENDITURE CEILING

By law, general fund appropriations must comply with the expenditure ceiling requirements that are set forth in Section 9 of Article VII of the State Constitution and Section 37-92 of the Hawaii Revised Statutes.

At the aggregate level that includes all branches of government, total proposed appropriations from the General Fund are within the expenditure ceilings for both FY 10 and FY 11.

For the Executive Branch, total proposed appropriations from the General Fund (which include the Executive Supplemental Budget for FB 2009-11 and other specific appropriation measures to be submitted) are also within the Executive Branch's appropriation ceiling in both FY 10 and FY 11.

A summary statement on the General Fund Expenditure Ceiling and Executive Branch Appropriation Ceiling is included in Attachment 3.

#### THE DEBT LIMIT

Section 13 of Article VII of the State Constitution places a debt limit on G.O. bonds that may be issued by the State. It has been determined that the total amount of principal and interest calculated on: a) all bonds issued and outstanding, b) all bonds authorized and unissued, and c) all bonds proposed in the Supplemental Budget (including State guaranties) will not cause the debt limit to be exceeded at the time of each bond issuance.

The Declaration of Findings with respect to the G.O. bond debt limit is included in Attachment 4.

In closing, I want to thank you again for the opportunity to make this presentation. As always, we will work with you on an ongoing basis during the 2010 Session to address issues related to the Executive Supplemental Budget and the General Fund Financial Plan.

Attachments

MULTI-YEAR FINANCIAL SUMMARY  
 GENERAL FUND  
 FISCAL YEARS 09 - 15  
 (in millions of dollars)

	Actual * FY 09	Estimated FY 10	Estimated FY 11	Estimated FY 12	Estimated FY 13	Estimated FY 14	Estimated FY 15
<b>REVENUES:</b>							
Executive Branch:							
Tax Revenues	4,202.3	4,097.2	4,408.3	4,672.8	4,953.2	5,250.4	5,512.9
Nontax Revenues	770.0	459.6	484.2	493.8	503.4	506.0	509.2
Judicial Branch Revenues	35.7	35.2	35.9	36.7	37.4	38.2	39.1
Other	-	306.4	190.4	174.7	196.1	94.9	95.1
<b>TOTAL REVENUES</b>	<b>5,008.0</b>	<b>4,898.5</b>	<b>5,118.8</b>	<b>5,378.0</b>	<b>5,690.1</b>	<b>5,889.5</b>	<b>6,156.3</b>
<b>EXPENDITURES:</b>							
Executive Branch:							
Operating	5,230.7	5,144.2	4,919.4	5,379.3	5,495.0	5,605.9	5,702.3
CIP	12.5	-	-	-	-	-	-
Specific Appropriations	251.7	3.8	3.8	5.0	5.0	5.0	5.0
Other	-	(457.2)	(17.2)	13.6	84.1	30.1	42.6
Sub-total	5,494.9	4,690.8	4,905.9	5,397.9	5,584.1	5,641.0	5,749.9
Legislative Branch	34.0	34.0	34.0	34.0	34.0	34.0	34.0
Judicial Branch	150.4	139.0	139.0	139.0	139.0	139.0	139.0
OHA	3.1	2.5	2.5	2.5	2.5	2.5	2.5
Counties	0.6	-	-	-	-	-	-
Lapses	(307.8)	(65.0)	(65.0)	(65.0)	(65.0)	(65.0)	(65.0)
<b>TOTAL EXPENDITURES</b>	<b>5,375.2</b>	<b>4,801.3</b>	<b>5,016.4</b>	<b>5,508.3</b>	<b>5,694.6</b>	<b>5,751.5</b>	<b>5,860.3</b>
<b>REVENUES OVER EXPEND.</b>	<b>(367.2)</b>	<b>97.2</b>	<b>102.4</b>	<b>(130.3)</b>	<b>(4.5)</b>	<b>138.0</b>	<b>296.0</b>
<b>CARRY-OVER BALANCE (DEFICIT)</b>							
Beginning	330.4	(36.8)	60.3	162.7	32.4	27.8	165.8
Ending	(36.8)	60.3	162.7	32.4	27.8	165.8	461.8
<i>Emergency &amp; Budget Reserve Fund</i>	<i>60.4</i>	<i>57.6</i>	<i>65.1</i>	<i>72.6</i>	<i>80.2</i>	<i>87.7</i>	<i>95.2</i>

\* unaudited

**SUMMARY STATEMENT OF GENERAL FUND  
EXPENDITURE CEILING AND APPROPRIATIONS**

<u>Total State Personal Income (in \$ millions)</u>		<u>State Growth Rate</u>	
Calendar Year 2006	49,124	Fiscal Year 2010	6.14%
Calendar Year 2007	52,253	Fiscal Year 2011	3.35%
Calendar Year 2008	54,175		
Calendar Year 2009*	54,175		
Calendar Year 2010*	54,500		

\* As estimated by the Council on Revenues

All Branches of State Government

	<u>Expenditure Ceiling</u>	<u>General Fund Appropriations</u>	<u>Margin</u>
Fiscal Year 2009		5,670,493,435	
Fiscal Year 2010	6,793,347,647	5,315,882,017	1,477,465,630
Fiscal Year 2011**	7,020,876,175	5,069,887,474	1,950,988,701

\*\* Includes proposed revisions

Executive Branch

	<u>Appropriation Ceiling</u>	<u>General Fund Appropriations</u>	<u>Margin</u>
Fiscal Year 2009		5,482,361,094	
Fiscal Year 2010	5,818,846,579	5,160,239,139	658,607,440
Fiscal Year 2011		5,272,918,691	
Proposed revisions		<u>(348,294,916)</u>	
Total Fiscal Year 2011	5,333,070,220	4,924,623,775	408,446,445



## DECLARATION OF FINDINGS

Pursuant to Section 37-72 of the Hawaii Revised Statutes, the Director of Finance finds and declares that with respect to the proposed capital improvement appropriations for the budget period 2010-2011 for which the source of funding is general obligation bonds:

(1) Limitation on general obligation debt. Article VII, Section 13, of the State Constitution, states in part: "General obligation bonds may be issued by the State; provided that such bonds at the time of issuance would not cause the total amount of principal and interest payable in the current or any future fiscal year, whichever is higher, on such bonds and on all outstanding general obligation bonds to exceed ... a sum equal to eighteen and one-half percent of the average of the general fund revenues of the State in the three fiscal years immediately preceding such issuance." Article VII, Section 13, also provides that in determining the power of the State to issue general obligation bonds, certain bonds are excludable, including "reimbursable general obligation bonds issued for a public undertaking, improvement or system but only to the extent that reimbursements to the general fund are in fact made from the net revenue, or net user tax receipts, or combination of both, as determined for the immediately preceding fiscal year."

(2) Actual and estimated debt limits. The limit on principal and interest of general obligation bonds issued by the State, actual for fiscal year 2009-2010 and estimated for each fiscal year from fiscal year 2010-2011 to 2012-2013, is as follows:

<u>Fiscal Year</u>	<u>Net General Fund Revenues</u>	<u>Debt Limit</u>
2006-2007	5,122,620,268	
2007-2008	5,222,739,619	
2008-2009	5,034,987,956	
2009-2010	4,621,325,000	948,454,784
2010-2011	4,913,356,000	917,541,575
2011-2012	5,187,960,000	898,462,919
2012-2013	(not applicable)	907,896,195

For fiscal years, 2009-2010, 2010-2011, 2011-2012 and 2012-2013 respectively, the debt limit is derived by multiplying the average of the net general fund revenues for the three preceding fiscal years by eighteen and one-half percent. The net general fund revenues for fiscal years 2006-2007, 2007-2008 and 2008-2009 are actual, as certified by the Director of Finance in the Statement of the Debt Limit of the State of Hawaii as of July 1, 2009, dated November 18, 2009. The net general fund revenues for fiscal years 2009-2010 to 2011-2012 are estimates, based on general fund revenue estimates made as of September 9, 2009 and September 30, 2009, by the Council On Revenues, the body assigned by Article VII, Section 7, of the State Constitution to make such estimates, and based on estimates made by the Department of Budget and Finance of those receipts which cannot be included as general fund revenues for the purpose of calculating the debt limit, all of which estimates the Director of Finance finds to be reasonable.

(3) Principal and interest on outstanding bonds applicable to the debt limit. In determining the power of the State to issue general obligation bonds for the fiscal years 2010-2011 to 2028-2029, the total amount of principal and interest on outstanding general obligation bonds are as follows:

Fiscal Year Ending June 30	Gross			Excludable			Net Debt Service		
	Principal Payable	Interest Payable	Debt Service Payable	Principal Payable	Interest Payable	Debt Service Payable	Principal Payable	Interest Payable	Debt Service Payable
2010	172,650,000	233,384,831	406,034,831	7,972,469	3,213,619	11,186,088	164,677,531	230,171,212	394,848,743
2011	243,125,000	226,206,875	469,331,875	11,583,759	2,902,699	14,486,458	231,541,241	223,304,176	454,845,417
2012	338,755,000	212,173,873	550,928,873	9,393,412	2,435,138	11,828,550	329,361,588	209,738,735	539,100,323
2013	376,765,000	195,174,387	571,939,387	6,393,408	2,036,478	8,429,886	370,371,592	193,137,909	563,509,501
2014	392,405,000	177,533,199	569,938,199	5,765,774	1,853,218	7,618,992	386,639,226	175,679,981	562,319,207
2015	393,195,000	158,898,608	552,093,608	5,684,380	1,694,914	7,379,294	387,510,620	157,203,694	544,714,314
2016	364,140,000	139,461,161	503,601,161	4,392,997	1,540,729	5,933,726	359,747,003	137,920,432	497,667,435
2017	394,580,000	121,143,135	515,723,135	4,162,432	1,409,788	5,572,220	390,417,568	119,733,347	510,150,915
2018	339,970,000	102,938,575	442,908,575	3,111,048	1,274,682	4,385,730	336,858,952	101,663,893	438,522,845
2019	288,200,000	87,210,207	375,410,207	2,230,352	1,153,278	3,383,630	285,969,648	86,056,929	372,026,577
2020	219,850,000	74,670,523	294,520,523	2,339,328	1,044,279	3,383,607	217,510,672	73,626,244	291,136,916
2021	191,935,000	64,778,367	256,713,367	2,453,591	930,000	3,383,591	189,481,409	63,848,367	253,329,776
2022	203,960,000	55,100,520	259,060,520	2,572,569	808,089	3,380,658	201,387,431	54,292,431	255,679,862
2023	195,510,000	44,988,421	240,498,421	2,700,670	680,029	3,380,699	192,809,330	44,308,392	237,117,722
2024	196,480,000	35,450,594	231,930,594	2,835,234	545,738	3,380,972	193,644,766	34,904,856	228,549,622
2025	164,450,000	26,178,701	190,628,701	2,976,674	404,301	3,380,975	161,473,326	25,774,400	187,247,726
2026	148,775,000	18,589,524	167,364,524	3,124,957	255,885	3,380,842	145,650,043	18,333,639	163,983,682
2027	105,335,000	11,617,450	116,952,450	1,135,554	100,184	1,235,738	104,199,446	11,517,266	115,716,712
2028	79,745,000	6,316,413	86,061,413	893,484	43,869	937,353	78,851,516	6,272,544	85,124,060
2029	50,765,000	2,303,950	53,068,950	0		0	50,765,000	2,303,950	53,068,950

Additionally, the outstanding principal amount of bonds constituting instruments of indebtedness in which the State has incurred a contingent liability as a guarantor is \$193,500,000, all or a portion of which pursuant to Article VII, Section 13 of the State Constitution, is excludable in determining the power of the State to issue general obligation bonds.

(4) Amount of authorized and unissued general obligation bonds and proposed bonds. As calculated from the State Comptroller's bond fund report as of October 31, 2009, adjusted for (a) appropriations made in Acts 139 and 162, Session Laws of Hawaii 2009, to be expended in fiscal year 2010-2011 (b) lapses proposed in THE EXECUTIVE BUDGET SUPPLEMENTAL [Budget Period: 2009-2011] (referred to as the "Budget") is the total amount of authorized but unissued general obligation bonds amounting to \$2,071,702,362. The amount of general obligation bonds proposed in the Budget is \$46,298,000 (does not include capital improvement appropriations to be funded through the issuance of general obligation bonds proposed by the Judiciary). The total amount of general obligation bonds previously authorized and unissued and the general obligation bonds proposed in the Budget is \$2,201,655,876.

(5) Proposed general obligation bond issuance. As reported in the Budget, as it applies to the fiscal period 2009-2010 to 2012-2013, the State proposed to issue \$312,000,000 in general obligation bonds during the remainder of fiscal year 2009-2010, \$275,000,000 in general obligation bonds semi annually during fiscal years 2010-2011, \$330,000,000 in general obligation bonds during the first half of fiscal year 2011-2012, and \$340,000,000 in general obligation bonds during the second half of fiscal year 2011-2012. \$330,000,000 in general obligation bonds during the first half of fiscal year 2012-2013, and \$340,000,000 in general obligation bonds during the second half of fiscal year 2012-2013. It is the practice of the State to issue twenty-year serial bonds with principal repayments beginning the fourth year, payable in substantially equal annual installments of principal and interest payment with interest payments commencing six months from the date of issuance and being paid semi-annually thereafter. It is assumed that this practice will continue to be applied to the bonds, which are proposed to be issued except that principal repayments will begin in the fourth year.

(6) Sufficiency of proposed general obligation bond issuance to meet the requirements of authorized and unissued bonds and the bonds proposed in the Budget. From the schedule reported in paragraph (5), the total amount of general obligation bonds, which the State proposes to issue during this fiscal year and in fiscal years 2010-2011, 2011-2012, and 2012-2013, is \$2,202,000,000. The total amount of \$2,202,000,000 which is proposed to be issued through fiscal year 2012-2013 is sufficient to meet the requirements of the previously authorized and unissued bonds and the bonds proposed in the Budget, the total amount of which is \$2,201,655,876 as reported in paragraph (4). Thus, taking the Budget into account, the amount of previously authorized and unissued bonds and bonds proposed, versus the amount of bonds which is proposed to be issued by June 30, 2013, the Director of Finance finds that in the aggregate, the amount of bonds is sufficient to meet these requirements.

(7) Bonds excludable in determining the power of the State to issue bonds. As noted in paragraph (1), certain bonds are excludable in determining the power of the State to issue general

obligation bonds. (A) General obligation reimbursable bonds can be excluded under certain conditions. It is not possible to make a conclusive determination as to the amount of reimbursable bonds which are excludable from the amount of each proposed bond issuance because:

(i) It is not known exactly when projects for which reimbursable bonds have been authorized in prior acts and in the Budget will be implemented and will require the application of proceeds from a particular bond issue; and

(ii) Not all reimbursable general obligation bonds may qualify for exclusion.

However, the Director of Finance notes that with respect to the principal and interest on outstanding general obligation bonds, as reported in Section 3 herein, the average proportion of principal and interest which is excludable each year from calculation against the debt limit is 1.618 percent for the ten years from fiscal year 2009-2010 to fiscal year 2018-2019. For the purpose of this declaration, the assumption is made that 1 percent of each bond issue will be excludable from the debt limit, an assumption which the Director of Finance finds to be reasonable and conservative. (B) Bonds constituting instruments of indebtedness under which the State incurs a contingent liability as a guarantor can be excluded but only to the extent the principal amount of such guaranties does not exceed seven percent of the principal amount of outstanding general obligation bonds not otherwise excluded under subparagraph (A) of this paragraph (7) and provided that the State shall establish and maintain a reserve in an amount in reasonable proportion to the outstanding loans guaranteed by the State as provided by law. According to the Department of Budget and Finance and the assumptions presented herein, the total principal amount of outstanding general obligation bonds and general obligation bonds proposed to be issued, which are not otherwise excluded under Article VII, Section 13 of the State Constitution for the fiscal years 2009-2010, 2010-2011, 2011-2012 and 2012-2013 are as follows:

<u>Fiscal Year</u>	<u>Total amount of General Obligation Bonds not otherwise excluded by Article VII, Section 13 of the State Constitution</u>
2009-2010	5,169,470,000
2010-2011	5,885,420,000
2011-2012	6,376,070,000
2012-2013	6,796,245,000

Based on the foregoing and based on the assumption that the full amount of a guaranty is immediately due and payable when such guaranty changes from a contingent liability to an actual liability, the aggregate principal amount of the portion of the outstanding guaranties and the guaranties proposed to be incurred, which does not exceed seven percent of the average amount set forth in the last column of the above table and for which reserve funds have been or will have

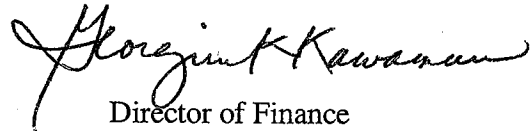
been established as heretofore provided by, can be excluded in determining the power of the State to issue general obligation bonds. As it is not possible to predict with a reasonable degree of certainty when a guaranty will change from a contingent liability to an actual liability, it is assumed in conformity with fiscal conservatism and prudence, that all guaranties not otherwise excluded pursuant to Article VII, Section 13 of the State Constitution will become due and payable in the same fiscal year in which the greatest amount of principal and interest on general obligation bonds, after exclusions, occurs. Thus, based on such assumptions and on the determination in paragraph (8), the aggregate principal amount of the portion of the outstanding guaranties; which must be included in determining the power of the State to issue general obligation bonds, is \$0.

(8) Determination whether the debt limit will be exceeded at the time of issuance. From the foregoing and on the assumption that the bonds identified in paragraph (5) will be issued at an interest rate of 5.25 percent thereafter, as reported in the Budget, it can be determined from the following schedule that the bonds which are proposed to be issued, which includes all bonds issued and outstanding, bonds previously authorized and unissued and the bonds proposed in the Budget, will not cause the debt limit to be exceeded at the time of each bond issuance:

<u>Time of Issue and Amount of Issue to be Counted Against Debt Limit</u>	<u>Debt Limit at Time of Issuance</u>	<u>Greatest Amount &amp; Year of Principal &amp; Interest</u>
2nd half FY 2009-2010 \$308,880,000	948,454,784	597,849,399 (2013-2014)
1st half FY 2010-2011 \$272,250,000	917,541,575	612,142,524 (2013-2014)
2nd half FY 2010-2011 \$272,250,000	917,541,575	629,519,064 (2014-2015)
1st half FY 2011-2012 \$326,700,000	898,462,919	646,670,814 (2014-2015)
2nd half FY 2011-2012 \$336,600,000	898,462,919	664,342,314 (2014-2015)
1st half FY 2012-2013 \$326,700,000	907,896,195	683,868,810 (2016-2017)
2nd half FY 2012-2013 \$336,600,000	907,896,495	714,285,310 (2016-2017)

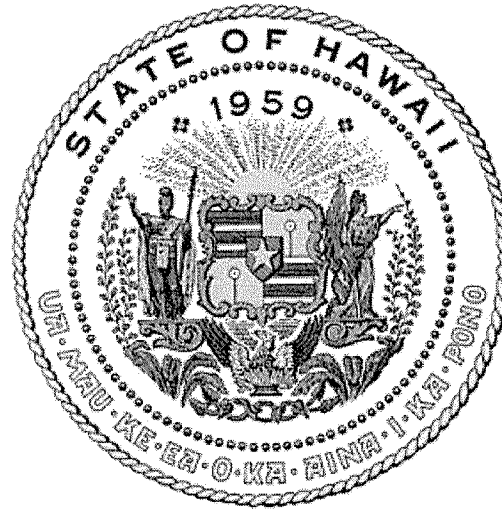
(9) Overall and concluding finding. From the facts, estimates, and assumptions stated in this declaration of findings, the conclusion is reached that the total amount of principal and interest estimated for the general obligation bonds proposed in the Budget and for all bonds previously authorized and unissued and calculated for all bonds issued and outstanding and guaranties, will not cause the debt limit to be exceeded at the time of issuance.

The Director of Finance hereby finds that the bases for the declaration of findings set forth herein are reasonable. The assumptions set forth in this declaration with respect to the principal amount of general obligation bonds which will be issued, the amount of principal and interest on reimbursable general obligation bonds which are assumed to be excludable and the assumed maturity structure shall not be deemed to be binding, it being the understanding that such matters must remain subject to substantial flexibility.



Director of Finance  
State of Hawaii

# State of Hawaii



## The FY 2011 Executive Supplemental Budget

### *Budget in Brief*

Prepared by the Department of Budget and Finance  
December 2009



EXECUTIVE CHAMBERS  
State Capitol  
Honolulu, Hawaii 96813

**GOVERNOR'S MESSAGE TO THE 25<sup>TH</sup> STATE  
LEGISLATURE OF HAWAII MEETING IN THE REGULAR  
SESSION OF 2010**

In compliance with Article VII, Section 9, of the Hawaii Constitution, I hereby submit to the State Legislature the Executive Supplemental Budget for Fiscal Biennium 2009-11 and the updated Program and Financial Plan for the period 2009-15.

This Supplemental Budget proposes a number of significant changes and adjustments to Act 162, SLH 2009, the General Appropriations Act of 2009, which authorized funding for the two-year fiscal period that began on July 1, 2009 and ends on June 30, 2011.

Much has changed in the past two years. The severe recession of 2008 swept across the nation and many parts of the world with unanticipated force and brought with it enormous challenges for governments at all levels. Its devastating effects on businesses and employment are still being felt today. The national Gross Domestic Product (GDP) began its downturn in the first quarter of calendar year 2008 and ended in the fourth quarter with essentially no growth. The year 2009 saw continued deterioration to a -1.4% decline in the first quarter and -2.4% in the second quarter. The recent improvement in third quarter GDP is the first encouraging sign in a long time and its sustainability is not yet known.

National and global economic events have had a profoundly adverse impact on Hawaii. The tourism industry has suffered severe setbacks. Visitor arrivals decreased by double-digits throughout most of 2008 and the first half of 2009. Private construction building permits went into negative territory for the same time period. Hawaii's unemployment rate, which had stayed consistently below 3% since 2004 and had been among the lowest

in the nation, doubled to 6.5% in the first months of 2009. It was at 7.0% in November 2009. After years of extraordinary growth when Total Personal Income (TPI) was in the range of 6% to 8% annual gains, Hawaii's TPI registered essentially no improvement in the first half of 2009.

Reflecting the contraction in the economy, State tax revenue collections have also been on a steep decline. General fund tax revenues fell by -9.5% in FY 2009 and are projected by the Council on Revenues (COR) to decrease by an additional -2.5% in the current FY 2010.

This is the economic and fiscal environment we have confronted during the past two years. As a State, we have had to take difficult but necessary actions to meet Hawaii's critical needs in these challenging times while dealing with historical revenue declines.

Starting with the execution of last year's budget (FY 2009), our Administration responded quickly to limit the State's exposure to the unfolding economic and fiscal uncertainties. First, hiring restrictions went into effect for all programs except those affecting public health and safety. Second, a general fund restriction of 4% on discretionary operating costs was applied to all departments. Third, restrictions were placed on specific appropriations outside of the budget. These were the beginning steps of a deliberate and prudent fiscal policy to control State spending and keep it in line with lower revenue expectations.

These restrictive measures continued when additional spending reductions were imposed (2% in January 2009 and 2% in May 2009) as we developed the budget for the Fiscal Biennium 2009-11. Sharply declining State revenues required the most severe budget reductions in recent history. General fund operating costs were cut by \$270 million over the biennium. The 2009 Legislature further reduced the Executive Branch biennium budget by an additional \$173 million in response to lower revised revenue projections by the COR during the session. These cost cutting decisions and various revenue generation actions by the Legislature and the Administration were instrumental in averting a serious budget shortfall at the end of FY 2009.

However, the fiscal crisis continued as we began the new fiscal biennium on July 1, 2009 with a worse-than-projected revenue picture. Using the official revenue projections from the COR as of June 2009, we had anticipated a budget gap of \$633 million by the end of FY 2011. This number became significantly larger, \$1.19 billion, as a result of the COR's lower revisions in August 2009. The stark reality of continuing declining general fund revenues means the State does not have sufficient resources to cover all expenditures that previously had been authorized for the new FB 2009-11 budget. The gap between projected revenues and actual appropriations must be closed to satisfy the constitutional requirement of a balanced budget. This is our paramount responsibility for the current fiscal biennium, recognizing we have an obligation to do so in a manner that protects the core functions of State government.

## REVENUE PROJECTIONS

On September 29, 2009, the COR revised its general fund tax revenue projections to reflect a decrease of -1.5% for FY 10 and an increase of 6.5% for FY 11. (The previous projections were 0% and 5.6%, respectively.) To put these numbers in perspective, general fund tax revenues increased by 8.3% in FY 04, 16% in FY 05, 10.9% in FY 06, 3.4% in FY 07, and 1.2% in FY 08; positive growth was reversed by a decrease of -9.5% in FY 09.

On December 17, 2009, the COR revised its projections to reflect a decrease of -2.5% for FY 2010 and an increase of 7.6% for FY 2011. These revisions mean the cumulative general fund budget gap for the current biennium grew by another \$40 million.

In the first five months of FY 2010 (July through November 2009), general fund tax collections decreased by a cumulative -6.5% over the previous year.

We estimate that general fund revenues will not return to pre-recession 2008 levels until FY 2012 at the earliest. Further, because State tax revenues lag behind improvements in the private sector economy, it is possible it will be 2014 before revenues return to pre-recession levels.

## REDUCING EXPENSES IN FY 2010

As stated above, our paramount responsibility in the current fiscal biennium is to address a current revenue shortfall of \$1.23 billion. The magnitude of the gap has required a substantial and immediate reduction in operating expenses. For FY 2010, spending restrictions and other administrative measures were implemented on July 1, 2009 to reduce overall spending. These included restrictions on specific appropriations, eliminating cash funding for capital improvements, debt restructuring, and a comprehensive restriction of 13.85% on operating budget appropriations.

Because payroll costs are the single largest category of expenditures in the State budget, accounting for 60% of the budget total, they must be reduced for any plan to effectively close the budget gap. Our original plan to implement a furlough of all State employees for 3 days a month was blocked. This furlough plan would have saved an estimated \$680 million in general funds for the biennium.

To achieve needed payroll savings, a reduction-in-force (RIF) was initiated in August 2009. I was personally saddened by the necessity to take this action and understand the hardship it has

Concurrently, collective bargaining discussions were pursued with the Hawaii State Teachers Association (HSTA), the Hawaii Government Employees Association (HGEA) and the United Public Workers (UPW) to arrive at contract agreements for the biennium. Contracts with the HGEA and the HSTA allow for furloughs averaging two days a month over the biennium. General fund savings on payroll costs including fringe benefits from the furlough plan are estimated to be \$170.7 million in FY 2010.

The combination of all the above actions - - restrictions, debt restructuring, RIF, furlough and other administrative measures - - is expected to reduce general fund spending by a total of \$452.3 million in FY 2010. This is a critical step toward closing the budget gap but it is not enough to close the shortfall completely. The following additional actions are needed in order to balance the 2010 budget and reflect a projected \$60.3 million ending fund balance:

1. Transfer excess balances from special funds. Our most recent review of non-general fund accounts indicates a potential \$10 million in excess balances that can be transferred to the General Fund.
2. Delay payment of income tax refunds within the legally allowed 90-day period starting in 2010. This option would provide a one-time savings of \$275 million in FY 2010.
3. Refinance and restructure G.O. bond debt. The refinancing of debt which was recently completed in November 2009 yielded a total of \$97.3 million in savings for the biennium. Additional refunding and restructuring will reduce debt service costs by \$18.6 million in FY 2010.
4. Review expenditure plans and lapse excess authorizations as applicable. We will continue our efforts to closely monitor program expenditure plans to eliminate unnecessary spending and lapse any excess appropriations.

## REDUCING EXPENSES IN FY 2011: SUPPLEMENTAL BUDGET REQUESTS

We must continue pursuing labor cost reductions and are redoubling our efforts to reshape State government to focus on essential and critical services. Our objective is to realign State programs and services with available resources and place the State budget on a sustainable path. The austere financial environment that we face requires nothing less.

As an integral part of budget preparation, departments and agencies have been directed to continue a critical review and re-assessment of programs to determine the core functions and essential services of State government. The overall target is a 13.85% reduction in general funded operating costs for FY 2011. Special funded programs are also required to operate under a ceiling and trim their expenses.

For capital improvements, the current level of authorizations is substantial and is deemed adequate for the biennium. Requests for new funding and projects have been kept at a minimum to curtail borrowing costs. Departments have been instructed to accommodate their capital improvement program (CIP) needs through lapses and trade offs of existing capital improvement program appropriations.

The Executive Supplemental Budget requests for FY 2010-11 are summarized below.

	FY 11 Appropriations (\$million)	FY 11 Adjustments (\$million)	FY 11 Requests (\$million)
Operating Budget			
All means of financing (MOF)	10,467.3	(378.2)	10,089.1
General Fund	5,267.6	(348.3)	4,919.4
Capital Improvements			
All MOF	972.3	164.9	1,137.2
G.O. Bonds	185.8	46.3	232.1

The Operating Budget

The Executive Supplemental Budget submission for FY 2011 reflects the following actions:

1. **Reduce State payroll costs.** A total of 1,990 positions (1,693 permanent and 297 temporary) are proposed for elimination. A total of 792 of these positions are vacant. The distribution by departments and means of financing (MOF) is presented in the Appendix that follows. While every department is affected, the biggest reductions are in the largest general funded programs: Health, Human Services, Public Safety, Accounting and General Services, and Agriculture. The reduction includes the following components:
  - Elimination of 792 vacant positions (\$29.2 million saved from all MOF, \$11.1 million in general funds).
  - Elimination of up to 1,198 positions identified for layoffs under the August 2009 RIF plan (\$48.8 million saved from all MOF, \$42.7 million in general funds).
  - Adjustment in the number of positions that were affected by program changes due to reduction, restructuring, or MOF changes.

For the Department of Education (DOE), the University of Hawaii (UH), and the Hawaii Health Systems Corporation (HHSC), their respective governing boards were given latitude as to how to implement a 13.85% reduction in operating expenses.

The overall changes to the State's workforce are summarized below.

	General Fund	Other MOF	Total
Number of reductions	1,402	588	1,990
Permanent	1,263	430	1,693
Temporary	139	158	297
Filled positions	1,023	175	1,198
Vacant positions	379	413	792

2. **Pursue other labor cost savings through collective bargaining negotiations.** Another means to reduce payroll expenses is through curtailment of working days. The new contract with the HGEA implements a furlough of up to 24 days in FY 2011, and the HSTA contract includes furloughs of 17 or 21 days depending on whether the employee is a 10-month or 12-month worker. While negotiations are still pending with other unions, the departments and agencies their members work for are held to the same level of savings that can be expected from a comparable furlough. Overall payroll reductions including fringe benefits are estimated to be \$198.4 million from general funds.
3. **Align program requirements with appropriate means of financing.** We have identified additional programs and activities that appropriately should be funded with revenue sources other than general funds. As a result, 22 positions and related program expenses are proposed to be funded by various federal and non-general fund sources. General fund savings of \$15 million each year are derived from the following changes:

- In the Cash Support for Families program (HMS 211), two-parent cases are moved from general funds to federal funds under the Temporary Assistance for Needy Families (TANF) program (\$7.6 million).
  - In the Cash Support for Child Care program (HMS 305), childcare expenditures are moved from general funds to TANF funds (\$5.5 million).
  - In Plant Quarantine (AGR 122), funding for Inspectors is changed from general funds to special funds generated by program fees (22 positions and \$1.7 million).
4. **Reduce operating costs, restructure programs, and preserve essential services of State government.** As revenues continue to decline, the State cannot stay on its current course and maintain the same level of services. Reductions in general funded programs will be achieved through: consolidating and streamlining operations, rolling back non-essential or recently added services, eliminating programs of low priority, and reducing levels of benefits. Adjustments occur in the following areas:

Department of Agriculture

- Elimination of the Agricultural Statistics Services Branch and the Market Analysis and News Branch.
- Deletion of 30 Inspector positions (28% reduction) in the Plant Quarantine program.

Department of Health

- Abolishment of Dental Hygiene Services. Preventive services to students will no longer be offered.

- Abolishment of the Community Health Division and consolidation of services into the Tobacco Settlement program account.
- Restructuring and merging existing services into a new General Medical and Prevention Services Division.
- Reduction of 37 permanent positions (20% reduction) in the Adult Mental Health program for outpatient services.
- Reduction of 62 permanent positions (36% reduction) in the Family Health Services program.
- Reduction of 23 permanent positions (89% reduction) in the Public Health Nursing program relating to school health aides.
- Reduction of 37 permanent positions (63% reduction) in the Vector Control Branch.

Department of Human Services

- Elimination of HMS 212 (Cash Support for Aged, Blind, and Disabled Individuals) and consolidating services into HMS 202 (Aged, Blind, and Disabled Payments) and HMS 204 (General Assistance Payments).
- Curtailment of benefits in the Medicaid Adult Dental Services program to include emergency dental services only.
- Reduction of healthcare costs through implementation of managed care and the new Basic Health Hawaii plan.
- A reduction of 113 permanent positions (38% reduction) in the Medicaid program.

### Department of Accounting and General Services

- Deletion of 57 permanent positions (30% reduction) in the Information Processing and Communications Services program.
- Deletion of 49 permanent positions (33% reduction) in the Custodial Services program.

### Department of Public Safety

- Closing of Kulani Correctional Facility on Hawaii and assigning 81 permanent positions (from a total of 91) to other facilities.

Two significant programs will continue to require further monitoring:

- Medicaid. Proposed appropriation levels for FY 2011 have been established using the best assumptions available regarding enrollment growth and cost containment. These assumptions may be revised if enrollment and costs exceed our current projections.
  - The Hawaii Health Systems Corporation. Proposed funding from general funds is at the level authorized for FY 2011. Any adjustment will have to be addressed during the 2010 Legislative Session.
5. **Maximize the use of federal funds.** Hawaii is receiving a substantial amount of federal assistance under the American Recovery and Renewal Act of 2009 (ARRA). A total authorization of \$943 million was included for the biennium in Act 162, SLH 2009, to provide additional operating funds for higher and lower education, unemployment insurance and workforce development, health and welfare, renewable energy and environmental management, housing, and transportation. Another \$19.8 million is requested in the Supplemental Budget

to increase the federal ceiling for ARRA funds being received by the Housing Finance and Development Corporation. We continue to explore and maximize the opportunities for additional federal grants under ARRA as well as through traditional federal programs.

6. **Continue the restructuring and refinancing of G.O. bond debt.** Debt restructuring has been an important tool of fiscal management as we seek to find market opportunities for reducing the debt service costs of the State's borrowing program. For FY 2011, a restructuring program will provide significant savings and result in lower debt service costs.

### The Capital Improvement (CIP) Budget

The capital improvement plan for FY 2011 continues to focus on an expanded Major Repair and Maintenance program aimed at getting projects done quickly to address the repair and maintenance backlog and help with job creation. Priority is given to projects currently in progress or nearing completion and projects that improve energy efficiency or contribute to the development of clean energy alternatives for Hawaii. In the area of transportation, we will continue to make modernization plans for airports and harbors high priorities.

In an effort to update and eliminate project authorizations that are no longer necessary, we have identified a total of \$70.2 million in existing CIP appropriations that are designated to lapse.

New requests for capital improvements include the following significant projects:

- A new facility for the College of Hawaiian Language at the University of Hawaii at Hilo (\$31 million)
- Facility repair and maintenance and construction for public charter schools (\$10 million), including \$2.2 million for health

and safety, \$6.0 million for classroom renovations, and \$1.8 million for relocating charter schools to public facilities

- Renovation of the Kulani facility and infrastructure to develop a new Youth Challenge Academy on Hawaii (\$1.8 million)
- Capitalization loans for safe drinking water projects (\$6.5 million)
- Capitalization loans for wastewater projects (\$12.7 million)
- Improvements to Honolulu International Airport, Elliot Street support facilities (\$50.9 million)

#### PROPOSALS TO ADDRESS THE BUDGET AND REVENUE SHORTFALL IN FY 2011

As substantial as our proposed actions are in FY 2011, these reductions are not sufficient to close the budget gap. We must consider, in this legislative session, other options for generating the revenues needed for basic support of State programs and services. Thus, in addition to the spending reductions being proposed, I am recommending that we take the following actions:

1. Refinance and restructure G.O. bond debt. Additional refunding and restructuring will reduce debt service by \$75.2 million in FY 2011.
2. Suspend distribution of revenues from the Transient Accommodations Tax (TAT) to the counties. TAT taxes are currently earmarked for several purposes: funding the operations and marketing programs of the Hawaii Tourism Authority and the Hawaii Convention Center, and giving financial aid to the counties. I am recommending that distribution to the four counties be suspended until the State regains its fiscal balance.

3. Implement tax measures to reform and improve Hawaii's tax system. Legislative proposals will be submitted to make Hawaii's tax system more efficient and equitable, to tighten up tax rules, and to improve tax administration. The total tax package, including the TAT proposal, is an integral part of the General Fund Financial Plan and is estimated to generate \$178.3 million in additional revenues for the State in FY 2011.


Taken together, the proposed actions summarized above are expected to generate a significant stream of additional revenues for the State and will enable us to achieve a positive balance in the General Fund for FY 2009-11 and for each year of the planning period.

These are difficult but necessary steps that we must take in order to navigate the fiscal crisis the State faces, and to meet our legal obligation to produce a balanced budget as required by the State constitution.

In these truly challenging times, I am encouraged by the positive credit ratings that Hawaii continues to receive from all three major rating agencies. In October 2009, Hawaii received a rating of "AA" from both Standard and Poor's Ratings Service and Fitch Ratings, and "Aa2" from Moody's Investor Service. These positive ratings reflect the assessment of these nationally recognized firms that Hawaii State government has consistently displayed prudence and responsibility in fiscal management and governance.

We are committed to making the hard decisions and setting a responsible course that leads Hawaii through this critical period toward a brighter future.

With aloha,



LINDA LINGLE  
Governor of Hawaii

APPENDIX TO THE GOVERNOR'S MESSAGE

**A. THE EXECUTIVE SUPPLEMENTAL BUDGET  
RECOMMENDATIONS**

THE OPERATING BUDGET

All Means of Financing

For **FY 11**, total proposed adjustments to the operating budget amount to a net decrease of \$378.2 million, or 3.6%, from all means of financing, as shown below.

Means of Financing	FY 11 Act 162/2009 Appropriation (\$)	FY 11 Proposed Adjustment (\$)	FY 11 Recommended Appropriation (\$)
General Funds	5,267,648,691	(348,294,916)	4,919,353,775
Special Funds	2,504,362,703	(30,087,726)	2,474,274,977
Federal Funds	1,772,522,731	(18,230,466)	1,754,292,265
Private Contributions	433,067	.....	433,067
County Funds	674,179	.....	674,179
Trust Funds	67,648,676	(559,531)	67,089,145
Interdept. Transfers	193,297,512	(3,773,695)	189,523,817
Federal Stimulus Funds	263,661,986	26,407,961	290,069,947
Revolving Funds	385,019,552	(2,964,845)	382,054,707
Other Funds	<u>12,060,876</u>	<u>(714,605)</u>	<u>11,346,271</u>
<b>Total</b>	<b>10,467,329,973</b>	<b>(378,217,823)</b>	<b>10,089,112,150</b>

The distribution by department and the significant changes in the Operating Supplemental Budget by department are presented in the sections that follow.

General Fund

For **FY 11**, total proposed general fund adjustments to the operating budget amount to a net decrease of \$348.3 million, or 6.6%, less than the current appropriation level. The distribution by department is presented in the sections that follow.

It should be noted that nearly three-quarters (\$253.4 million) of the decrease is due to reductions in payroll costs.

Decrease in Positions

The Supplemental Budget includes significant decreases in the number of permanent positions and temporary positions:

	<u>Permanent</u>	<u>Temporary</u>	<u>Total</u>
Total adjustments <sup>1/</sup>	(1693)	(297)	(1990)
By means of financing:			
General Funds	(1263)	(138)	(1401)
Special Funds	(102)	(27)	(129)
Federal Funds	(315)	(88)	(403)
Revolving Funds	(10)	(16)	(26)
Interdepartmental Transfers	(3)	(28)	(31)



	<u>Permanent</u>	<u>Temporary</u>	<u>Total</u>
By department:			
Accounting & General Services	(156)	(1)	(157)
Agriculture	(96)	(3)	(99)
Attorney General	(40)	(6)	(46)
Budget & Finance	(11)		(11)
Business, Econ Dev & Tourism	(36)	(14)	(50)
Commerce & Consumer Affairs	(3)		(3)
Defense	(25)	(3)	(28)
Education			
Education – Charter Schools			
Education – Libraries			
Governor		(4)	(4)
Hawaiian Home Lands	(3)		(3)
Health	(338)	(28)	(366)
Health - Hawaii Health Sys Corp			
Human Resources Development	(20)		(20)
Human Services	(522)	(17)	(539)
Labor & Industrial Relations	(127)	(118)	(245)
Land & Natural Resources	(61)	(21)	(82)
Lieutenant Governor			
Public Safety	(148)	(3)	(151)
Taxation	(33)	(74)	(107)
Transportation	(74)	(5)	(79)
University of Hawaii			

<sup>1</sup> / Totals may differ due to rounding.

### THE CAPITAL IMPROVEMENT (CIP) BUDGET

For FY 10, total proposed CIP adjustments amount to a decrease of \$30.4 million in general obligation bond funds, reducing the current general obligation bond appropriation level from \$678.2 million to \$647.8 million.

For FY 11, total proposed CIP adjustments amount to \$164.9 million, to be funded from the following sources:

<u>Means of Financing</u>	<u>FY 11 Act 162/2009 Appropriation</u> (\$)	<u>FY 11 Proposed Adjustment</u> (\$)	<u>FY 11 Recommended Appropriation</u> (\$)
General Funds	.....	.....	.....
Special Funds	92,986,000	3,000,000	95,986,000
G.O. Bonds	185,810,000	46,298,000	232,108,000
G.O. Reimbursable	.....	.....	.....
Revenue Bonds	502,557,000	25,170,000	527,727,000
Federal Funds	138,248,000	54,467,000	192,715,000
Private Contributions	3,100,000	.....	3,100,000
County Funds	2,000	.....	2,000
Interdept. Transfers	.....	.....	.....
Federal Stimulus Funds	.....	.....	.....
Revolving Funds	.....	.....	.....
Other Funds	<u>49,600,000</u>	<u>36,000,000</u>	<u>85,600,000</u>
Total	972,303,000	164,935,000	1,137,238,000

The distribution by department and the highlights of the CIP program by department are presented in the sections that follow.

The CIP requests reflect the continued commitment of the State to improving its infrastructure and capital assets to support the economic base and maintain the health, safety, and quality of life in Hawaii.

### **B. THE GENERAL FUND FINANCIAL PLAN**

The General Fund balance was initially determined to be at \$8.0 million on June 30, 2009. Subsequently in September 2009, an error was discovered in the recording of certain tax collections. This error resulted in an overstatement of general fund revenues of \$800,000 in FY 08 and \$44 million in FY 09. With these revisions, the FY 09 general fund balance was changed from a projected positive \$8.0 million to an actual minus \$36.8 million. This is a decrease of \$367.2 million from the previous year, reflective of the decline in revenues due to the global recession.

The General Fund Six-Year Financial Plan shows positive balances for both FY 10 and FY 11, as well as the four subsequent years. Although the Council on Revenues projects that revenues in FY 10 will be less than previously anticipated, they expect an improvement starting in FY 11. Other actions contributing to the positive balances include:

- Executive Branch budget reductions and adjustments as proposed.
- Legislative approval and authorization for Administration proposals that have revenue and expenditure impact.

### **C. THE GENERAL FUND EXPENDITURE CEILING**

By law, general fund appropriations must comply with the expenditure ceiling requirements that are set forth in Section 9 of Article VII of the State Constitution and Section 37-92 of the Hawaii Revised Statutes.

At the aggregate level that includes all branches of government, total proposed appropriations from the General Fund are within the expenditure ceilings for both FY 10 and FY 11.

For the Executive Branch, total proposed appropriations from the General Fund (which include the Executive Supplemental Budget for FB 2009-11 and other specific appropriation measures to be submitted) are also within the Executive Branch's appropriation ceiling in both FY 10 and FY 11.

### **D. THE DEBT LIMIT**

Section 13 of Article VII of the State Constitution places a debt limit on G.O. bonds that may be issued by the State. It has been determined that the total amount of principal and interest calculated on: a) all bonds issued and outstanding, b) all bonds authorized and unissued, and c) all bonds proposed in the Supplemental Budget

(including State guaranties) will not cause the debt limit to be exceeded at the time of each bond issuance.

The Declaration of Findings with respect to the G.O. bond debt limit is presented in the sections that follow.

**BUDGET IN BRIEF**  
**The FY 2011 Executive Supplemental Budget**

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**The Operating and Capital Budget -  
Statewide Summaries**



MULTI-YEAR FINANCIAL SUMMARY  
GENERAL FUND  
FISCAL YEARS 09 - 15  
(in millions of dollars)

	Actual* <u>FY 09</u>	Estimated <u>FY 10</u>	Estimated <u>FY 11</u>	Estimated <u>FY 12</u>	Estimated <u>FY 13</u>	Estimated <u>FY 14</u>	Estimated <u>FY 15</u>
<b>REVENUES:</b>							
Executive Branch:							
- Tax revenues	4,202.3	4,097.2	4,408.3	4,672.8	4,953.2	5,250.4	5,512.9
Nontax revenues	770.0	459.6	484.2	493.8	503.4	506.0	509.2
Judicial Branch revenues	35.7	35.2	35.9	36.7	37.4	38.2	39.1
Other	-	306.4	190.4	174.7	196.1	94.9	95.1
<b>TOTAL REVENUES</b>	<b>5,008.0</b>	<b>4,898.5</b>	<b>5,118.8</b>	<b>5,378.0</b>	<b>5,690.1</b>	<b>5,889.5</b>	<b>6,156.3</b>
<b>EXPENDITURES</b>							
Executive Branch:							
Operating	5,230.7	5,144.2	4,919.4	5,379.3	5,495.0	5,605.9	5,702.3
CIP	12.5	-	-	-	-	-	-
Specific appropriations	251.7	3.8	3.8	5.0	5.0	5.0	5.0
Other	-	(457.2)	(17.2)	13.6	84.1	30.1	42.6
Sub-total	5,494.9	4,690.8	4,905.9	5,397.9	5,584.1	5,641.0	5,749.9
Legislative Branch	34.0	34.0	34.0	34.0	34.0	34.0	34.0
Judicial Branch	150.4	139.0	139.0	139.0	139.0	139.0	139.0
OHA	3.1	2.5	2.5	2.5	2.5	2.5	2.5
Counties	0.6	-	-	-	-	-	-
Lapses	(307.8)	(65.0)	(65.0)	(65.0)	(65.0)	(65.0)	(65.0)
<b>TOTAL EXPENDITURES</b>	<b>5,375.2</b>	<b>4,801.3</b>	<b>5,016.4</b>	<b>5,508.3</b>	<b>5,694.6</b>	<b>5,751.5</b>	<b>5,860.3</b>
<b>REVENUES OVER EXPEND.</b>	<b>(367.2)</b>	<b>97.2</b>	<b>102.4</b>	<b>(130.3)</b>	<b>(4.5)</b>	<b>138.0</b>	<b>296.0</b>
<b>CARRY-OVER BALANCE (DEFICIT)</b>							
Beginning	330.4	(36.8)	60.3	162.7	32.4	27.8	165.8
Ending	(36.8)	60.3	162.7	32.4	27.8	165.8	461.8
<i>Emergency &amp; Budget Reserve Fund</i>	<i>60.4</i>	<i>57.6</i>	<i>65.1</i>	<i>72.6</i>	<i>80.2</i>	<i>87.7</i>	<i>95.2</i>

\* unaudited

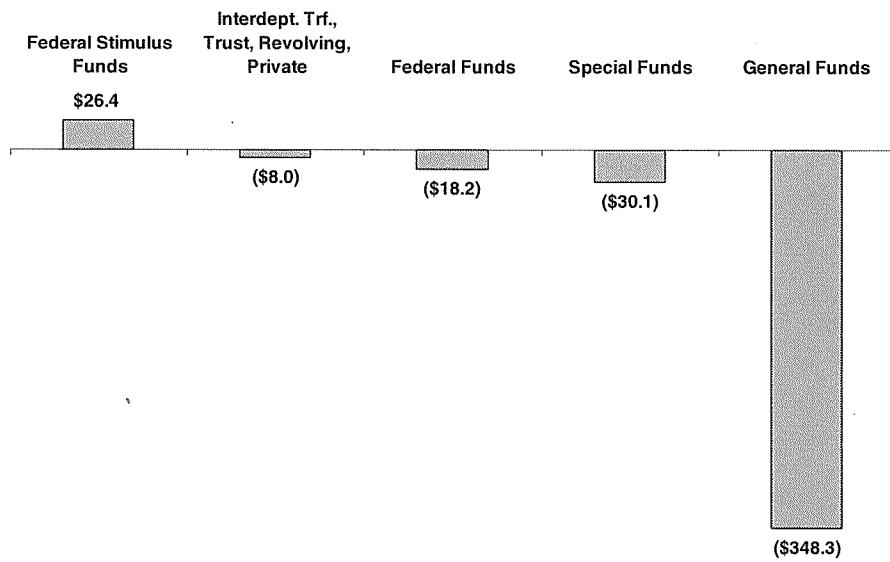
**FY 11 Supplemental Operating Budget  
Statewide Totals by Means of Financing**

	<u>Act 162/2009 FY 2010</u>	<u>% of Total</u>	<u>Act 162/2009 FY 2011</u>	<u>% of Total</u>	<u>FY 2011 Adjustments</u>	<u>% of Total</u>	<u>Total FY 2011</u>	<u>% of Total</u>
	35,502.51		35,498.05		-1,290.53		34,207.52	
General Funds	5,144,178,085	47.6%	5,267,648,691	50.3%	-348,294,916	92.1%	4,919,353,775	48.8%
	7,375.30		7,387.30		-76.93		7,310.37	
Special Funds	2,448,806,838	22.7%	2,504,362,703	23.9%	-30,087,726	8.0%	2,474,274,977	24.5%
	2,380.89		2,380.35		-280.06		2,100.29	
Federal Funds	1,784,615,290	16.5%	1,772,522,731	16.9%	-18,230,466	4.8%	1,754,292,265	17.4%
	0.00		0.00		0.00		0.00	
Private Contributions	406,437	0.0%	433,067	0.0%	0	0.0%	433,067	0.0%
	0.00		0.00		0.00		0.00	
County Funds	674,179	0.0%	674,179	0.0%	0	0.0%	674,179	0.0%
	117.00		117.00		5.00		122.00	
Trust Funds	96,655,125	0.9%	67,648,676	0.6%	-559,531	0.1%	67,089,145	0.7%
	162.85		162.85		-1.25		161.60	
Interdepartmental Transfers	202,031,041	1.9%	193,297,512	1.8%	-3,773,695	1.0%	189,523,817	1.9%
	0.00		0.00		0.00		0.00	
Federal Stimulus Funds	679,095,444	6.3%	263,661,986	2.5%	26,407,961	-7.0%	290,069,947	2.9%
	410.45		411.45		-9.00		402.45	
Revolving Funds	435,427,015	4.0%	385,019,552	3.7%	-2,964,845	0.8%	382,054,707	3.8%
	99.00		99.00		0.00		99.00	
Other Funds	12,060,876	0.1%	12,060,876	0.1%	-714,605	0.2%	11,346,271	0.1%
	46,048.00		46,056.00		-1,652.77		44,403.23	
<b>TOTAL REQUIREMENTS</b>	<b>10,803,950,330</b>	<b>100.0%</b>	<b>10,467,329,973</b>	<b>100.0%</b>	<b>-378,217,823</b>	<b>100.0%</b>	<b>10,089,112,150</b>	<b>100.0%</b>



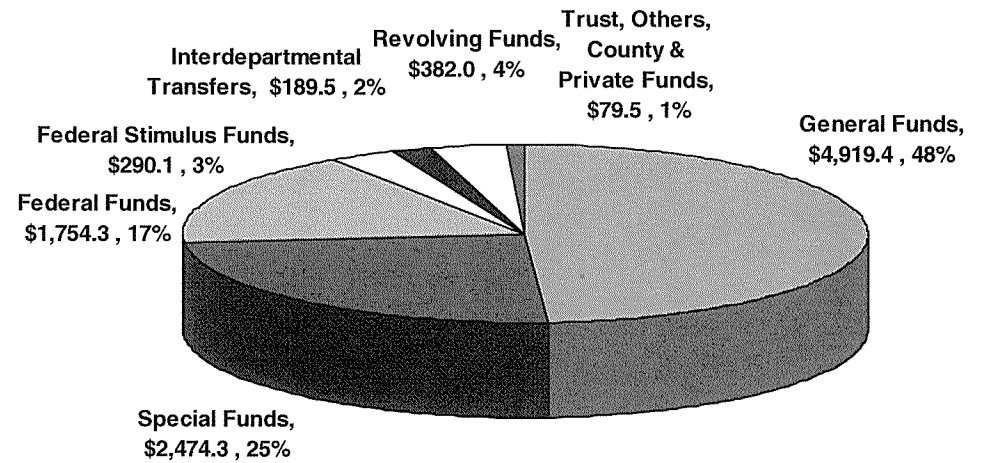
# FY 11 Supplemental Operating Budget Statewide Totals by Means of Financing

## FY 2011 Supplemental Budget Adjustments



**Total (\$378.2 M)**

## FY 2011 Supplemental Budget



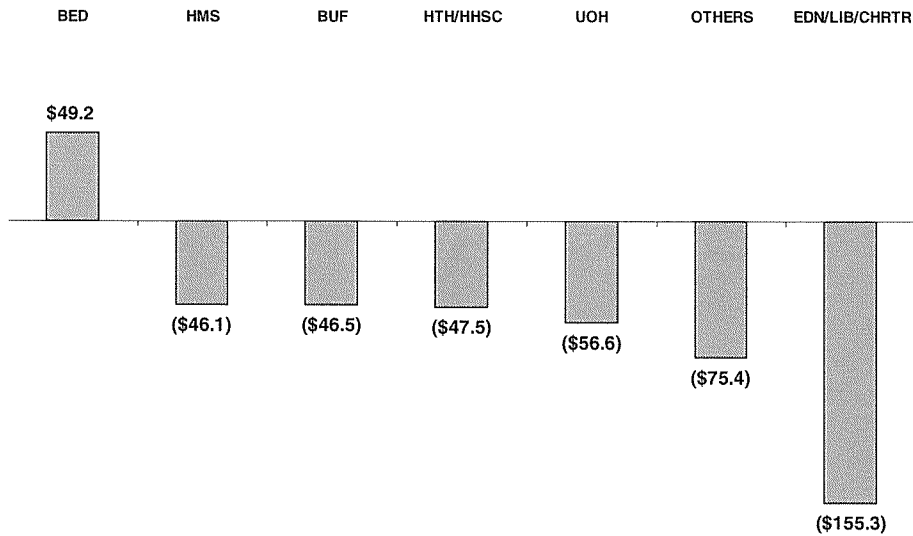
**Total \$10.1 B**

**FY 11 Supplemental Operating Budget  
Statewide Totals By Department - All Funds**

	<u>Act 162/2009 FY 2010</u>	<u>% of Total</u>	<u>Act 162/2009 FY 2011</u>	<u>% of Total</u>	<u>FY 2011 Adjustments</u>	<u>% of Total</u>	<u>Total FY 2011</u>	<u>% of Total</u>
	794.50		794.50		-162.00		632.50	
Accounting and General Services	168,447,285	1.6%	172,340,496	1.6%	-28,277,492	7.5%	144,063,004	1.4%
	329.00		328.00		-95.00		233.00	
Agriculture	40,623,764	0.4%	40,584,033	0.4%	-4,242,277	1.1%	36,341,756	0.4%
	640.28		640.28		-40.00		600.28	
Attorney General	83,128,353	0.8%	77,583,000	0.7%	-4,652,519	1.2%	72,930,481	0.7%
	166.00		165.00		-29.00		136.00	
Business, Econ. Dev. & Tourism	292,439,799	2.7%	230,442,980	2.2%	49,163,835	-13.0%	279,606,815	2.8%
	323.00		323.00		-6.00		317.00	
Budget and Finance	1,618,562,313	15.0%	1,681,712,346	16.1%	-46,481,987	12.3%	1,635,230,359	16.2%
	384.00		383.00		-4.00		379.00	
Commerce and Consumer Affairs	47,941,139	0.4%	47,877,779	0.5%	-2,270,683	0.6%	45,607,096	0.5%
	226.50		226.50		-20.00		206.50	
Defense	102,888,512	1.0%	102,888,512	1.0%	1,945,529	-0.5%	104,834,041	1.0%
	20,143.10		20,143.10		0.00		20,143.10	
Education	1,860,245,727	17.2%	1,799,966,561	17.2%	-148,045,088	39.1%	1,651,921,473	16.4%
Charter Schools	56,820,224	0.5%	55,582,250	0.5%	-4,246,467	1.1%	51,335,783	0.5%
	555.55		555.55		0.00		555.55	
Public Libraries	33,337,408	0.3%	33,337,408	0.3%	-2,966,390	0.8%	30,371,018	0.3%
	31.00		31.00		0.00		31.00	
Governor	3,176,357	0.0%	2,368,352	0.0%	122,001	0.0%	2,490,353	0.0%
	185.00		185.00		-3.00		182.00	
Hawaiian Home Lands	28,754,316	0.3%	28,754,316	0.3%	-1,019,029	0.3%	27,735,287	0.3%
	2,919.05		2,918.05		-345.63		2,572.42	
Health	1,125,506,198	10.4%	1,016,522,650	9.7%	-28,651,583	7.6%	987,871,067	9.8%
	2,836.25		2,834.25		0.00		2,834.25	
Health - HHSC	589,072,000	5.5%	641,003,760	6.1%	-18,823,255	5.0%	622,180,505	6.2%
	112.00		112.00		-20.00		92.00	
Human Resources Development	21,137,581	0.2%	20,912,465	0.2%	4,696,880	-1.2%	25,609,345	0.3%
	2,512.50		2,512.50		-522.50		1,990.00	
Human Services	2,085,604,485	19.3%	2,027,317,286	19.4%	-46,113,301	12.2%	1,981,203,985	19.6%
	668.82		667.82		-90.94		576.88	
Labor and Industrial Relations	662,716,412	6.1%	494,526,868	4.7%	-11,791,650	3.1%	482,735,218	4.8%
	767.00		767.00		-60.00		707.00	
Land and Natural Resources	104,701,663	1.0%	104,399,399	1.0%	-5,841,612	1.5%	98,557,787	1.0%
	8.00		8.00		0.00		8.00	
Lieutenant Governor	1,072,895	0.0%	968,624	0.0%	-35,333	0.0%	933,291	0.0%
	2,689.20		2,688.20		-148.00		2,540.20	
Public Safety	241,000,745	2.2%	248,328,660	2.4%	-15,921,182	4.2%	232,407,478	2.3%
	0.00		0.00		0.00		0.00	
Subsidies	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	391.50		391.50		-33.00		358.50	
Taxation	22,628,219	0.2%	22,570,877	0.2%	-2,020,532	0.5%	20,550,345	0.2%
	2,170.00		2,169.00		-73.50		2,095.50	
Transportation	690,960,516	6.4%	692,338,015	6.6%	-6,141,551	1.6%	686,196,464	6.8%
	7,195.75		7,212.75		0.00		7,212.75	
University of Hawaii	923,184,419	8.5%	925,003,336	8.9%	-56,604,137	15.0%	868,399,199	8.5%
	46,048.00		46,056.00		-1,652.57		44,403.43	
<b>TOTAL REQUIREMENTS</b>	<b>10,803,950,330</b>	<b>100.0%</b>	<b>10,467,329,973</b>	<b>100.0%</b>	<b>-378,217,823</b>	<b>100.0%</b>	<b>10,089,112,150</b>	<b>100.0%</b>

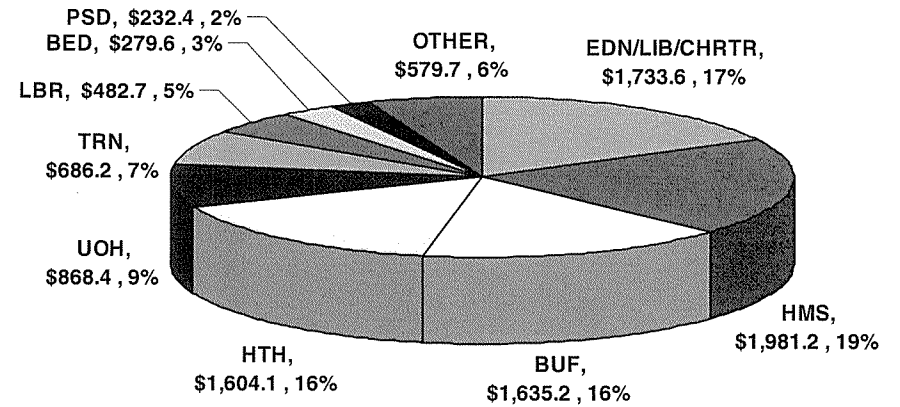
# FY 11 Supplemental Operating Budget Statewide Totals by Departments - All Funds

## FY 2011 Supplemental Budget Adjustments



**Total (\$378.2 M)**

## FY 2011 Supplemental Budget



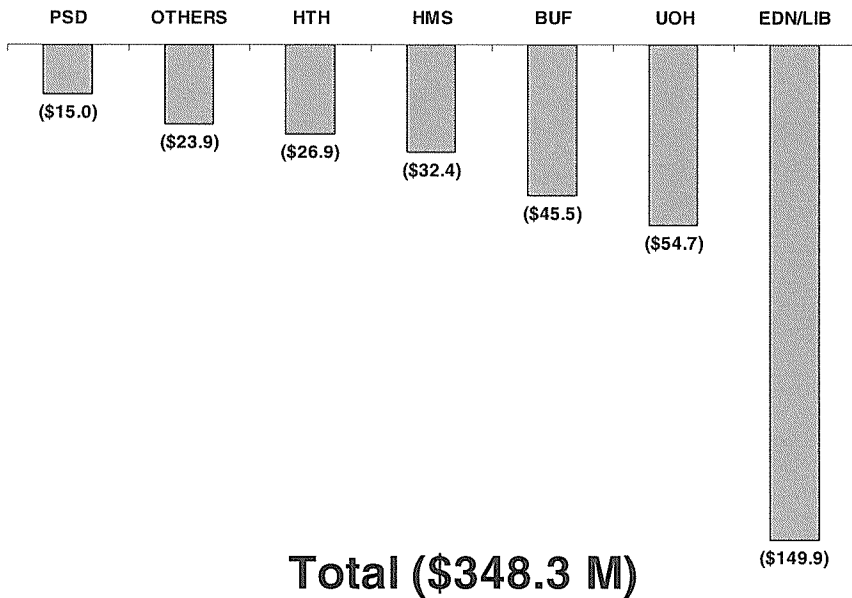
**Total \$10.1 B**

**FY 11 Supplemental Operating Budget  
Statewide Totals By Department - General Funds**

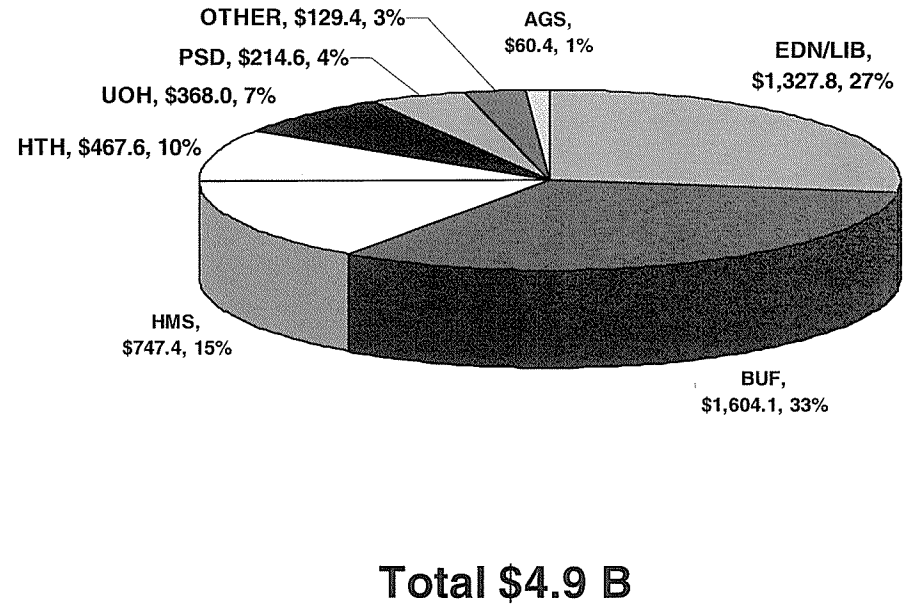
	<u>Act 162/2009</u> <u>FY 2010</u>	<u>% of</u> <u>Total</u>	<u>Act 162/2009</u> <u>FY 2011</u>	<u>% of</u> <u>Total</u>	<u>FY 2011</u> <u>Adjustments</u>	<u>% of</u> <u>Total</u>	<u>Total</u> <u>FY 2011</u>	<u>% of</u> <u>Total</u>
	650.00		650.00		-161.50		488.50	
Accounting and General Services	71,917,115	1.4%	70,654,813	1.3%	-10,191,042	2.9%	60,463,771	1.20%
	215.70		214.70		-117.02		97.68	
Agriculture	13,391,748	0.3%	13,352,017	0.3%	-5,850,570	1.7%	7,501,447	0.20%
	348.43		348.43		-20.12		328.31	
Attorney General	24,869,947	0.5%	24,814,543	0.5%	-2,000,848	0.6%	22,813,695	0.50%
	95.50		94.50		-18.00		76.50	
Business, Econ. Dev. & Tourism	7,845,584	0.2%	7,718,641	0.1%	-1,112,157	0.3%	6,606,484	0.10%
	142.00		142.00		-12.75		129.25	
Budget and Finance	1,584,843,324	30.8%	1,649,571,553	31.3%	-45,491,000	13.1%	1,604,080,553	32.60%
	0.00		0.00		0.00		0.00	
Commerce and Consumer Affairs	0	0.0%	0	0.0%	0	0.0%	0	0.00%
	144.80		144.80		-20.00		124.80	
Defense	14,097,791	0.3%	14,097,791	0.3%	-674,000	0.2%	13,423,791	0.30%
	19,397.60		19,397.60		0.00		19,397.60	
Education	1,396,097,613	27.1%	1,396,100,437	26.5%	-142,666,985	41.0%	1,253,433,452	25.50%
Charter Schools	52,732,012	1.0%	52,746,554	1.0%	-4,246,467	1.2%	48,500,087	1.00%
	555.55		555.55		0.00		555.55	
Public Libraries	28,847,163	0.6%	28,847,163	0.5%	-2,966,390	0.9%	25,880,773	0.50%
	31.00		31.00		0.00		31.00	
Governor	3,176,357	0.1%	2,368,352	0.0%	122,001	0.0%	2,490,353	0.10%
	0.00		0.00		0.00		0.00	
Hawaiian Home Lands	0	0.0%	0	0.0%	0	0.0%	0	0.00%
	1,303.63		1,303.63		-300.85		1,002.78	
Human Services	713,784,920	13.9%	779,771,372	14.8%	-32,360,707	9.3%	747,410,665	15.20%
	112.00		112.00		-20.00		92.00	
Human Resources Development	15,551,300	0.3%	15,326,184	0.3%	4,696,880	-1.3%	20,023,064	0.40%
	2,352.04		2,351.04		-339.88		2,011.16	
Health	408,217,068	7.9%	410,593,706	7.8%	-26,885,194	7.7%	383,708,512	7.80%
	0.00		0.00		0.00		0.00	
Health - HHSC	98,260,894	1.9%	83,878,654	1.6%	0	0.0%	83,878,654	1.70%
	227.72		227.26		-54.66		172.60	
Labor and Industrial Relations	15,801,051	0.3%	15,733,033	0.3%	-2,877,905	0.8%	12,855,128	0.30%
	445.75		445.75		-44.75		401.00	
Land and Natural Resources	26,715,951	0.5%	26,663,687	0.5%	-3,412,147	1.0%	23,251,540	0.50%
	8.00		8.00		0.00		8.00	
Lieutenant Governor	1,072,895	0.0%	968,624	0.0%	-35,333	0.0%	933,291	0.00%
	2,607.20		2,606.20		-148.00		2,458.20	
Public Safety	222,187,928	4.3%	229,631,485	4.4%	-15,023,591	4.3%	214,607,894	4.40%
	0.00		0.00		0.00		0.00	
Subsidies	0	0.0%	0	0.0%	0	0.0%	0	0.00%
	391.50		391.50		-33.00		358.50	
Taxation	22,176,219	0.4%	22,118,877	0.4%	-2,615,532	0.8%	19,503,345	0.40%
	0.00		0.00		0.00		0.00	
Transportation	0	0.0%	0	0.0%	0	0.0%	0	0.00%
	6,474.09		6,474.09		0.00		6,474.09	
University of Hawaii	422,591,205	8.2%	422,691,205	8.1%	-54,703,929	15.5%	367,987,276	7.30%
	35,502.51		35,498.05		-1,290.53		34,207.52	
<b>TOTAL REQUIREMENTS</b>	<b>5,144,178,085</b>	<b>100.0%</b>	<b>5,267,648,691</b>	<b>100.0%</b>	<b>-348,294,916</b>	<b>100.0%</b>	<b>4,919,353,775</b>	<b>100.00%</b>

## FY 11 Supplemental Operating Budget Statewide Totals by Department - General Fund

### FY 2011 Supplemental Budget Adjustments



### FY 2011 Supplemental Budget

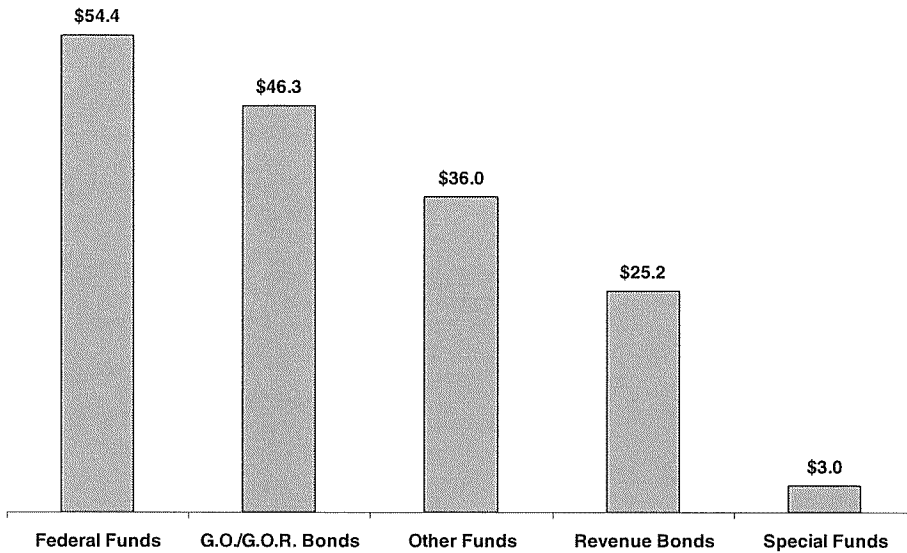


**FY 11 Supplemental CIP Budget  
Statewide Totals by Means of Financing**

	<b>Act 162/2009 FY 2010</b>	<b>% of Total</b>	<b>Act 162/2009 FY 2011</b>	<b>% of Total</b>	<b>FY 2010 Adjustments</b>	<b>% of Total</b>	<b>FY 2011 Adjustments</b>	<b>% of Total</b>	<b>Total FY 2010</b>	<b>% of Total</b>	<b>Total FY 2011</b>	<b>% of Total</b>
General Funds	-	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Funds	352,546,000	13.7%	92,986,000	9.6%	0	0.0%	3,000,000	1.8%	352,546,000	13.9%	95,986,000	8.4%
General Obligation Bonds	678,199,000	26.4%	185,810,000	19.1%	-30,400,000	100.0%	46,298,000	28.1%	647,799,000	25.5%	232,108,000	20.4%
General Obligation Reimbursable Bonds	-	0.0%	-	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Revenue Bonds	975,695,000	38.0%	502,557,000	51.7%	0	0.0%	25,170,000	15.3%	975,695,000	38.5%	527,727,000	46.4%
Federal Funds	344,618,000	13.4%	138,248,000	14.2%	0	0.0%	54,467,000	33.0%	344,618,000	13.6%	192,715,000	16.9%
Private Contributions	10,338,000	0.4%	3,100,000	0.3%	0	0.0%	0	0.0%	10,338,000	0.4%	3,100,000	0.3%
County Funds	2,000	0.0%	2,000	0.0%	0	0.0%	0	0.0%	2,000.00	0.0%	2,000.00	0.0%
Interdepartmental Transfers	2,000,000	0.1%	-	0.0%	0	0.0%	0	0.0%	2,000,000	0.1%	0	0.0%
Federal Stimulus Funds	17,000,000	0.7%	0	0.0%	0	0.0%	0	0.0%	17,000,000	0.7%	0	0.0%
Revolving Funds	-	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other Funds	187,190,000	7.3%	49,600,000	5.1%	0	0.0%	36,000,000	21.8%	187,190,000	7.4%	85,600,000	7.5%
<b>TOTAL REQUIREMENTS</b>	<b>2,567,588,000</b>	<b>100.0%</b>	<b>972,303,000</b>	<b>100.0%</b>	<b>-30,400,000</b>	<b>100.0%</b>	<b>164,935,000</b>	<b>100.0%</b>	<b>2,537,188,000</b>	<b>100.0%</b>	<b>1,137,238,000</b>	<b>100.0%</b>

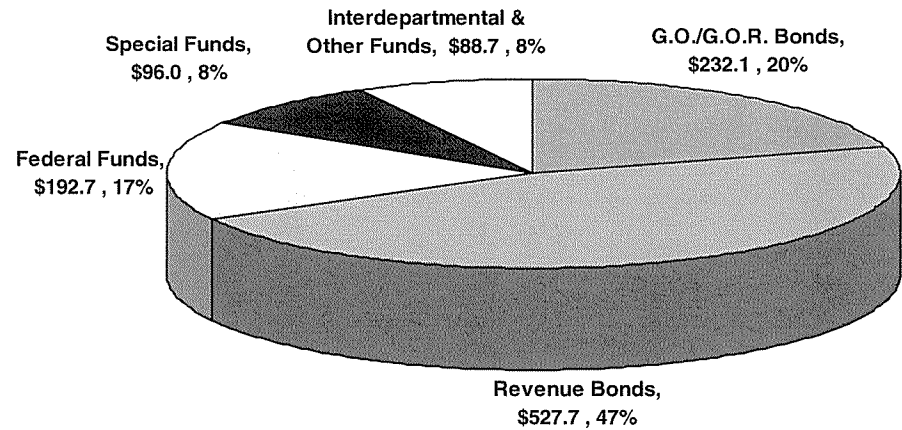
## FY 11 Supplemental CIP Budget Statewide Totals by Means of Financing

### FY 2011 Supplemental Budget Adjustments



**Total \$164.9 M**

### FY 2011 Supplemental Budget



**Total \$1.1 B**

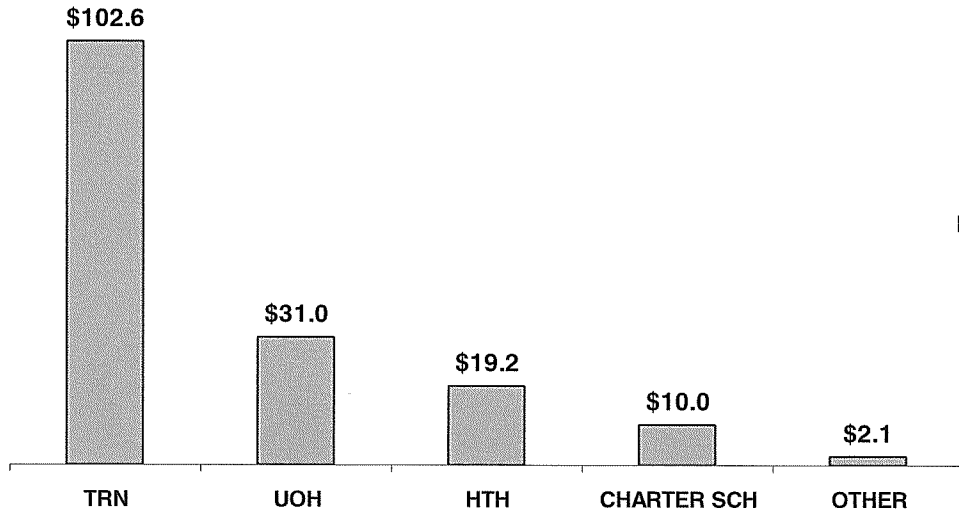
**FY 11 Supplemental CIP Budget  
Statewide Totals By Department - All Funds**

	<b>Act 162/2009 FY 2010</b>	<b>% of Total</b>	<b>Act 162/2009 FY 2011</b>	<b>% of Total</b>	<b>FY 2010 Adjustments</b>	<b>% of Total</b>	<b>FY 2011 Adjustments</b>	<b>% of Total</b>	<b>Total FY 2010</b>	<b>% of Total</b>	<b>Total FY 2011</b>	<b>% of Total</b>
Accounting and General Services	45,639,000	1.8%	24,465,000	2.5%	0	0.0%	0	0.0%	45,639,000	1.8%	24,465,000	2.2%
Agriculture	6,102,000	0.2%	15,299,000	1.6%	0	0.0%	0	0.0%	6,102,000	0.2%	15,299,000	1.3%
Budget and Finance	270,851,000	10.5%	80,586,000	8.3%	0	0.0%	0	0.0%	270,851,000	10.7%	80,586,000	7.1%
Business, Econ. Dev. & Tourism	50,696,000	2.0%	11,855,000	1.2%	-30,000,000	98.7%	0	0.0%	20,696,000	0.8%	11,855,000	1.0%
Defense	18,225,000	0.7%	10,515,000	1.1%	0	0.0%	1,852,000	1.1%	18,225,000	0.7%	12,367,000	1.1%
Education	239,851,000	9.3%	50,586,000	5.2%	0	0.0%	0	0.0%	239,851,000	9.5%	50,586,000	4.4%
Public Libraries	4,360,000	0.2%	10,000,000	1.0%	0	0.0%	0	0.0%	4,360,000	0.2%	10,000,000	0.9%
Charter Schools	0	0.0%	0	0.0%	0	0.0%	10,000,000	6.1%	0	0.0%	10,000,000	0.9%
Governor	1,000	0.0%	1,000	0.0%	0	0.0%	0	0.0%	1,000	0.0%	1,000	0.0%
Hawaiian Home Lands	25,000,000	1.0%	15,000,000	1.5%	0	0.0%	0	0.0%	25,000,000	1.0%	15,000,000	1.3%
Health	32,025,000	1.2%	16,045,000	1.7%	0	0.0%	19,181,000	11.6%	32,025,000	1.3%	35,226,000	3.1%
HHSC	47,422,000	1.8%	1,000	0.0%	0	0.0%	0	0.0%	47,422,000	1.9%	1,000	0.0%
Human Services	11,030,000	0.4%	4,500,000	0.5%	-400,000	1.3%	400,000	0.2%	10,630,000	0.4%	4,900,000	0.4%
Labor and Industrial Relations	5,572,000	0.2%	0	0.0%	0	0.0%	0	0.0%	5,572,000	0.2%	0	0.0%
Land and Natural Resources	19,555,000	0.8%	4,688,000	0.5%	0	0.0%	-148,000	-0.1%	19,555,000	0.8%	4,540,000	0.4%
Public Safety	435,000	0.0%	0	0.0%	0	0.0%	0	0.0%	435,000	0.0%	0	0.0%
Subsidies	6,700,000	0.3%	0	0.0%	0	0.0%	0	0.0%	6,700,000	0.3%	0	0.0%
Transportation	1,338,645,000	52.2%	608,285,000	62.5%	0	0.0%	102,650,000	62.2%	1,338,645,000	52.8%	710,935,000	62.5%
University of Hawaii	445,479,000	17.4%	120,477,000	12.4%	0	0.0%	31,000,000	18.9%	445,479,000	17.4%	151,477,000	13.4%
<b>TOTAL REQUIREMENTS</b>	<b>2,567,588,000</b>	<b>100.0%</b>	<b>972,303,000</b>	<b>100.0%</b>	<b>-30,400,000</b>	<b>100.0%</b>	<b>164,935,000</b>	<b>100.0%</b>	<b>2,537,188,000</b>	<b>100.0%</b>	<b>1,137,238,000</b>	<b>100.0%</b>



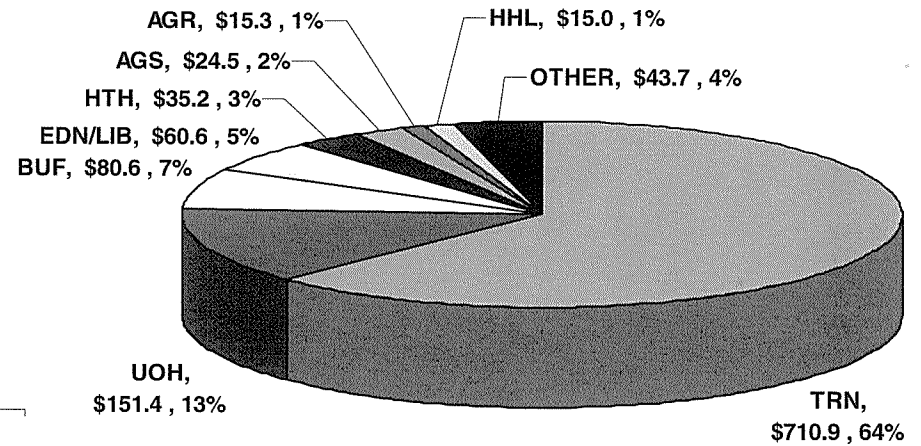
# FY 11 Supplemental CIP Budget Statewide Totals by Departments - All Funds

## FY 2011 Supplemental Budget Adjustments



**Total \$164.9 B**

## FY 2011 Supplemental Budget



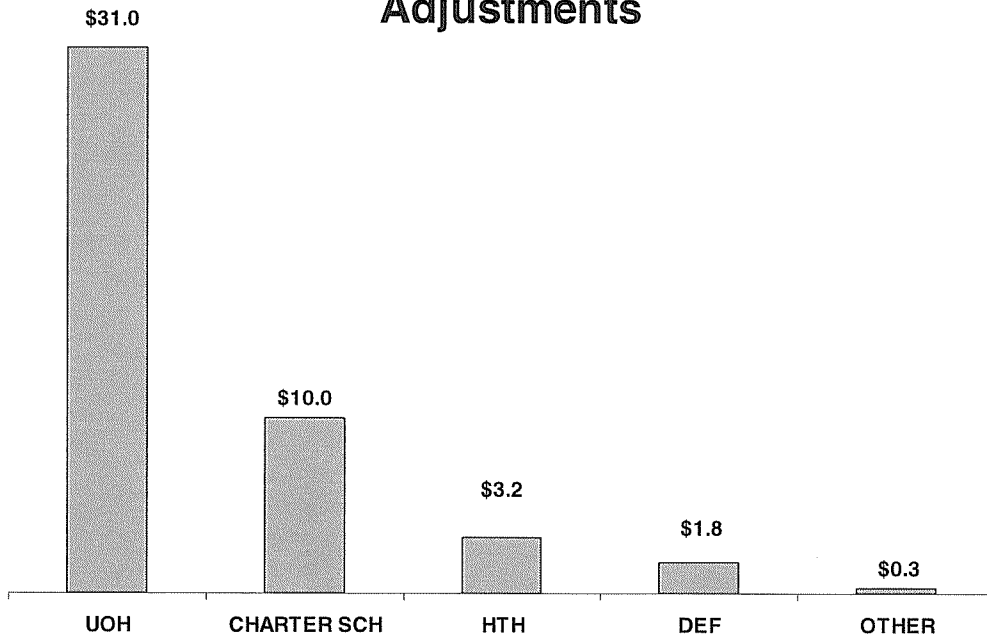
**Total \$1.1 B**

**FY 11 Supplemental CIP Budget**  
**Statewide Totals By Department - General Obligation (GO) and GO Reimbursable Bonds**

	Act 162/2009 FY 2010	% of Total	Act 162/2009 FY 2011	% of Total	FY 2010 Adjustments	% of Total	FY 2011 Adjustments	% of Total	Total FY 2010	% of Total	Total FY 2011	% of Total	% of Total
Accounting and General Services	45,639,000	6.7%	24,465,000	13.2%	0	0.0%	0	0.0%	45,639,000	7.0%	24,465,000	10.54035%	10.5%
Agriculture	5,375,000	0.8%	7,600,000	4.1%	0	0.0%	0	0.0%	5,375,000	0.8%	7,600,000	3.27434%	3.3%
Budget and Finance	270,851,000	39.9%	80,586,000	43.4%	0	0.0%	0	0.0%	270,851,000	41.8%	80,586,000	34.71918%	34.7%
Business, Econ. Dev. & Tourism	50,696,000	7.5%	11,855,000	6.4%	-30,000,000	0.0%	0	0.0%	20,696,000	3.2%	11,855,000	5.10754%	5.1%
Defense	10,000,000	1.5%	7,575,000	4.1%	0	0.0%	1,849,000	4.0%	10,000,000	1.5%	9,424,000	4.06018%	4.1%
Education	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.00000%	0.0%
Public Libraries	4,360,000	0.6%	10,000,000	5.4%	0	0.0%	0	0.0%	4,360,000	0.7%	10,000,000	4.30834%	4.3%
Charter Schools	0	0.0%	-	0.0%	0	0.0%	10,000,000	21.6%	0	0.0%	10,000,000	4.30834%	4.3%
Governor	1,000	0.0%	1,000	0.0%	0	0.0%	0	0.0%	1,000	0.0%	1,000	0.00043%	0.0%
Hawaiian Home Lands	10,000,000	1.5%	0	0.0%	0	0.0%	0	0.0%	10,000,000	1.5%	0	0.00000%	0.0%
Health	18,655,000	2.8%	2,675,000	1.4%	0	0.0%	3,197,000	6.9%	18,655,000	2.9%	5,872,000	2.52986%	2.5%
HHSC	47,422,000	7.0%	1,000	0.0%	0	0.0%	0	0.0%	47,422,000	7.3%	1,000	0.00043%	0.0%
Human Services	11,030,000	1.6%	4,500,000	2.4%	-400,000	0.0%	400,000	0.9%	10,630,000	1.6%	4,900,000	2.11109%	2.1%
Labor and Industrial Relations	5,572,000	0.8%	0	0.0%	0	0.0%	0	0.0%	5,572,000	0.9%	0	0.00000%	0.0%
Land and Natural Resources	12,055,000	1.8%	4,688,000	2.5%	0	0.0%	-148,000	-0.3%	12,055,000	1.9%	4,540,000	1.95599%	2.0%
Public Safety	435,000	0.1%	0	0.0%	0	0.0%	0	0.0%	435,000	0.1%	0	0.00000%	0.0%
Subsidies	6,700,000	1.0%	0	0.0%	0	0.0%	0	0.0%	6,700,000	1.0%	0	0.00000%	0.0%
Transportation	7,500,000	1.1%	0	0.0%	0	0.0%	0	0.0%	7,500,000	1.2%	0	0.00000%	0.0%
University of Hawaii	171,908,000	25.3%	31,864,000	17.1%	0	0.0%	31,000,000	66.9%	171,908,000	26.6%	62,864,000	27.08394%	27.1%
TOTAL REQUIREMENTS	678,199,000	100.0%	185,810,000	100.0%	-30,400,000	0.0%	46,298,000	100.0%	647,799,000	100.0%	232,108,000	100.00000%	100.0%
General Obligation Bonds	678,199,000	100.0%	185,810,000	100.0%	-30,400,000	100.0%	46,298,000	100.0%	647,799,000	100.0%	232,108,000	100.00000%	100.0%
Reimbursable G.O. Bonds	0	0.0%	-	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.00000%	0.0%
TOTAL REQUIREMENTS	678,199,000	100.0%	185,810,000	100.0%	-30,400,000	100.0%	46,298,000	100.0%	647,799,000	100.0%	232,108,000	100.00000%	100.0%

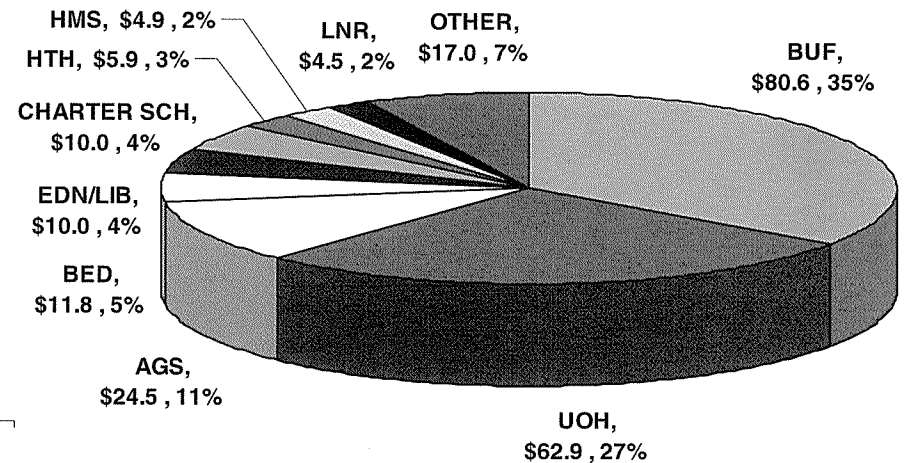
## FY 11 Supplemental CIP Budget Statewide Totals by Departments - G.O./G.O.R. Bonds

### FY 2011 Supplemental Budget Adjustments



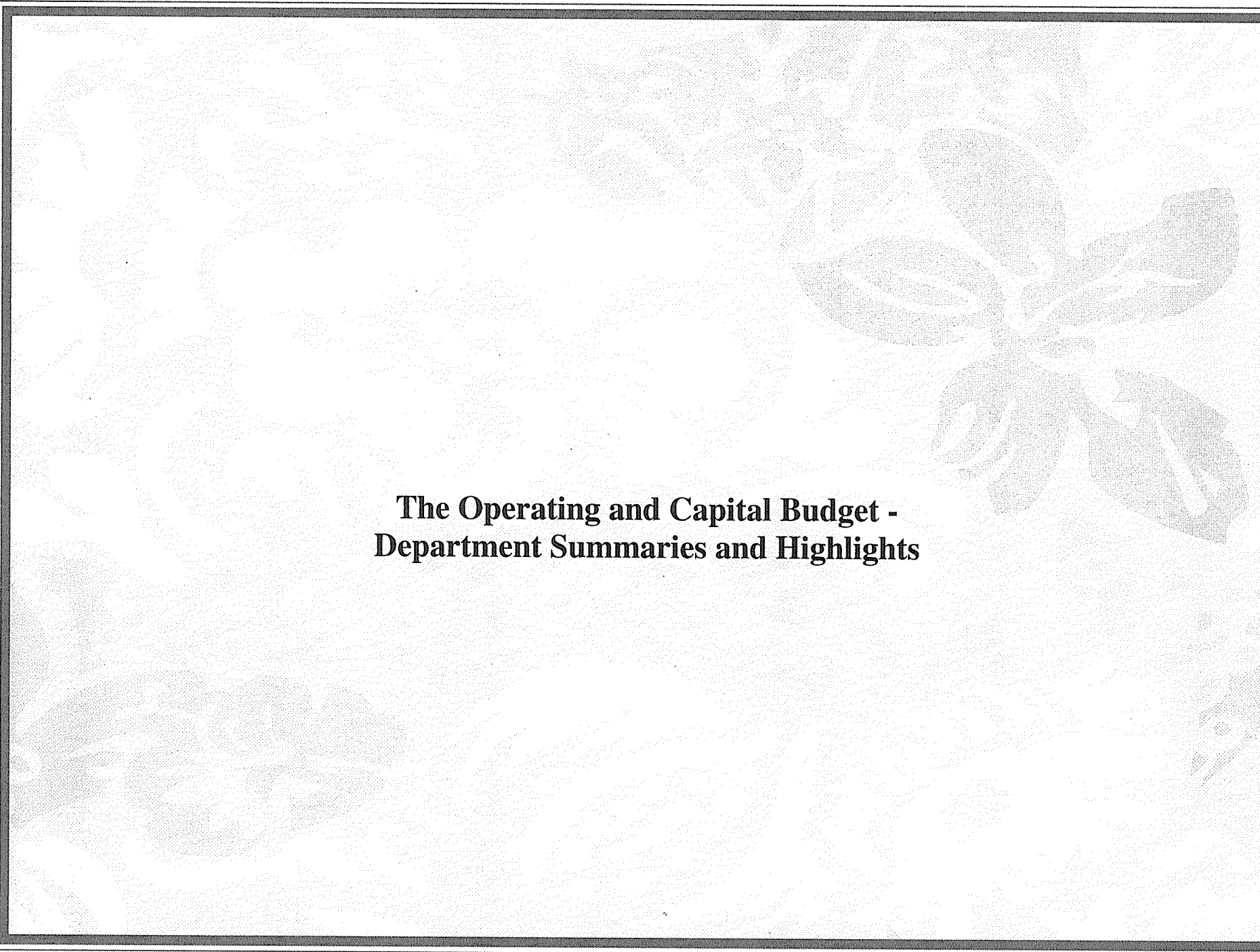
**Total \$46.3 M**

### FY 2011 Supplemental Budget



**Total \$232.1 M**

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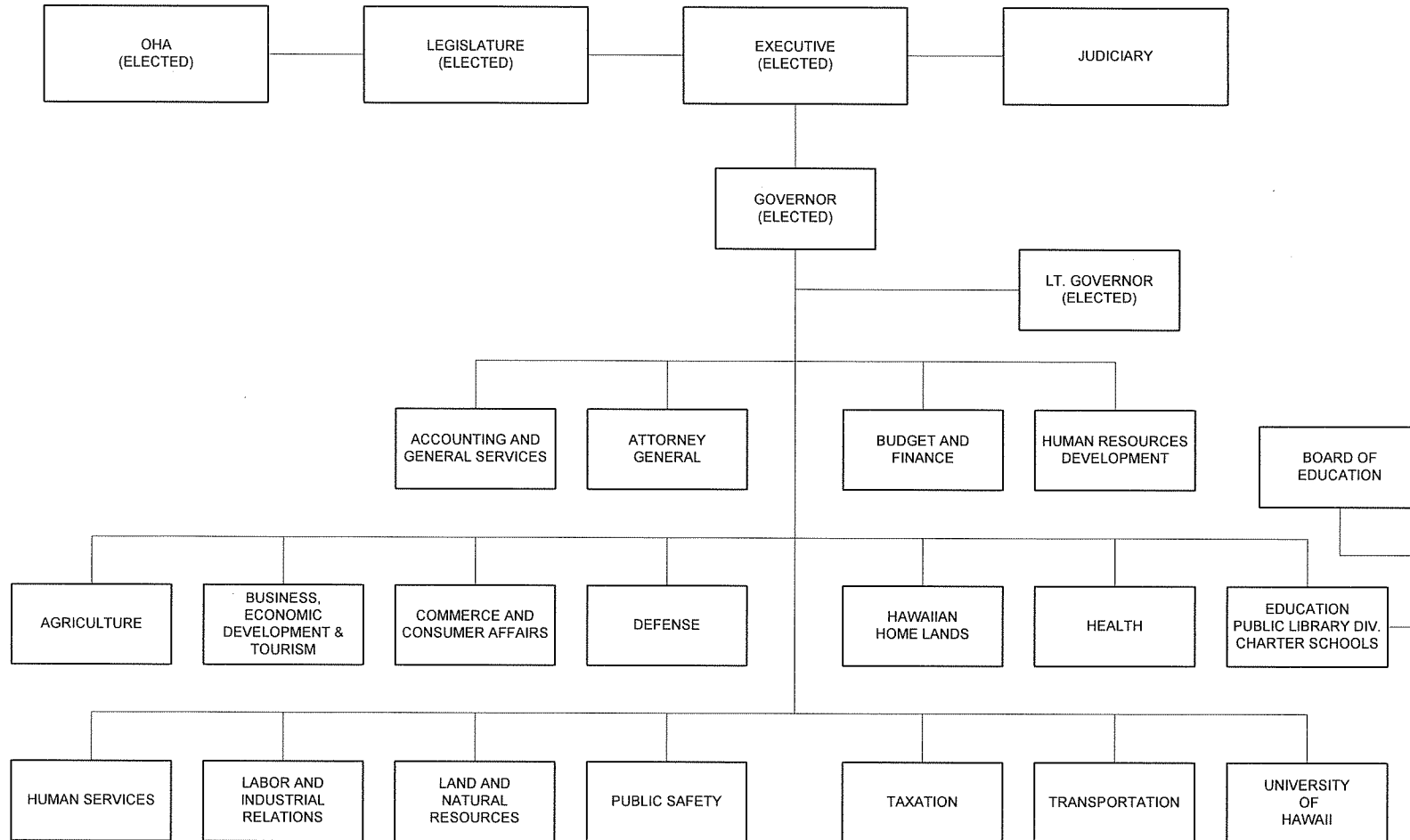


**The Operating and Capital Budget -  
Department Summaries and Highlights**



# STATE GOVERNMENT OF HAWAII

## PLAN OF ORGANIZATION



# DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

## Department Summary

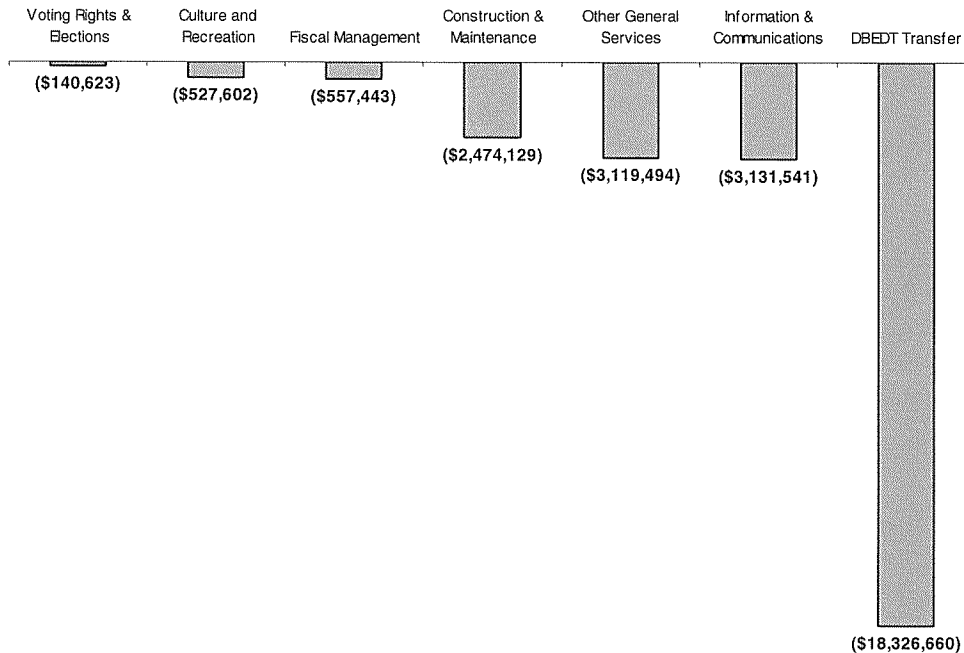
***Mission Statement***

To provide the physical, financial, and technical infrastructure to support state departments and agencies in accomplishing their missions.

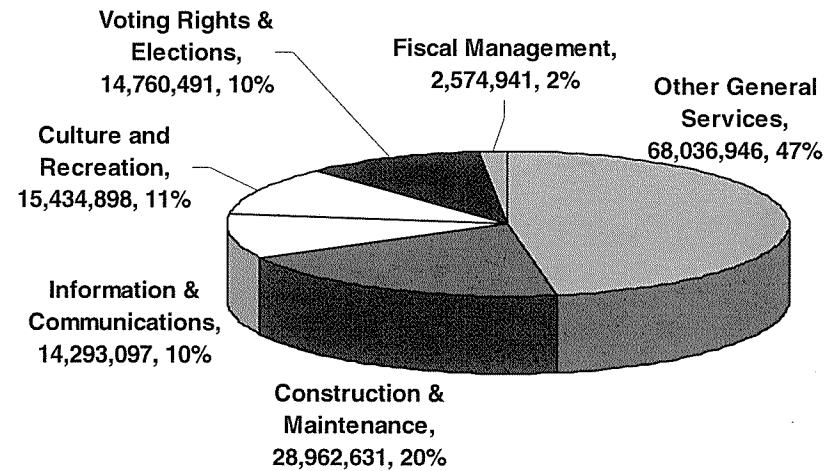
***Department Goals***

To strive for quality and consistency in the delivery of essential support services to other state departments and agencies. The department's activities reflect a continuing commitment towards cost efficiency, productivity, relevancy and timeliness of services.

**FY 2011 Supplemental Operating Budget  
Adjustments by Major Program**



**FY 2011 Supplemental  
Operating Budget**





## DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES MAJOR FUNCTIONS

- Maintains the State’s accounting systems; records the State’s financial transactions; verifies expenditures before payments; audits fiscal records of State agencies.
- Coordinates and directs engineering, architectural, office leasing, and centralized services that include public building and school repair and maintenance, custodial services, and grounds maintenance.
- Administers the statewide information processing and telecommunication services and programs.
- Performs land survey work for government agencies.
- Preserves government records and historical material.
- Administers the State’s risk management activities.
- Manages the State’s motor pool and parking activities.
- Coordinates procurement activities under Chapter 103D and 103F, HRS.
- Manages and operates Aloha Stadium; guides and promotes culture, the arts, history and humanities.
- Directs the statewide elections systems; ensures full disclosure of campaign contributions and expenditures.

## MAJOR PROGRAM AREAS

The Department of Accounting and General Services has programs in the following major program areas:

### **Formal Education**

AGS 807 School Repair & Maintenance,  
Neighbor Island Districts

### **Culture and Recreation**

AGS 818 King Kamehameha Celebration  
Commission  
AGS 881 State Foundation on Culture &  
the Arts  
AGS 889 Spectator Events and Shows –  
Aloha Stadium

### **Government-Wide Support**

AGS 101 Statewide Accounting Services

AGS 102 Expenditure Examination  
AGS 103 Recording and Reporting  
AGS 104 Internal Post Audit  
AGS 111 Archives - Records Management  
AGS 131 Information Processing &  
Communications Services  
AGS 203 State Risk Management and  
Insurance Administration  
AGS 211 Land Survey  
AGS 221 Public Works – Planning, Design,  
& Construction  
AGS 223 Office Leasing  
AGS 231 Central Services – Custodial  
AGS 232 Central Services – Grounds  
Maintenance

AGS 233 Central Services - Building  
Repairs and Alterations  
AGS 240 State Procurement  
AGS 244 Surplus Property Management  
AGS 251 Automotive Management - Motor  
Pool  
AGS 252 Automotive Management –  
Parking Control  
AGS 871 Campaign Spending Commission  
AGS 879 Office of Elections  
AGS 891 Wireless Enhanced 911 Board  
AGS 901 General Administrative Services

**Department of Accounting and General Services**  
**Operating Budget**

			Act 162/2009	Act 162/2009		Total
			FY 2010	FY 2011	FY 2011 Adjustments	FY 2011
<b>Funding Sources:</b>	Positions	Perm	650.00	650.00	-161.50	488.50
		Temp	8.76	9.44	-1.00	8.44
General Funds		\$	71,917,115	70,654,813	-10,191,042	60,463,771
		Perm	55.00	55.00	-2.50	52.50
		Temp	25.00	25.00	-22.00	3.00
Special Funds		\$	28,736,067	30,096,817	-8,168,266	21,928,551
		Perm	3.50	3.50	2.00	5.50
		Temp	6.00	6.00	-5.00	1.00
Federal Funds		\$	18,192,865	18,192,865	-9,773,218	8,419,647
		Perm	5.00	5.00	0.00	5.00
		Temp	0.00	1.00	0.00	1.00
Trust Funds		\$	665,331	4,752,994	-58,941	4,694,053
		Perm	35.00	35.00	0.00	35.00
		Temp	0.00	0.00	0.00	0.00
Interdepartmental Transfers		\$	11,761,875	11,761,875	-4,827	11,757,048
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Federal Stimulus Funds		\$	292,900	0	0	0
		Perm	46.00	46.00	0.00	46.00
		Temp	0.00	0.00	0.00	0.00
Revolving Funds		\$	36,881,132	36,881,132	-81,198	36,799,934
		Perm	794.50	794.50	-162.00	632.50
		Temp	39.76	41.44	-28.00	13.44
<b>Total Requirements</b>		\$	168,447,285	172,340,496	-28,277,492	144,063,004

**Comments:** (general funds unless otherwise noted)

1. Met the budget adjustments for vacant positions, layoffs, and furlough savings in general, federal, and special funds; did not meet the target reductions for trust, interdepartmental transfers and revolving funds.
2. Abolished 25.00 permanent and 1.00 temporary positions and \$1,343,448 prior to the reduction in force.
3. Layoffs deleted 131.00 permanent positions (129.50 general and 1.50 special) and \$5,043,432 in general and \$61,776 in special funds.
4. Met the furlough savings adjustments by reducing \$3,075,788 (\$2,400,121 in general funds).
5. Reduced \$2,035,650 from the refinancing of the Certificate of Participation (COP) for the Office Leasing Program.
6. Transferred positions and funds for NELHA and Creative Industry to DBEDT (\$545,792 in general, \$7,849,460 in special, and \$9,931,408 in federal funds).

**Department of Accounting and General Services  
Capital Improvements Budget**

	<b>Act 162/2009 FY 2010</b>	<b>Act 162/2009 FY 2011</b>	<b>FY 2010 Adjustments</b>	<b>FY 2011 Adjustments</b>	<b>Total FY 2010</b>	<b>Total FY 2011</b>
<b>Funding Sources:</b>						
General Obligation Bonds	45,639,000	24,465,000	0	0	45,639,000	24,465,000
<b>Total Requirements</b>	<b>45,639,000</b>	<b>24,465,000</b>	<b>0</b>	<b>0</b>	<b>45,639,000</b>	<b>24,465,000</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)  
None.

# DEPARTMENT OF AGRICULTURE

## Department Summary

***Mission Statement***

To develop and promote agriculture as a significant and respected driver of Hawaii's economy.

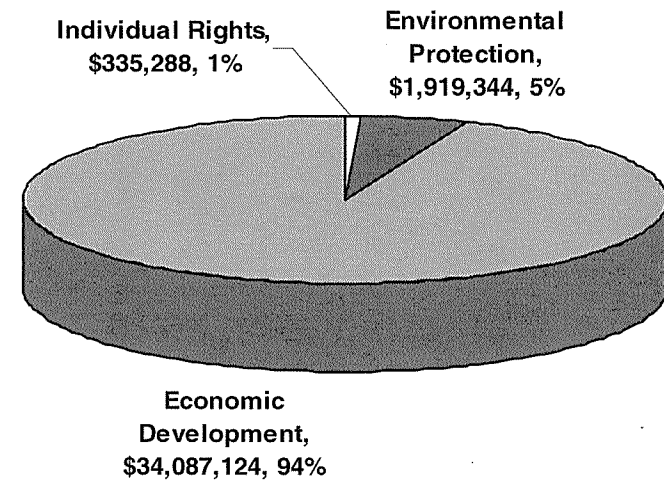
***Department Goals***

To conserve and develop essential agricultural resources and infrastructure; to gain access and develop local, domestic, and international markets for Hawaii's agricultural products; to raise awareness of the importance of agriculture to the State's economy, environment, and as a profession; to implement programs to safeguard Hawaii's farmers, consumers, and natural resources; and to prevent the introduction and establishment of plants, animals and disease that are detrimental to Hawaii's agriculture and environment.

**FY 2011 Supplemental Operating Budget  
Adjustments by Major Program**



**FY 2011 Supplemental  
Operating Budget**



## DEPARTMENT OF AGRICULTURE MAJOR FUNCTIONS

- Carries out programs to conserve, develop, and utilize the agricultural resources and infrastructure of the State and facilitates the transition of plantation agriculture to diversified farming.
- Enforces laws, and formulates and enforces rules and regulations to further control the management of these resources.
- Reviews and develops agricultural goals and objectives compatible with statewide expansion and diversification of Hawaii's agricultural base.
- Prevents the introduction of plant pests and diseases, provides certification services to facilitate the export of certain plant materials, and controls and eradicates insects and noxious weeds and controls the distribution and usage of pesticides.
- Administers the aquaculture development, state animal health, and agricultural and aquacultural loan programs.
- Maintains official State primary measurement standards; ensures accuracy of commercial measuring devices.
- Establishes and enforces grade standards for agricultural commodities producers in the State in cooperation with the industry, and achieves stability within the State milk industry by ensuring the availability of an adequate supply of wholesale milk for the consuming public.
- Supports the marketing of various agricultural commodities.

## MAJOR PROGRAM AREAS

The Department of Agriculture has programs in the following major program areas:

### **Economic Development**

AGR 101	Financial Assistance for Agriculture
AGR 122	Plant Pest and Disease Control
AGR 131	Rabies Quarantine
AGR 132	Animal Disease Control
AGR 141	Agricultural Resource Management
AGR 151	Quality and Price Assurance
AGR 153	Aquaculture Development
AGR 161	Agribusiness Development and Research

AGR 171	Agricultural Development and Marketing
AGR 192	General Administration for Agriculture

### **Environmental Protection**

AGR 846	Pesticides
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### **Individual Rights**

AGR 812	Measurement Standards
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**Department of Agriculture  
Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	215.70	214.70	-117.02	97.68
		Temp	3.00	3.00	-3.00	0.00
General Funds		\$	13,391,748	13,352,017	-5,850,570	7,501,447
		Perm	82.30	82.30	21.02	103.32
		Temp	3.75	3.75	0.00	3.75
Special Funds		\$	11,616,209	11,616,209	1,603,577	13,219,786
		Perm	2.00	2.00	0.00	2.00
		Temp	14.00	14.00	0.00	14.00
Federal Funds		\$	1,969,568	1,969,568	-1,988	1,967,580
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Trust Funds		\$	812,962	812,962	0	812,962
		Perm	9.00	9.00	0.00	9.00
		Temp	19.00	19.00	0.00	19.00
Interdepartmental Transfers		\$	1,430,203	1,430,203	11,416	1,441,619
		Perm	20.00	20.00	1.00	21.00
		Temp	20.50	20.50	0.00	20.50
Revolving Funds		\$	11,403,074	11,403,074	-4,712	11,398,362
		Perm	329.00	328.00	-95.00	233.00
		Temp	60.25	60.25	-3.00	57.25
<b>Total Requirements</b>		\$	40,623,764	40,584,033	-4,242,277	36,341,756

**Comments:** (general funds unless otherwise noted)

1. Met the target reductions for vacant positions, furlough savings and reduction in force; did not meet the target reductions for non-general funds due to trade-off/transfers including changing means of financing.
2. Layoffs - deleted 92.00 permanent and 3.00 temporary positions and \$3,959,308.
3. Abolished vacant positions before the reduction in force - deleted 3.00 permanent positions and \$169,408.
4. Changed means of financing for 22.0 permanent positions from general to special funds and adds \$1,812,204 in special funds.
5. Met target furlough savings reductions - Reduced \$491,870 in general funds, \$274,324 in special funds, \$12,359 in federal funds, \$50,532 in interdepartment-transfer funds, and \$135,630 in revolving funds.
6. Added \$67,000 for vehicle maintenance costs.

**Department of Agriculture  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	5,375,000	7,600,000	0	0	5,375,000	7,600,000
Federal Funds	352,000	4,597,000	0	0	352,000	4,597,000
Private Contributions	373,000	3,100,000	0	0	373,000	3,100,000
County Funds	2,000	2,000	0	0	2,000	2,000
<b>Total Requirements</b>	<b>6,102,000</b>	<b>15,299,000</b>	<b>0</b>	<b>0</b>	<b>6,102,000</b>	<b>15,299,000</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

None.

# DEPARTMENT OF THE ATTORNEY GENERAL

## Department Summary

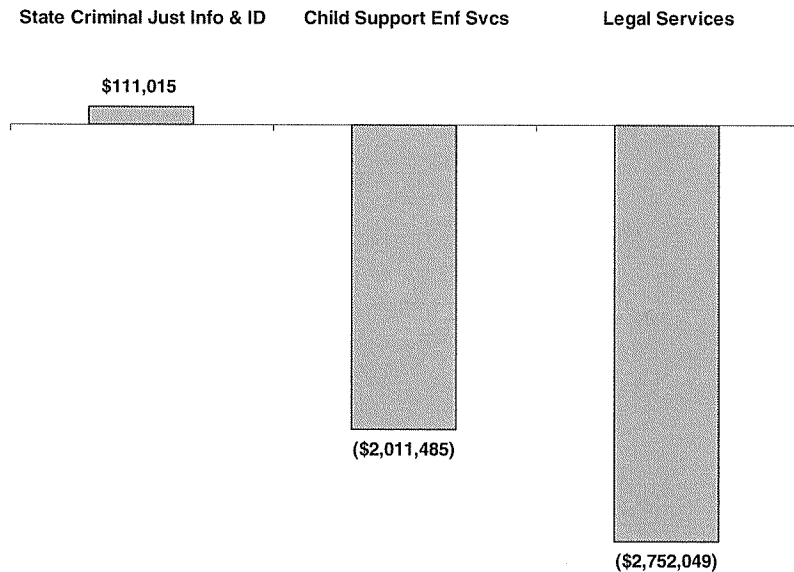
### *Mission Statement*

To provide legal and other services to the State, including the agencies, officers, and employees of the executive, legislative, and judicial branches of the Hawaii government.

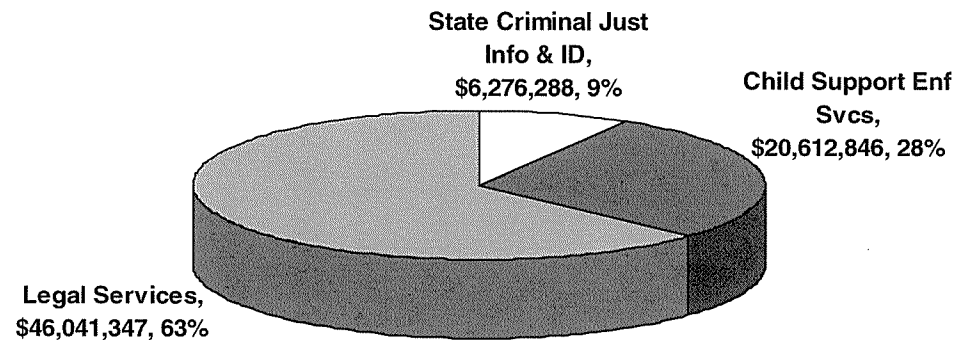
### *Department Goals*

To safeguard the rights and interests of the people of the State of Hawaii by being the defender of and advocate for the people and undertaking appropriate legal and other actions on their behalf; to protect the State's interest in legal matters by providing excellent and timely legal advice and representation to the executive, legislative, and judicial branches; to preserve, protect, and defend the constitution and laws of the State of Hawaii and the United States, to enforce the State's constitution and laws, and to facilitate the enforcement of federal law; and to assist and coordinate statewide programs and activities that improve the criminal justice system and law enforcement.

### FY 2011 Supplemental Operating Budget Adjustments by Major Program



### FY 2011 Supplemental Operating Budget





## **DEPARTMENT OF THE ATTORNEY GENERAL MAJOR FUNCTIONS**

- Provides legal services to the state agencies and employees; represents the State in all civil litigations in which the State is a party; conducts civil and criminal investigations; drafts and approves as to form the legality of various documents.
- Prosecutes criminal offenses, such as Medicaid fraud, welfare fraud, tax fraud, unemployment fraud, organized crime, and other crime against the public order; and initiates, develops and performs or coordinates programs, projects and activities on the subject of crime.
- Oversees the actions of the trustees of charitable trusts and to bring any abuse or deviation by the trustees to the attention of the probate court for possible correction.
- Seeks to enforce the federal and state antitrust laws to benefit businesses and consumers in the State of Hawaii and the overall welfare of the State of Hawaii.
- Responsible for the enforcement of the Master Settlement Agreement pursuant to the Hawaii Revised Statutes Chapter 675 (HRS Chapter 675, State's Tobacco Liability Act); and the Cigarette Tax Stamp requirements and prohibition against the sale of Gray Market cigarettes.
- Maintains the automated statewide information system that collects, maintains, and disseminates individual criminal history record information for those arrested and fingerprinted.
- Administers the Child Support Enforcement Program, which involves initiating legal or administrative actions required to secure financial support for children.
- Provides a fair and impartial administrative forum for the expeditious resolution of child support disputes through the Office of Child Support hearings.

## **MAJOR PROGRAM AREAS**

The Department of the Attorney General has programs in the following major program areas:

### **Social Services**

ATG 500      Child Support Enforcement Services

### **Public Safety**

ATG 231      State Criminal Justice Information and  
Identification

### **Government-Wide Support**

ATG 100      Legal Services

**Department of the Attorney General  
Operating Budget**

		Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions				
	Perm	348.43	348.43	-20.12	328.31
	Temp	56.61	56.61	-4.87	51.74
General Funds	\$	24,869,947	24,814,543	-2,000,848	22,813,695
	Perm	22.00	22.00	-0.25	21.75
	Temp	0.00	0.00	0.00	0.00
Special Funds	\$	2,346,782	2,346,782	-158,998	2,187,784
	Perm	178.00	178.00	-12.63	165.37
	Temp	15.51	15.51	3.87	19.38
Federal Funds	\$	25,928,341	25,928,341	-1,408,469	24,519,872
	Perm	0.00	0.00	0.00	0.00
	Temp	7.14	7.14	0.00	7.14
Trust Funds	\$	8,240,607	6,379,570	0	6,379,570
	Perm	55.35	55.35	-2.00	53.35
	Temp	75.35	75.35	-1.00	74.35
Interdepartmental Transfers	\$	8,675,374	8,675,374	-1,172,249	7,503,125
	Perm	0.00	0.00	0.00	0.00
	Temp	18.61	18.61	0.00	18.61
Federal Stimulus Funds	\$	7,110,342	3,481,430	0	3,481,430
	Perm	36.50	36.50	-5.00	31.50
	Temp	1.00	1.00	0.00	1.00
Revolving Funds	\$	5,956,960	5,956,960	88,045	6,045,005
	Perm	640.28	640.28	-40.00	600.28
	Temp	174.22	174.22	-2.00	172.22
<b>Total Requirements</b>	\$	<b>83,128,353</b>	<b>77,583,000</b>	<b>-4,652,519</b>	<b>72,930,481</b>

**Comments:** (general funds unless otherwise noted)

1. Reductions for abolishment of vacancies, reductions due to lay-offs, and furlough savings.
2. Reduction of \$203,872 for the Career Criminal Program and Victim Witness Program.

**Department of the Attorney General  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
<b>Total Requirements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

None.

# DEPARTMENT OF BUDGET AND FINANCE

## Department Summary

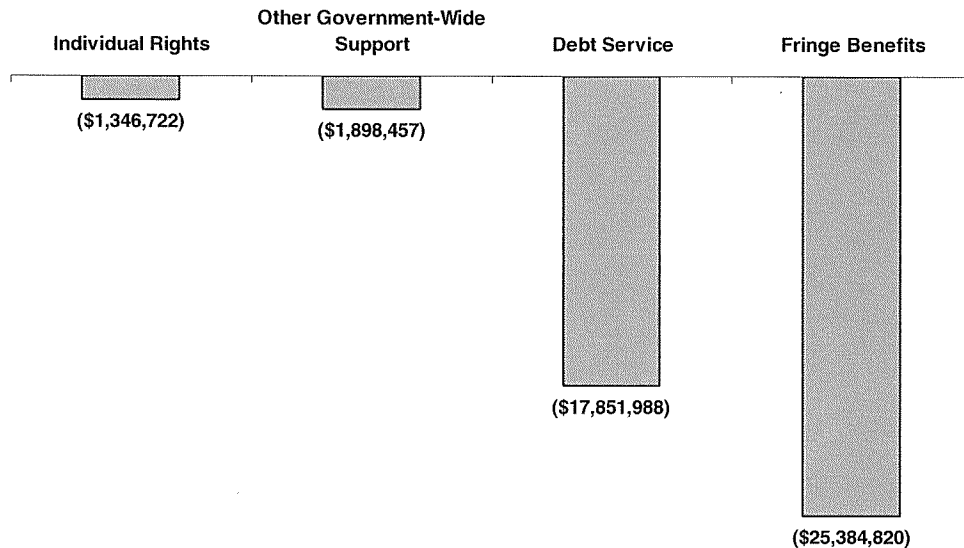
### *Mission Statement*

To enhance long-term productivity and efficiency in government operations by providing quality budget and financial services that prudently allocate and effectively manage available resources.

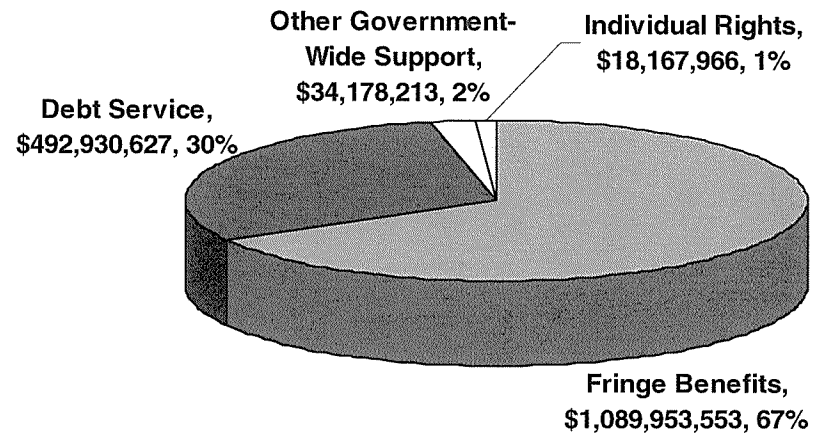
### *Department Goals*

Improve the executive resource allocation process through planning, analysis and recommendation on all phases of program scope and funding; maximize the value, investment, and use of State funds through planning, policy development, timely scheduling of State bond financing and establishment of appropriate cash management controls and procedures; administer retirement and survivor benefits for State and County members and prudently manage the return on investments; administer health and life insurance benefits for eligible active and retired State and County public employees and their dependents by providing quality services and complying with federal and State legal requirements; ensure regulated companies provide adequate and reliable services at just and reasonable rates with a fair opportunity to earn a reasonable rate of return; and to safeguard the rights of indigent individuals in need of assistance in criminal and related cases by providing statutorily entitled and effective legal representation.

### FY 2011 Supplemental Operating Budget Adjustments by Major Program



### FY 2011 Supplemental Operating Budget



## DEPARTMENT OF BUDGET AND FINANCE MAJOR FUNCTIONS

- Administers the multi-year program and financial plan and executive budget, management improvement, and financial management programs of the state under the general direction of the Governor.
- Coordinates state budget services and prepares the Governor's budget for submission to the legislature; administers the financial affairs of the State.
- Plans, directs and coordinates the State's investments and financing programs.
- Directs and coordinates a statewide retirement benefits program for state and county government employees.
- Administers health and life insurance benefits for eligible state and county active and retired public employees and dependents.
- Provides comprehensive legal and related services to persons who are financially unable to obtain legal and related services.
- Regulates all chartered, franchised, or certificated public service companies operating in the State.

## MAJOR PROGRAM AREAS

The Department of Budget and Finance has programs in the following major program areas:

### **Government-Wide Support**

BUF 101	Departmental Administration and Budget Division
BUF 115	Financial Administration
BUF 141	Employees Retirement System
BUF 143	Employer Union Trust Fund
BUF 721	Debt Service – State
BUF 725	Debt Service – DOE
BUF 728	Debt Service – UH
BUF 741	Retirement Benefits – State

BUF 745	Retirement Benefits – DOE
BUF 748	Retirement Benefits – UH
BUF 761	Health Premium Payments – State
BUF 765	Health Premium Payments – DOE
BUF 768	Health Premium Payments - UH

### **Individual Rights**

BUF 151	Office of the Public Defender
BUF 901	Public Utilities Commission

**Department of Budget and Finance**  
**Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	142.00	142.00	-12.75	129.25
		Temp	50.00	50.00	0.00	50.00
General Funds		\$	1,584,843,324	1,649,571,553	-45,491,000	1,604,080,553
		Perm	51.00	51.00	0.00	51.00
Special Funds		Temp	0.00	0.00	0.00	0.00
		\$	9,963,842	9,598,721	-349,390	9,249,331
Trust Funds		Perm	31.00	31.00	5.00	36.00
		Temp	13.00	8.00	0.00	8.00
Interdepartmental Transfers		\$	12,431,726	11,218,651	-23,070	11,195,581
		Perm	0.00	0.00	1.75	1.75
Other Funds		Temp	0.00	0.00	0.00	0.00
		\$	5,525	5,525	96,078	101,603
<b>Total Requirements</b>		Perm	99.00	99.00	0.00	99.00
		Temp	1.00	1.00	0.00	1.00
		\$	11,317,896	11,317,896	-714,605	10,603,291
		Perm	323.00	323.00	-6.00	317.00
		Temp	64.00	59.00	0.00	59.00
		\$	1,618,562,313	1,681,712,346	-46,481,987	1,635,230,359

**Comments:** (general funds unless otherwise noted)

1. Adds general funds for employer contributions for health benefits premiums (\$8,616,383 for State, \$8,659,498 for DOE, and \$3,282,431 for UH) for BUF 761 (Health Premium Payments - State), BUF 765 (Health Premium Payments - DOE), and BUF 768 (Health Premium Payments - UH) respectively.
2. Adds 5.00 trust funded positions and \$642,131 in BUF 115 (Unclaimed Property Branch).
3. Reduces general funded pension accumulation payments of \$20,635,080 for State, 20,671,123 for DOE, and \$4,636,929) for BUF 741 (Retirement Benefits - State), BUF 745 (Retirement Benefits - DOE, and BUF 748 (Retirement Benefits - UH) respectively.
4. Reduces general funded debt service payments of \$3,958,781 for State, \$10,140,231 for DOE, and \$3,752,886 for UH) for BUF 721 (Debt Service - State), BUF 725 (Debt Service - DOE), and BUF 728 (Debt Service - UH) respectively.

**Department of Budget and Finance**  
**Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	270,851,000	80,586,000	0	0	270,851,000	80,586,000
<b>Total Requirements</b>	<u>270,851,000</u>	<u>80,586,000</u>	<u>0</u>	<u>0</u>	<u>270,851,000</u>	<u>80,586,000</u>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)  
None.

# DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

## Department Summary

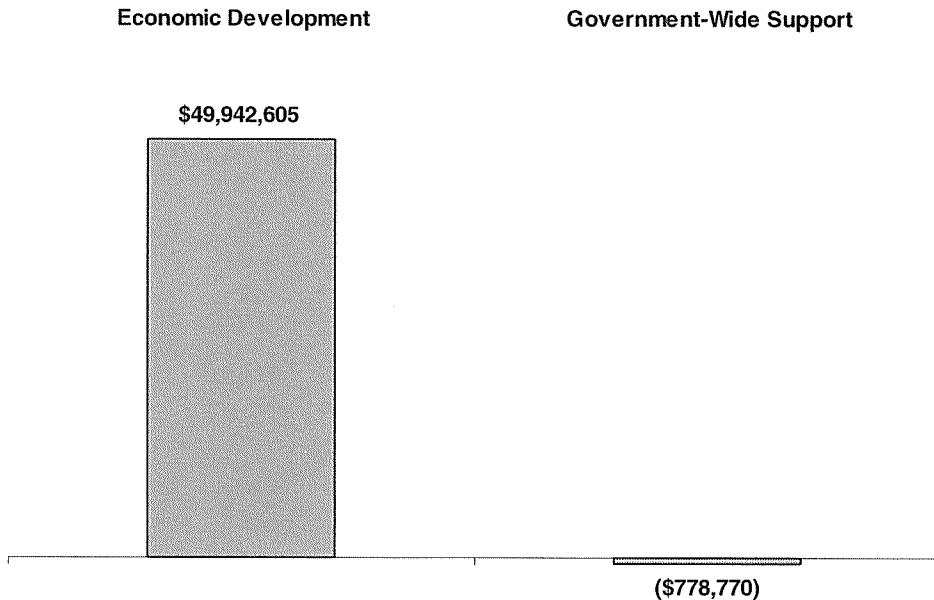
***Mission Statement***

To achieve a Hawaii economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all Hawaii's citizens to prosper.

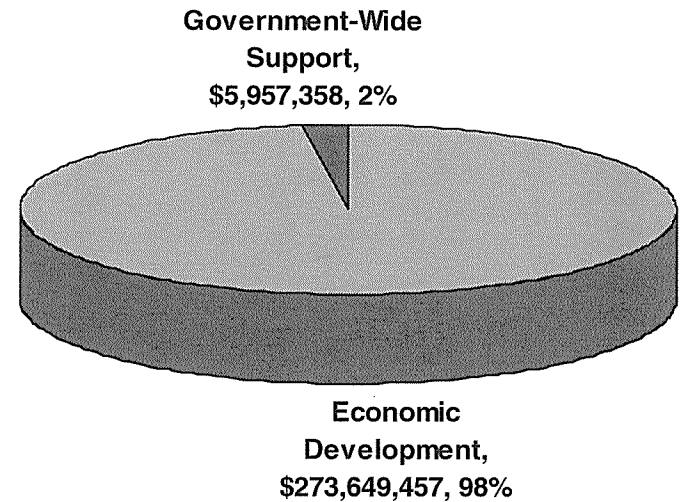
***Department Goals***

Lead efforts to facilitate structural economic adjustments to improve the competitiveness of Hawaii businesses and create the conditions to reward productivity and entrepreneurship.

### FY 2011 Supplemental Operating Budget Adjustments by Major Program



### FY 2011 Supplemental Operating Budget





## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM MAJOR FUNCTIONS

- **Workforce Housing** – Create workforce housing units in high-quality living environments to support a skilled labor force in Hawaii.
- **Human Capital Development** – Educate, develop, retain and attract a workforce with the skills required for an innovation-driven and globally-competitive economy.
- **“Hawaii Clean Energy Initiative”** – Fundamentally transform how Hawaii uses energy by accelerating the production of renewable and alternative energy, increasing energy efficiency and developing and adopting new technologies thereby ensuring energy security and long-term environmental quality, and benefits to residents.
- **Global Links** – Increase the flow of people, products, services and ideas between Hawaii and its export markets.
- **Creation of an Innovation Infrastructure** – Create the infrastructure that enables Hawaii’s creative and entrepreneurial talent to turn ideas into products and services.
- **Improving Hawaii’s Business Environment** – Lead public sector efforts to bring about a business environment that is market-driven, and rewards productivity and entrepreneurship.

## MAJOR PROGRAM AREAS

The Department of Business, Economic Development and Tourism has programs in the following major program areas:

### **Economic Development**

BED 100	Strategic Marketing and Support
BED 105	Creative Industries
BED 107	Foreign Trade Zone
BED 113	Tourism
BED 120	Strategic Industries
BED 142	General Support for Economic Development
BED 143	High Technology Development Corporation
BED 145	Hawaii Strategic Development Corporation
BED 146	Natural Energy Laboratory of Hawaii Authority
BED 150	Hawaii Community Development Authority
BED 151	Aloha Tower Development Corporation
BED 160	Hawaii Housing Finance and Development Corporation

### **Government-Wide Support**

BED 103	Statewide Land Use Management
BED 130	Economic Planning and Research
BED 144	Statewide Planning and Coordination

**Department of Business, Economic Development and Tourism**  
**Operating Budget**

		Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011	
<b>Funding Sources:</b>	Positions	Perm	95.50	94.50	-18.00	76.50
		Temp	14.25	14.25	-6.50	7.75
General Funds	\$	7,845,584	7,718,641	-1,112,157	6,606,484	
		Perm	26.50	26.50	-2.00	24.50
		Temp	37.95	31.95	25.30	57.25
Special Funds	\$	148,422,246	149,793,306	9,291,035	159,084,341	
		Perm	9.00	9.00	-4.00	5.00
		Temp	30.80	30.80	2.20	33.00
Federal Funds	\$	15,017,301	14,917,301	15,705,434	30,622,735	
		Perm	0.00	0	0.00	0.00
		Temp	0.00	0	0.00	0.00
Trust Funds	\$	51,923,698	21,923,698	0	21,923,698	
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Interdepartmental Transfers	\$	800,000	0	333,500	333,500	
		Perm	0.00	0.00	0.00	0.00
		Temp	12.00	7.00	0.00	7.00
Federal Stimulus Funds	\$	50,823,665	18,481,175	26,407,961	44,889,136	
		Perm	35.00	35.00	-5.00	30.00
		Temp	51.00	51.00	-9.00	42.00
Revolving Funds	\$	17,607,305	17,608,859	-1,461,938	16,146,921	
		Perm	166.00	165.00	-29.00	136.00
		Temp	146.00	135.00	12.00	147.00
<b>Total Requirements</b>	\$	292,439,799	230,442,980	49,163,835	279,606,815	

**Comments:** (general funds unless otherwise noted)

1. Met the budget adjustments for vacant positions, layoffs, and furlough savings for all funding sources, except interdepartment transfer funds (no interdepartmental transfer funds available to delete).

**Department of Business, Economic Development and Tourism**  
**Operating Budget**

2. Major general funds adjustments include:
  - Reduce 26.00 permanent positions and \$1,336,296 to adjust for layoffs.
  - Reduce 3.00 permanent and 1.50 temporary positions and \$224,235 for vacant positions.
  - Reduce \$526,226 for reductions from the FY 11 furlough savings.
3. Major special funds reductions include:
  - Reduce 2.00 permanent and 2.50 temporary positions and \$249,417 for vacant positions.
  - Reduce \$593,344 for reduction from the FY 11 furlough savings.
4. Major federal funds adjustments include:
  - Add \$35,998 to adjust for layoffs.
  - Reduce 1.00 temporary position and \$100,313 for vacant positions.
  - \$340,900 for reduction from the FY 11 furlough savings.
5. Major revolving funds adjustments include:
  - Add \$45,552 to adjust for layoffs.
  - Reduce 5.00 permanent and 9.00 temporary positions and \$960,507 for vacant positions.
  - Reduce \$546,983 for reduction from the FY 11 furlough savings.
6. Adds \$250,000 in stimulus funds for the Strengthening Communities Fund.
7. Converts 5.0 permanent and 2.0 temporary positions and \$640,920 in federal funds to 5.0 permanent and 2.0 temporary positions and \$467,688 in general funds for the Energy program.
8. Adds \$6,403,650 in stimulus funds for the Energy Division's Energy Efficiency and Conservation Block Grant, American Recovery and Reinvestment Act of 2009 (ARRA), and Smart Grid Resiliency programs.
9. Adds \$750,000 in special funds to expedite the renewable energy facility siting process for renewable energy projects.
10. Adds 6.00 permanent positions and \$1,602,407 in special funds to restore funding for the Aloha Tower Development Corporation.
11. Adds \$6,693,120 in federal funds for the Neighborhood Stabilization Project grant.
12. Adds \$19,754,311 in stimulus funds for the American Recovery and Reinvestment Act of 2009, Section 1602 Tax Credit Exchange Program.

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**Department of Business, Economic Development and Tourism  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	50,696,000	11,855,000	-30,000,000	0	20,696,000	11,855,000
<b>Total Requirements</b>	<b>50,696,000</b>	<b>11,855,000</b>	<b>-30,000,000</b>	<b>0</b>	<b>20,696,000</b>	<b>11,855,000</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

1. Lapses \$30 million from the Rental Housing Trust Fund Infusion.

# DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

## Department Summary

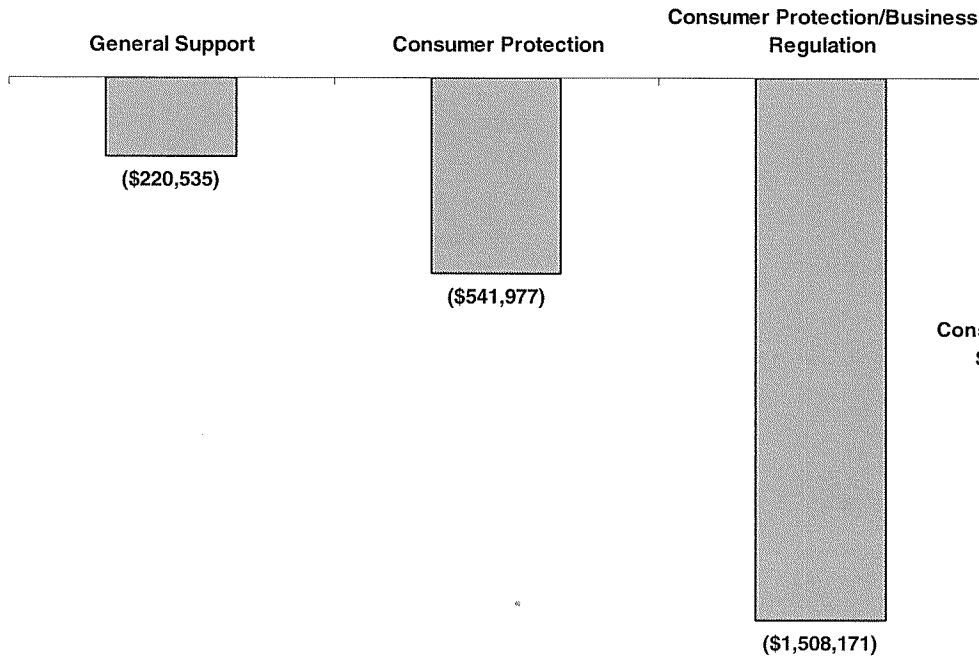
***Mission Statement***

To fairly regulate business, while ensuring consumer protection in commercial transactions in Hawaii.

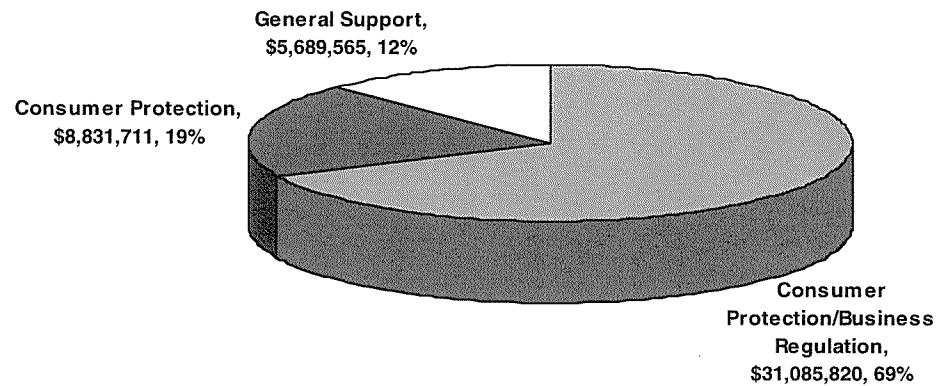
***Department Goals***

To develop, promote, and implement rational business regulation; to consider the public interest and increase the opportunity for public involvement in the regulatory process; and to ensure fairness in the conduct of administrative hearings that address decisions made by department regulators.

**FY 2011 Supplemental Operating Budget  
Adjustments by Major Program**



**FY 2011 Supplemental  
Operating Budget**



## DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS MAJOR FUNCTIONS

- Develops standards relating to the licensing of and general supervision over the conduct of the financial services industry, professions, businesses, trades, and insurance companies.
- Grants or denies the issuance of professional, business and trade licenses; directs investigations, holds hearings, and suspends, revokes or reinstates licenses; makes, amends or repeals such rules and regulations deemed necessary to fully effectuate the provisions of the laws within the Department's scope and jurisdiction.
- Represents, protects, and advances the interest of consumers of utility services; conducts investigations; assists and cooperates with Federal, State, and local agencies to protect the consumer's interests in the public utilities fields.
- Coordinates consumer protection activities in the State; conducts investigations, research, and enforces laws, rules, and regulations in the area of consumer protection; provides consumer education services and programs.
- Administers the laws of the State relating to corporations; partnerships; sales of securities; registration of trademarks, tradenames, prints and labels; miscellaneous business registrations; financial services industry; the insurance industry; and provides advice on business formation.
- Ensures that subscribers are provided with cable communication services which meet acceptable standards of quality, dependability, and fair rates; establishes technical standards of performances; maintains surveillance over filed rates, charges, terms, and conditions of services; and monitors the operations and management of cable television operators.

## MAJOR PROGRAM AREAS

The Department of Commerce and Consumer Affairs has programs in the following major program areas:

### **Individual Rights**

#### Consumer Protection/Business Regulation

CCA 102	Cable Television
CCA 104	Financial Institution Services
CCA 105	Professional and Vocational Licensing
CCA 106	Insurance Regulatory Services
CCA 111	Business Registration and Securities Regulation

#### Consumer Protection

CCA 103	Consumer Advocate for Communication, Utilities, and Transportation Services
CCA 110	Office of Consumer Protection
CCA 112	Regulated Industries Complaints Office

#### General Support

CCA 191	General Support
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**Department of Commerce and Consumer Affairs**  
**Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	Budget Submittal	Difference (Target - Submittal)
<b>Funding Sources:</b>	Positions	Perm	379.00	378.00	-4.00	374.00
		Temp	32.00	32.00	0.00	32.00
Special Funds		\$	45,609,147	45,565,787	-2,219,216	43,346,571
		Perm	5.00	5.00	0.00	5.00
		Temp	6.00	6.00	0.00	6.00
Trust Funds		\$	2,331,992	2,311,992	-51,467	2,260,525
		Perm	384.00	383.00	-4.00	379.00
		Temp	38.00	38.00	0.00	38.00
<b>Total Requirements</b>		\$	47,941,139	47,877,779	-2,270,683	45,607,096

**Comments:** (general funds unless otherwise noted)

1. Did not meet the targeted special and trust fund reductions.
2. Abolished vacant positions before reduction in force - deleted 4.00 permanent positions and reduced \$295,524 in special funds.
3. Met target reductions for furlough savings by reducing \$2,156,349 in special funds and \$51,467 in trust funds.



**Department of Commerce and Consumer Affairs  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
<b>Total Requirements</b>	0	0	0	0	0	0

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

None.

# DEPARTMENT OF DEFENSE

## Department Summary

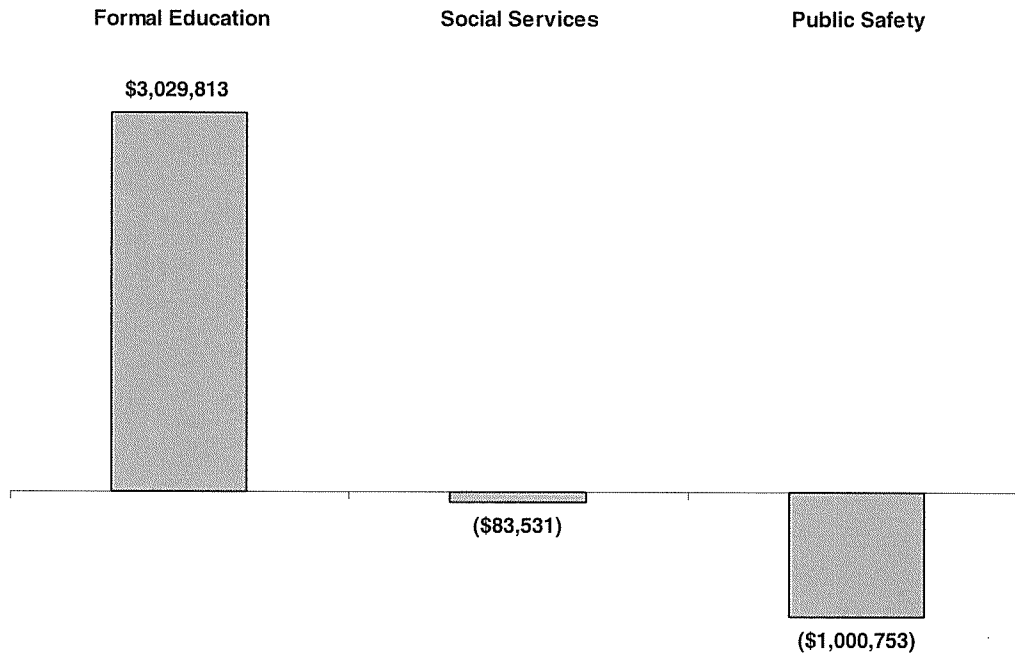
***Mission Statement***

To assist authorities in providing for the safety, welfare, and defense of the people of Hawaii.

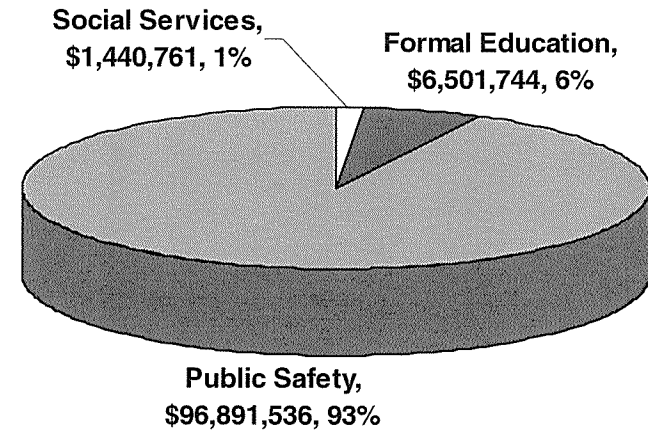
***Department Goals***

To maintain readiness to respond to the needs of the people in the event of disasters, either natural or human-caused; to administer policies and programs related to veterans and their families; to provide at-risk youth with opportunities to obtain their high school diplomas and become productive citizens.

**FY 2011 Supplemental Operating Budget  
Adjustments by Major Program**



**FY 2011 Supplemental  
Operating Budget**



## DEPARTMENT OF DEFENSE MAJOR FUNCTIONS

- Provides for the defense, safety and welfare of the people of Hawaii.
- Maintains its readiness to respond to the needs of the people in the event of war or devastation originating from either natural or human-caused disasters.
- To meet its federal mission as part of the military reserve component, the Hawaii National Guard, consisting of the Army and Air National Guard divisions, is manned, trained, equipped and ready for call to active duty by the President in times of national emergency. To meet its State mission, the Hawaii National Guard responds when necessary to protect life and property, preserve peace, order and public safety as directed by competent State authority.
- Coordinates the civil defense planning of all public and private organizations within the islands, minimizes the loss of life and property damage, restores essential public services, and expedites the recovery of individuals in the event of natural or human-caused mass casualty situations.
- Administers the Youth Challenge Academy, which serves youth at risk by providing life-transforming experience through training under military-like conditions.
- Office of Veterans Services – Responsible for the statewide administration, conduct, and coordination of all functions and activities prescribed under Chapter 363, Veterans Rights and Benefits, HRS, for veterans and their dependents.

## MAJOR PROGRAM AREAS

The Department of Defense has programs in the following major program areas:

### **Social Services**

DEF 112 Services to Veterans

### **Formal Education**

DEF 114 Hawaii National Guard Youth Challenge Academy

### **Public Safety**

DEF 110 Amelioration of Physical Disasters

**Department of Defense  
Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	Budget Submittal	Difference (Target - Submittal)
<b>Funding Sources:</b>	Positions	Perm	144.80	144.80	-20.00	124.80
		Temp	55.15	55.15	11.00	66.15
General Funds	\$		14,097,791	14,097,791	-674,000	13,423,791
		Perm	81.70	81.70	0.00	81.70
Federal Funds	\$	Temp	82.33	82.33	47.52	129.85
			76,306,668	76,306,668	2,649,845	78,956,513
County Funds	\$	Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Interdepartmental Transfers	\$		464,458	464,458	0	464,458
		Perm	0.00	0.00	0.00	0.00
		Temp	10.00	10.00	0.00	10.00
			12,019,595	12,019,595	-30,316	11,989,279
<b>Total Requirements</b>	\$	Perm	226.50	226.50	-20.00	206.50
		Temp	147.48	147.48	58.52	206.00
			<b>102,888,512</b>	<b>102,888,512</b>	<b>1,945,529</b>	<b>104,834,041</b>

**Comments:** (general funds unless otherwise noted)

1. Based on combined abolishment, RIF & furlough savings, DOD exceeds general fund savings target and meets inter-departmental fund savings target.
2. Based on combined abolishment, RIF & furlough savings, DOD did not meet the federal fund savings target.
3. DOD requested an additional 13.00 positions and \$800,000 in general funds, and 39.00 positions and \$2,400,000 in federal funds for Youth Challenge Academy - Kulani.

**Department of Defense  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	10,000,000	7,575,000	0	1,849,000	10,000,000	9,424,000
Federal Funds	8,225,000	2,940,000	0	3,000	8,225,000	2,943,000
<b>Total Requirements</b>	<b>18,225,000</b>	<b>10,515,000</b>	<b>0</b>	<b>1,852,000</b>	<b>18,225,000</b>	<b>12,367,000</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

1. Request for \$1,849,000 in general obligation and 1,000 in federal funds for the renovation of the Kulani facility and infrastructure to develop a new Youth Challenge Academy. Project projections reflect an additional request for \$1,350,000 in general obligation and 1,000 in federal funds for FY 2012.
2. Request for an additional 1,000 in federal funds for the design and construction for additional columbaria niches statewide. This project may qualify for federal reimbursement.
3. Request for an additional 1,000 in federal funds for the design and construction for repairs and improvements to veterans cemeteries statewide. This project may qualify for federal reimbursement.

# DEPARTMENT OF EDUCATION

## Department Summary

### *Mission Statement*

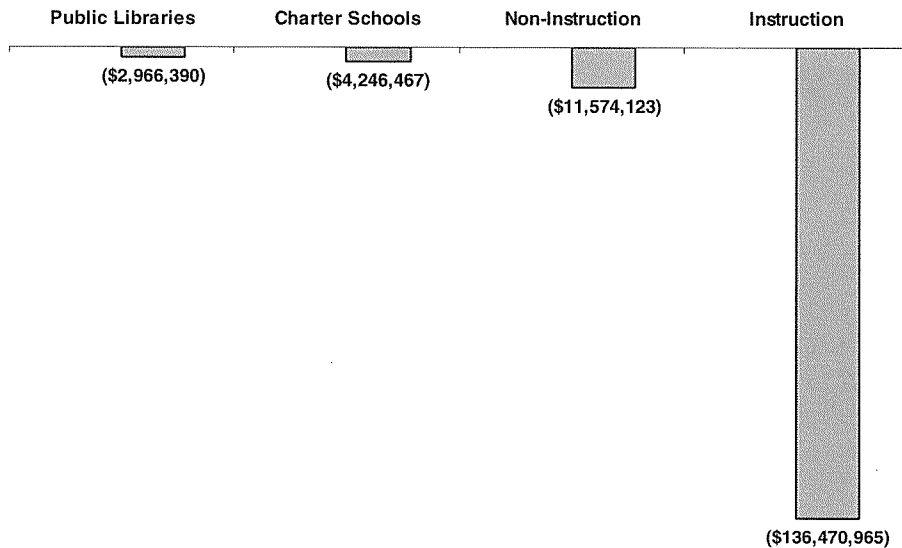
To ensure that all public school graduates will realize their goals and aspirations; have attitudes, knowledge and skills to contribute positively to and compete in a global society; exercise rights and responsibilities of citizenship; and pursue post-secondary education or careers without need for remediation. Hawaii State Public Library System will provide Hawaii's residents, in all walks of life, and at each stage of their lives, with access to education, information, programs and services, and to teach and nurture love of reading and life-long learning.

### *Department Goals*

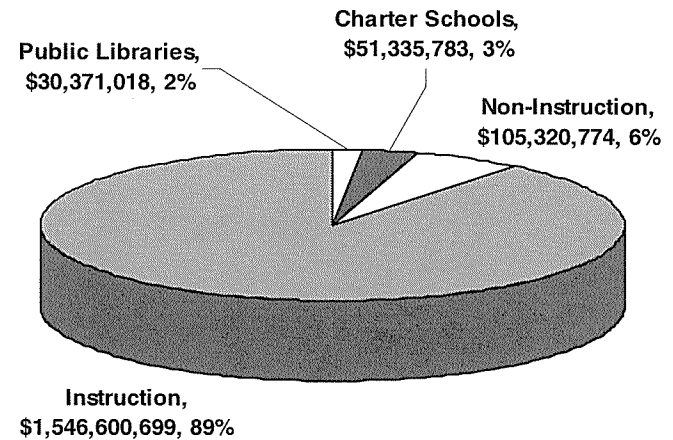
**Public School Goals:** to improve student achievement through standards-based education; provide comprehensive support for all students; and continuously improve performance and quality.

**Hawaii State Library System Goals:** Increase access to public library services and collections through innovative and effective methods and technologies; seek additional revenue sources and partnerships and make the best use of existing resources.

### FY 2011 Supplemental Operating Budget Adjustments by Major Program



### FY 2011 Supplemental Operating Budget



## DEPARTMENT OF EDUCATION MAJOR FUNCTIONS

- Under the direction of the Board of Education, the Department of Education manages the statewide system of public schools.
- The scope of educational programs and services of the public schools regularly encompasses grades kindergarten through twelve, and such pre-school programs and community/adult education programs as may be established by law.
- In addition to regular programs of instruction and support services, public schools offer special programs and services for qualified students with disabilities, gifted and talented students, students with limited English language proficiency, and students who are economically and culturally disadvantaged, school-alienated, or institutionally confined.
- The Board of Education also oversees the Hawaii State Public Library System. The Hawaii State Public Library System operates the Hawaii State Library, the Library for the Blind and Physically Handicapped, public libraries, community public and school libraries, and bookmobile services.
- The Charter School Review Panel oversees the public charter schools and appoints the Executive Director of the Charter Schools Administrative Office.

## MAJOR PROGRAM AREAS

The Department of Education has programs in the following major program areas:

### Formal Education

EDN 100	School Based Budgeting	EDN 400	School Support
EDN 150	Comprehensive Student Support Services	EDN 407	Public Libraries
EDN 200	Instructional Support	EDN 500	School Community Services
EDN 300	State and Complex Area Administration	EDN 600	Charter Schools

**Department of Education  
Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	19,397.60	19,397.60	0.00	19,397.60
		Temp	2,201.80	2,201.80	0.00	2,201.80
General Funds	\$		1,396,097,613	1,396,100,437	-142,666,985	1,253,433,452
		Perm	732.50	732.50	0.00	732.50
Special Funds	\$	Temp	6.00	6.00	0.00	6.00
			38,181,798	42,090,340	-106,107	41,984,233
Federal Funds	\$	Perm	5.00	5.00	0.00	5.00
		Temp	150.50	150.50	0.00	150.50
Trust Funds	\$		257,190,054	257,139,558	-5,187,476	251,952,082
		Perm	0.00	0.00	0.00	0.00
Interdepartmental Transfers	\$	Temp	0.00	0.00	0.00	0.00
			13,750,000	13,750,000	-33,785	13,716,215
Federal Stimulus Funds	\$	Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Revolving Funds	\$		14,300,000	14,300,000	-34,126	14,265,874
		Perm	0.00	0.00	0.00	0.00
<b>Total Requirements</b>	\$	Temp	0.00	0.00	0.00	0.00
			117,801,516	53,764,304	0	53,764,304
		Perm	8.00	8.00	0.00	8.00
		Temp	2.00	2.00	0.00	2.00
			22,924,746	22,821,922	-16,609	22,805,313
			20,143.10	20,143.10	0.00	20,143.10
			2,360.30	2,360.30	0.00	2,360.30
			1,860,245,727	1,799,966,561	-148,045,088	1,651,921,473

**Comments:** (general funds unless otherwise noted)

- Budget reflects a reduction of 13.85% in salary expenses, which will be met by furloughs, vacancy savings, and reductions in other personnel and operating expenses.



**Department of Education  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
Special Funds	239,851,000	50,586,000	0	0	239,851,000	50,586,000
<b>Total Requirements</b>	<u>239,851,000</u>	<u>50,586,000</u>	<u>0</u>	<u>0</u>	<u>239,851,000</u>	<u>50,586,000</u>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

None.

**Department of Education - Charter Schools  
Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
General Funds	\$	\$	52,732,012	52,746,554	-4,246,467	48,500,087
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Federal Stimulus Funds	\$	\$	4,088,212	2,835,696	0	2,835,696
			0.00	0.00	0.00	0.00
			0.00	0.00	0.00	0.00
<b>Total Requirements</b>			<b>56,820,224</b>	<b>55,582,250</b>	<b>-4,246,467</b>	<b>51,335,783</b>

**Comments:** (general funds unless otherwise noted)

- Budget reflects a reduction of 13.85% in salary expenses, which will be met by furloughs, vacancy savings, and reductions in other personnel and operating expenses.

**Department of Education - Charter Schools  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds				10,000,000	0	10,000,000
<b>Total Requirements</b>	0	0	0	10,000,000	0	10,000,000

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

1. Added \$10,000,000 for Lump Sum - Charter School Facilities Repair and Maintenance.

**Department of Education - Public Libraries**  
**Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	555.55	555.55	0.00	555.55
		Temp	3.00	3.00	0.00	3.00
General Funds		\$	28,847,163	28,847,163	-2,966,390	25,880,773
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Special Funds		\$	3,125,000	3,125,000	0	3,125,000
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Federal Funds		\$	1,365,244	1,365,244	0	1,365,244
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Federal Stimulus Funds		\$	1	1	0	1
		Perm	555.55	555.55	0.00	555.55
		Temp	3.00	3.00	0.00	3.00
<b>Total Requirements</b>		\$	33,337,408	33,337,408	-2,966,390	30,371,018

**Comments:** (general funds unless otherwise noted)

- Budget reflects a reduction of 13.85% in salary expenses, which will be met by furloughs, vacancy savings, and reductions in other personnel and operating expenses.

**Department of Education - Public Libraries**  
**Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	4,360,000	10,000,000	0	0	4,360,000	10,000,000
<b>Total Requirements</b>	<b>4,360,000</b>	<b>10,000,000</b>	<b>0</b>	<b>0</b>	<b>4,360,000</b>	<b>10,000,000</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)  
None.

# OFFICE OF THE GOVERNOR

## Department Summary

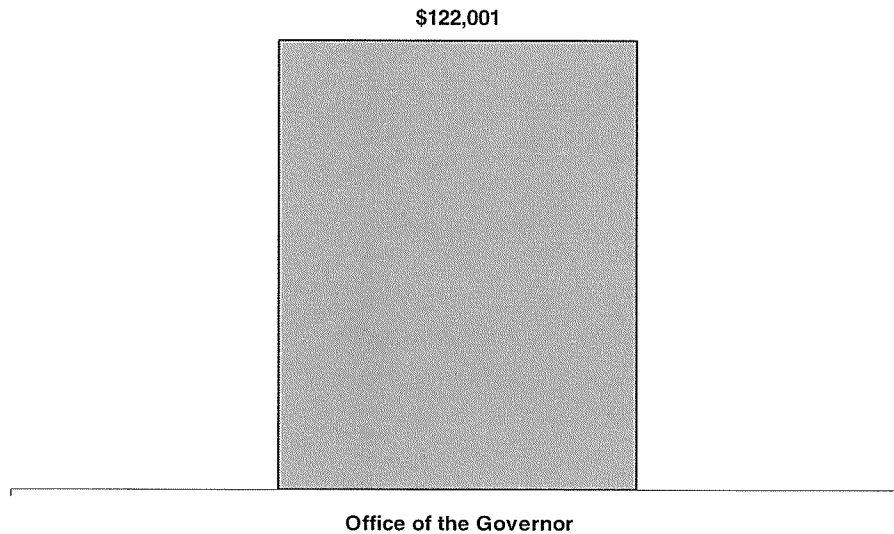
### *Mission Statement*

To enhance the effectiveness and efficiency of state programs by providing Executive direction, policy development, program coordination, and planning and budgeting.

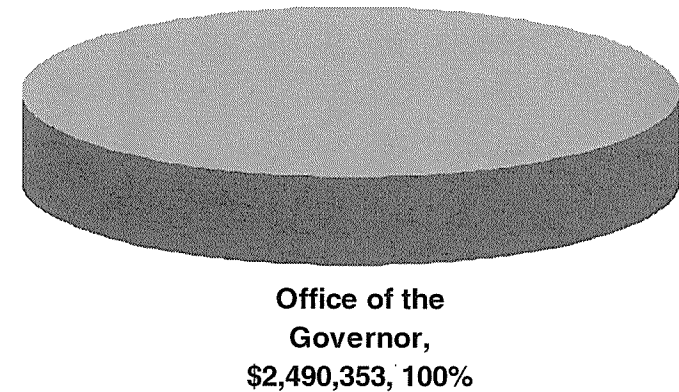
### *Department Goals*

Improving the economic and social well-being of the citizens of Hawaii as measured by standard benchmarks; lead Departments in working cooperatively across departmental divisions to deliver public services at the lowest possible costs; and lead the Executive Branch to successfully shepherd bills through the Legislature that reflect priorities of the Governor's administration.

### FY 2011 Supplemental Operating Budget Adjustments by Major Program



### FY 2011 Supplemental Operating Budget



## OFFICE OF THE GOVERNOR MAJOR FUNCTIONS

- Ensuring the economic well-being of the citizens as measured by standard benchmarks including gross state product, unemployment, economic growth, new business creation, immigration, per capita income, and capital formation.
- Ensuring the social well-being of the citizens as measured by standard benchmarks such as infant mortality, longevity, educational achievement, family formation, homeownership, environmental cleanliness, leisure time, charitable giving, crime statistics, and overcrowding.
- Ensuring Departments work cooperatively across departmental divisions to deliver public services at the lowest possible cost.
- Successfully shepherding Executive Branch bills through the Legislature that reflect the priorities of the Governor and her administration.
- Ensuring media stories accurately reflect the policies, goals, and priorities of the Administration.
- Minimizing turnover, improving retention, and expediting recruitment of the public workforce.
- Settlement of collective bargaining issues that result in multi-year contracts ensuring that disruptions in the delivery of public programs are minimized. Ensuring the ability of the state to adequately fund these settlements without adverse impact on the taxpayers of the State of Hawaii.
- Ensuring the responsible management of the State's six-year financial plan to maintain the State's financial health.

## MAJOR PROGRAM AREAS

The Office of the Governor has a program in the following major program area:

### **Government-Wide Support**

GOV 100 Office of the Governor

**Office of the Governor  
Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	31.00	31.00	0.00	31.00
		Temp	27.00	27.00	-4.00	23.00
General Funds		\$	3,176,357	2,368,352	122,001	2,490,353
			31.00	31.00	0.00	31.00
			27.00	27.00	-4.00	23.00
<b>Total Requirements</b>			3,176,357	2,368,352	122,001	2,490,353

**Comments:** (general funds unless otherwise noted)

1. Deleted four temporary positions and \$164,940: Chief, Communications; Assistant Scheduler; Executive Receptionist; and Clerk, Kona.
2. Added \$225,859 for furlough savings and salary reduction.
3. Added \$100,000 for Gubernatorial transition funds per Section 30-6, HRS.
4. Added \$412,800 for vacation payout due to the change in Administration.



**Office of the Governor  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	1,000	1,000	0	0	1,000	1,000
<b>Total Requirements</b>	1,000	1,000	0	0	1,000	1,000

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

None.

# DEPARTMENT OF HAWAIIAN HOME LANDS

## Department Summary

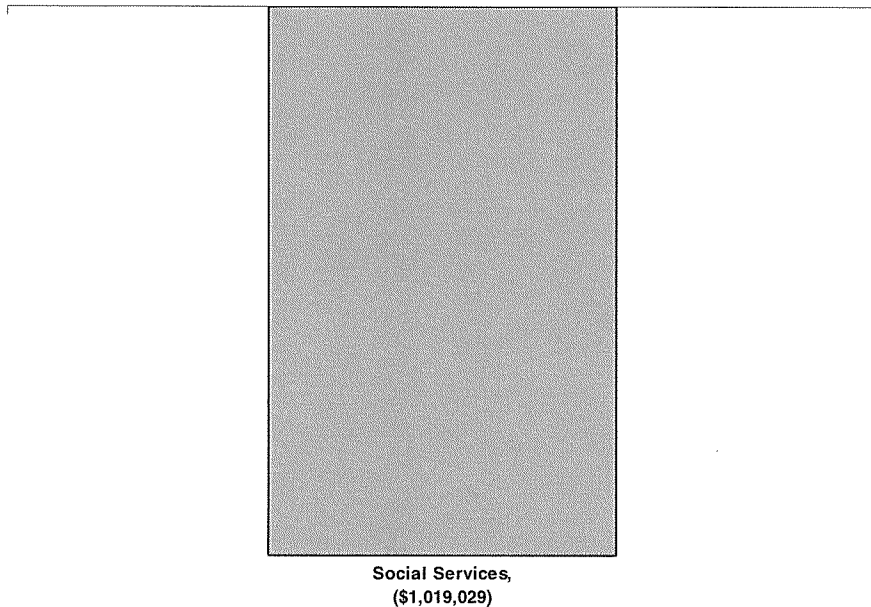
### *Mission Statement*

To manage the Hawaiian Home Lands Trust effectively and to develop and deliver Hawaiian home lands to native Hawaiians.

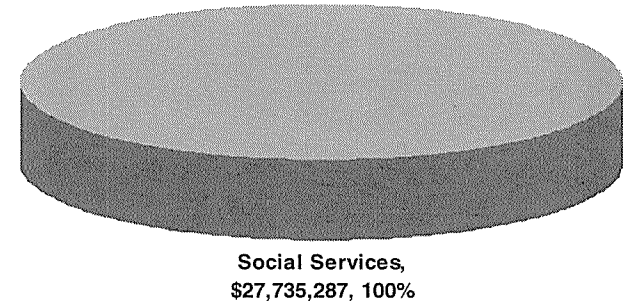
### *Department Goals*

To effectively manage the Hawaiian Home Lands Trust (HHLT) lands, water, and related resources; to develop and deliver lands for award to beneficiaries on an on-going basis; to develop and deliver program services that meet the housing needs of native Hawaiians; to effectively manage the HHLT financial resources; to effectively manage the department's human resources and to establish better relationships with the native Hawaiian community, governmental agencies, homestead communities, and the community at large.

### FY 2011 Supplemental Operating Budget Adjustments by Major Program



### FY 2011 Supplemental Operating Budget



## DEPARTMENT OF HAWAIIAN HOME LANDS MAJOR FUNCTIONS

- Identifying and assessing the needs of beneficiaries of the Hawaiian Homes Commission Act (HCCA) through research and planning; compiling data needed for the development and utilization of Hawaiian home lands and other physical resources of the Hawaiian Homes Trust; identifying Hawaiian home lands by physical characteristics, lands use, and planned use of the lands; and developing and updating regional master plans for designated areas.
- Developing, marketing, disposing of, and managing Hawaiian home lands not immediately needed or not suitable for homestead purposes by issuing general leases, revocable permits, licenses, and rights-of-entry to generate income to finance homestead lot development activities.
- Developing Hawaiian home lands for homesteading and income-producing purposes by designing and constructing off-site and on-site improvements.
- Developing waiting lists of applicants for homestead leases; awarding homestead leases; providing loans for home building, repair, and replacement and for development of farms and ranches; managing homestead areas on the islands of Oahu, Hawaii, Maui, Molokai, Kauai and Lanai; and providing for the maintenance, repair, and operation of water systems, roads, and facilities.

## MAJOR PROGRAM AREAS

The Department of Hawaiian Home Lands has a program in the following major program area:

### **Social Services**

HHL 602      Planning and Development for Hawaiian  
                 Homesteads

HHL 625      Management and General Support for Hawaiian  
                 Homesteads

**Department of Hawaiian Home Lands  
Operating Budget**

		Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011	
<b>Funding Sources:</b>	Positions	Perm	109.00	109.00	-3.00	106.00
		Temp	0.00	0.00	0.00	0.00
Special Funds	\$	12,729,181	12,729,181	-626,761	12,102,420	
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Federal Funds	\$	9,601,391	9,601,391	0	9,601,391	
		Perm	76.00	76.00	0.00	76.00
		Temp	5.00	5.00	0.00	5.00
Trust Funds	\$	6,423,744	6,423,744	-392,268	6,031,476	
		Perm	185.00	185.00	-3.00	182.00
		Temp	5.00	5.00	0.00	5.00
<b>Total Requirements</b>	\$	28,754,316	28,754,316	-1,019,029	27,735,287	

**Comments:** (general funds unless noted)

1. Did not meet the special fund targeted reductions based on the combined abolishment, RIF and furlough savings.
2. Did not meet the trust fund targeted reductions based on the combined abolishment, RIF and furlough savings.

**Department of Hawaiian Home Lands  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	10,000,000	0	0	0	10,000,000	0
Federal Funds	15,000,000	15,000,000	0	0	15,000,000	15,000,000
<b>Total Requirements</b>	<b>25,000,000</b>	<b>15,000,000</b>	<b>0</b>	<b>0</b>	<b>25,000,000</b>	<b>15,000,000</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

None.

# DEPARTMENT OF HEALTH

## Department Summary

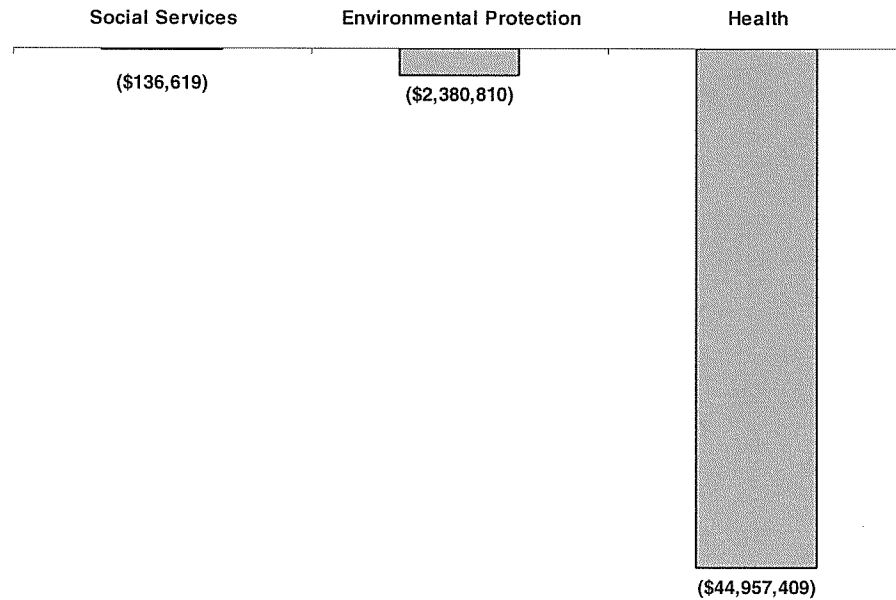
### *Mission Statement*

To administer programs designed to protect, preserve, care for, and improve the physical and mental health of the people of the State.

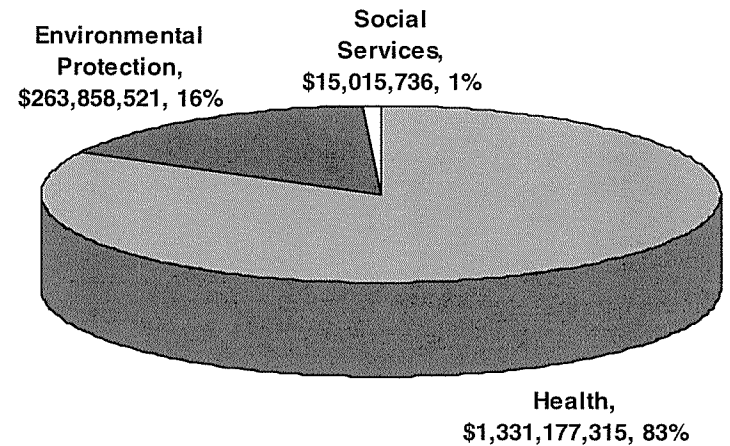
### *Department Goals*

To monitor, protect and enhance the health of all people in Hawaii by providing leadership in assessment, policy development, and assurance to promote health and well-being, to preserve a clean, healthy and natural environment, and to assure basic health care for all.

### FY 2011 Supplemental Operating Budget Adjustments by Major Program



### FY 2011 Supplemental Operating Budget



## DEPARTMENT OF HEALTH MAJOR FUNCTIONS

- Plans, directs and administers statewide programs to protect, preserve and improve the physical, mental and environmental health of Hawaii's residents.
- Administers programs for the prevention, control and treatment of infectious and communicable diseases; coordinates bioterrorism preparedness planning activities and integrating these activities with surveillance and response mechanisms.
- Administers community based programs that provide and coordinate health intervention services and support for at-risk families, populations and communities who are most likely to experience unhealthy outcomes.
- Provides public health nursing intervention services in the areas of communicable disease, disaster outbreaks care coordination, follow-up and monitoring for at-risk populations and nursing supervision, oversight and intervention in the public schools.
- Plans, coordinates and provides statewide mental health services which include treatment, consultative and preventive components for individuals; also plans, coordinates and implements statewide services relative to alcohol and drug abuse.
- Provides services and supports to individuals with developmental disabilities or mental retardation and their families to attain quality of life.
- Plans, provides and promotes health services to mothers, children and youth and family planning services. Also provides basic dental treatment services for the control of oral diseases and abnormalities to institutionalized patients at Hawaii State Hospital, Hale Mohalu, Kalaupapa Settlement and through the four Oahu Health Centers.
- Implements and maintains the statewide programs for air, water, noise, radiation and indoor air pollution control; noise, safe drinking water, solid waste and wastewater management, and programs which protect consumers from unsafe foods, drugs, cosmetics, and medical devices.
- Administers the statewide emergency medical services system.
- Administers a statewide laboratories program which conducts analysis in support of environmental health and communicable disease monitoring and control activities.

## MAJOR PROGRAM AREAS

The Department of Health has programs in the following major program areas:

### Environmental Protection

HTH 840 Environmental Management  
HTH 849 Environmental Health Administration  
HTH 850 Office of Environmental Quality Control

### Social Services

HTH 520 Disability and Communication Access Board  
HTH 904 Executive Office on Aging

### Health

HTH 100 Communicable Disease Services  
HTH 131 Disease Outbreak Control  
HTH 141 General Medical and Preventive Services  
HTH 210 Hawaii Health Systems Corporation  
HTH 420 Adult Mental Health – Outpatient  
HTH 430 Adult Mental Health – Inpatient  
HTH 440 Alcohol and Drug Abuse  
HTH 460 Child and Adolescent Mental Health  
HTH 495 Behavioral Health Administration  
HTH 501 Developmental Disabilities  
HTH 560 Family Health Services  
HTH 590 Tobacco Settlement  
HTH 595 Health Resources Administration  
HTH 610 Environmental Health Services  
HTH 710 State Laboratory Services  
HTH 720 Health Care Assurance  
HTH 730 Emergency Medical Services and Injury  
Prevention System  
HTH 760 Health Status Monitoring  
HTH 905 Developmental Disabilities Council  
HTH 906 State Health Planning and Development Agency  
HTH 907 General Administration



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**Department of Health  
Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	2,352.04	2,351.04	-339.88	2,011.16
		Temp	390.55	385.05	-28.50	356.55
General Funds		\$	408,217,068	410,593,706	-26,885,194	383,708,512
		Perm	135.00	135.00	0.00	135.00
		Temp	26.00	31.50	0.00	31.50
Special Funds		\$	219,545,359	225,890,742	-1,050,897	224,839,845
		Perm	358.31	358.31	-4.75	353.56
		Temp	247.35	246.35	-11.15	235.20
Federal Funds		\$	118,307,740	118,306,815	0	118,306,815
		Perm	4.50	4.50	-1.00	3.50
		Temp	28.35	28.35	0.00	28.35
Interdepartmental Transfers		\$	93,149,134	85,423,437	-272,729	85,150,708
		Perm	0.00	0.00	0.00	0.00
		Temp	1.00	0.00	0.00	0.00
Federal Stimulus Funds		\$	67,555,754	7,865,000	0	7,865,000
		Perm	69.20	69.20	0.00	69.20
		Temp	6.00	6.00	0.00	6.00
Revolving Funds		\$	218,731,143	168,442,950	-442,763	168,000,187
		Perm	2,919.05	2,918.05	-345.63	2,572.42
		Temp	699.25	697.25	-39.65	657.60
<b>Total Requirements</b>		\$	<b>1,125,506,198</b>	<b>1,016,522,650</b>	<b>-28,651,583</b>	<b>987,871,067</b>

**Comments:** (general funds unless otherwise noted)

1. Deletes vacant positions (38.50 permanent and 13.00 temporary) for a reduction of \$2,279,272.
2. Deletes federal funded vacant positions (4.75 permanent and 11.15 temporary) due to the reduction in grant funds.
3. Deletes 298.38 permanent and 15.50 temporary positions and \$13,113,766 due to reduction in force.
4. Deletes 1.00 permanent interdepartmental transfer position and \$48,216 due to reduction in force.
5. Reduces \$13,210,329 (\$11,492.156 in general, \$1,050,897 in special, \$442,763 in revolving, and \$224,513 in interdepartmental transfer funds ) for furlough savings. There are no federal fund furlough savings reflected due to the department receiving a federal fund furlough savings waiver
6. Requests the restructuring of divisions to consolidate programs remaining after the abolishment and RIF process. Requests involve the transfer of programs between divisions and will not have position count or financial impact.

**Department of Health  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	18,655,000	2,675,000	0	3,197,000	18,655,000	5,872,000
Federal Funds	13,370,000	13,370,000	0	15,984,000	13,370,000	29,354,000
<b>Total Requirements</b>	<b>32,025,000</b>	<b>16,045,000</b>	<b>0</b>	<b>19,181,000</b>	<b>32,025,000</b>	<b>35,226,000</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

1. Provides \$2,112,000 and \$10,557,000 in federal funds for waste water project capitalization loans.
2. Provides \$1,085,000 and \$5,427,000 in federal funds for safe drinking water project capitalization loans.
3. DOH has identified prior year funds for lapses of \$7,875,000 (grants).

**Department of Health - Hawaii Health Systems Corporation  
Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
General Funds		\$	98,260,894	83,878,654	0	83,878,654
		Perm	2,836.25	2,834.25	0.00	2,834.25
Special Funds		Temp	0.00	0.00	0.00	0.00
		\$	485,811,106	507,125,106	-18,823,255	488,301,851
Federal Stimulus Funds		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
		\$	5,000,000	50,000,000	0	50,000,000
		Perm	2,836.25	2,834.25	0.00	2,834.25
		Temp	0.00	0.00	0.00	0.00
<b>Total Requirements</b>		\$	589,072,000	641,003,760	-18,823,255	622,180,505

**Comments:** (general funds unless otherwise noted)

1. Requested a special fund ceiling increase of \$15,000,000.

**Department of Health - Hawaii Health Systems Corporation  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	47,422,000	1,000	0	0	47,422,000	1,000
<b>Total Requirements</b>	47,422,000	1,000	0	0	47,422,000	1,000

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)  
None.

# DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

## Department Summary

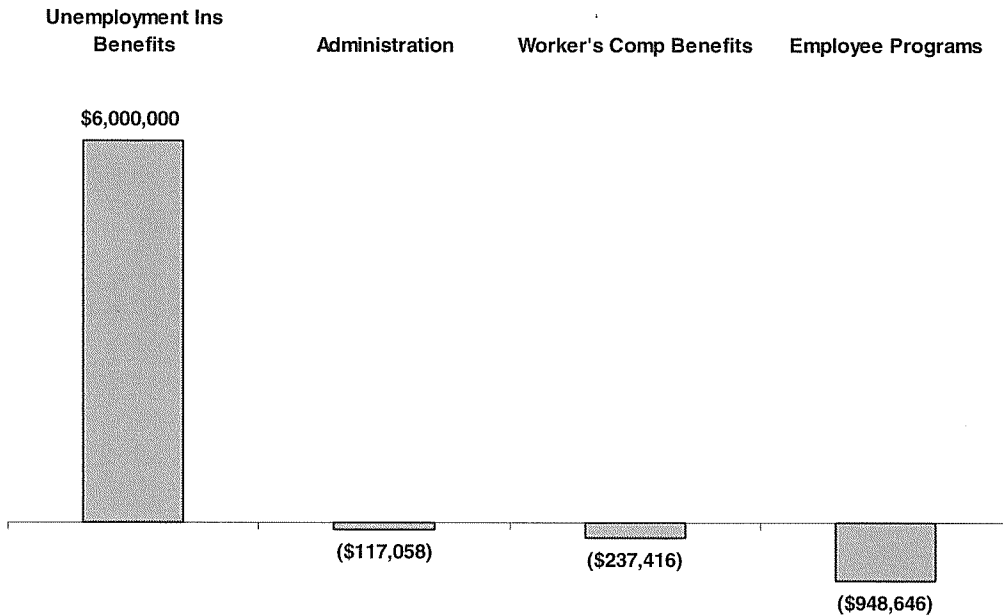
***Mission Statement***

To provide timely and responsive leadership, resources, and services to fully support the State in the recruitment, management, and retention of a high-performing workforce.

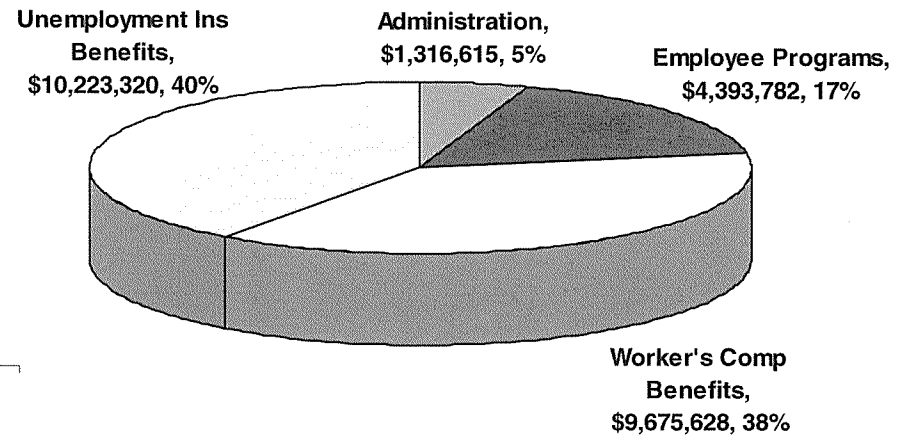
***Department Goals***

To maximize employee productivity and performance toward excellence in HRD; increase the effectiveness and efficiency of the State's Human Resources system to maximize productivity and performance toward excellence; and promote proactive State Workforce Planning.

### FY 2011 Supplemental Operating Budget Adjustments by Major Program



### FY 2011 Supplemental Operating Budget



## DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT MAJOR FUNCTIONS

- Administers the State personnel program, provides administrative support services to statutorily and executively assigned commissions and boards, and represents the State on other commissions and committees.
- Plans, organizes, directs and coordinates the various activities of the State personnel program in personnel development and training, recruitment, examination, position classification, pay administration, workers' compensation payments, and labor relations within the scope of laws, rules and established policies.
- Develops and administers Classification and Compensation System(s) for Civil Service positions including the establishment and maintenance of classes and their experience and training requirements; the pricing of classes; and the assignment of positions to classes, bargaining units and other administrative units.
- Establishes and maintains statewide policies, procedures, programs, and services that provide guidance and support to the line departments of the Executive Branch with regard to employee relations, employee benefits programs; reports on the workforce composition and employment trends; statewide employee training and development programs.
- Plans and administers statewide (except for DOE and UH) workers' compensation program, claims management, Return to Work Priority Program, and a safety and accident prevention program.
- Conducts statewide staffing and consultative advisory services, including Human Resources research and development projects to forecast, plan for and effectuate effective staffing strategies before staffing issues become acute or impact public services; implements strategies to attract and retain employees by competitively filling positions, and develops and administers a statewide recruitment program.

## MAJOR PROGRAM AREAS

The Department of Human Resources Development has a program in the following major program area:

### **Government-Wide Support**

HRD 102      Work Force Attraction, Selection,  
                    Classification, and Effectiveness

HRD191      Support Services-Human Resources  
                    Development

**Department of Human Resources Development**  
**Operating Budget**

		Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions				
	Perm	112.00	112.00	-20.00	92.00
	Temp	1.00	0.00	0.00	0.00
General Funds	\$	15,551,300	15,326,184	4,696,880	20,023,064
	Perm	0.00	0.00	0.00	0.00
	Temp	0.00	0.00	0.00	0.00
Special Funds	\$	700,000	700,000	0	700,000
	Perm	0.00	0.00	0.00	0.00
	Temp	0.00	0.00	0.00	0.00
Interdepartmental Transfers	\$	4,886,281	4,886,281	0	4,886,281
	Perm	112.00	112.00	-20.00	92.00
	Temp	1.00	0.00	0.00	0.00
<b>Total Requirements</b>	\$	21,137,581	20,912,465	4,696,880	25,609,345

**Comments:** (general funds unless otherwise noted)

1. Exceeded the targeted reductions resulting from RIF, deleted vacancies, and furlough savings.
2. Requesting additional funds for unemployment insurance payments resulting from the RIF.
3. Restores 6 month funding for the deputy director which was deleted in Act 162/09.



**Department of Human Resources Development  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
<b>Total Requirements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

None.

# DEPARTMENT OF HUMAN SERVICES

## Department Summary

### *Mission Statement*

To provide timely, efficient and effective programs, services and benefits, through the day-in and day-out efforts of our committed staff, for the purpose of achieving the outcome of empowering those who are the most vulnerable in our State to expand their capacity for self-sufficiency, self-determination, independence, healthy choices, quality of life and personal dignity.

### *Department Goals*

Customers First

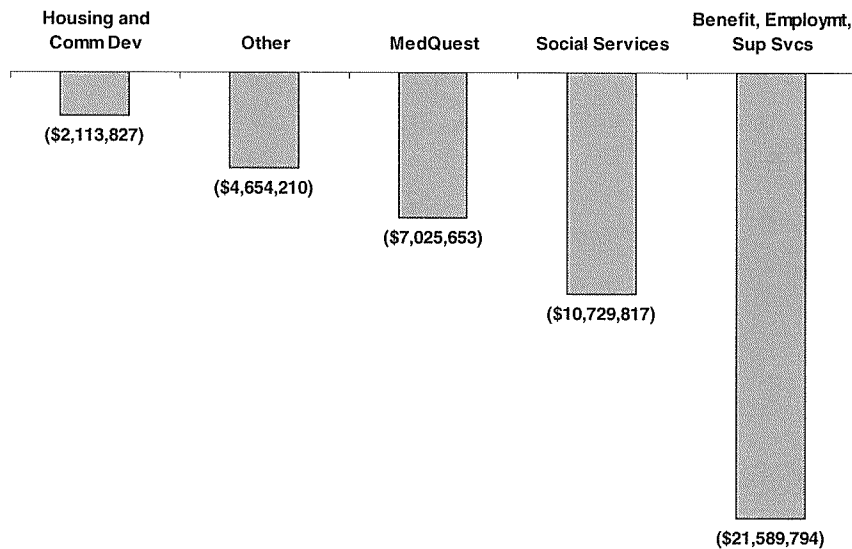
Personal Responsibility for Actions

Accountability for Outcomes

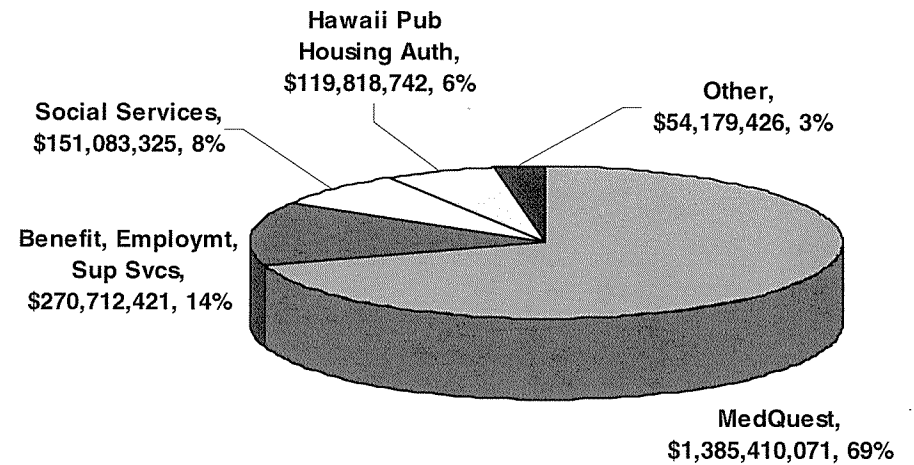
Partnering to Create Opportunities

Provide Self-Sufficiency Options

### FY 2011 Supplemental Operating Budget Adjustments by Major Program



### FY 2011 Supplemental Operating Budget



## DEPARTMENT OF HUMAN SERVICES MAJOR FUNCTIONS

- Provides employment related services, childcare services, and economic assistance to eligible families and individuals.
- Provides medical assistance programs to eligible families and individuals.
- Provides child welfare and adult and community care services to eligible families and individuals.
- Provides a continuum of prevention, rehabilitation and treatment services and programs for at risk youth.
- Serves as a catalyst to provide Hawaii residents with affordable housing and shelter.
- Administers programs of vocational rehabilitation, independent living rehabilitation, services for the blind, and disability determination.

## MAJOR PROGRAM AREAS

The Department of Human Services has programs in the following major program areas:

<b>Employment</b>		HMS 401	Health Care Payments	HMS 902	General Support for Health Care Payments
HMS 802	Vocational Rehabilitation	HMS 301	Child Protective Services	HMS 903	General Support for Self-Sufficiency Services
<b>Social Services</b>		HMS 302	General Support for Child Care	HMS 904	General Administration (DHS)
HMS 202	Aged, Blind and Disabled Payments	HMS 303	Child Protective Services Payments		
HMS 204	General Assistance Payments	HMS 305	Cash Support for Child Care	<b>Individual Rights</b>	
HMS 206	Federal Assistance Payments	HMS 501	In-Community Youth Programs	HMS 888	Commission on the Status of Women
HMS 211	Cash Support for Families Pursuing Self-Sufficiency	HMS 503	Hawaii Youth Correctional Facility (HYCF)		
HMS 220	Rental Housing Services	HMS 601	Adult and Community Care Services		
HMS 222	Rental Assistance Services	HMS 605	Community-Based Residential Support		
HMS 224	Homeless Services	HMS 901	General Support for Social Services		
HMS 229	HPHA Administration				
HMS 236	Case Management for Self-Sufficiency				
HMS 237	Employment and Training				
HMS 238	Disability Determination				

**Department of Human Services**  
**Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	1,303.63	1,303.63	-300.85	1,002.78
		Temp	36.91	36.91	-9.26	27.65
General Funds		\$	713,784,920	779,771,372	-32,360,707	747,410,665
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Special Funds		\$	617,587	617,587	0	617,587
		Perm	1,178.87	1,178.87	-221.65	957.22
		Temp	87.59	87.59	-7.24	80.35
Federal Funds		\$	1,105,407,325	1,089,319,925	-13,545,835	1,075,774,090
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Private Contributions		\$	10,000	10,000	0	10,000
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Interdepartmental Transfers		\$	44,897,733	44,689,901	-21	44,689,880
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Federal Stimulus Funds		\$	213,059,941	105,081,522	0	105,081,522
		Perm	30.00	30.00	0.00	30.00
		Temp	9.00	9.00	0.00	9.00
Revolving Funds		\$	7,826,979	7,826,979	-206,738	7,620,241
		Perm	2,512.50	2,512.50	-522.50	1,990.00
		Temp	133.50	133.50	-16.50	117.00
<b>Total Requirements</b>		\$	<b>2,085,604,485</b>	<b>2,027,317,286</b>	<b>-46,113,301</b>	<b>1,981,203,985</b>

**Comments:** (general funds unless otherwise noted)

1. Abolish Vacant Positions - deleted a total of 161.50 permanent and 9.50 temporary positions and -\$7,973,797 in total funds, including 88.77 permanent and 5.21 temporary positions and -\$4,421,366 in general funds, and 72.73 permanent and 4.29 temporary positions and -\$3,552,431 in federal funds.
2. Reduction in Force - deleted a total of 361.00 permanent and 7.00 temporary positions and -\$15,662,105 in total funds, including 212.55 permanent and 4.05 temporary positions and -\$9,314,180 in general funds, and 148.45 permanent and 2.95 temporary positions and -\$6,347,925 in federal funds.
3. Furlough Reductions - reduced -\$13,413,633 in total funds, including -\$5,525,161 in general funds, -\$7,681,713 in federal funds, -\$206,738 in revolving funds and -\$21 in "U" funds.

4. Eliminate HMS 212 (Cash Support for Aged, Blind, and Disabled Individuals) and transfer all resources to the new HMS 202 (Aged, Blind and Disabled Payments) and HMS 204 (General Assistance Payments) programs. 100% general funds.
5. Reduce \$7,600,000 in general funds for HMS 211 (Cash Support for Families - Self-Sufficiency) by transferring 2-parent caseloads from general funds to federal funded Temporary Assistance for Needy Families (TANF).
6. Reduce \$5,500,000 in general funds for HMS 305 (Cash Support for Child Care) by transferring the A+ program from general funds to TANF.

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**Department of Human Services  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	11,030,000	4,500,000	-400,000	400,000	10,630,000	4,900,000
<b>Total Requirements</b>	<b>11,030,000</b>	<b>4,500,000</b>	<b>-400,000</b>	<b>400,000</b>	<b>10,630,000</b>	<b>4,900,000</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

1. Provides \$400,000 for FY 11 for the Ho'opono Services for the Blind facility in Nu'uauu for a new electric fire alarm system and other facility upgrades.
2. Lapses FY10 \$400,000 grant for the La'akea Foundation.

# DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

## Department Summary

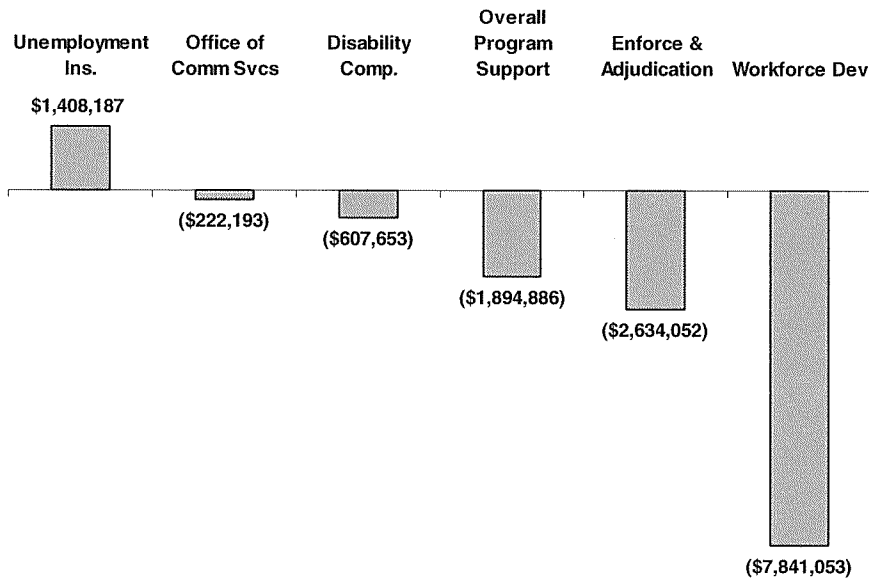
### *Mission Statement*

To increase the economic security, physical and economic well being and productivity of workers and achieve industrial peace.

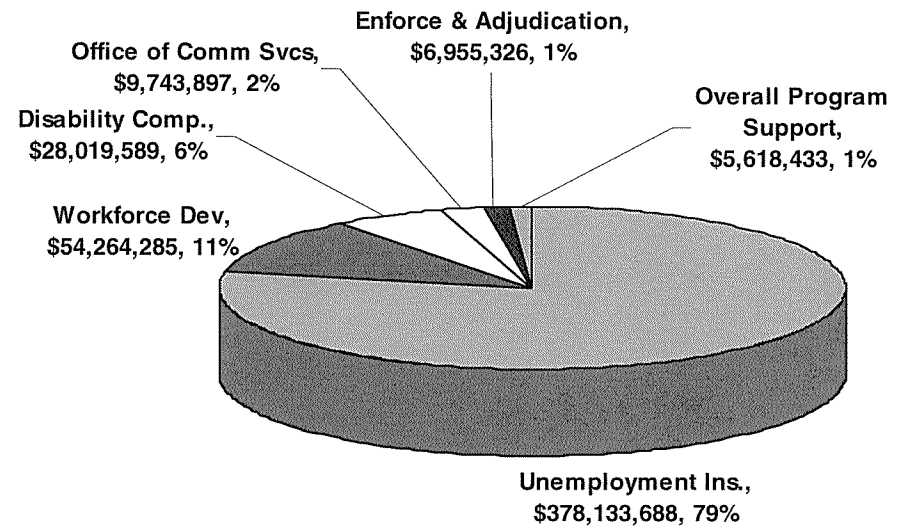
### *Department Goals*

To promote access to employment and assess the needs and skills of the workforce; to alleviate the economic hardship of workers during periods of disability or temporary unemployment; to protect the employment rights of workers and to assure a safe and healthy workplace; to develop, deliver and coordinate information to meet labor market supply and demand; and to promote the harmonious working relationship between business, labor, educators, and government agencies.

### FY 2011 Supplemental Operating Budget Adjustments by Major Program



### FY 2011 Supplemental Operating Budget





## DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS MAJOR FUNCTIONS

- Administers federal and state programs designed to improve the economic security, occupational safety and health, working conditions, and productivity of workers, and maintain favorable labor-management relationships throughout the State.
- Administers comprehensive employment and training services to both job seekers and employers through a system of employment offices located statewide.
- Administers the State Unemployment Insurance program. Ensures that fair hearings before impartial appeals referees are provided to employers and claimants with respect to determinations made by the department regarding unemployment insurance benefits, disaster unemployment insurance, and other security decisions.
- Administers and enforces the State's occupational safety and health laws.
- Administers all activities pertinent to the management of the Workers' Compensation, Temporary Disability Insurance, and Prepaid Health Care laws and programs.
- Administers and enforces State labor laws dealing with wages and other compensation, hours, child labor, family leave, and related rules and regulations.
- Conducts program, labor market, and economic research to augment and enhance management decisions and policy making capabilities.

## MAJOR PROGRAM AREAS

The Department of Labor and Industrial Relations has programs in the following major program area:

### **Employment**

LBR 111	Workforce Development Program	LBR 316	Office of Language Access
LBR 135	Workforce Development Council	LBR 812	Labor and Industrial Relations Appeals Board
LBR 143	Hawaii Occupational Safety and Health Program	LBR 871	Employment Security Appeals Referees' Office
LBR 152	Wage Standard Program	LBR 901	Data Gathering, Research and Analysis
LBR 153	Hawaii Civil Rights Commission	LBR 902	General Administration
LBR 161	Hawaii Labor Relations Board	LBR 903	Office of Community Services
LBR 171	Unemployment Compensation Program	LBR 905	Hawaii Career (Kokua) Information Delivery System
LBR 183	Disability Compensation Program		

**Department of Labor and Industrial Relations**  
**Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	227.72	227.26	-54.66	172.60
		Temp	17.46	17.46	-7.00	10.46
General Funds	\$		15,801,051	15,733,033	-2,877,905	12,855,128
		Perm	8.00	8.00	0.00	8.00
Special Funds	\$	Temp	39.50	39.50	-15.50	24.00
			391,536,386	391,536,386	-661,301	390,875,085
Federal Funds	\$	Perm	433.10	432.56	-36.28	396.28
		Temp	136.19	136.19	-57.65	78.54
Federal Stimulus Funds	\$		82,222,399	82,195,486	-6,061,464	76,134,022
		Perm	0.00	0.00	0.00	0.00
Interdepartmental Transfers	\$	Temp	2.00	0.00	0.00	0.00
			168,247,471	152,858	0	152,858
Revolving Funds	\$	Perm	0.00	0.00	0.00	0.00
		Temp	58.00	58.00	-38.00	20.00
<b>Total Requirements</b>	\$		4,859,105	4,859,105	-2,190,980	2,668,125
		Perm	0.00	0.00	0.00	0.00
		Temp	0.50	0.50	0.00	0.50
			50,000	50,000	0	50,000
		Perm	668.82	667.82	-90.94	576.88
		Temp	253.65	251.65	-118.15	133.50
			662,716,412	494,526,868	-11,791,650	482,735,218

**Comments:** (general funds unless otherwise noted)

1. Met the budget adjustments for vacant positions, layoffs, and furlough savings for all funding sources.
2. Major general funds reductions include:
  - 45.60 permanent and 6.00 temporary positions and \$2,362,889 for layoffs.
  - 9.06 permanent and 1.00 temporary positions and \$343,894 for vacant positions.
  - \$995,626 for reductions from the FY 11 furlough savings.
3. Major federal funds reductions include:
  - 9.40 permanent positions and \$470,093 for layoffs.
  - 62.88 permanent and 73.15 temporary positions and \$4,884,214 for vacant positions.
  - \$2,807,039 for reduction from the FY 11 furlough savings.
4. Adds 36.00 permanent positions and \$2,357,601 in federal funds to the Unemployment Insurance Program for additional staff needed to process unemployment insurance benefit payments.

**Department of Labor and Industrial Relations  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	5,572,000	0	0	0	5,572,000	0
<b>Total Requirements</b>	5,572,000	0	0	0	5,572,000	0

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)  
None.

# DEPARTMENT OF LAND AND NATURAL RESOURCES

## Department Summary

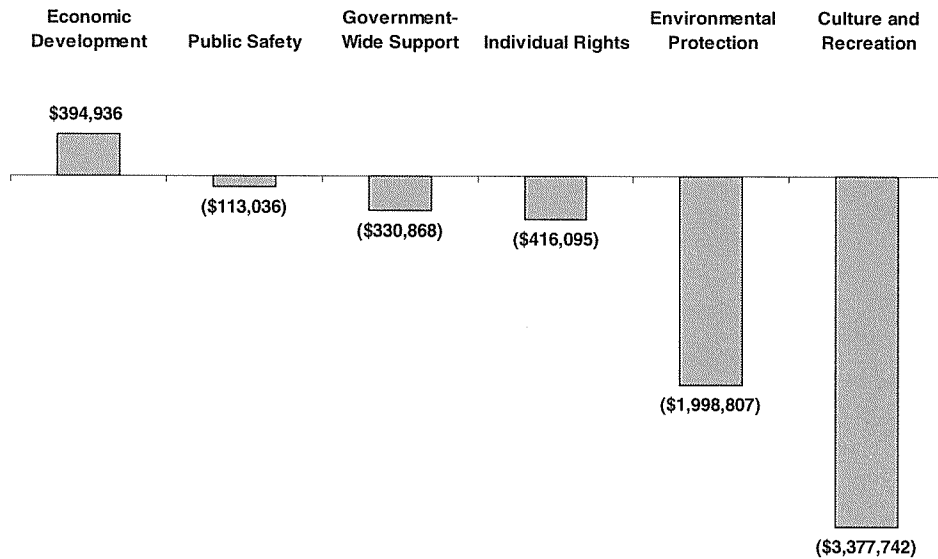
### *Mission Statement*

To conserve, protect, and manage Hawaii's natural and cultural resources for the benefit of present and future generations.

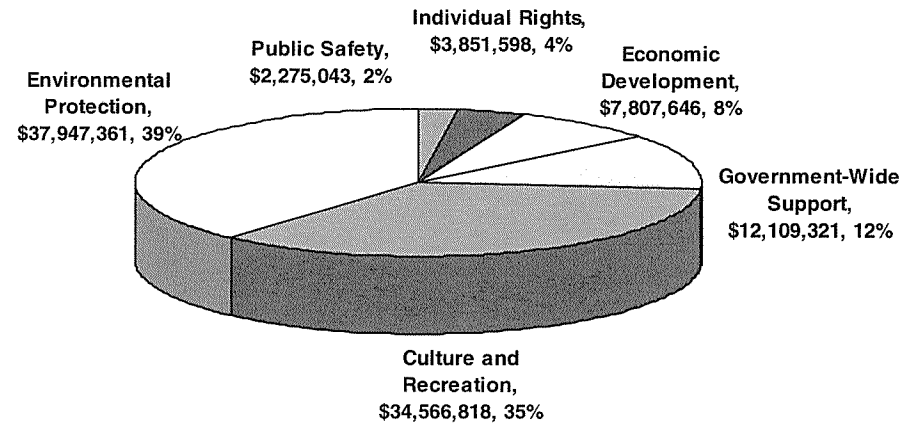
### *Department Goals*

To seek, develop and implement cost-effective strategies for the long-term sustainable management, maintenance, protection and utilization of existing and potential, ocean, land, natural and cultural resources of the State of Hawaii in an integrated manner and in partnership with others from the public and private sectors. Additionally, prevent the establishment of invasive species detrimental to native habitats, while promoting responsible use, understanding, and respect for Hawaii's resources.

### FY 2011 Supplemental Operating Budget Adjustments by Major Program



### FY 2011 Supplemental Operating Budget



## DEPARTMENT OF LAND AND NATURAL RESOURCES MAJOR FUNCTIONS

- Implement programs to conserve, protect, develop and utilize the State's natural and cultural resources.
- Preserve and enhance native and indigenous fish and other aquatic species and their habitats for residents and visitors.
- Promote the safe and responsible use of Hawaii's natural resources through firm, fair and effective law enforcement.
- Provide accurate, timely and permanent system of registering and recording land title and related documents and maps.
- Manage the conservation, protection, planning, and utilization of the State's water resources for social, economic and environmental requirements.
- Provide safe and enjoyable recreation opportunities.
- Develop and maintain a comprehensive program of historic preservation to promote the use and conservation of historical and cultural sites.
- Collects and disseminates data relating to natural resources. Cooperates and partners with public and private agencies to maximize funding leverage.

## MAJOR PROGRAM AREAS

The Department of Land and Natural Resources has programs in the following major program areas:

### **Economic Development**

- LNR 141 Water and Land Development
- LNR 153 Fisheries and Resource Enhancement
- LNR 172 Forestry Resource Management and Development

### **Environmental Protection**

- LNR 401 Aquatic Resources
- LNR 402 Native Resources and Fire Protection
- LNR 404 Water Resources
- LNR 405 Conservation and Resources Enforcement
- LNR 407 Natural Area Reserves and Watershed Management
- LNR 906 LNR-Natural Physical Environment

### **Culture and Recreation**

- LNR 801 Ocean-Based Recreation
- LNR 802 Historic Preservation
- LNR 804 Forest and Outdoor Recreation
- LNR 806 Parks Administration and Operation

### **Public Safety**

- LNR 810 Prevention of Natural Disasters

### **Individual Rights**

- LNR 111 Conveyances and Recordings

### **Government Wide Support**

- LNR 101 Public Lands Management

**Department of Land and Natural Resources  
Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	445.75	445.75	-44.75	401.00
		Temp	20.25	20.25	-4.00	16.25
General Funds		\$	26,715,951	26,663,687	-3,412,147	23,251,540
		Perm	302.50	302.50	-12.50	290.00
		Temp	54.75	54.75	-11.50	43.25
Special Funds		\$	59,807,532	59,557,532	-1,735,704	57,821,828
		Perm	17.75	17.75	-2.75	15.00
		Temp	24.50	24.50	-2.00	22.50
Federal Funds		\$	17,235,315	17,235,315	-470,481	16,764,834
		Perm	1.00	1.00	0.00	1.00
		Temp	5.50	5.50	-4.00	1.50
Revolving Funds		\$	942,865	942,865	-223,280	719,585
		Perm	767.00	767.00	-60.00	707.00
		Temp	105.00	105.00	-21.50	83.50
<b>Total Requirements</b>		\$	104,701,663	104,399,399	-5,841,612	98,557,787

**Comments:** (general funds unless otherwise noted)

1. Based on combined abolishment, RIF and furlough savings, LNR exceeds general fund savings target, and meets federal and revolving fund savings target.
2. Based on combined abolishment, RIF and furlough savings, DLNR did not meet target reduction for special funds. This is in part due to the conversion of 3.50 FTE positions from general to special funds.

**Department of Land and Natural Resources  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
Special Funds	1,500,000	0	0	0	1,500,000	0
General Obligation Bonds	12,055,000	4,688,000	0	-148,000	12,055,000	4,540,000
Private Contributions	4,000,000	0	0	0	4,000,000	0
Interdepartmental Transfers	2,000,000	0	0	0	2,000,000	0
<b>Total Requirements</b>	<b>19,555,000</b>	<b>4,688,000</b>	<b>0</b>	<b>(148,000)</b>	<b>19,555,000</b>	<b>4,540,000</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

1. Abolishment of two vacant CIP funded positions.

# OFFICE OF THE LIEUTENANT GOVERNOR

## Department Summary

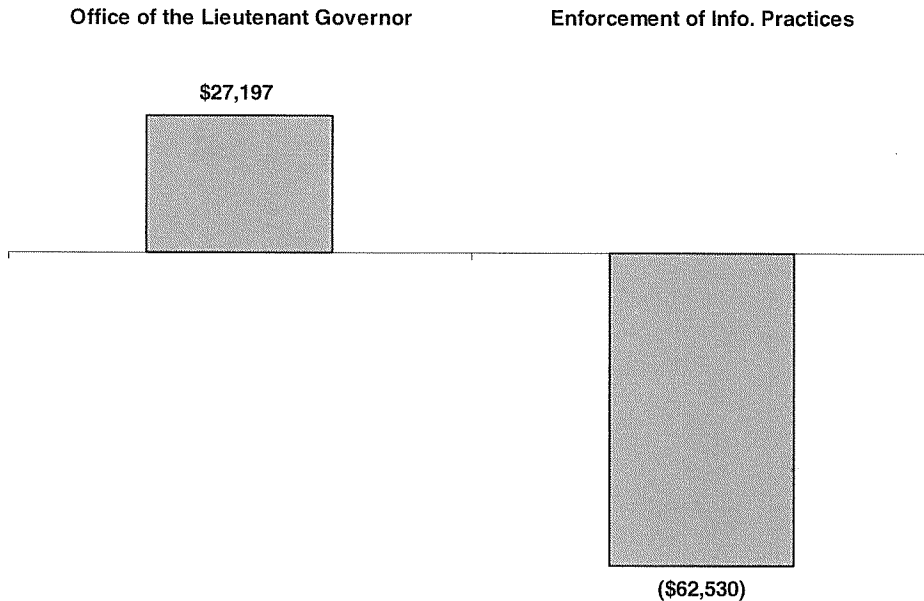
***Mission Statement***

To enhance the efficiency and effectiveness of state programs by providing leadership and executive management.

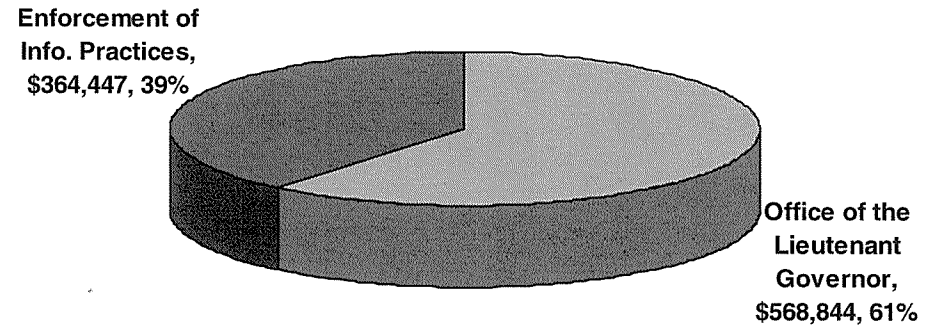
***Department Goals***

To provide effective leadership and executive management, and protect the public's interest by ensuring that government processes are open.

### FY 2011 Supplemental Operating Budget Adjustments by Major Program



### FY 2011 Supplemental Operating Budget





## OFFICE OF THE LIEUTENANT GOVERNOR MAJOR FUNCTIONS

- Exercise the executive powers whenever the Governor is absent from the State or unable to exercise and discharge the powers and duties of the office; serve as the Secretary of State for intergovernmental relations; perform duties and undertake projects assigned by the Governor; and provide administrative support to the Office of Information Practices.
- Provide general advice and guidance to agencies and the public on the UIPA and the Sunshine Law; assist the public in obtaining records and responses to record requests; conduct inquiries into an agency's compliance with the UIPA and the Sunshine Law; and investigate alleged violations of these laws.

## MAJOR PROGRAM AREAS

The Office of the Lieutenant Governor has programs in the following major program areas:

### **Individual Rights**

LTG 105      Enforcement of Information Practices

### **Government-Wide Support**

LTG 100      Office of the Lieutenant Governor

**Office of the Lieutenant Governor  
Operating Budget**

		Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions				
	Perm	8.00	8.00	0.00	8.00
	Temp	14.00	14.00	0.00	14.00
General Funds	\$	1,072,895	968,624	-35,333	933,291
		8.00	8.00	0.00	8.00
		14.00	14.00	0.00	14.00
<b>Total Requirements</b>		1,072,895	968,624	-35,333	933,291

**Comments:** (general funds unless otherwise noted)

1. Adds \$125,000 for vacation payouts due to the change in Administration. Otherwise, the Department meets targeted reduction.

**Office of the Lieutenant Governor  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
<b>Total Requirements</b>	0	0	0	0	0	0

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

None.

# DEPARTMENT OF PUBLIC SAFETY

## Department Summary

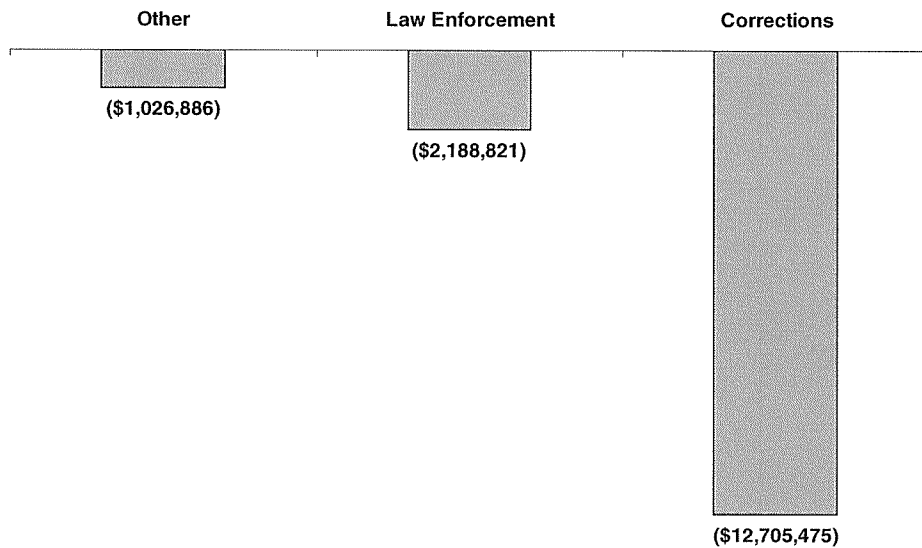
***Mission Statement***

To provide for the safety of the public and State facilities through law enforcement and correctional management.

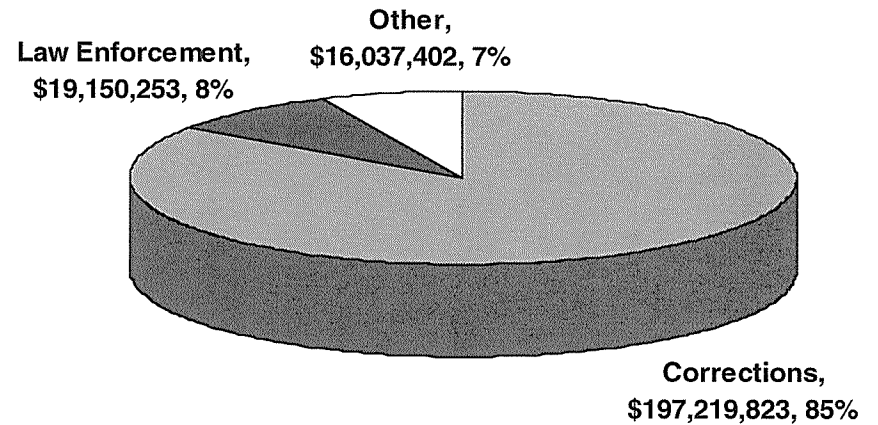
***Department Goals***

To protect the individual and property from injury and loss caused by criminal actions by providing and coordinating services, facilities, security, and legislation to preserve the peace; to prevent and deter crimes; to detect, apprehend, detain, and rehabilitate criminals; and, where appropriate, to compensate victims of crime.

**FY 2011 Supplemental Operating Budget  
Adjustments by Major Program**



**FY 2011 Supplemental  
Operating Budget**



## DEPARTMENT OF PUBLIC SAFETY MAJOR FUNCTIONS

- Administers various public safety programs that are designed to prevent and deter criminal acts, and to incarcerate and rehabilitate criminal offenders.
- Administers the operations of the seven correctional institutions throughout the State for the custody and care of offenders detained or committed by the courts to the department in safe, clean, and humane conditions of confinement.
- Provides a continuum of treatment programs and services to facilitate the reintegration of offenders back into the community.
- Administers a correctional industries program that employs inmates in work programs that produce goods and services for government agencies and nonprofit organizations, and affords inmates job training and work experience to enhance their employment prospects when they return to the community.
- Determines minimum terms of imprisonment for convicted felons; grants conditional release of felons from institutions under conditions of parole; and reports on petitions for pardon referred by the Governor.
- Administers diversionary programs as well as alternatives to incarceration; conducts pretrial investigations and bail evaluations; and supervises offenders conditionally released by the courts.
- Administers statewide law enforcement programs that protect the public as well as safeguard State property and facilities; enforces laws, rules, and regulations to prevent and control crime; and provides law enforcement services at the Honolulu International Airport.
- Regulates the manufacture, distribution, sale, prescription, and dispensing of controlled substances in the State by issuing applications and permits to conduct transactions; and investigates and enforces laws, rules and regulations relative to controlled substances.
- Mitigates the suffering and losses of victims and survivors of certain crimes by providing them with compensation for crime related losses; and, compensates private citizens (Good Samaritans) who suffer personal injury or property damage in the course of preventing a crime or apprehending a criminal.

## MAJOR PROGRAM AREAS

The Department of Public Safety has programs in the following major program area:

### **Public Safety**

#### Corrections

PSD 402 Halawa Correctional Facility  
PSD 403 Kulani Correctional Facility (Closed in 2009)  
PSD 404 Waiawa Correctional Facility  
PSD 405 Hawaii Community Correctional Center  
PSD 406 Maui Community Correctional Center  
PSD 407 Oahu Community Correctional Center  
PSD 408 Kauai Community Correctional Center  
PSD 409 Women's Community Correctional Center  
PSD 410 Intake Service Centers  
PSD 420 Corrections Program Services  
PSD 421 Health Care  
PSD 422 Hawaii Correctional Industries  
PSD 808 Non-State Facilities

#### Law Enforcement

PSD 502 Narcotics Enforcement  
PSD 503 Sheriff

#### Other

PSD 611 Adult Parole Determinations  
PSD 612 Adult Parole Supervision and Counseling  
PSD 613 Crime Victim Compensation Commission  
PSD 900 General Administration

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**Department of Public Safety**  
**Operating Budget**

		Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions				
	Perm	2,607.20	2,606.20	-148.00	2,458.20
	Temp	7.00	7.00	0.00	7.00
General Funds	\$	222,187,928	229,631,485	-15,023,591	214,607,894
	Perm	8.00	8.00	0.00	8.00
	Temp	0.00	0.00	0.00	0.00
Special Funds	\$	2,586,006	2,586,006	-77,488	2,508,518
	Perm	7.00	7.00	0.00	7.00
	Temp	2.00	2.00	0.00	2.00
Federal Funds	\$	1,642,924	1,642,924	-15,725	1,627,199
	Perm	0.00	0.00	0.00	0.00
	Temp	3.00	3.00	0.00	3.00
County Funds	\$	209,721	209,721	0	209,721
	Perm	0.00	0.00	0.00	0.00
	Temp	0.00	0.00	0.00	0.00
Trust Funds	\$	75,065	75,065	0	75,065
	Perm	59.00	59.00	0.00	59.00
	Temp	0.00	0.00	0.00	0.00
Interdepartmental Transfers	\$	5,246,216	5,246,216	-509,441	4,736,775
	Perm	0.00	0.00	0.00	0.00
	Temp	0.00	0.00	0.00	0.00
Federal Stimulus Funds	\$	115,642	0	0	0
	Perm	8.00	8.00	0.00	8.00
	Temp	45.00	45.00	-3.00	42.00
Revolving Funds	\$	8,194,263	8,194,263	-294,937	7,899,326
	Perm	0.00	0.00	0.00	0.00
	Temp	29.00	29.00	0.00	29.00
Other Funds	\$	742,980	742,980	0	742,980
	Perm	2,689.20	2,688.20	-148.00	2,540.20
	Temp	86.00	86.00	-3.00	83.00
<b>Total Requirements</b>	\$	<b>241,000,745</b>	<b>248,328,660</b>	<b>-15,921,182</b>	<b>232,407,478</b>



**Comments:** (general funds unless otherwise noted)

1. Based on combined furlough, RIF, position abolishment, and other adjustments, the Department exceeded the targeted savings for general funds and met the targeted savings for all other MOF's.
2. Requesting full year payroll funding (\$847,436) for 28.00 various mental health and other health care related positions added via Act 158/08 in FY 09 with 6 or 9 months delay in hire imposed by the legislature. Positions include social workers, physicians, psychiatrists, nurses, etc.
3. Requesting full year payroll funding (\$262,753) for 12.00 ACO positions added via Act 158/08 in FY 09 with a 6 month delay in hire imposed by the legislature. The positions are located at the Hawaii Community Correctional Center's Wainuenue Housing Unit and the Hale Nani Work Release facility.
4. Submittal reflects reduced funding (-\$5,832,670) related to the closing of the Kulani Correctional Facility (PSD 403) in FY 10. 81.00 FTE positions assigned to the facility were reassigned to other state positions.

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**Department of Public Safety  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	435,000	0	0	0	435,000	0
<b>Total Requirements</b>	435,000	0	0	0	435,000	0

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

None.

# DEPARTMENT OF TAXATION

## Department Summary

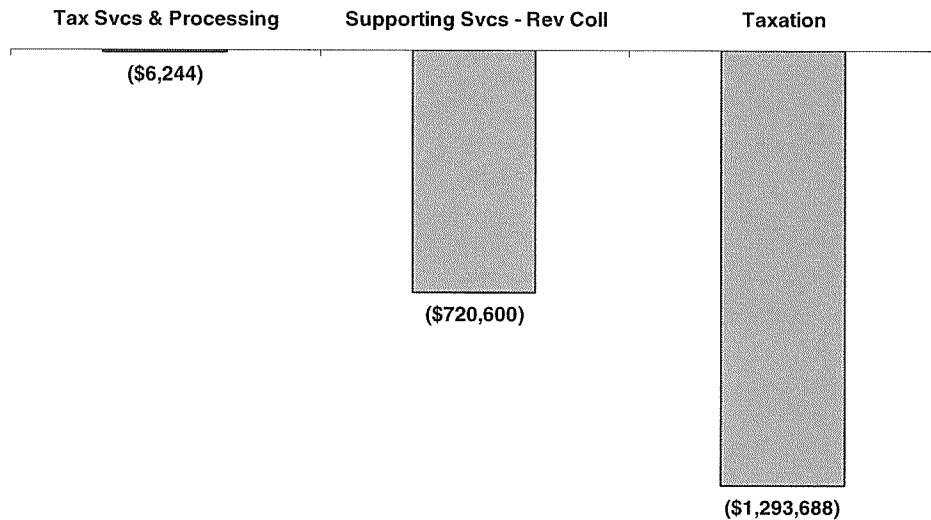
***Mission Statement***

To administer the tax laws of the State of Hawaii in a consistent, uniform and fair manner by educating taxpayers on tax laws, by developing a professional staff and by using technology to increase efficiency and effectiveness.

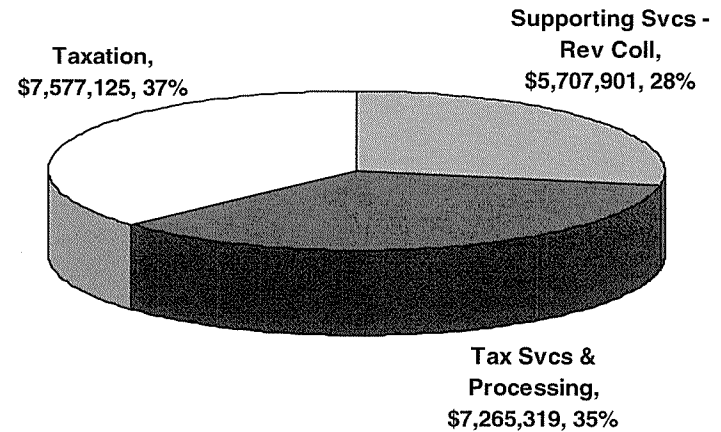
***Department Goals***

To provide one-stop customer service; to increase collection capabilities through efficient allocation of resources; to simplify taxpayer filings, provide a more user-friendly interface with the public, speed up refunds and expedite delinquent referrals; to automate tax filings, billings and collections; to expand capacity for research and revenue analysis; to permit more flexibility in accommodating tax law changes and initiatives to improve tax administration.

**FY 2011 Supplemental Operating Budget  
Adjustments by Major Program**



**FY 2011 Supplemental  
Operating Budget**



## DEPARTMENT OF TAXATION MAJOR FUNCTIONS

- Administers and enforces the tax laws of Hawaii and the collection of taxes and other payments.
- Coordinates a centralized system for receiving and processing of all tax returns, payments and documents.
- Provides one-stop customer service, assistance and information on all taxes administered by the department to customers who walk in, call-in, correspond or e-mail.
- Administers a comprehensive and uniform compliance program based on self-assessment and voluntary compliance.
- Conducts audits and investigations of all types of tax returns.
- Conducts and enforces collection of delinquent taxes by appropriate collection procedures.
- Plans, organizes and coordinates a tax research and tax planning program.
- Provides administrative and research support to the Council on Revenues which prepares revenue estimates for the State on a quarterly basis.

## MAJOR PROGRAM AREAS

The Department of Taxation has a program in the following major program area:

### **Government-Wide Support**

TAX 100	Revenue Collections
TAX 105	Tax Services and Processing
TAX 107	Supporting Services – Revenue Collections

**Department of Taxation  
Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	391.50	391.50	-33.00	358.50
		Temp	187.00	187.00	-74.00	113.00
General Funds		\$	22,176,219	22,118,877	-2,615,532	19,503,345
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Special Funds		\$	452,000	452,000	595,000	1,047,000
		Perm	391.50	391.50	-33.00	358.50
		Temp	187.00	187.00	-74.00	113.00
<b>Total Requirements</b>		\$	22,628,219	22,570,877	-2,020,532	20,550,345

**Comments:** (general funds unless otherwise noted)

1. Did not meet the special fund targeted reductions based on the combined abolishment, RIF & furlough savings.
2. Requested a ceiling increase of \$575,000 for the Tax Administration special fund.
3. Requested a ceiling increase of \$20,000 for the Cigarette Tax Administration special fund.

**Department of Taxation  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
General Obligation Bonds	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
<b>Total Requirements</b>	0	0	0	0	0	0

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

None.

# DEPARTMENT OF TRANSPORTATION

## Department Summary

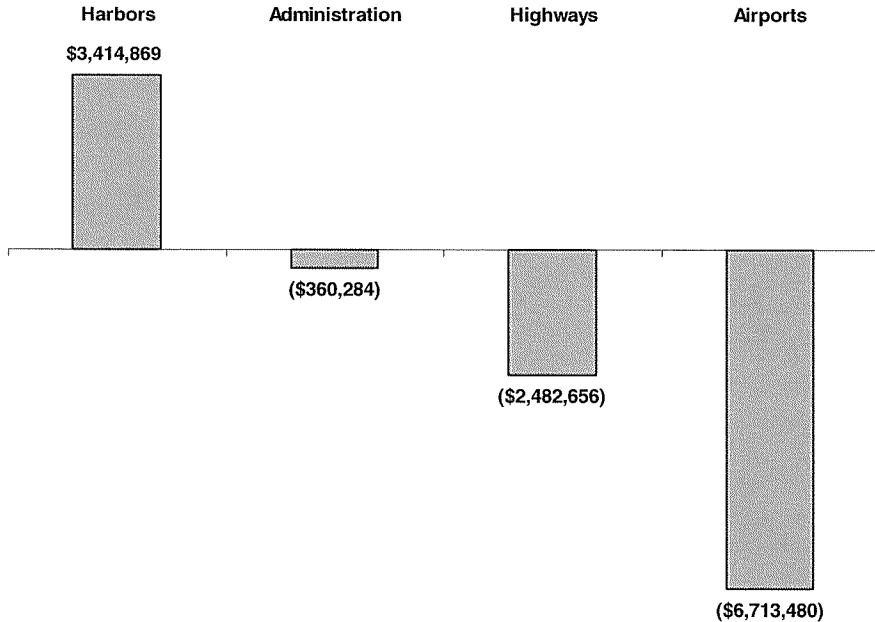
***Mission Statement***

To provide a safe, efficient, accessible, and inter-modal transportation system that ensures the mobility of people and goods, and enhances and/or preserves economic prosperity and the quality of life.

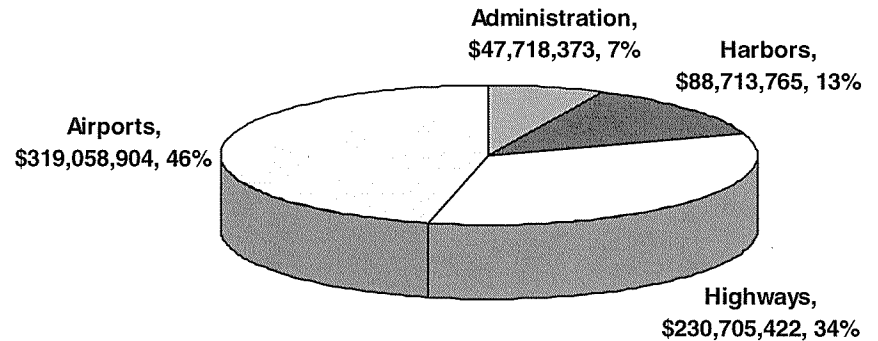
***Department Goals***

Achieve an integrated multi-modal transportation system through upgrades and expansions to assure mobility and accessibility to support and sustain cargo and passenger operations; ensure the safety and security of the air, land and water transportation systems; protect and enhance Hawaii's unique environment and improve the quality of life; support Hawaii's economic vitality; implement a statewide planning process that is comprehensive, cooperative and continuing; and improve the overall financial program through greater efficiency, development, management and oversight of revenue sources.

**FY 2011 Supplemental Operating Budget  
Adjustments by Major Program**



**FY 2011 Supplemental  
Operating Budget**





## DEPARTMENT OF TRANSPORTATION MAJOR FUNCTIONS

- Carries out programs to improve, maintain, and operate transportation facilities of the State.
- Administers the operations of the airports program of the State government by equipping, regulating and protecting the state system of public airports and related facilities. Plans, designs, develops, acquires, and constructs new and expanded airports and facilities as well as reconstructs existing airports and facilities.
- Plans, designs, and supervises the construction and maintenance of the State Highway System. Alters, modifies, or revises such highway system as may be required.
- Administers and maintains the operations of the harbors program of the State government by equipping, regulating, and protecting the State system of harbors and related facilities. Plans, develops, acquires, and constructs new and expanding harbors and facilities as well as maintaining and reconstructing existing harbors and facilities.
- Provides for the determination of statewide transportation needs, the continuous survey and inventory of planned resources, and the creation of statewide, inter and multi modal transportation systems network plans.
- Encourages, fosters and assists in the development of aeronautical, water, and land transportation in the State; and provides for the protection and promotion of safety in aeronautics and water transportation.
- Plans, reviews, and implements a comprehensive uniform state highway safety program to comply with applicable federal and state laws.
- Statutory and administrative oversight of the Commission on Transportation, Highway Safety Council and the Medical Advisory Board.

## MAJOR PROGRAM AREAS

The Department of Transportation has programs in the following major program area:

### **Transportation Facilities and Services**

#### Airports

TRN 102	Honolulu International Airport
TRN 104	General Aviation

TRN 111	Hilo International Airport
TRN 114	Kona International Airport at Ke'ahole
TRN 116	Waimea-Kohala Airport
TRN 118	Upolu Airport

Airports (cont.)

TRN 131 Kahului Airport  
TRN 133 Hana Airport  
TRN 135 Kapalua Airport  
TRN 141 Molokai Airport  
TRN 143 Kalaupapa Airport  
TRN 151 Lanai Airport  
TRN 161 Lihue Airport  
TRN 163 Port Allen Airport  
TRN 195 Airports Administration

Harbors

TRN 301 Honolulu Harbor  
TRN 303 Kalaeloa Barbers Point Harbor  
TRN 311 Hilo Harbor  
TRN 313 Kawaihae Harbor  
TRN 331 Kahului Harbor  
TRN 333 Hana Harbor  
TRN 341 Kaunakakai Harbor  
TRN 351 Kaumalapau Harbor  
TRN 361 Nawiliwili Harbor  
TRN 363 Port Allen Harbor  
TRN 395 Harbors Administration

Highways

TRN 501 Oahu Highways  
TRN 511 Hawaii Highways  
TRN 531 Maui Highways  
TRN 541 Molokai Highways  
TRN 551 Lanai Highways  
TRN 561 Kauai Highways  
TRN 595 Highways Administration  
TRN 597 Highways Safety

Administration

TRN 995 General Administration

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**Department of Transportation  
Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	2,161.00	2,160.00	-73.50	2,086.50
		Temp	15.60	14.60	-2.20	12.40
Special Funds		\$	634,600,685	644,778,379	-6,534,996	638,243,383
		Perm	9.00	9.00	0.00	9.00
		Temp	3.40	3.40	-0.80	2.60
Federal Funds		\$	42,963,394	47,136,569	393,445	47,530,014
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Private Contributions		\$	396,437	423,067	0	423,067
		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
Federal Stimulus		\$	13,000,000	0	0	0
		Perm	2,170.00	2,169.00	-73.50	2,095.50
		Temp	19.00	18.00	-3.00	15.00
<b>Total Requirements</b>		\$	690,960,516	692,338,015	-6,141,551	686,196,464

**Comments:** (general funds unless otherwise noted)

1. Reflects abolished vacancies and furlough savings for all DOT programs.
2. Add \$4,920,240 in special funds for cruise ship security and stevedore services. Amount will be 100% reimbursed by cruise ships.
3. Add \$333,500 in special funds for Aloha Tower Development Corp for Harbors Modernization Program operating costs.
4. Add \$158,597 in special funds to restore Deputy Director of Administration position.

**Department of Transportation  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
Special Funds	66,190,000	42,400,000	0	3,000,000	66,190,000	45,400,000
General Obligation Bonds	7,500,000		0	0	7,500,000	0
Revenue Bonds	763,279,000	413,944,000	0	25,170,000	763,279,000	439,114,000
Federal Funds	296,771,000	102,341,000	0	38,480,000	296,771,000	140,821,000
Federal Stimulus Funds	17,000,000		0	0	17,000,000	0
Private Contributions	715,000		0	0	715,000	0
Other Funds	187,190,000	49,600,000	0	36,000,000	187,190,000	85,600,000
<b>Total Requirements</b>	<b>1,338,645,000</b>	<b>608,285,000</b>	<b>0</b>	<b>102,650,000</b>	<b>1,338,645,000</b>	<b>710,935,000</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

1. Add \$14,850,000 in revenue bond funds & \$36,000,000 in passenger facility charge funds for Honolulu International Airport, Elliot Street Support Facilities.

# UNIVERSITY OF HAWAII

## Department Summary

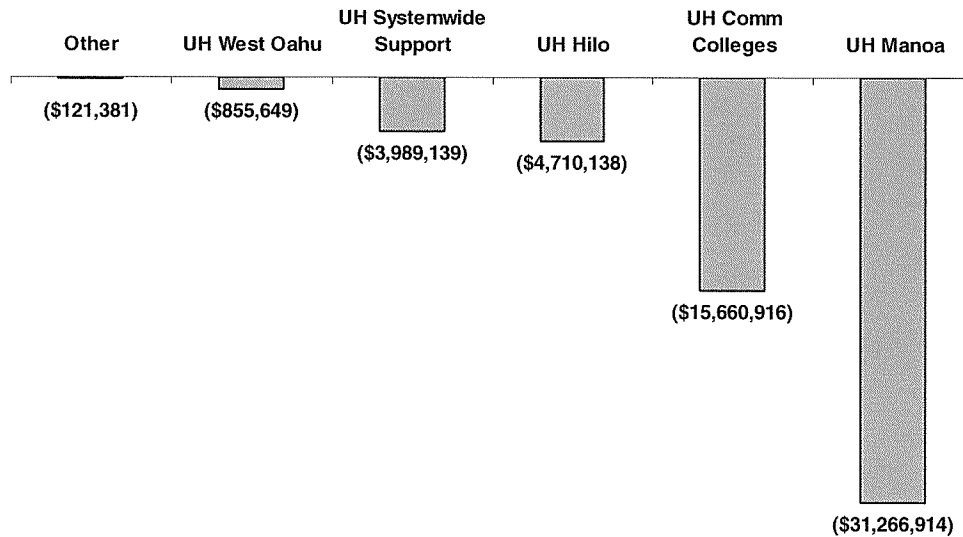
***Mission Statement***

To serve the public by creating, preserving, and transmitting knowledge in a multi-cultural environment.

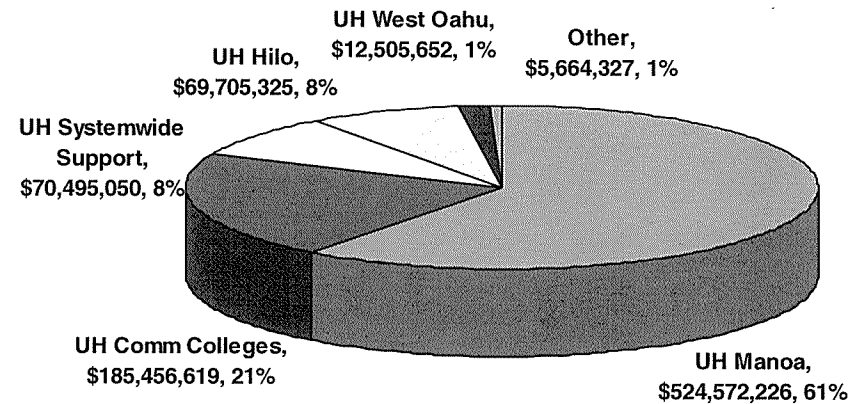
***Department Goals***

To achieve educational effectiveness and student success; provide a learning, research, and service network; be a model local, regional, and global university; maximize investment in faculty, staff, students, and their environment; and provide resources and stewardship.

**FY 2011 Supplemental Operating Budget  
Adjustments by Major Program**



**FY 2011 Supplemental  
Operating Budget**



## UNIVERSITY OF HAWAII MAJOR FUNCTIONS

- Provides instruction, research and public service in the fields of the liberal arts and sciences, agriculture, professional education, medicine, law, health sciences, business administration, engineering sciences and such other branches of the higher learning as the Board of Regents prescribes.
- Administers and operates a system of community colleges; coordinates academic programs which include college transfer, general education, vocational, technical, semi-professional, and continuing education programs; coordinates community service programs with the various campuses, community agencies and groups; and coordinates student-related programs and services.
- Operates a summer session which gives variety and flexibility to the instructional programs of the University; provides college-level instruction to students who wish to obtain it during the summer; accommodates teaching institutes, workshops, and special courses with schedules of varying lengths; sponsors lecture series and other cultural events during the summer and supervises overseas study tours offered for credit.
- Provides key personnel in the government policy-making process with timely research, analyses and data concerning governmental and related problems to enable them to make informed decisions among alternative courses of action.
- Participates in intercollegiate athletics programs for men and women; contributes toward the availability of non-academic cultural, social, recreational and intellectual programs made available to the students, faculty and community at large; and provides a limited intercollegiate program for a variety of minor sports.

## MAJOR PROGRAM AREAS

The University of Hawaii has programs in the following major program areas:

### Formal Education

UOH 100	University of Hawaii, Manoa
UOH 210	University of Hawaii, Hilo
UOH 220	Small Business Development
UOH 700	University of Hawaii, West Oahu
UOH 800	University of Hawaii, Community Colleges
UOH 900	University of Hawaii, Systemwide Support

### Culture and Recreation

UOH 881	Aquaria
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**University of Hawaii**  
**Operating Budget**

			Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2011 Adjustments	Total FY 2011
<b>Funding Sources:</b>	Positions	Perm	6,474.09	6,474.09	0.00	6,474.09
		Temp	113.75	113.75	0.00	113.75
General Funds		\$	422,591,205	422,691,205	-54,703,929	367,987,276
		Perm	467.25	483.25	0.00	483.25
Special Funds		Temp	10.00	10.00	0.00	10.00
		\$	352,419,905	364,156,822	-1,064,959	363,091,863
Federal Funds		Perm	97.66	97.66	0.00	97.66
		Temp	4.00	4.00	0.00	4.00
		\$	11,264,761	11,264,761	-514,534	10,750,227
Federal Stimulus Funds		Perm	0.00	0.00	0.00	0.00
		Temp	0.00	0.00	0.00	0.00
		\$	32,000,000	22,000,000	0	22,000,000
Revolving Funds		Perm	156.75	157.75	0.00	157.75
		Temp	0.00	0.00	0.00	0.00
		\$	104,908,548	104,890,548	-320,715	104,569,833
			7,195.75	7,212.75	0.00	7,212.75
			127.75	127.75	0.00	127.75
<b>Total Requirements</b>			923,184,419	925,003,336	-56,604,137	868,399,199

**Comments:** (general funds unless noted)

1. Reduced funds based on collective bargaining salary assumptions and targeted reductions. No position counts were deleted.



**University of Hawaii  
Capital Improvements Budget**

	Act 162/2009 FY 2010	Act 162/2009 FY 2011	FY 2010 Adjustments	FY 2011 Adjustments	Total FY 2010	Total FY 2011
<b>Funding Sources:</b>						
Special Funds	45,005,000	0		0	45,005,000	0
General Obligation Bonds	171,908,000	31,864,000		31,000,000	171,908,000	62,864,000
Revenue Bonds	212,416,000	88,613,000		0	212,416,000	88,613,000
Federal Funds	10,900,000			0	10,900,000	0
Private Contributions	5,250,000			0	5,250,000	0
<b>Total Requirements</b>	<b>445,479,000</b>	<b>120,477,000</b>	<b>0</b>	<b>31,000,000</b>	<b>445,479,000</b>	<b>151,477,000</b>

**Comments on Dept CIP Budget Request:** (general obligation bonds unless otherwise noted)

- Added \$31 million for a state of the art facility for the College of Hawaiian Language at the University of Hawaii at Hilo.  
The College is currently dispersed across campus.

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