



LATE

EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

**Testimony on HB 200 Relating to the State Budget**

**Governor Neil Abercrombie**

**SENATE WAYS AND MEANS COMMITTEE**

**Senator David Ige, Chair**

**Senator Michelle Kidani, Vice Chair**

**March 28, 2011**

**9 a.m. Room 211**

WRITTEN TESTIMONY ONLY

Chair Ige, Vice Chair Kidani, and members of the committee:

My Administration has put forward a budget plan that will boost our economic recovery, improve how government works, and move Hawai'i in a new economic, social, and educational direction. We can and must do these things, even in these challenging fiscal times—but we will do so only if we have the will. Talking about it and wishing for it will not do it.

So, for *everyone* in Hawai'i, we have some big decisions to make and we need to make them now.

**Do we want to have good jobs, good housing, and strong communities? Do we want our children to be able to live in Hawai'i and pursue their dreams here in the islands?** Of course we do. But if we want these things, we have to make sure that the University system is thriving, not barely getting by. We need to get more money churning in the economy to help the private and public sectors recover and create better paying jobs with career paths. We need to invest in and promote industries to a much greater degree.

**Do we want our children to have a brighter future than we have?** If we do, we will need to provide basic preschool opportunities, restore programs for our most vulnerable keiki, and invest in our public schools. The items in our budget—like making improvements to our school facilities so they can accommodate new technologies—are not nearly enough, but it's a start we cannot neglect. We will continue making the best use of the resources we have.

**Do we want more locally-owned businesses that can create jobs and dollars for our economy?** If we do, we need to build our information infrastructure, streamline government processes, provide the community-based business assistance to make sure that our entrepreneurs get every opportunity to compete and succeed. We need adequate state personnel to facilitate and support these efforts.

**Do we want to produce our own energy instead of exporting billions of dollars to unstable oil-rich countries? Do we want to use those dollars to pay our own solar installers, biofuel farmers, geothermal engineers, and wind energy technicians?** If we do, then we need to connect the islands, accelerate the transition to clean energy with the right incentives, and build functioning regulatory agencies so projects aren't stuck in paper and process.

**Do we want to grow our own healthy food instead of being so dependent on multi-national food conglomerates and food and fuel grown and produced in developing countries?** If we do, we'll need to repair our irrigation systems and invest in agricultural research and education. Reinstating eliminated agricultural inspectors is a step in the right direction, but that step alone won't get us there—not even close.

**Do we want Hawai'i to belong to all people and not just the wealthiest few?** If so, then we need to break cycles of poverty, which we cannot do if we are only willing to see our people have just the basic minimum assistance they need to get to the next day. We need to provide training, opportunity, and services so families can become self-sufficient.

In these challenging times, everyone—including the public sector—is going to do more with less. Public employees are already working harder and smarter, engaging volunteers, creating new partnerships, seeking federal and other funds. We will keep doing these things, but these things alone won't get us where we need to be.

If we really want all this for Hawai'i, then we are going to have to pay for them. We're going to have to address long term liabilities we've ignored; we're going to have to repair the infrastructure that we've let deteriorate; and we're going to have to reorganize government and invest in its capacity to do the people's business.

I don't believe our public schools, housing, jobs, parks, airports, harbors, business environment, technology, or culture and arts programs are good enough as they stand today. And the people of Hawai'i don't think so either. That's why they voted for a New Day.

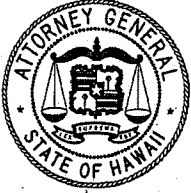
We must commit ourselves 100 percent to solve our fiscal crisis and focus on economic growth. If we pass a plan with sufficient new tax revenues that commits everyone to do their fair share, we can be thriving in two years, maybe less. If we don't commit entirely—if we choose instead to nickel and dime ourselves—our recovery will stall or even recede.

And if we do nothing—if we decide to just get by and stand still for yet another year—then not only will nothing change but we risk sinking further into pessimism and civic decline.

We do not have to settle for the status quo. We cannot get bogged down by the petty political story of the day. We can't be stuck in the weeds, bickering over one detail or another, pointing fingers at each other.

Our time is now. We need everyone to reach out to their family, friends, legislators, and community to make it known that we want a New Day. Have faith in one another; help one another. Together, let's commit to the New Day plan, pass a budget that will get the job done, reinvest in ourselves, and move forward with purpose and pride. If we all share the burden, we will all share a bright Hawai'i future.

L A T E



TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-SIXTH LEGISLATURE, 2011

ON THE FOLLOWING MEASURE:

H.B. NO. 200, H.D. 1, RELATING TO THE STATE BUDGET.

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Monday, March 28, 2011 TIME: 9:00 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): David M. Louie, Attorney General, or  
Randall Nishiyama, Deputy Attorney General

Chair Ige and Members of the Committee:

The Department of the Attorney General is doing everything possible to do more with less. We are working with the limited resources we have as a result of past hiring freezes, furloughs, and other cuts that have occurred over the past several years.

We have been resourceful and creative in an effort to continue serving our client agencies with as little disruption as possible from the limitations that have occurred. We have sought and received federal funds for several of our programs. Examples of this include the Byrne Justice Assistance Grants, Residential Substance Abuse Treatment for State Prisoners, Adam Walsh Grants (sex offender registration), and the Internet Crimes Against Children Program. The Department has previously reorganized and restructured some of its divisions to be as efficient as possible and maintain productivity at a high level with limited resources. Additionally, we have been aggressively partnering with state and local agencies to expand the reach of our public services and engage the community.

However, despite our best efforts, the cuts the Department has endured have unfortunately resulted in a certain level of decreased service to some of our clients. In other words, we

have not been able to respond to our clients' legal needs as quickly as in the past. In comparison to private law firms in the State, this puts the Department - and therefore the public's interests - at a distinct disadvantage. We are extremely concerned that the Department's workforce must be restored in a number of critical positions so as to provide timely representation, advice, and counsel to our clients. If this is not done, the short-term saving due to personnel cuts may lead to long-term substantial and expensive liabilities to the State.

It is worth noting that our client list is broad. It includes the Governor, every state department, and the Legislature. Meeting the requests of all of these clients is a large task, and it is one we are currently struggling to meet. At present, we are operating at approximately a 16.0 percent vacancy rate with our attorneys and staff. Maintaining a professional and efficient level of service is not sustainable without critical resources, which in this case means staff.

The Department's responsibilities are also broad. The Department: (1) appears for the State in civil and criminal cases when the State is a party; (2) investigates violations of state laws, and initiates civil and criminal actions to enforce the laws or prosecute persons who violate them; (3) prepares legal opinions for the Governor, the Legislature, and the heads of state departments; (4) advises state officials on legal matters so that they may faithfully execute their duties and responsibilities; and (5) defends and represents state officials and employees when they are sued for actions they have taken or are about to take in connection with their state positions.

In addition, the Department: (1) administers the State's Child Support Enforcement Program to obtain child support payments for Hawaii's children, and conducts administrative

proceedings to establish paternity and adjust support obligations; (2) administers the State's sex offender registration system; (3) secures and disseminates financial and other resources to support law enforcement and the criminal and juvenile justice systems; (4) gathers information, records, and statistics, and maintains information and communications systems to support law enforcement and the criminal and juvenile justice systems; (5) plans and implements crime prevention programs and activities; (6) commissions notaries public; and (7) issues State ID cards.

#### **ATG100 - Legal Services**

1. **Governor's Message - House Advisement:** (SEQ# 62-222 and 85-222) - Message requests adding a net two positions and \$350,166 in general funds for the Special Assistant to the Attorney General, Administrative Services Manager, and one shared Secretary. In addition, the funds reinstate the salary for the First Deputy and Secretary to the First Deputy. All of these funds were cut over the past two legislative sessions.

**Impact:** To manage a department consisting of almost 800 positions, the Attorney General needs a core group of people to help run the "front office," known as the Office of the Attorney General. The Attorney General must be able to delegate key assignments so he may focus on high-level issues and advise the Legislature, the Governor, and state departments on important legal issues. This core group performs critical roles in the management team that support the Attorney General. Without these positions, the Department's service to the public will suffer.

2. **Governor's Message - House Advisement:** (SEQ# 84-222) - Message requests \$565,000 in general funds to reduce the budgeted vacancy savings from 18.4 percent to 15 percent of budgeted salary for ATG 100 - Legal Services.

**Impact:** Budgeted vacancy savings has increased 70 percent over the past two years due to fiscal constraints and a hiring freeze, while the personal services budget has declined by 25 percent due to the Reduction-in-Force and elimination of vacancies, resulting in budgeted vacancy savings increasing to 18.4 percent of payroll. While vacancies were at about 16 percent in January 2011, we have not been able to adequately meet the needs of client agencies due to the number of vacancies and the continued furlough days. We are concerned that the delay in services provided, along with inadequate levels of staff to handle cases against the State, may well result in more costly settlements and judgments against the State than any amounts saved by the vacancies. This puts public funds at risk.

3. **Governor's Message - House Advisement:** (SEQ# 86-222) - Message requests \$49,000 in special funds annually for upgrades and enhancements to the Hawaii Charity Registration System. Source of funds is the Solicitation of Funds for Charitable Purposes Special Fund.

**Impact:** Charities, which are required by statute to file electronically using our registration system, have reported that the system is difficult to use and frustrating.

Therefore, the failure to make these enhancements will result in poor customer service to the regulated charitable sector, which pays the fees that will fund these enhancements. Some organizations are paying \$750 annually and deserve a system that is more user-friendly.

4. **Governor's Message - House Advisement:** (SEQ# 87-222) - Message requests a ceiling increase in federal funds, beginning in fiscal year 2012-2013, to cover the cost of the purchase and maintenance of two vehicles for the Medicaid Fraud Control Unit (MFCU). MFCU investigators have full police powers, and they use these vehicles in arrests, surveillance, transport of prisoners, and other official functions.

**Impact:** An audit performed by the Federal Office of the Inspector General, conducted for recertification of the MFCU, recommended the purchase, maintenance, and use of two vehicles. The auditors were concerned that the use of personal vehicles by MFCU investigators could generate liability issues. Not purchasing these vehicles, despite the auditor's recommendations, puts federal matching funds at risk and jeopardizes the functioning of the MFCU. It is worth noting that the State is obligated to have an MFCU as a condition of receiving federal Medicaid funds.

5. **Governor's Message - House Advisement:** (SEQ# 88-222) - Message requests to restore interdepartmental "U" funding for four temporary positions that were restored, without funding, by the 2010 Legislature.

**Impact:** These are clerical support positions for legal divisions that provide services to Department of Transportation and the Department of Education, and handle cases in Family court.

6. **House Adjustment:** (SEQ# 1060-001) - Adjustment imposes a general fund reduction of \$239,667 due to fiscal constraints. This reduction represents 1.3 percent of total budgeted general funds. Due to the limitations imposed by high vacancy savings and other reductions to personal services, however, the reduction would have to come from other current expenses (OCE), resulting in a 4.5 percent reduction of OCE. Total general funds budget for OCE is \$5,318,525, made up of four line items, as follows:

Sex Abuse Treatment Center	\$1,533,860
Litigation funds	\$1,500,000
Career Criminal & Victim Witness programs	\$ 951,096
Operating expenses	<u>\$1,333,569</u>
Total Other Current Exp.	\$5,318,525

**Impact:** The result of the House adjustment will be the reduction of one of these aforementioned line items. Reducing funding for the Sex Abuse Treatment Center will make it more difficult for victims of sexual assault to receive the care and attention they need. Reducing funds for the Career Criminal and Victim Witness Programs will lessen the capabilities of law enforcement in all four counties. Because of federal matching funds for the Victim Witness program, reduction of state funds would also mean a



loss of federal funds. Reducing the Department's litigation funds will put the State and the public at a competitive disadvantage, because those funds are used to hire expert witnesses, special deputies, and make other necessary expenditures when the State defends itself against a lawsuit. Finally, reducing the budgeted operating expenses will generally harm the Department because that fund is used to purchase supplies needed to keep the Department functioning (e.g., paper, toner, library books, pens, and pencils).

Alternatively, the Department has proposed to the Senate Ways and Means committee four actions to redirect costs from general funds to special funds. These actions will reduce general funds for the State by \$747,858:

1. Increase our MOA with the Department of Commerce and Consumer Affairs (DCCA) saves \$220,000
2. Change funding for five deputies billed to the Department of Human Services (DHS) (reimbursed by federal funds) saves \$324,223
3. Change funding for one (net) Deputy to bill the Department of Education (DOE) saves \$50,735
4. Reimburse Governor's Office for clerical services provided for State ID saves \$152,900

**ATG 231- Hawaii Criminal Justice Data Center (HCJDC)**

1. **Governor's Message - House Advisement:** (SEQ# 81-222) - Message requests a \$300,000 ceiling increase (for fiscal year 2011-2012 only) in the State Identification Revolving Fund to

purchase servers and workstations being used for the State ID System.

**Impact:** The equipment used to issue State IDs, purchased in 2004, has passed its life expectancy, and repairs would be costly, time-consuming, and possibly not available. The primary customers that pay for this service: the young, elderly, and those with special needs, should be provided with this essential service. We must ensure that the system will continue to operate without fear that it will crash and be down for long periods of time.

2. **Governor's Message - House Advisement:** (SEQ# 60-222 and 82-222) - Message requests the addition of two temporary positions. It also reallocates federal funds to match current grants that are being utilized. There is no change to the federal ceiling being requested.

**Impact:** There are two federal grants [(1) Community Oriented Policing Services - Technology and Sex Offender Sentencing, and (2) Monitoring, Apprehending, Registering, and Tracking] replacing the National Criminal History Improvement Program grant. These grants are primarily responsible for the maintenance and support of CJIS-Hawaii (the statewide criminal history repository), the statewide Automated Fingerprint Identification System, the statewide Mugphoto System, and the application that connectivity to the FBI's National Crime Center.

Without approval to expend these funds, law enforcement and criminal justice agencies will not be able to use these systems, and the public will be put at risk.

3. **House Adjustment:** (SEQ# 1060-001) - Reduces general funds by \$239,667 due to fiscal constraints.

**Impact:** This reduction represents a 15.2 percent reduction to the total general fund budget for the Hawaii Criminal Justice Data Center.

We respectfully request that the committee consider the cost redirection measures suggested for ATG 100 above in lieu of the major reduction to ATG 231.

The only significant item, besides personnel, would be AFIS Maintenance costs from ATG 231BB (\$243,647) but that would mean that the statewide Automated Fingerprint ID System (AFIS) would be without any maintenance and would shut down because it needs daily tending. Negative impact is to all law enforcement statewide, but particularly to the county police and sheriffs.

As to further reductions to staffing, the HCJDC has already endured a 15.9 percent reduction in staffing over the last two years, and services provided to law enforcement agencies are already at levels that could impact public safety.

The impact to operations has been significantly negative:

- Effectiveness levels such as data quality and disposition completion percentages for CJIS-Hawaii are declining due to the inability of remaining staff to work errors and to find dispositions. Criminal justice users are calling our Help Desk daily because they cannot locate dispositions for offenders for whom they are trying to do a pre-sentence investigation. Similarly, we are also getting regular calls from police dispatch doing a background check for the officers on the street making a stop;
  
- **Criminal identifications** that ensure positive ID based on a fingerprint biometric via AFIS have errors backlogged and unaddressed, impacting state and national law enforcement partners;
  
- **Criminal history checks**, which used to be turned around in 5 business days, are now approaching 15 days. This impacts the public in completing adoptions, visa applications and employment by private companies. Completeness of criminal checks being done by DOE, DHS, and the Department of Health (DOH) on employees, contractors with access to children, elderly and the disabled (Hawaii's defined vulnerable populations) are suffering as a result of first bullet also;
  
- **State ID** card services have public wait times peaking at 5 hours;
  
- **Expungements** mandated by statute to be completed in 120 days are exceeding that timeframe;

- Posting of **sex offenders** on the public website are delayed awaiting court documents and classification. Currently, there is a two-month backlog of required hard copy document filing, which is impacting court proceedings;
- Ability of our **IT technical staff** to respond to problems reported by statewide CJIS-Hawaii users that require program changes result in delayed implementation and appropriate corrective action; and
- The ability to support our mission critical systems that require **24x7 on call services** to law enforcement and criminal justice agencies has been negatively impacted in terms of the ability for us to respond when time is always of the essence in these situations.

Thank you for the opportunity to testify. The Department of the Attorney General understands that the public expects more from government, and we will continue to do our best to deliver excellent legal services in furtherance of our mission.

L A T E

NEIL ABERCROMBIE  
GOVERNOR



BRUCE A. COPPA  
Comptroller

RYAN OKAHARA  
Deputy Comptroller

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

TESTIMONY  
OF  
BRUCE A. COPPA, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
COMMITTEE ON  
WAYS AND MEANS  
ON  
March 28, 2011  
H.B. 200, H.D. 1

RELATING TO STATE FUNDS

Chair Ige and members of the Committee, thank you for the opportunity to testify on H.B. 200, H.D. 1.

The Department of Accounting and General Services (DAGS) supports H.B. 200, H.D. 1, and offers the following.

DAGS' mission is to help State agencies better serve the public by providing, at best value and with integrity: superior public facilities, expert technological solutions and services, operational support, fiscal guidance, oversight of administrative services and preservation and promotion of cultural heritage.

The detailed impacts of the adjustments made in H.B. 200, H.D. 1, were included in DAGS' submittal to the Committee on March 17, 2011. However, there are two requests which we would ask that consideration be given for inclusion in the Senate version of the budget. The

first is for the Information and Communication Services Division which addresses our mission to provide expert technological solutions and services, and the second to renovate the Kamamalu Building which attains the best value for public facilities section of our mission. Both of these requests are consistent with the Governor's New Day Plan by repairing missteps of the past, creating new (construction) jobs, and leveraging the facilities we have to reduce cost (office leases) which taxpayers would expect.

The first request for the restoration of 11 positions and funds of \$200,528 and \$401,056 in fiscal years 2012 and 2013, respectively, is critically needed to sustain 7 X 24 data center operations in the Production Services Branch (the Branch) of the Information and Communication Services Division. At current staffing levels, there are times when the third shift may not operate due to the lack of available staff. During the past two years, 37 positions or 46% of the authorized staff were abolished in the Branch. When the third shift does not operate, applications at risk of not being completed include unemployment checks, child welfare payments, State payroll, and vendor payments. All of these critical applications significantly affect public and government operations.

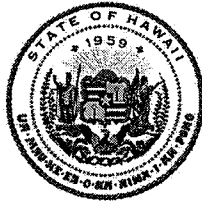
Secondly, H.B. 200, H.D. 1, has \$13 million in funding for our CIP request to renovate the Kamamalu Building (the Building). Our original CIP request was for \$26 million and that amount is needed to solicit and award a construction contract to renovate the Building. When completed, this building will provide space for employees currently in leased space. Our analysis of the savings in lease rent is that it will provide payback of renovation costs within 20 years. We will not be able to pursue the renovation of this building at the current funding level of \$13 million. The other benefit of this project is that it will create construction jobs for the duration of the project.

H.B 200, H.D. 1, proposes a general fund budget reduction for various programs for \$642,000. In fiscal year 2011 alone, the general fund budget of DAGS was reduced by \$9.7 million or 14% from fiscal year 2010. As a result of the reductions DAGS and its programs have taken in past years, there are few alternatives our programs can take to meet these reductions. Delays in filling vacant positions at least six (6) months or not filling vacant positions to offset the general fund budget reductions will be the most prevalent alternative to address the general fund reduction. An outcome of this alternative will be reduced service levels by the affected programs.

Thank you for the opportunity to testify on this bill.



NEIL ABERCROMBIE  
GOVERNOR



ROGER MCKEAGUE  
INTERIM EXECUTIVE DIRECTOR

L A T E

STATE OF HAWAII  
CHARTER SCHOOL ADMINISTRATIVE OFFICE  
1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813  
Tel: 586-3775 Fax: 586-3776

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**FOR:** HB 200 HD1 Relating to the State Budget  
**DATE:** Monday, March 28, 2011  
**TIME:** 9:00 a.m.  
**COMMITTEE(S):** Committee on Ways and Means  
**ROOM:** Conference Room 211  
**FROM:** Roger McKeague, Interim Executive Director

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Testimony in support of the intent of H.B. No. 159 H.D. No. 1

Chair Ige, Vice Chair Kidani, and Members of the Committee:

Aloha, I am Roger McKeague, interim executive director of the Charter School Administrative Office ("CSAO"). I want to thank the chair and the entire committee for the time and effort being spent addressing funding for public charter schools.

**Mission Statement:**

Each charter school, as a unique and autonomous organization, has created its own mission statement. In general the mission statements of charter schools recognize their connection to their communities and their commitment to providing high quality and effective teaching in order to positively impact student learning.

The mission of the Charter Schools Administrative Office is to provide advocacy, assistance and support for the development, growth, progress and success of charter schools and the charter school system in Hawai'i in accordance with applicable state and federal laws.

**Economic Impact**

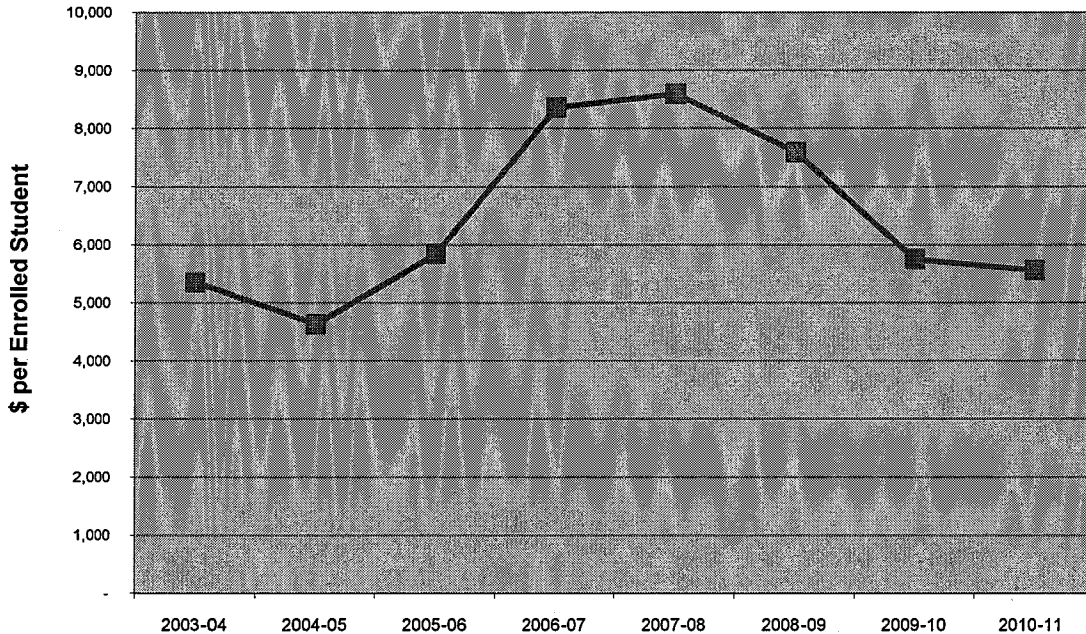
The current economic conditions have impacted the charter schools in fiscal year 2010-11 in several ways. While the total amount appropriated for charter schools in the state budget has increased in most years, there was a 19.25% decrease in state funding for charter schools in 2009-10.

Year	Total State Funding	Funding Change Over Prior year	Charter Schools OEC	Enrollment Growth Over Prior Year
2008-09	57,695,518	9.48%	7,603	24.01%
2009-10	46,589,252	-19.25%	8,098	6.51%
2010-11	50,184,560	7.72%	9,026	11.46%
2011-12*	60,667,896	20.89%	9,912	9.82%

\* Governor's recommended funding, charter schools projected enrollment

Increasing enrollment without proportionate funding increases has led to declining per pupil funding for charter schools in each of the past three years. For example, the enrollment increase from school year 2009-10 to 2010-11 exceeded 11%. The state per pupil funding over the same period increased only 7.7%. This resulted in the per-pupil funding decreasing from \$6,258 in 2009-10 (including ARRA Education Fund) to \$5,874 in 2010-11(including ARRA Education Fund them to), a 6.6% decrease over one year. The table below summarizes the per-pupil funding for charter schools over the past 8 years.

**\$ Per Student Charter Schools**



Years	Charter Schools	
	CS Enrollment	CS Per Pupil \$
2003-04	4,317	\$5,355.00
2004-05	4,964	\$4,630.47
2005-06	5,744	\$5,844.21
2006-07	5,812	\$8,363.30
2007-08	6,131	\$8,595.84
2008-09	7,603	\$7,588.52
2009-10	8,098	\$5,753.18
2010-11	9,026	\$5,560.00

As can be seen from the table and chart above, the per pupil funding amount for charter schools in 2010-11 was less than the per pupil amount provided six years earlier in fiscal year 2005-06.

The Governor's recommendation to fund charter schools at a per pupil amount of \$6,195.66 in fiscal year 2011-12 is a positive movement in the right direction. However there are still gaps that remain in the funding system for charter schools. The most significant remaining

gap is in the funding for charter school facilities. With the exception of one year, 2006-07, charter schools have not been appropriated additional funds for facilities costs. In fiscal year 2010-11 a small appropriation was made equal to \$197 per pupil for charter school facilities (\$1,778,122). However the funding for this was obtained by reducing the operating per pupil funding for charter schools.

Recently the *Charter Schools Funding Task Force*, created by Senate Concurrent Resolution 108, issued their final report. In this report the Task Force recommends, among other things, that a "needs based" formula be established to provide funding for charter schools facilities. The Charter Schools Administrative Office strongly supports this recommendation. The application of a needs based facilities funding formula for charter schools in fiscal year 2011-12 will greatly assist charter schools that are struggling financially due to the cuts imposed over the past few years. A needs-based formula will also address the concerns that have been raised regarding differing needs for different charter schools. For example, the Task Force recommendation provides that an adjustment in the facilities funding be made for charter schools that are occupying State owned facilities.

Prior to the release of the Charter Schools Funding Task Force report, the CSAO submitted its budget request to the Department of Budget and Finance, including an item for facilities funding using the formula in HRS 302B-8. The amount of this request was \$11.3 million in 2011-12 and \$12.2 million in 2012-13.

However, with the release of the Charter School Funding Task Force report, the CSAO defers to the recommendation in that report to use a needs-based formula to fund facilities for charter schools. Based on the Task Force report, the CSAO has calculated an allocation of \$8,237,250 for 2011-12, based on the needs based formula suggested in the report.

Another recommendation in the Task Force report is to include in the formula for the calculation of the operating funding for charter schools the amount appropriated for neighbor island R&M contained in the State Budget line item AGS 807. This appropriation has never been included in the formula used to calculate the per pupil funding for charter schools even though the purpose of the appropriation is to address minor R&M costs for public schools located on islands other than Oahu. R&M costs for Oahu public schools are appropriated in EDN 400 and have been included in the formula calculation for charter schools.

Other funding disparities and/or service delivery disparities continue to exist between the DOE system and the Charter School system. Two examples of this are the amounts allocated by the DOE from Federal funding sources and the delivery of SPED services particularly for small charter schools. A thorough analysis of these disparities in fiscal year 2009-10 is available in Appendix 3 to the Charter Schools Funding Task Force Report.

## **Alternatives Considered:**

In keeping with the autonomous nature of charter schools, the decreases in funding have been absorbed by a variety of means identified by each charter school's Local School Board. Some of the charter schools foresaw that the economic situation could change in earlier years and have relied on funds saved for economic uncertainties in prior years to help balance their budgets over the past few years. Some have used funds earmarked for other purposes (e.g. building funds) to balance their budgets. These are short-term solutions.

To some extent all of the charter schools have had to cut their spending. For most this also means cutting their labor costs. Some of the charter schools have saved on labor costs by reducing the number of positions (teachers, support staff and others). During the 2009-10 school year the charter schools self reported staffing reductions equal to 137.75 FTE positions.

Actual cash donations to charter schools have been self reported by 24 of the 31 charter schools for a total of \$9.6 million for fiscal year 2009-10 and a projected amount of \$8.0 million in 2010-11. While this support is helpful it also comes with strings attached and has been an element of the support for these charter schools for many years.

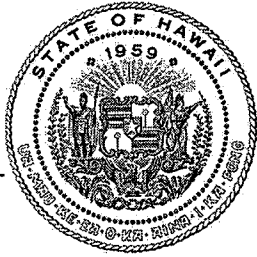
Charter schools have also shifted costs to other programs where appropriate (e.g. when supplanting is allowed). The most striking example of this is the use of the American Recovery and Reinvestment Act funding appropriated by the legislature in 2010-11. \$2,835,696 in personnel costs were shifted from state funding sources to federal funding under this funding source.

The CSAO is ready, willing, and able to help with clarifying the details and specifics for the committee. Thank you for this opportunity to testify.

# L A T E

NEIL ABERCROMBIE  
GOVERNOR

RICHARD C. LIM  
DIRECTOR



## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [www.hawaii.gov/dbedt](http://www.hawaii.gov/dbedt)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**RICHARD C. LIM**  
Director

Department of Business, Economic Development & Tourism

before the  
**COMMITTEE ON WAYS AND MEANS**

Monday, March 28, 2011  
9:00 AM  
State Capitol, Conference Room 211

in consideration of  
**HB200, HD1**  
**RELATING TO THE STATE BUDGET**

Chair Ige, Vice Chair Kidani, and Members of the Senate Committee on Ways and Means, thank you for the opportunity to testify on HB200, HD1 relating to DBEDT's budget.

In alignment with the Governor's New Day Plan, it is DBEDT's mission to achieve a Hawaii economy that embraces innovation; is globally competitive, dynamic and productive; and provides opportunities for all Hawaii's citizens to prosper.

In particular, DBEDT serves as an advocate for renewable energy development, creative industries development, facilitator for the film and digital media industry, a resource for analytic data, and a promoter for export business. DBEDT also supports small business and community based organizations, fosters planned community development, creates affordable workforce housing units in high-quality living environments, and promotes innovation sector job growth.

## IMPACT OF HB200, HD1 ON DBEDT CORE PROGRAMS

The RIF and budgets cuts in FY2010 reduced total positions in DBEDT by 24 percent. More significantly, general funded positions declined by 44 percent. General Funds appropriations fell by 49 percent, from \$11,236,808 to \$5,727,950.

Meanwhile, DBEDT has and is clearly doing more with less:

- DBEDT has attracted Federal money to fund our key programs. Federal Funds in DBEDT increased from \$22,282,112 in FY2009 to \$30,978,994 in FY 2011, a 39 percent increase.
- In the area of creative industries, in particular film, television and digital media production, Hawaii generated \$407 million worth of production expenditures. This 2010 amount is a 77.7 percent increase from the \$229 million generated in 2007.
- In 2010, DBEDT surveyed 161 private and public entities in the energy area in Hawaii. The survey indicated that investments for 2009 amounted to \$345 million; for 2010, it was projected to exceed \$900 million; and for 2011, were projected to reach \$1.2 billion. DBEDT is a major contributor to this growth.
- DBEDT's Community Based Economic Development program has attracted outside funds of \$850,000 to deploy as grants and for capacity building training. This funding from outside sources other than general funds is a first for the program.

The reduction in resources has forced DBEDT to focus on key areas while managing to satisfy statutory mandates. Our reprioritization is based on the New Day Plan and we are determined to repair some of the missteps of the past.

## **BED 100 Strategic Marketing and Support Division (SMSD)**

DBEDT seeks to restore the Business and Community Assistance branch of the Division. This branch will enable SMSD to continue to grow the community based economic development program by seeking funding from outside sources for grants and technical assistance, expand the enterprise zone program especially in rural areas, and implement our new initiative: “bring government to the communities” via procurement and small business workshops. In addition, it will free other staff members to apply for and implement a federal grant for trade and export with the U.S. Small Business Administration, which will leverage state cash match on an 8 to 1 basis. More recently, for DBEDT’s cash match of \$50,000, it was able to attain a \$250,000 federal EDA grant for one of our economic development partners. The House budget supports restoration of this branch and also keeps open for discussion additional funding for export/international promotion, and support for the county economic development boards. We urge the Senate’s concurrence.

The House also supports the transfer of two positions from SMSD to BED-105 Creative Industries Division, and one to BED-130 Research and Economic Analysis Division. These transfers are necessitated by the imbalances of clerical positions and inefficient staff assignments in SMSD and the other two divisions.

## **BED 105 Creative Industries Division**

The entire amount of the other current expenses (OCE) funding for Creative Industries Division's Film Branch was eliminated in the 2010 legislative session, compounding the 50% staff reduction from reduction in force and retirements of all three secretarial staff. The

statutorily mandated obligations of film permitting, tax incentive management and film studio management/maintenance as well as the core mission of accelerating the growth of Hawaii's creative economy has been compromised by these impacts. The FY12-13 budget requests the restoration of three positions and basic funding of \$240,000, providing necessary support for the increased growth in these sectors which collectively contribute \$4 billion to Hawaii's gross domestic product (GDP) annually. The film, television and digital media industry sectors are revenue generators for our state, providing an estimated \$600M in economic impact, generating 3300 jobs and providing an estimated \$40M in tax revenues in 2010.

#### **BED 120 Strategic Industries Division/State Energy Office**

Since 2006, the state has provided General Funds to the State Energy Office in the amount of \$13,917,596. During this period, the Office has secured over \$44,796,776 in Federal Competitive Grants, which increases to \$77,770,927 if US Dept. of Energy funding are included. This represents more than 5 times the amount that the Office has been able to leverage state funds.

In addition, of the \$2.6M in grants it awarded for electrification of transportation systems, \$2.0M in cost sharing was generated from mostly private investors. This illustrates the capacity of the State Energy Office to attract private investments.

Circumstances, however, will change dramatically by end of June 2011, when the Federal Petroleum Violation Fund (PVE) will run out. This source funds 14 of the 39 filled positions in the Energy Office. On April 30, 2012, the federal stimulus funds (ARRA funds) will terminate. ARRA funds 20 of the position in our Energy Office. Without the appropriate staffing and



funds to keep clean energy programs moving forward, the State Energy Office will no longer be able to assist Hawaii in reaching its mandated goal of 70% clean energy by 2030.

HB200 HD1 appropriates \$6,485,300 from the Energy Security Special Fund for FY 12 and FY 13, to fund programs and personnel in the Hawaii State Energy Office. This appropriation is \$2,068,071 and \$3,998,830 less than the Energy Office's requirements for sustaining many of its programs for FY 12 and FY 13, respectively. Based on these reductions, we will need to scale down staff, programs and projects in order to retain necessary personnel. This will include reducing our activities relating to increasing energy efficiency for state facilities and energy consumers, acceleration of transportation transformation, and promotion of increased use and development of renewable energy. This will result in a slowdown of the growth of this industry which is rapidly becoming a major economic driver in our community. A summary of the Energy Office's significant accomplishments are listed below:

- Increase in renewable energy investments statewide: 2009: \$362,610,064; 2010: \$829,961,638; Projected 2011: \$1,264,912,487
- 11,145 green jobs created in Hawaii's private sector
- 2<sup>nd</sup> in nation in 2009 for PV capacity per capita at 20.2 watts/person; national average is 4.2 watts/person
- 2<sup>nd</sup> in nation in 2010 for energy savings performance contracting per capita at \$77.76/person; national average is \$29.38/person
- Overall increase in RPS levels: 11.8% in 2005;13.8% in 06;15.8% in 07;17.8% in 08;and 18.8% in 09
- Overall increase in distributed renewable energy systems installed: 30 in 2005; 109 in '06; 207 in '07; 567, in '08; 1,166 in '09; & 2,188 in '10
- Overall decrease in electricity consumption by state executive agencies: 702.5 million KWhs in FY07; 701.7 in FY08; 661.6 in FY09; 643.3 in FY10
- \$11,852,129 provided in 2009 for incentives for energy efficient appliances
- Helped distribute \$59,800,000 in competitive ARRA energy grants awarded to private companies
- Developed and manage over 40 energy contracts totaling over \$36,000,000
- Held presentations and exhibits at over 200 major energy conferences where more than 63,000 people attended

- Monitoring a total of 62 planned renewable energy projects on 6 islands with over 800 MW in capacity.

Not achieving our 70% by 2030 goal will perpetuate our dependence on imported fossil fuel and its attendant negative economic and environmental impact on Hawaii. The fuel price volatility and the outflow of billions of dollars from our economy will continue to impact our economic well-being and energy security.

### **BED 128 – Office of Aerospace Development**

Establishes a separate Program ID for aerospace development in the State budget, providing funding for the director of the Office of Aerospace Development and a line item for supporting aerospace activities sponsored by the State.

### **BED 130 Research and Economic Analysis Division (READ)**

Statistics, data analysis and industry reports are critical to the planning process and strategic development for many of Hawaii firms. READ provides this vital service. The House budget cut of \$29,126 represents more than 63 percent of the Division's operating expenditures, which is mostly spent on database subscriptions used to prepare legislatively mandated reports. This reduction will result in the Division not being able to complete these reports for the Legislature.

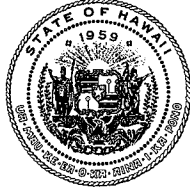
**BED 142 Administrative Services Office, Director's Office (ASO/DIR)**

The proposed house reduction of \$44,620 will trigger a reduction in force situation for the ASO. There are no vacancies or funding availability to absorb this cut elsewhere within the BED 142 budget. ASO positions are critical to providing the necessary support to the department as it addresses the State's critical economic development issues.

We also urge your support for the restoration of the Deputy Director, Public Information Officer, and Deputy Director Secretary positions.

Thank you for the opportunity to offer these comments.

# LATE TESTIMONY



**NEIL ABERCROMBIE**  
GOVERNOR

**BRIAN SCHATZ**  
LT. GOVERNOR

**STATE OF HAWAII**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

**KEALI'I S. LOPEZ**  
DIRECTOR

**EVERETT S. KANESHIGE**  
DEPUTY DIRECTOR

**TO THE**  
**SENATE COMMITTEE ON WAYS AND MEANS**  
**THE TWENTY-SIXTH STATE LEGISLATURE**  
**REGULAR SESSION OF 2011**

**Monday, March 28, 2011**  
**9:00 a.m.**

**TESTIMONY ON H.B. 200, H.D. 1 RELATING TO THE STATE BUDGET**

**THE HONORABLE DAVID Y. IGE, CHAIR**  
**AND MEMBERS OF THE COMMITTEE:**

My name is Keali'i Lopez, and I am the Director of the Department of Commerce and Consumer Affairs ("DCCA" or the "Department"). The Department strongly supports the Executive Biennium Budget for FY 2011-2013 (including the Governor's Message dated February 22, 2011) as submitted by the Governor and offers comments regarding the four (4) requests contained in the Governor's Message that concern the Department.

- (1) CCA 103 (Division of Consumer Advocacy): The Department seeks an increase in the special fund ceiling for FY 2012 and FY 2013 to pay for consultant services that assist the Division in representing the interests of Hawaii's consumers in matters before regulatory agencies such as the Federal Communications Commission and the Hawaii Public Utilities Commission. Reducing the budget for these services will adversely impact the Consumer Advocate's ability to represent consumer's interests in areas such as clean energy initiatives where the issues are more complex, the continuing requests for rate increases by the public utilities, and may lead to the curtailment of the number of cases taken on by the Division.
  
- (2) CCA 106 (Insurance Division): An increase in the ceiling for the Drivers Education Fund is needed for FY 2012 and 2013 since the current levels will not allow the transfer of all collected revenues to the Judiciary, the Department of Education (DOE), and the Department of Transportation (DOT) for their intended purposes. The Insurance Division collects annual fees from insurers for each vehicle and motorcycle insured, which are then disbursed to the above-mentioned departments. The Judiciary's funds are expended for the operation of the drivers' education program; DOE's funds are used for drivers' education for high school students; and DOT operates a drivers' education program for operators of motorcycles, motor scooters or other similar vehicles.
  
- (3) CCA 110 (Office of Consumer Protection): The Department requests a trust fund ceiling increase in FY 2012 and 2013 for OCP Restitution. If the ceiling is not increased, the distribution of consumer restitution

will most likely be delayed for a significant amount of time. This would therefore impact consumers for whom the restitutions would benefit.

- (4) CCA 191 (General Support): DCCA considers the increase of the ceiling in FY 2012 a high priority in order to cover the purchases of much-needed data processing equipments and services. As of December 2010, the storage area network (SAN) currently being used by the entire DCCA staff including the Neighbor Island offices is no longer supported by the manufacturer since the product was purchased prior to 2004. Recent mandated changes in the software to the servers connected to the SAN has resulted in a condition called "flapping" that can cause catastrophic corruption to the network, not to mention that any failure of this device would stop the work for the entire DCCA staff, affecting the approximately 300,000 regulated businesses spanning 13 key areas and the consumers and clients of these regulated businesses. In addition, the six servers currently being used by the Department also need to be replaced due to the fact that they are no longer on hardware support by the manufacturer. The failure of any one of these servers would adversely affect the Business Registration Division, the Division of Financial Institutions and the entire DCCA's fiscal operations. And finally, the personal computers used by the Department's IT staff must be replaced. With the ceasing of support for Windows XP in April 2014, the IT staff must begin working with new software in order to redesign the Department's custom applications to run on Windows 7 which is expected to be a multi-year effort.

The Department strongly believes in our mission which is to uphold fairness and public confidence in the marketplace, promote sound consumer practices, and to increase the knowledge, opportunity, and justice in our community.

And as you all are aware, the Department was brought entirely under the Compliance Resolution Fund ("CRF"), making DCCA the only state department to be fully self-funded and self-sufficient. The foresight of the Legislature to establish this requirement has benefited our customers and the public we serve and the State over the years by allowing DCCA to sustain high quality and consistent level of its services. Self-sufficiency notwithstanding, strong fiscal oversight continues to be extremely important to the Department. The fees and revenues collected by the Department are provisioned for the purposes of delivering important and much-needed commerce and consumer protection services to the public.

DCCA's operations, along with every single state entity, has been impacted by the adverse economic conditions, most significantly in the combination of furloughs and hiring restrictions placed upon the Department. The impact of reduced staffing capacity, in and of itself, has been challenging – coupled with increased demand for many of our services, the reduction of work days due to furloughs only exacerbated this condition.

The general economic slowdown has brought about significant increases in unlicensed activity and utility rate hikes, as well as complaints stemming from unscrupulous practices of individuals and businesses taking advantage of people who are forced to take unreasonable risks due to their challenging financial conditions. During the past fiscal year, the number of complaints to our Office of Consumer Protection (OCP) increased 8% from 1,840 to 1,989 and the number of OCP dispositions saw a 15% increase from 2,234 to 2,606. Complaints to the Regulated Industries Complaints Office (RICO) jumped 40% to from 10,916 in 2009 to 18,087 in 2010. Similarly, the number of customers who were assisted by our Business Action Center Branch climbed 11% from 15,000 in FY 2009 to 16,850 in FY 2010. As a result, the Department's hard-working staffs have increased their efforts to meet the growing demand within the constraints that exist. However, these efforts cannot be sustained

DCCA Testimony of Keali'i S. Lopez  
March 28, 2011  
H.B. 200, H.D. 1  
Page 5 of 5

over an extended period of time without adversely impacting the quality of service the public demands and deserves.

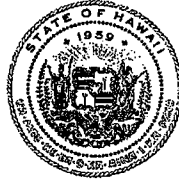
DCCA respectfully requests the restoration of its budget requests as reflected in the Governor's Message.

Thank you very much for this opportunity to testify.



L A T E

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



LORETTA J. FUDDY, A.C.S.W., M.P.H.  
DIRECTOR OF HEALTH

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

In reply, please refer to:  
File:

**Senate Committee on Ways and Means  
HB 200, HD1, Relating to the State Budget  
Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.  
Director of Health**

**March 28, 2011**

1 **Department's Position:** The department strongly opposes this measure.

2

3 **Fiscal Implications:** The Department continues to struggle with the repercussions from the State's  
4 economic downturn which is one of the biggest challenges that the Department has faced in over a  
5 decade. In the recent Reduction in Force (RIF) the DOH lost 315 positions and therefore lost a critical  
6 mass of the health workforce that made our mission possible. As a result, we are currently restructuring  
7 the Department in order to maximize our resources to continue to provide the essential health services to  
8 the people of the State. The Department and its programs and their contracted service providers have  
9 had to make many difficult decisions to operate with significantly less human and financial resources.

10

11 **Purpose and Justification:** Due to fiscal constraints, HB 200, HD1 proposes budget reductions to the  
12 Department's budget of approximately \$17.2 million in general funds for each year of the FB 2011-13.  
13 The reductions to all DOH programs range from four to four and a half percent. Major impacts of such  
14 reductions include:

15

1 Reduce funds for diagnostic testing and medications in the Tuberculosis Branch of the Communicable  
2 Disease Division (\$108,093) – This reduction may lead to the re-exacerbation of TB with the possible  
3 development of drug resistance. It is noted that Hawaii has the highest rate of TB in the nation.  
4

5 Reduce funds for purchase of service contracts in the Adult Mental Health Division – Outpatient  
6 program (\$2,745,970) –Based on an annualized average cost per consumer of \$5,238, this reduction will  
7 result in 524 less consumers being served for their severe and persistent mental illness. These  
8 contracted services include case management, housing and treatment services. This may lead to an  
9 increased use of emergency services, increased hospitalization rates, and increased arrest rates.  
10

11 Reduce funds for substance abuse prevention and treatment services in the Alcohol and Drug Abuse  
12 Division (\$770,009) – If this proposed reduction is enacted, the reduction in State funding coupled with  
13 the dollar-for-dollar federal sanctions may total close to \$2.5 million. There would be 8,168 fewer  
14 individuals receiving prevention services and 529 fewer clients admitted for substance abuse treatment  
15 during the FB 2011-13.  
16

17 Reduce funds for purchase of services in the Child and Adolescent Mental Health Division (\$1,568,962)  
18 – Rates for fee-for-service contractors have not increased since October 6, 2006. In addition, the cost  
19 reimbursement contractors have received reductions in their budgets over the past 3 years, which has  
20 caused the closure of some programs. This proposed reduction will impact the delivery of mental health  
21 services to these children and adolescents.  
22

23 Reduce funds for home and community-based waiver services, and/or purchase of services including  
24 Long Term Adult Support (LASR) and/or the developmental disabilities (DD) domiciliary homes  
25 subsidy in the Developmental Disabilities Division (\$2,584,488) – If this reduction is assessed against

1 the waiver program, it would result in a 5% reduction to current service costs. The LASR contracts  
2 provide daily living services as Adult Day Health and Personal Assistance to adult persons with  
3 developmental disabilities who are not eligible for waiver services due to their ineligibility for Medicaid.  
4 The DD Dom Homes budget subsidizes Dom Home providers for residential costs for DD adults and is  
5 essential to keep the twelve group homes operating.

6  
7 Reduce funds for purchase of services and fee for services in the Early Intervention Services program of  
8 the Family Health Services Division (\$2,124,191) -- One of the New Administration's top priorities is  
9 Early Childhood Development. These funds are necessary to provide services mandated by federal law  
10 (PL 108-446, the Individuals with Disabilities Education Act, Part C). Early intervention services  
11 provided to infants and toddlers under age 3 with developmental delays or who are at biological risk for  
12 developmental delays and their families include such services as family training; counseling; home  
13 visitation; special instruction; speech-language pathology and audiology services and sign language and  
14 cued language services; occupational therapy; physical therapy; psychological services; service  
15 coordination services; and medical services only for diagnostic or evaluation purposes. Without these  
16 additional funds, there would be no funds to pay for services to approximately 2,200 infants and toddlers  
17 for two months.

18  
19 Reduce funds for ambulance service contracts in the Emergency Medical Services and Injury Prevention  
20 Systems Branch (\$1,828,438) -- The program would have sufficient funds to encumber all contracts at  
21 the beginning of FY 12 provided there are no additional reductions to their general or special funds and  
22 provided that their emergency medical services special fund ceiling be increased by \$798,223 for FY 12.  
23 However, the program projects a shortage of \$3,439,739 in funds necessary to encumber all contracts at  
24 the beginning of FY 13 provided there are no additional general or special fund reductions to their  
25 program. This projected deficit would require the program to reduce services or request additional

1 general funds for FY 13. If ambulance contracts are reduced, it would require the closure of one or  
2 more ambulance units for every \$500,000 to \$1,000,000 reduction. This would result in longer response  
3 times for a 911 ambulance and thus negatively affect patient outcomes. The ambulance service  
4 contracts also fund medevac helicopter services for the County of Maui and the County of Hawaii.  
5 Reductions in funding could lead to the discontinuation of these services.

6  
7 Reduce funds for staffing and operations relating to the civil unions statewide system in the Office of  
8 Health Status Monitoring (\$192,120 for FY 12; \$181,120 for FY 13) – The passage of the Civil Unions  
9 Bill was a top priority of the New Administration. This reduction would result in postponing the  
10 implementation of the civil unions certificate issuance statewide system. Currently, the program does  
11 not have sufficient staff to even administer and maintain the current statewide birth, death and marriage  
12 registration and certificate issuance system. Backlogs in these areas range from 6 to 8 weeks.

13  
14 Other adjustments made in HB 200, HD1 involve reducing requests for additional federal fund ceilings  
15 by leaving in \$1 for discussion purposes. However, we note that we have documented the additional  
16 federal grants already received and projected for receipt in FB 2011-2013. These requests are  
17 “housekeeping” in nature to ensure that our programs have sufficient ceilings to expend the additional  
18 federal funds.

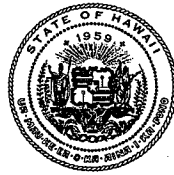
19  
20 The Department continues to focus its efforts on maintaining and sustaining the overall health of our  
21 state in the most efficient and cost-effective manner given the limited resources that we have. Programs  
22 and their staff have been asked to do more with less and to look at ways of meeting objectives by  
23 refining existing procedures and operations as well as seeking new and innovative ways of doing  
24 business to achieve more efficient and effective outcomes.

1 Thank you for the opportunity to testify.

# LATE

NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809

FREDERICK D. PABLO  
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR  
DEPUTY DIRECTOR

## SENATE COMMITTEE ON WAYS AND MEANS

### HB 200, HD1 RELATING TO THE STATE BUDGET

**TESTIFIER:** Frederick D. Pablo, Director of Taxation  
**DATE:** March 28, 2011  
**TIME:** 9:00 a.m.  
**ROOM:** 211

The Department of Taxation (Department) plays a key role in the Abercrombie Administration's A New Day in Hawaii Plan. Our mission is to administer the tax laws for the State of Hawaii in a consistent, uniform and fair manner. By doing so, we restore public confidence and create tax policy that helps to rebuild our economy and sustain Hawaii for future generations.

With the support of the Abercrombie Administration, the Department is developing plans for tax modernization with emphasis on simplification and electronic filing. There is strong public demand for these services.

Tax modernization will have statewide benefit by making it easier for taxpayers to voluntarily comply with Hawaii tax laws, provide expanded electronic filing, and accelerate the State's cash flow. Ideally, the Department would request additional funding for the planning stage of this major project; however, given the current economic climate, the Department is committed to make this project a success within its current resources. Allocating the Department's limited resources to this project is a wise investment.

While the Department has been able to do more with less, it has three priority requests that are critical to restoring basic government services.

**1. Add funds for the Multistate Tax Commission Audit Fee (TAX 100 - Sequence #80-222)**

Funding of this request will result in a revenue positive adjustment. Between 2005 and 2009, the Department collected more than \$36M in tax revenues based on audits conducted by the Multistate Tax Commission. Funding this request will benefit the public as it will help to ensure that multistate corporations are paying their fair share of Hawaii tax revenues.

2. **Add (9) positions and funds for the Information Technology Services Office (ITSO) (TAX 107 – Sequence # 80-222)**

The Legislative Auditor's December 2010 report on the Management and Financial Audit for the Department of Taxation Contracts stressed that the workload for ITSO has increased, given the numerous enhancements and modifications that have been added to the ITIMS system, yet ITSO staffing has steadily decreased from 25 in 2005 to 20 in 2010. The Legislature Auditor concludes that the Department must "wean itself from a vendor which it has grown dependent on for essential services." In order to do so, ITSO must have adequate staffing and resources.

3. **Add funds for Tax Review Commission (TAX 107 – Sequence #81-222)**

Convening of the Tax Review Commission is required by State constitution. Article VII, Section 3 of the Hawaii Constitution as amended in 1978 provides that "there shall be a tax review commission, which shall be appointed as provided by law on or before July 1, 1980, and every five years thereafter. The commission shall submit to the legislature an evaluation of the State's tax structure, recommend revenue and tax policy and then dissolve."

HB 200, HD 1 includes \$215,000 in annual reductions to the Department's general fund budget. Between FY 08 and FY 11, the Department, which is 95% generally funded, had its general fund budget reduced by \$5.3M/21% and its permanent authorized positions reduced by 43.50 positions/11%. The Department is already operating on a bare-bones budget and cannot absorb any additional reduction without significant detrimental effects on tax administration and revenue collection.



Building Independence for Challenged Lives

L A T E

State of Hawaii
Senate Committee on Ways & Means
The Honorable David Y. Ige, Chair
The Honorable Michelle Kidani, Vice Chair

March 28, 2011; 9:00am
Room 211

PRESIDENT & CEO
Marian E. Tsuji

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Lynn Zane

1809 Bachelor Street
Honolulu, Hawaii 96817
Phone: 808-531-0555
Fax: 808-533-7264
www.lanakilapacific.org



HB 200, HD1, Relating to the State Budget

Good afternoon, Chair Ige, Vice Chair Kidani and Members of the Senate Ways & Means Committee,

Lanakila Pacific supports measure HB 200, HD1, specifically under Program ID HTH 501-Developmental Disabilities (DD). We are in strong support of the DD Division's request for additional funds of \$9.9 million for FY 2012 and an additional \$11.2 million for FY 2013 which will restore general funds to the DD Home and Community Based Services Medicaid Waiver Program budget. These additional amounts are necessary to cover the decrease in the Federal Medical Assistance Percentage (FMAP) and are the minimum amounts to maintain the current level of services being provided under the program.

As a nonprofit organization that serves thousands of seniors and people with disabilities each year, we understand that these two groups are especially vulnerable populations in our community. The prior budget reductions impacted our population greatly and affected every aspect of their daily lives.

If another budget reduction were to occur, this population would experience a major setback. This is a distinctive time, in which people with disabilities are beginning to have the same experiences that 'typical' people do. To limit their resources, by ordering another budget reduction, would be a step backwards for a population that has so much potential and the desire to be part of mainstream society. Most importantly is the domino effect of budget cuts to chances of participants to learn more about job training, self advocacy and community inclusion.

Thank you for the opportunity to provide testimony.

Respectfully submitted,

Marian E. Tsuji, President & CEO





**L A T E**

Statement of  
**ALAN C. HILTON**  
**Technical Director**

National Defense Center of Excellence for Research in Ocean Sciences (CEROS)

before the

**COMMITTEE ON WAYS AND MEANS**

Monday, March 28, 2011

9:00 AM

State Capitol Conference Room 211

in consideration of

**HB200 HD1 RELATING TO THE STATE BUDGET**

Chair Ige, Vice Chair Kidani, and Members of the Senate Committee on Ways and Means:  
I am Alan Hilton, Technical Director of the National Defence Center of Excellence for Research in Ocean Sciences (CEROS). CEROS is a 100% federally funded program, administratively attached to NELHA/DBEDT, and has been in operation for over 17 years. The CEROS Program issues annual Solicitations for a competitive award process managed jointly with our federal partner agency, the Defense Advanced Research Projects Agency (DARPA), and executes contracts with local businesses and other institutions for R&D on ocean-oriented technology solutions for the U.S. Department of Defense. As such, CEROS is positioned to support several goals and elements of Governor Abercrombie's New Day in Hawaii Plan, related to promoting the development of the State's technology sector and utilizing federal resources to accomplish those aims.

With regard to HB200 HD1, CEROS has no objection to the form and content of the bill as brought forward from the House. I'd like to comment on two primary items related to CEROS in the bill. The first provides for a trade-off within the program's federal funds to establish an additional temporary position providing administrative support and improved efficiency for program operations (which have been at an increased level for the last three years due to an approximate increase of 50% in federal funding over the historical levels provided to the program). The House version affirms and approves the establishment of this position. The second item relates to a request in the submittals from the Governor's Message to make a one-year reduction in the ceiling for the CEROS Program, due to ongoing uncertainty under the Continuing Resolution still funding federal operations in the current fiscal year, and the likelihood that CEROS may receive reduced funds in the current cycle. This outcome still remains unresolved, and the House version took the suggested reduction under advisement without implementing it. This leaves CEROS with its ceiling essentially unchanged from its prior established level, and may offer greater flexibility to the program going forward, depending on the outcome of federal funding still to be determined.

Thank you for the opportunity to submit testimony on this bill.

The Twenty-Sixth Legislature, State of Hawaii  
Hawaii State Senate  
Senate Committee on Ways and Means  
Testimony by  
Early Learning Council  
March 28, 2011  
H.B. 200 – Relating to the State Budget

Chair Ige and Committee Members:

The Early Learning Council (“ELC”) offers the following testimony in **support** of H.B. 200.

Established under Act 14, First Special Session 2008, the Early Learning Council is entrusted with the development and administration of the state’s early learning system. The ELC was chartered to establish a cohesive, comprehensive, and sustainable early learning system that ensures a spectrum of quality early learning opportunities for young children from their prenatal period until the time they enter kindergarten.

The Early Learning Council completed a framework with input of hundreds of industry experts and community stakeholders that sets the comprehensive elements and services of a system that serves children and their families. The framework outlines the four essential focus areas of an early learning system and specifies the strategies and actions needed to deliver quality outcomes: Early Education and Care; Health; Parent Education and Family Support; and Workforce and Professional Development.

The Early Learning Council supports the funds allocated in HB200 to early childhood programs in the area of health, family education, and education, as well as the funding of operations to continue the work of the ELC.

Thank you for the opportunity to testify.

Respectfully Submitted,

Dr. Robert Peters  
Chair, Early Learning Council

L A T E

**TOM BERG**  
COUNCILMEMBER  
HONOLULU CITY COUNCIL • DISTRICT I  
PH: (808) 768-5001 - FAX: (808) 768-5011  
EMAIL: tberg@honolulu.gov

Testimony of Honolulu in Support of HB 200 HD1 in part.

To

The Honorable David Ige, Chair  
Senate WAM Committee  
March 28, 2011 at 9:00 a.m.  
In conference room 211.

Chair Ige and Members of the WAM Committee:

On behalf of the residence of City Council District One, I support line.

116. STUDY ON ALTERNATIVE ACCESS ROAD INTO AND OUT OF LEEWARD COAST, OAHU PLANS FOR AN ALTERNATIVE ACCESS ROAD MAUKA OF FARRINGTON HIGHWAY BEGINNING AT LUALUALEI NAVAL MAGAZINE ROAD TO PROVIDE ACCESS INTO AND OUT OF THE LEEWARD COAST, OAHU. THIS PROJECT IS DEEMED NECESSARY TO QUALIFY FOR FEDERAL AID FINANCING AND/OR REIMBURSEMENT.

PLANS		1,000
TOTAL FUNDING	TRN	200 EE
	TRN	800 N

The residents of the Waianae Coast currently have only one escape route. Other communities like Kailua has several escape routes. It is imperative that resident on the Waianae Coast can also escape in the event of a disaster.

Thank you for the opportunity to submit testimony in favor of this line item.

Tom Berg  
768-5001

L A T E

**The ARC in HAWAII  
3989 Diamond Head Road  
Honolulu HI 9681+**

**March 28, 2011**

The Honorable David Y. Ige, Chair  
Senate Committee on Ways and Means  
Twenty-Sixth Legislature  
State Capitol  
State of Hawaii  
Honolulu, Hawaii 96813

**SUBJECT: TESTIMONY on HB 200 HD 1 Relating to the State Budget  
Program ID HTH 501-Developmental Disabilities (DD)**

**Hearing: March 28, 2011 9:00 AM Conf Room 211**

Dear Senator Ige and Members of the Committee:

The Arc in Hawaii, which operates 21 residential facilities providing a home, board and vital services to over 120 persons with intellectual and developmental disabilities and which provides extensive home and community-based services for nearly 200 persons, both **Supports** and **Opposes** certain provisions of HB 200 HD1, Program ID HTH 501 Developmental Disabilities.

We strongly **OPPOSE** a \$2.5 million reduction of the funding of the Developmental Disabilities Division of the Department of Health (DDD) as provided in the House Draft. We **SUPPORT** additional funds for DD home and community-based services.

**Reduction of Funding for DDD.** HD 200 HD1 reduces the DDD budget by \$2,584,488 in general funds. This would mean that the DDD would have to reduce costs either by reduction in force or reducing state funded services. It is uncertain what specific positions or programs would be reduced, but the size of the House reduction would indicate a strong possibility of reduction or elimination of the existing special housing subsidy for Developmental Disabilities Domiciliary Homes ("DD Dom Homes") and apartments.

The Arc in Hawaii and other providers came to the 2005 Legislature with a problem that Hawaii nonprofit residential service providers faced. The Arc in Hawaii had already closed six of its residential facilities due to the inadequacy of funding for the cost of providing homes to

low-income residents with intellectual and developmental disabilities. The Arc in Hawaii then faced the imminent risk of closing its remaining 21 residences, ranging from ICF/MR homes, to DD Dom Homes to apartments for more independent residents. At the time, and now, as many as 120 residents would be thrown on the street or into inappropriate settings if the DD Dom homes and apartments had to be closed. These homes represent a priceless resource to the State in caring for the residents, many of whom had been residents of Waimano Home. The homes are beyond priceless for the disabled persons who rely upon them, some for many years.

The Legislature responded in FY 2005 and 2006 to provide special appropriations to be expended by DDD for subsidies to providers of DD Dom Home and Apartment projects. Beginning in the fiscal year budgets for biennium 2007-2009, amounts for this purpose were appropriated in the DDD's annual General Funds appropriation. The amount of \$1.6 million has been included in the DDD appropriation ever since.

Most community-based residential services for persons with developmental disabilities are currently funded primarily through rental payments made to the provider out of the personal income of the residents, such as their Social Security disability benefits, supplemental security income (SSI) and State supplement to SSI (SSP). These funds belong to and follow the disabled person. The rental subsidy has supplemented these payments.

The amount of resources that our clients have available to pay The Arc (and other providers) for residential services was and is pathetically inadequate to finance the quality residential care required by State licensure standards. Without the residential subsidy now provided by the Legislature through DDD, The Arc in Hawaii would not have sufficient income and resources to continue to operate its remaining ten DD Dom Homes (for 42 clients) and the four independent living apartment projects (for 48 clients). Further, if forced to close these residences, our ability to continue operation of the remaining seven ICF/MR facilities would be in jeopardy. The Arc in Hawaii (and other agencies operating residential facilities for persons with developmental disabilities) need all of the subsidy funding currently provided in order to continue these services.

Even if the DOH and DDD applied the proposed \$2.5 million reduction to other personnel and programs, the intellectually and developmentally disabled persons relying on the State for a decent life would be grievously affected in some other way. Therefore, The Arc in Hawaii requests that the Senate restore the entire \$2.5 million cut by the House.

**Restoration Of Home And Community-Based Services.** The Arc in Hawaii strongly supports the House's inclusion of \$9.9 million for FY 2012 and an additional \$11.2 million for FY 2013, which will restore general funds to the DD Home and Community-Based Services Medicaid Waiver Program budget. These additional amounts are necessary to cover the decrease in the Federal Medical Assistance Percentage (FMAP) and are the minimum amounts to maintain the current level of services being provided under the program.

Maintaining Medicaid Waiver services is essential to the well being of persons with disabilities. This program allows them to live in the community (assuming shelter is available to them) with minimal support and prevents the need for hospitalization or other more expensive treatment programs at ultimately much greater cost to the State. It also allows them to live with dignity and to grow in ability.

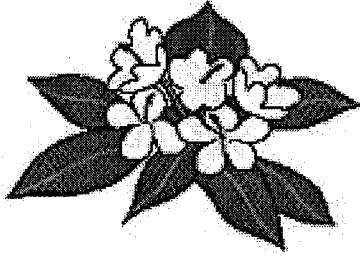
Medicaid Waiver services have already been cut to assist the State's budgetary crisis. The amounts provided for persons with intellectual and developmental disabilities to obtain home and community-based services have already been drastically cut. Services for most were reduced from five to four days per week. People with disabilities have already done their share. Therefore the Arc in Hawaii urges the Senate to restore the more recent cuts in the Medicaid Waiver services caused by the reduction of the FMAP.

Thank you for the opportunity to testify.

Leolinda Parlin  
President

Mike Tamanaha  
Executive Director

L A T E



**S E A C**  
**Special Education Advisory Council**  
919 Ala Moana Blvd., Room 101  
Honolulu, HI 96814  
Phone: 586-8126 Fax: 586-8129  
email: spin@doh.hawaii.gov

March 28, 2011

**Special Education  
Advisory Council**

Ms. Ivalee Sinclair, *Chair*  
Ms. Barbara Pretty, *Acting  
Vice Chair*

Ms. Brendelyn Ancheta  
Ms. Sue Brown  
Ms. Deborah Cheeseman  
Ms. Annette Cooper  
Ms. Phyllis DeKok  
Ms. Debra Farmer  
Ms. Gabriele Finn  
Dr. David Fray  
Ms. Martha Guinan  
Mr. Henry Hashimoto  
Dr. Martin Hirsch  
Ms. Tami Ho  
Ms. Barbara Ioli  
Ms. Deborah Kobayakawa  
Ms. Bernadette Lane  
Ms. Shanelle Lum  
Ms. Rachel Matsunobu  
Ms. Dale Matsuura  
Ms. Kristy Nishimura  
Ms. Sue Pyun  
Ms. Kau'i Rezendes  
Ms. Melissa Rosen  
Dr. Patricia Sheehy  
Mr. August Suehiro  
Ms. Cari White  
Mr. Duane Yee  
Ms. Carol Young

Jan Tateishi, Staff  
Susan Rocco, Staff

Senator David Y. Ige, Chair  
Senate Committee on Ways and Means  
State Capitol  
Honolulu, HI 96813

RE: HB 200 HD1 - RELATING TO THE STATE BUDGET

Dear Chair Ige and Committee Members,

The Special Education Advisory Council (SEAC), Hawaii's State Advisory Panel under the Individuals with Disabilities Education Act (IDEA), **offers the following positions** regarding portions of HB 200 HD1 that impact students with disabilities:

- 1) SEAC strongly **supports** the additional funds in HB 200 HD1 for **furlough restoration** (SEQ # 4-001).
- 2) We strongly urge your Committee to fully fund the \$2,081,691 for **contracted nursing services** for students with disabilities outlined in the Governor's Message of February 22, 2011 (SEQ # 82-222).
- 3) SEAC **supports** additional funds for the **HCBS Medicaid Waiver Program** to maintain services for individuals with intellectual and developmental disabilities (SEQ # 80-001).
- 4) We urge your Committee to provide \$2,124,192 in general funds for the provision of **early intervention services** (SEQ # 86-222).

Thank you for the opportunity to provide testimony on this critically important budget legislation. If you have questions, I would be happy to answer them.

Respectfully,

Ivalee Sinclair, Chair

L A T E

**TO :** The Honorable David Y. Ige, (Chair)  
The Honorable Michelle Kidani (Vice Chair)

**DATE :** Monday, March 28,2011  
9:00am Room 211

**RE :** HB 200,HD1 Relating to the State Budget

**POSITION :** STRONG SUPPORT

My name is Fetu Kolio , and I am in strong support of the (CIP) to fix Mayor Wright Homes, ongoing problems with no services of hot water .

HB 200,Hd1, would help all rent paying tenants at Mayor Wright Homes, to have full services of hot water . For many years now we have been taking showers in unbearable temperatures it has become a daily occurrence .

We as Tenants have made numerous request to the ( Hawaii State Public Housing Authority) to restore our services to date, nothing .

Please help improve the living conditions to standard living it has been long overdue . Thank you for hearing this bill and my testimony .

Fetu Kolio,  


( Mayor Wright Tenants )  
(Association, President)



L A T E

TO: The Honorable David Y. Ige, Chair,  
the Honorable Michelle Kidani, Vice Chair  
and Members of the Senate Committee on Ways and Means

DATE: Monday, March 28, 2011

TIME & PLACE: 9:00 a.m., Room 211

RE: HB 200 Relating to the State Budget

POSITION: IN STRONG SUPPORT OF CIP TO FIX MAYOR WRIGHT HOMES  
COLD WATER PROBLEM

---

My name is Leonard Lester, and I am a resident of Mayor Wright Homes. My neighbors and I are testifying today in strong support for the appropriation to repair and replace the hot water system at Mayor Wright Homes.

The residents of Mayor Wright Homes have been living without hot water for many years now. Taking showers in unbearable temperatures have become a daily occurrence. We have made numerous requests to the State over the years to maintain the buildings. To date, nothing has been done to relieve our sufferance.

Please help us improve the living conditions at Mayor Wright Homes. All we are asking for is to be able to shower in reasonable temperatures especially for the children. We urge you to support the appropriations to improve the standards of living for residents of Mayor Wright Homes which have been long overdue.

Thank you for hearing this bill and reading my testimony.



Leonard Lester  
Mayor Wright Homes  
Bldg. 34

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, March 27, 2011 9:53 PM  
**To:** WAM Testimony  
**Cc:** Swhalen@harc-hspa.com  
**Subject:** Testimony for HB200 on 3/28/2011 9:00:00 AM

Testimony for WAM 3/28/2011 9:00:00 AM HB200

Conference room: 211  
Testifier position: support  
Testifier will be present: No  
Submitted by: stephanie Whalen  
Organization: Hawaii Agriculture Research Center  
Address:  
Phone:  
E-mail: [Swhalen@harc-hspa.com](mailto:Swhalen@harc-hspa.com)  
Submitted on: 3/27/2011

Comments:

Please add a CIP project  
Waiahole Irrigation System:\$500K in year 2011-2012 and \$2.5M in year 2012-2013 for siphon replacement

L A T E

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 28, 2011 7:12 AM  
**To:** WAM Testimony  
**Cc:** jyadao@stfrancishawaii.org  
**Subject:** Testimony for HB200 on 3/28/2011 9:00:00 AM

Testimony for WAM 3/28/2011 9:00:00 AM HB200

Conference room: 211  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Joy Yadao, RN  
Organization: St Francis Healthcare System of Hawaii  
Address:  
Phone:  
E-mail: [jyadao@stfrancishawaii.org](mailto:jyadao@stfrancishawaii.org)  
Submitted on: 3/28/2011

Comments:  
Re: Iwilei low income senior housing

St Francis supports the state's efforts to care for our Kupuna by providing appropriate housing and services designed to keep them safe and healthy at home.

written testimony to be provided

# L A T E

I am AGAINST HB-200 LINE ITEM: 20. KL005 KUALAKAI ROAD EXTENSION ENERGY CORRIDOR, KALAELOA, OAHU For this reason:

This planned roadway and power line route should NOT be run through the historic Ewa Field battlefield, Ewa Barbers Point stables area and WW-II aircraft revetments.

Further, it is highly questionable that overhead power lines should be run very near Kalaeloa airport runway approaches where aircraft have been seen coming in very low many times through this same area.

In addition, there is a major FAA Honolulu International Airport landing beacon in this same area and the HV lines cause EMF radiation that could interfere with this facility. People and animals are also subject to this same unhealthy EMF radiation. It would also be extremely UGLY and an EYE-SORE and make Kalaeloa look like a heavy industrial area.

If built, this power line should be BURIED UNDERGROUND and should be run along Coral Sea Road which connects with Tripoli Road where the power generation facility will be located. Coral Sea already serves as a north-south connector roadway and is the LOGICAL PATHWAY for construction and servicing.

Doing this also preserves the historic Ewa Field battlefield, Ewa Barbers Point stables area and WW-II aircraft revetments. The Coral Sea roadway route protects this valuable area for open space recreational use, native bird and plant habitats and doesn't disturb Hawaiian archeological and burial sites. A power line and new roadway would encounter many historic, and environmental obstacles, protests, delays and mitigation costs. Don't do it!

Signed  
Richard L. Ferris  
84-644 Ala Mahiku Street, Apt 176A  
Waianae, HI 96792-1632  
[rick-ferris@hawaii.rr.com](mailto:rick-ferris@hawaii.rr.com)

# L A T E

TO: The Honorable David Y. Ige, Chair,  
the Honorable Michelle Kidani, Vice Chair  
and Members of the Senate Committee on Ways and Means

DATE: Monday, March 28, 2011

TIME & PLACE: 9:00 a.m., Room 211

RE: HB 200 Relating to the State Budget

POSITION: IN SUPPORT

---

*I request your* support of including \$26 million in capital improvement project monies for the construction of the Senior Residence at Iwilei in the 2012 state budget. The complex will be located at 888 Iwilei Road. As you may be aware, this 15-story senior housing project is construction ready and has already received required City permitting. This is a Hawaii Housing Finance and Development Corporation project.

Senior Residence at Iwilei will have 160 units of affordable senior housing. Of these 160 units, 14 will be two-bedroom units and the balance will be one-bedroom units. One of the two-bedroom units will be for the resident manager; the rest will be for seniors who make less than 60% of Area Median Income. AMI for Honolulu in 2010 was \$81,700 for a family of four. Forty of the one-bedroom units will be for seniors making less than 50% of AMI and the remaining 106 one-bedroom units will be reserved for seniors making less than 60% of AMI.

The need for affordable housing on Oahu for all age groups is obvious. Constructing affordable senior housing opens up housing units for others. Currently, there are approximately 10,000 people on the waiting list for Hawaii Public Housing Authority apartments. I believe that construction of the Senior Residence at Iwilei will indirectly help to reduce this backlog.

Mahalo nui loa for your attention to this matter.

Jeff Kaplan, MPH«Building\_Numbers»

# L A T E

I am AGAINST HB-200 LINE ITEM: 20. KL005 KUALAKAI ROAD EXTENSION ENERGY CORRIDOR, KALAELOA, OAHU For this reason:

This planned roadway and power line route should NOT be run through the historic Ewa Field battlefield, Ewa Barbers Point stables area and WW-II aircraft revetments.

Further, it is highly questionable that overhead power lines should be run very near Kalaeloa airport runway approaches where aircraft have been seen coming in very low many times through this same area.

In addition, there is a major FAA Honolulu International Airport landing beacon in this same area and the HV lines cause EMF radiation that could interfere with this facility. People and animals are also subject to this same unhealthy EMF radiation. It would also be extremely UGLY and an EYE-SORE and make Kalaeloa look like a heavy industrial area.

If built, this power line should be BURIED UNDERGROUND and should be run along Coral Sea Road which connects with Tripoli Road where the power generation facility will be located. Coral Sea already serves as a north-south connector roadway and is the LOGICAL PATHWAY for construction and servicing.

Doing this also preserves the historic Ewa Field battlefield, Ewa Barbers Point stables area and WW-II aircraft revetments. The Coral Sea roadway route protects this valuable area for open space recreational use, native bird and plant habitats and doesn't disturb Hawaiian archeological and burial sites. A power line and new roadway would encounter many historic, and environmental obstacles, protests, delays and mitigation costs. Don't do it!

Signed  
Ruth A. Ferris  
84-644 Ala Mahiku Street, Apt 176A  
Waianae, HI 96792-1632  
[ruth-ferris@hawaii.rr.com](mailto:ruth-ferris@hawaii.rr.com)

**TESTIMONY on HB 200 HD 1  
Relating to the State Budget  
Program ID HTH 501-Developmental Disabilities (DD)**

**Committee on Ways and Means  
Hearing: March 28, 2011 9:00 AM Conf Room 211**

The Honorable David Y. Ige, Chair  
Senate Committee on Ways and Means  
Twenty-Sixth Legislature  
State Capitol  
State of Hawaii  
Honolulu, Hawaii 96813

From: Thomas Huber  
46-291 Auna Street  
Kaneohe HI 96744  
Contact: 808 235 1437 [hubert001@hawaii.rr.com](mailto:hubert001@hawaii.rr.com)

**SUBJECT: HB 200 HD 1– RELATING TO THE STATE BUDGET.  
Especially: Program ID HTH 501-Developmental Disabilities (DD).**

Dear Senator Ige and Members of the Committee:

I am Thomas Huber, parent of a middle-aged child with developmental disabilities.

I both **Oppose** and **Support** certain provisions of HB 200 HD1, ID HTH 501 as it applies to the Developmental Disabilities Division of the Department of Health (DDD).

While I **STRONGLY OPPOSE** a \$2.5 million reduction of the funding of the DDD as provided in the House Draft, I am in **STRONG SUPPORT** of additional funds for DD Home and Community based services.

**OPPOSITION TO REDUCTION IN FUNDING** HD 200 HD1 reduces the DDD budget by \$2,584,488 in general funds. This would mean the DDD would have to reduce costs from either salaries or state funded services. It is uncertain what specific positions or programs would be reduced, but the size of the House reduction would indicate dire consequences no matter where cuts were made.

Failure to restore the funds will likely result in one or more of the following:

(1) Reduction or elimination of the special housing subsidy for Developmental Disabilities Domiciliary Homes and apartments. This would result in the loss of homes for many people with intellectual disabilities. Community based services are of little value for people with intellectual

disabilities who have no place to sleep or eat. Our daughter lives in a DDDom home and its loss would creat a life crisis for her.

(2) Reduction or elimination of Crisis Network service. The State owes a response to persons with intellectual disabilities when they face life crises that they do not have the intellectual or monetary ability to address.

(3) Loss of services for people who cannot access the Medicaid Waiver services. Many intellectually disabled people have urgent need for services that cannot be obtained through Medicaid Waiver. These should not be abandoned.

(4) Furloughing or terminating DDD case management and support positions will endanger people with intellectual disabilities. Keeping case management positions vacant to obtain salary savings will reduce coordination and monitoring of services.

#### **SUPPORT OF RESTORATION OF HOME AND COMMUNITY BASED SERVICES.**

I am in strong support of the House's inclusion of \$9.9 million for FY 2012 and an additional \$11.2 million for FY 2013, which will restore general funds to the DD Home and Community Based Services Medicaid Waiver Program budget. These additional amounts are necessary to cover the decrease in the Federal Medical Assistance Percentage (FMAP) and are the minimum amounts to maintain the current level of services being provided under the program.

Maintaining Medicaid Waiver services is essential to the well being of persons with disabilities. This program allows them to live in the community (assuming shelter is available to them) with minimal support and prevents the need for hospitalization or other more expensive treatment programs at ultimately much greater cost to the State. It also allows them to live with dignity and to grow in ability.

Our daughter receives Medicaid Waiver services in three ways. She receives a small amount to allow her group home manager to provide modest habilitation services (grooming, hygiene, manners, etc) rather than just room and board. A small amount is paid to a personal assistant to take her out into the community twice a month for a half-day of training in such things as money management and pedestrian safety. Most importantly, she receives training and habilitation 4 days per week at Goodwill. Without these programs she would rapidly deteriorate in condition and become a medical burden on the State.

Medicaid Waiver services have already been cut to assist the State's budgetary crisis. People with disabilities have already done their share. Please restore the amounts cut by the Feds.

Thank you for the opportunity to testify. Please support passage of the Bill with the DDD's request for restoration of Home and Community based services and without the reduction in DDD's appropriation from the general fund.. The requested actions would do no more than retain current services.

Thomas Huber



**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, March 27, 2011 7:41 PM  
**To:** WAM Testimony  
**Cc:** aholland@hawaiiantel.net  
**Subject:** Testimony for HB200 on 3/28/2011 9:00:00 AM

Testimony for WAM 3/28/2011 9:00:00 AM HB200

Conference room: 211  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: A. Holland  
Organization: Individual  
Address:  
Phone:  
E-mail: [aholland@hawaiiantel.net](mailto:aholland@hawaiiantel.net)  
Submitted on: 3/27/2011

**Comments:**

I am against HB-200 LINE ITEM: 20. KL005 - Kualakai Road Extension Energy Corridor, Kalaeloa, Oahu.

This planned roadway and power line route should NOT be run through the historic Ewa Field battlefield, Ewa Barbers Point stables area and WW-II aircraft revetments.

It would be extremely unsightly and make Kalaeloa look like an industrial area.

If built, this power line should be BURIED UNDERGROUND and should be run along Coral Sea Road which connects with Tripoli Road where the power generation facility will be located. Coral Sea already serves as a north-south connector roadway and is the LOGICAL PATHWAY for construction and servicing.

Doing this preserves the historic Ewa Field battlefield, Ewa Barbers Point stables area and WW-II aircraft revetments. The Coral Sea roadway route protects this valuable area for open space recreational use, native bird and plant habitats and doesn't disturb Hawaiian archeological and burial sites. A power line and new roadway would encounter many historic, and environmental obstacles, protests, delays and mitigation costs.

Another point to consider, is the recent costly storm caused power line damage on Fort Weaver road and several years ago the theft of wire from power lines on H-1 West, which have yet to be replaced. BURYING UNDERGROUND WOULD HAVE ILL ELIMINATE BOTH OF THESE PROBLEMS!!

Please don't allow this project to proceed as proposed!

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, March 27, 2011 9:20 PM  
**To:** WAM Testimony  
**Cc:** SlammerF16@aol.com  
**Subject:** Testimony for HB200 on 3/28/2011 9:00:00 AM

Testimony for WAM 3/28/2011 9:00:00 AM HB200

Conference room: 211  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Valerie Van der Veer  
Organization: Individual  
Address:  
Phone:  
E-mail: [SlammerF16@aol.com](mailto:SlammerF16@aol.com)  
Submitted on: 3/27/2011

Comments:

I am AGAINST HB-200 LINE ITEM: 20. KL005  
KUALAKAI ROAD EXTENSION ENERGY CORRIDOR, KALAELOA, OAHU

This planned roadway and power line route should NOT be run through the historic Ewa Field battlefield, Ewa Barbers Point stables area and WW-II aircraft revetments.

Kapolei and Ewa Beach Neighborhood Boards and City Council have passed Resolutions in favor of preserving the Stables.

If built, this power line should be along Coral Sea Road which connects with Tripoli Road where the power generation facility will be located. Coral Sea already serves as a north-south connector roadway and is the LOGICAL PATHWAY for construction and servicing.

Doing this also preserves the historic Ewa Field battlefield, Ewa Barbers Point stables area and WW-II aircraft revetments. The Coral Sea roadway route protects this valuable area for open space recreational use, native bird and plant habitats and doesn't disturb Hawaiian archeological and burial sites. A power line and new roadway would encounter many historic, and environmental obstacles, protests, delays and mitigation costs.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 28, 2011 1:09 AM  
**To:** WAM Testimony  
**Cc:** nahele@yahoo.com  
**Subject:** Testimony for HB200 on 3/28/2011 9:00:00 AM

Testimony for WAM 3/28/2011 9:00:00 AM HB200

Conference room: 211  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Karen Luke  
Organization: Individual  
Address:  
Phone:  
E-mail: [nahele@yahoo.com](mailto:nahele@yahoo.com)  
Submitted on: 3/28/2011

Comments:

I am AGAINST HB-200 LINE ITEM: 20. KL005 KUALAKAI ROAD EXTENSION ENERGY CORRIDOR, KALAELOA, OAHU For this reason:

This planned roadway and power line route should NOT be run through the historic Ewa Field battlefield, Ewa Barbers Point stables area and WW-II aircraft revetments.

Further, it is highly questionable that overhead power lines should be run very near Kalaeloa airport runway approaches where aircraft have been seen coming in very low many times through this same area.

In addition, there is a major FAA Honolulu International Airport landing beacon in this same area and the HV lines cause EMF radiation that could interfere with this facility. People and animals are also subject to this same unhealthy EMF radiation. It would also be extremely UGLY and an EYE-SORE and make Kalaeloa look like a Pittsburgh type industrial area.

If built, this power line should be BURIED UNDERGROUND and should be run along Coral Sea Road which connects with Tripoli Road where the power generation facility will be located. Coral Sea already serves as a north-south connector roadway and is the LOGICAL PATHWAY for construction and servicing.

Doing this also preserves the historic Ewa Field battlefield, Ewa Barbers Point stables area and WW-II aircraft revetments. The Coral Sea roadway route protects this valuable area for open space recreational use, native bird and plant habitats and doesn't disturb Hawaiian archeological and burial sites. A power line and new roadway would encounter many historic, and environmental obstacles, protests, delays and mitigation costs.

Don't do it!

Karen Luke  
91-429 Ewa Beach Road  
Ewa Beach, HI 96706  
Phone: 689-3798  
Email: [nahele@yahoo.com](mailto:nahele@yahoo.com)

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, March 27, 2011 10:21 PM  
**To:** WAM Testimony  
**Cc:** gm@hawaiiin.com  
**Subject:** Testimony for HB200 on 3/28/2011 9:00:00 AM

Testimony for WAM 3/28/2011 9:00:00 AM HB200

Conference room: 211  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: John Bond  
Organization: Save Ewa Field  
Address:  
Phone:  
E-mail: [gm@hawaiiin.com](mailto:gm@hawaiiin.com)  
Submitted on: 3/27/2011

Comments:

I am AGAINST HB-200 LINE ITEM: 20. KL005  
KUALAKAI ROAD EXTENSION ENERGY CORRIDOR, KALAELOA, OAHU For this reason:

WHY are TAX-PAYERS paying for this ANYWAY? This is for a commercial company to make a PROFIT selling electricity. Why aren't THEY paying for this?

This planned roadway and power line route should NOT be run through the historic Ewa Field battlefield, Ewa Barbers Point stables area and WW-II aircraft revetments.

Further, it is highly questionable that overhead power lines should be run very near Kalaeloa airport runway approaches where aircraft have been seen coming in very low many times through this same area.

In addition, there is a major FAA Honolulu International Airport landing beacon in this same area and the HV lines cause EMF radiation that could interfere with this facility. People and animals are also subject to this same unhealthy EMF radiation. It would also be extremely UGLY and an EYE-SORE and make Kalaeloa look like a Pittsburgh type industrial area.

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John Bond  
Save Ewa Field

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, March 27, 2011 10:26 PM  
**To:** WAM Testimony  
**Cc:** GM@HAWAIIIN.COM  
**Subject:** Testimony for HB200 on 3/28/2011 9:00:00 AM

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Testimony for WAM 3/28/2011 9:00:00 AM HB200

Conference room: 211  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: John Bond  
Organization: Individual  
Address:  
Phone:  
E-mail: [GM@HAWAIIIN.COM](mailto:GM@HAWAIIIN.COM)  
Submitted on: 3/27/2011

Comments:

I am AGAINST HB-200 LINE ITEM: 20. KL005  
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