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Testimony in **support** of SB1094 SD1
Making an Appropriation to the Emergency and Budget Reserve Fund

Committee on Finance
Representative Sylvia Luke, Chair
Representative Scott Nishimoto, Vice Chair
Representative Aaron Johanson, Vice Chair

March 14, 2013
2:00 pm Room 308

Chair Luke, Vice-Chair Nishimoto, Vice-Chair Johanson, and members of the Finance Committee:

The Office of the Governor **supports** Senate Bill 1094, Senate Draft 1, Making an Appropriation to the Emergency and Budget Reserve Fund. This measure appropriates general funds to the state's "Rainy Day Fund".

As Hawaii emerges from one of the most challenging economic periods in its history, it is clear that having sufficient fiscal reserves can help carry the State through difficult economic times. Now that the economy is rebounding and more resources are available, a concerted effort must be made to recapitalize the State's depleted fiscal reserves.

Although the SD1 has a blank amount being appropriated, the original draft of this bill appropriated \$25 million to the Rainy Day Fund. This would bring the Fiscal Year 2014-2015 balance of the fund up to \$64 million.

Thank you for the opportunity to testify.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 1094, S.D. 1

March 14, 2013

MAKING AN APPROPRIATION TO THE EMERGENCY AND BUDGET RESERVE
FUND

Senate Bill No. 1094, S.D. 1, appropriates an unspecified amount in general funds in Fiscal Year 2014-15 to recapitalize the Emergency and Budget Reserve Fund (EBRF).

The Department of Budget and Finance strongly supports this Administration bill. This bill, along with Senate Bill No. 1092, Making an Appropriation to Recapitalize the Hawaii Hurricane Reserve Trust Fund, are the two Administration measures aimed at further rebuilding the State's fiscal reserves. We respectfully request that the Committee reinstate the original \$25 million in Senate Bill No. 1094.

Since 2008, the State of Hawaii has had to implement a number of extreme fiscal measures in order to keep the State solvent, including: furloughs; temporary salary reductions; reductions-in-force; forced downsizing of programs and services; purchasing and hiring freezes; and enactment of temporary revenue enhancements. Additionally, most of the State's fiscal reserves, the EBRF and the Hawaii Hurricane Relief Fund, were committed to forestalling even greater spending reductions and revenue enhancement measures. In May of 2011, the credit rating of the State of Hawaii was downgraded by Moody's Rating specifically citing - among other reasons - the State's low reserve levels.

One of the clear lessons learned from this experience is the necessity of having sufficient fiscal reserves to help carry the State through the worst conditions. Now that the economy is rebounding and more revenues are available, a concerted effort must be made to recapitalize the State's depleted fiscal reserves as expeditiously as possible.

Starting in Fiscal Year 2013-14, transfers from the tobacco settlement moneys into the EBRF will resume. As is fiscally prudent, this bill proposes to further accelerate recapitalization of the EBRF by transferring an unspecified amount (\$25 million was requested by the Administration) of general funds to it. This will bring the projected Fiscal Year 2014-15 balance of the EBRF up to \$39 million (assuming no appropriations during the period; \$64 million with the \$25 million requested by the Administration).



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 1094: Making an Appropriation to the Emergency and Budget Reserve Fund

TO: Representative Sylvia Luke, Chair, Representative Scott Nishimoto, Vice Chair, Representative Aaron Johanson, Vice Chair, and Members, Committee on Finance

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawaii

Hearing: Thursday, March 14, 2013; 2:00 pm; Conference Room 308

Thank you for the opportunity to testify on SB 1094, which makes an appropriation to recapitalize the State's Emergency and Budget Reserve Fund. I am Trisha Kajimura, Social Policy Director for Catholic Charities Hawaii. **I am testifying in support of SB 1094: Making an Appropriation to the Emergency and Budget Reserve Fund.**

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy to the most vulnerable of the people in Hawai'i.

Catholic Charities Hawai'i agrees that sufficient fiscal reserves are critical to sustain the state through difficult economic times. Hawai'i was very fortunate to have this fund available thanks to the wisdom of the legislature in establishing and maintaining this fund. Important parts of the social safety net were preserved during the recent economic downturn.

It is important that we implement the lessons learned from these times and take advantage of our rebounding economy to recapitalize this fund. Hawai'i is fiscally vulnerable to the ups and downs of domestic and international economies and recapitalizing this fund will help us prepare for future economic downturns.

Catholic Charities Hawai'i serves vulnerable populations across the life spectrum regardless of religion and we appreciate the efforts of the state to continue providing services that are crucial to preserving the dignity, health and safety of our keiki and kupuna.

Thank you for the opportunity to testify, please contact me at (808)527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.



SB1094

Submitted on: 3/13/2013

Testimony for FIN on Mar 14, 2013 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Shyra Smith	Individual	Support	No

Comments: I work full-time and make 32,000. I spend 9,000 in Childcare every year. That leaves me with \$23,000 to support myself and child. My rent is another \$9,000 a year To have a state funded preschool would help me to create financial stability for myself and child. I receive no financial assistance from her father which the Child Support Enforcement Agency closed my file and said I had to reapply because they couldn't locate him. (I would think that would be even more reason to keep the file open.) I have applied for every Childcare scholarship available. There is very limited funding available and lots of competition. Arbor Childcare Connection which receives federal money said based on my income they would give me \$75 a month.(That barely covers diapers/wipes for a month.) In 2012 The state passed a law saying children born after July must wait until the following year until they can attend kindergarten. So with those calculations I will have to spend an extra \$8,250 until my exceptionally bright for her age, September born daughter is old enough to meet the states age requirements. Please help my family by passing this bill. Mahalo Shyra Smith

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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