

STAND. COM. REP. NO.

3575

Honolulu, Hawaii

APR 08 2016

RE: H.B. No. 1700
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1700; H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE STATE BUDGET,"

begs leave to report as follows:

The purpose and intent of this measure is to adjust appropriations for the operating and capital budgets of executive branch agencies and programs.

Your Committee received testimony in support of this measure from the Office of the Governor; Office of the Lieutenant Governor; The Judiciary; Department of Agriculture; Department of Accounting and General Services; Department of Business, Economic Development, and Tourism; Department of Budget and Finance; Department of Commerce and Consumer Affairs; Department of Defense; Department of Education; Department of Hawaiian Home Lands; Department of Human Services; Department of Labor and Industrial Relations; Department of Land and Natural Resources; Department of Taxation; Early Learning Advisory Board; Executive Office on Early Learning; Hawaii Green Infrastructure Authority; Hawaii Health Systems Corporation; East Hawaii Region of Hawaii Health Systems Corporation; Kona Community Hospital, West Hawaii Region, Hawaii Health Systems Corporation; Hawaii Housing Finance and Development Corporation; Hawaii State Public Library System; Office of Information Practices; State Council on Developmental Disabilities; State Public Charter School Commission; Maui County



Office on Aging; Department of Water County of Kaua'i; Mililani/Waipio/Melemanu Neighborhood Board No. 25; Wahiawa-Whitmore Village Neighborhood Board No. 26; ALEA Bridge; Associated Students of the University of Hawai'i at Windward Community College; Bare Feet Studios LLC; Ben Dyre Family Limited Partnership; Bishop Museum; Blue Startups; Cancer Action Network; Catholic Charities Hawai'i; Chamber of Commerce Hawaii; Child & Family Service; Community Children's Council of Hawaii; Conservation Council for Hawaii; EAH Housing; Faith Action for Community Equity Housing Task Force; General Contractors Association of Hawaii; Hawaii Appleseed Center for Law and Economic Justice; Hawaii Association for the Education of Young Children; Hawaii Children's Action Network; Hawaii Disability Rights Center; Hawaii Emergency Physicians Associated; Hawaii Family Advocates; Hawaii Green Growth; Hawaii Laborers-Employers Cooperation and Education Trust; Hawai'i Nurses' Association; Hawai'i Pacific University; Hawaii Public Charter Schools Network; Hawaii Regional Council of Carpenters; Hawaii State American Federation of Labor-Congress of Industrial Organizations; Hawaii State Teachers Association; Hawaii's Thousand Friends; iFirst Medical Technologies; International Brotherhood of Electrical Workers 1260; International Union of Bricklayers and Allied Craftworkers Local #1 of Hawaii; International Union of Painters and Allied Trades District Council 50; Kamehameha Schools; Kaua'i Watershed Alliance; Kawaikini New Century Public Charter School; Lanakila Pacific; Land Use Research Foundation of Hawaii; mbloom Ventures; National Tropical Botanical Garden; North Shore Chamber of Commerce; Pacific Resource Partnership; Partners in Care; Project Dana; Protect Leahi & Maluhia 'Ohana; Roman Catholic Church in the State of Hawaii Diocese of Honolulu; Special Education Advisory Council; Startup Capital Ventures; Supporting the Language of Kaua'i, Inc.; The Community Health Outreach Work to Prevent AIDS Project; The Maritime Group; The Nature Conservancy; The Queen's Medical Center; The Sex Abuse Treatment Center; The Wahiawa Center for Community Health; Wahiawa Community and Business Association; Wahiawa General Hospital; and ninety-one individuals.

Your Committee received testimony in opposition to this measure from thirty-nine individuals.

Your Committee received comments on this measure from the Department of the Attorney General; Department of Health; Department of Human Resources Development; Department of Public



Safety; University of Hawai'i System; Office of Enterprise Technology Services; Public Utilities Commission; Executive Office on Aging; The University of Hawaii Professional Assembly; Airport Concessionaires Committee; Box Jelly; Comprendio; DevLeague; Early Childhood Action Strategy; Energy Excelerator; Experiad Solutions; Fisher Hawaii; Goma Games LLC; GVS Accelerator; Hawaii American College of Emergency Physicians; Hawaii Business and Entrepreneur Acceleration Mentors; Hawaii Family Forum; Hawaii Fish Company, Inc.; Hawai'i Pacific Health; Hawaii Primary Care Association; Hawaii Surfing Promotions; HICapacity LLC; High Technology Development Corporation; HNL.io; Ho'ola Lahui Hawai'i; Hyperspective; Kokua Kalihi Valley Comprehensive Family Services; Kua o Ka La Public Charter School; Lana'i Community Health Center; PyHawaii; Royal Contracting Co., Ltd; Smart Yields; Startup Weekend Honolulu; Sudokrew; Techmana LLC; Tow Choice; United Public Workers; Waimanalo Health Center; and ninety-seven individuals.

PART I. OVERVIEW

Your Committee has formulated an executive supplemental budget that:

- (1) Balances the current needs of the State with long-term state resource planning;
- (2) Redirects cost savings from debt service payments and contract costs;
- (3) Rebuilds and connects resources to achieve greater efficiency in the future;
- (4) Supports and funds legislative priorities; and
- (5) Addresses the need for affordable housing and provides for homeless services on all islands.

Your Committee took a prudent and deliberate approach in thoroughly vetting every budgetary and program need to craft a budget that is suitable for immediate passage.

This measure, as amended by your Committee (the Senate Draft), reduces the fiscal year 2015-2016 appropriation by



\$13,530,161 in general funds. The Senate Draft appropriates \$215,692,913 in all funds, inclusive of \$120,253,035 in general funds, for fiscal year 2016-2017. The following table displays the results of your Committee's actions.

	Fiscal Year 2015-2016		Fiscal Year 2016-2017	
	All Funds	General Funds	All Funds	General Funds
Executive Request (Including Governor's Messages #1, #2, and #3)	\$0	\$0	\$507,994,609	\$327,266,102
Senate Draft Change To Executive Request	(\$13,530,161)	(\$13,530,161)	(\$292,301,696)	(\$207,013,067)

The net change of the Senate Draft results in an executive budget for fiscal biennium 2015-2017 as follows:

	Fiscal Year 2015-2016		Fiscal Year 2016-2017	
	All Funds	General Funds	All Funds	General Funds
Executive Budget Act 119, SLH 2015	\$12,874,418,668	\$6,584,744,854	\$13,296,497,506	\$6,834,254,853
Net Change Of Senate Draft	(\$13,530,161)	(\$13,530,161)	\$215,692,913	\$120,253,035
Total Appropriation	\$12,860,888,507	\$6,571,214,693	\$13,512,190,419	\$6,954,507,888

PART II. ECONOMY

Economic indicators remain largely positive, and the State of Hawaii is projected to experience continued stable economic growth. More specifically:

- (1) The University of Hawaii Economic Research Organization (UHERO) projects that the real gross domestic product will grow by 3.2 per cent in 2016, 2.1 per cent in 2017, and 1.6 per cent in 2018. The unemployment rate is projected to be 3.0 per cent in 2016, 2.8 per cent in 2017, and 2.9 per cent in 2018;
- (2) The Department of Business, Economic Development, and Tourism projects that the real gross domestic product



will grow by 2.3 per cent in 2016, 2.4 per cent in 2017, and 2.4 per cent in 2018. The civilian unemployment rate is projected to be 3.5 per cent in 2016, 3.3 per cent in 2017, and 3.1 per cent in 2018; and

- (3) The Federal Reserve, which is tasked with setting the United States' monetary policy, raised the interest rate by a quarter of one per cent in late 2015. While the move was widely expected, the hike confirmed that the United States economy has indeed recovered over the last seven years and is no longer in need of artificially low interest rates.

Janet Yellen, Chair of the Federal Reserve Board, emphasized that any future increase to the interest rate would be gradual and methodical, which exemplifies the financially prudent approach the Federal Reserve has taken so far.

However, in early 2016, the Dow Jones Industrial average plummeted. This plunge was accompanied by the depreciation of the Chinese Yuan to its lowest valuation in five years. Other foreign currencies have been waning as well, especially in comparison to the United States Dollar (USD).

This market volatility could eventually have a negative impact on the State's vital tourism industry, although the State has yet to see any indication of a substantial economic downturn.

United States visitor arrivals are predicted to increase by 1.5 per cent in 2016, down from a growth rate of 4.3 per cent in 2015. Japanese visitor arrivals and "other visitor arrivals" are expected to see a -0.5 per cent growth rate and 2.1 per cent growth rate, respectively. While both are down from the previous year, the percentage change in overall visitor arrivals has a positive trending growth rate of 1.3 per cent in 2016.

PART III. GENERAL FUND REVENUES

Improved economic conditions have resulted in increased tax revenues, including those to the general fund, which is a primary source of funding for the State.

On March 10, 2016, the Council on Revenues took a more cautious approach to its general fund tax revenue projection



compared to its previous forecast on January 7, 2016. The Council lowered the growth rate from 5.5 per cent to 5.0 per cent for fiscal years 2016-2017 and 2017-2018, and maintained its forecasted growth rate of 5.0 per cent for fiscal year 2018-2019.

COUNCIL ON REVENUES - DIFFERENCE IN GENERAL FUND TAX REVENUES BETWEEN FORECASTS OF MARCH 10 AND JANUARY 7, 2016 (In \$Millions)				
	Fiscal Year 2015-2016	Fiscal Year 2016-2017	Fiscal Year 2017-2018	Fiscal Year 2018-2019
COR 03/10/16	6.7% \$6,119.3	5.0% \$6,425.3	5.0% \$6,746.6	5.0% \$7,083.9
COR 01/07/16	6.7% \$6,119.3	5.5% \$6,455.9	5.5% \$6,811.0	5.0% \$7,151.5
Difference	\$0	- \$30.6	- \$64.4	- \$67.6

PART IV. COMMITTEE'S CONCEPTUAL FRAMEWORK

While overall economic growth is positive, your Committee remains mindful of the Council on Revenues' lowered growth projection. Moreover, your Committee understands that economies fluctuate and thus believes that limitless expansion premised on short-term growth is not sustainable. Therefore, your Committee tasked itself with delving into the minute details of the budget, including conceptualizing how agencies and programs could work together to streamline services, provide more reliable program outcome data, maximize other sources of funding, and better utilize their base appropriations. Your Committee is cognizant of the many needs of the community and how these needs can be met through short-term services as well as long-term solutions. To this end, your Committee created a budget that delicately balances multiple priorities, services, and strategic planning objectives for the State of Hawaii.

Your Committee has crafted an executive supplemental budget in accordance with the following conceptual framework:

Long- and Short-term Planning

The needs facing the State range drastically, from preschool subsidies for low-income families to upgrading aging technology. As such, a solid understanding of short- and long-term state

planning is required. To this end, your Committee was committed to discerning how needs and services could be encapsulated within a framework of long-term planning, while still meeting the current and everyday needs of our State.

An example to demonstrate the creative thinking that your Committee exercised in devising ways to best meet short- and long-term service goals is the Child Protective Services program of the Department of Human Services. This program is plagued with hard-to-fill, yet much-needed, positions. While the Department judiciously offered to transfer the vacant positions into another area of need, your Committee recognized the essential role of the Child Protective Services program. Rather than approving the transfer of positions out of Child Protective Services, your Committee devised a way for the Department to address the shortage of qualified social workers through a collaboration with the University of Hawaii, as well as provide additional positions to meet other departmental needs.

Specifically, your Committee dedicated general fund vacancy savings towards providing the state funds needed to receive matching federal funds for the Hawaii Child Welfare Education Collaboration project, which provides students with the training needed to become qualified social workers. With conceptual and long-term planning in mind, it is intended that these trained social workers can transition into filling the hard-to-fill vacancies in Child Protective Services. This example not only demonstrates how your Committee adhered to long-term program and department visions, but also how it proposed a way to leverage federal funding.

Utilizing Cost Savings

Your Committee believes in using available resources before allocating additional funds, when possible. To this end, your Committee has redirected cost savings in excess of \$40,000,000 to fund economic development, information technology (IT), affordable housing, and other costs. Savings were primarily derived from two sources: debt-service, health premiums, and pension payments coming in at lower than budgeted amounts, and contract savings that agencies and departments have incurred.

Your Committee inquired into every instance of possible savings from departments, and advocated fiscal constraint by mandating that existing savings be used to fund new priorities.



Rather than merely adding to state department budgets, your Committee made strides in first identifying existing resources that could be used to fund programs, services, and other expenses.

Rebuilding and Connecting Resources

Your Committee understands that departments faced severe reductions during the Great Recession. Many programs and departments are slowly rebuilding their personnel and administrative resources. Consequently, your Committee identified those requests that will provide greater administrative capacity to departments so that programs can run more efficiently.

Legislative Priorities

Your Committee continues to fund legislative priorities that were not included in the Governor's budget proposal. It is your Committee's belief that legislators have a strong awareness of communities and their needs, and as such, your Committee believes in the role of legislators as advocates for resources to meet those needs.

Affordable Housing and Homelessness

Affordable housing continues to be an issue in Hawaii. Along with a shortage of affordable housing, there has been an increase in the number of homeless individuals and families. These issues are prevalent statewide, on all of our islands. Many families have fallen into homelessness, and programs such as rapid re-housing provide the short-term subsidies they need. As homelessness is a complex issue, the response required must be equally multifaceted. This budget provides an array of funding and services to meet a range of needs regarding homelessness and affordable housing. Your Committee believes this budget tackles these issues methodically and compassionately, while providing resources and support across the spectrum.

PART V. OPERATING BUDGET

Accounting and General Services

The Senate Draft of the executive budget adjusts the Department of Accounting and General Services' appropriation for



fiscal year 2016-2017 by adding \$2,599,043 in general funds and \$1,568,859 in non-general funds.

The Administration's request was to add \$5,504,894 in general funds and \$1,568,859 in non-general funds for fiscal year 2016-2017.

Your Committee recognizes the Department's role in overseeing and managing a range of services for the State, including payroll. The Department's current payroll system was developed in-house more than forty years ago and is a paper-driven system with no on-line access. Additionally, there is no time and attendance system for the Department. In order to provide essential infrastructure and support for this department to meet its most basic functions, your Committee has approved 8.00 positions and \$319,190 in general funds for implementation of a centralized system to accurately account for employee attendance and remuneration.

Your Committee has also provided other necessary personnel and capacity needs for the Department, including 4.00 positions and \$538,259 in general funds for custodial services and utility costs for the re-occupancy of the Kamamalu Building. This building will house several state offices, thereby reducing rent to occupy private lease spaces and achieving savings for the State.

Your Committee acknowledges the need for an updated and modernized 911 call center on the island of Maui to locate callers in a timely manner and provide vital information to emergency first responders in order to save lives and protect property. Therefore, your Committee has approved \$1,200,000 in special funds for the Maui Police Department 911 Call Center to undergo system enhancements in the interest of public safety.

Office of Enterprise Technology Services

Your Committee understands that the Office of Enterprise Technology Services (OETS) faces an enormous task in streamlining and updating aging information technology infrastructure statewide. While your Committee appreciates and supports the overall mission of OETS, your Committee is concerned with OETS' approach in negotiating contract terms and multi-year agreements, as well as OETS' ability to coordinate implementation and training efforts with state departments. While aware of the many benefits of advanced technology, your Committee believes that technology is



only useful when it is properly utilized, supported, and reflects the capabilities and needs of various personnel. It is your Committee's hope that OETS can truly serve as a support service and training center for departmental information technology staff to learn how to use emerging technology and provide support for their departments' specific information technology needs.

Your Committee believes in the importance of adequate cyber security as attacks have not only become more complicated in recent years, but have continued to target government agencies. Therefore, your Committee has approved 4.00 positions and \$160,104 in general funds for the Office of Enterprise Technology Services for cyber-attack prevention statewide. In addition to these positions, your Committee has also approved other much-needed information technology positions and streamlining the acquisition of Microsoft Office 365 software across all state departments and agencies. Your Committee recognizes the contract savings that OETS can incur through the recruitment of in-house information technology staff and, therefore, encourages OETS to use these savings to fund necessary and beneficial software upgrades and improvements for the State.

Agriculture

The Senate Draft of the executive budget adjusts the Department of Agriculture's appropriation for fiscal year 2016-2017 by adding \$527,618 in general funds and \$726,900 in non-general funds.

The Administration's request was to add \$85,118 in general funds and \$476,345 in non-general funds for fiscal year 2016-2017.

Following suggestions from a report by the Joint-Fact Finding Study Group on Kauai, your Committee has provided \$500,000 in general funds to address concerns related to pesticide use. These funds will be used to increase pesticide regulations to strengthen environmental, agricultural, and health data collection and to establish new standards for chronic, low-level exposure to pesticides.

Your Committee has also approved 1.00 position and \$98,800 in special funds for a Farm to School Coordinator. This supports the continuation of a pilot project to shift the consumption of



agricultural commodities in the State's schools towards locally sourced products, in order to promote statewide sustainability.

Your Committee understands the acreage of agricultural land under the purview of the Agribusiness Development Corporation has increased, and therefore has provided 1.00 asset manager and \$57,000 in revolving funds to manage the additional land for the promotion of diversified agriculture in Hawaii.

Lastly, your Committee views the Livestock Disease Control Branch as crucial in preventing, controlling, and eradicating any animal disease that has the potential to harm the State's livestock and poultry industries. For this reason, your Committee approves the conversion of 8.00 livestock disease control positions from temporary to permanent.

Attorney General

The Senate Draft of the executive budget adjusts the Department of the Attorney General's appropriation for fiscal year 2016-2017 by adding \$1,792,938 in general funds and \$11,594,639 in non-general funds.

The Administration's request was to add \$2,128,300 in general funds and \$11,637,882 in non-general funds for fiscal year 2016-2017.

Despite the importance of their work, deputy attorneys general employed by the Department of the Attorney General earn much lower salaries than public defenders and prosecutors employed by the counties. This has resulted in comparatively high turnover rates in these positions, and the Department has lost several excellent deputy attorneys general to county and private work. Your Committee therefore has approved \$1,063,000 in general funds, \$83,000 in special funds, \$105,000 in federal funds, and \$689,000 in interdepartmental funds for deputy attorneys general salary increases. This salary increase will allow deputy attorneys general to be paid salaries more comparable to those of public defenders and county prosecutors, making the Department better able to recruit and retain attorneys to serve the State.

Sexual assault is a serious issue and your Committee believes that services to aid sexual assault survivors are important. To this end, your Committee has approved \$220,000 in general funds



for statewide sexual assault services. These funds will be used to better support the Sex Abuse Treatment Center, the Child and Family Service in Maui, YWCA support services on the Big Island, and YWCA support services on Kauai.

Budget and Finance

The Senate Draft of the executive budget adjusts the Department of Budget and Finance's appropriation for fiscal year 2016-2017 by reducing \$33,960,077 in general funds and adding \$11,494,559 in non-general funds.

The Administration's request was to add \$130,084,811 in general funds and \$11,494,559 in non-general funds for fiscal year 2016-2017.

Your Committee is intimately familiar with how outdated the Department of Budget and Finance's budget software is, as well as the Department's ability to transmit vast amounts of data or comply with reporting requirements mandated by the Legislature. As such, your Committee has approved \$600,000 in general funds to implement a new budget reporting system in order to comply with statutory requirements included in Act 160, Session Law of Hawaii 2015.

Your Committee is also aware of the drastic reduction imposed upon the Department's budget office during the 2009-2010 reduction-in-force. As budgeting is an essential function of any well-run government and is a necessary component of rebuilding effective programs across all agencies, your Committee has provided 2.00 program budget analysts and \$60,716 in general funds for the Department's Budget, Program Planning, and Management Division.

Business, Economic Development, and Tourism

The Senate Draft of the executive budget adjusts the Department of Business, Economic Development, and Tourism's appropriation for fiscal year 2016-2017 by adding \$5,685,749 in general funds and reducing \$9,889,958 in non-general funds.



The Administration's request was to add \$6,134,165 in general funds and \$35,331,555 in non-general funds for fiscal year 2016-2017.

Your Committee understands that economic development plays a vital role in elevating people out of poverty, providing jobs that pay well, and diversifying and building a globally competitive state economy. As such, your Committee has provided \$5,000,000 in general funds to fund the HI GROWTH Initiative to support entrepreneurial efforts and economic development statewide. This infusion represents a sustained commitment to support more public-private partnerships that will continue to build the critical mass and scale needed for a vibrant, innovative cluster of businesses to become firmly established in Hawaii.

Your Committee has also approved \$150,000 in general funds for the development of the Pan Pacific Unmanned Aerial Systems (UAS) Test Range -- one of six national test ranges for testing and validating UAS technologies. The Hawaii Test Range will provide range services for a fee to government and commercial clients, bringing new revenue streams into Hawaii. The Hawaii Test Range will also provide high quality jobs for local residents while enabling diverse educational opportunities for Hawaii's students involved in STEM and robotics programs.

Your Committee has approved 1.00 temporary position and \$100,000 in general funds for the Hawaii Broadband Initiative, which through a public-private partnership will plan for the deployment of a broadband network resulting in increased broadband capacity. Broadband facilitates the rapid access of information in many different forms, accelerates business development, and provides new opportunities for innovation, expansion, and e-commerce.

Commerce and Consumer Affairs

The Senate Draft of the executive budget adjusts the Department of Commerce and Consumer Affairs' appropriation for fiscal year 2016-2017 by adding \$1,504,991 in non-general funds.

The Administration's request was to add \$1,669,991 in non-general funds for fiscal year 2016-2017.



Your Committee has approved \$500,000 in special funds for a new Financial Institutions Management Systems (FIMS) application. The current FIMS data system only holds information concerning banks and does not hold information on new licensees or allow administrators to practice data mining, which is integral to analyzing the data properly. The current system is also unable to interface with the national multi-state application, which is the key source of obtaining information on all other licensees besides banks.

While your Committee appreciates the services the Department provides to the community, your Committee expresses concern over the departmental administrative assessment charged to each of its divisions. It has come to your Committee's attention that, using the current administrative assessment formula, the amount charged to the Public Utilities Commission would be over \$1,000,000 in fiscal year 2016-2017. This is over three times the amount that the Department of Budget and Finance charged the Public Utilities Commission for its administrative assessment in prior years. Your Committee hopes that the Department will reevaluate its administrative charges to ensure that divisions are charged on an equitable basis in accordance with the level of administrative support they require. Your Committee has approved \$304,889 in special funds for the Public Utilities Commission's administrative expense with immense caution. The funding for this request has been made non-recurring after fiscal year 2016-2017 to allow the Department to reevaluate its administrative assessment practices and the impact of the assessments on its divisions and, ultimately, on the consumers.

Defense

The Senate Draft of the executive budget adjusts the Department of Defense's appropriation for fiscal year 2016-2017 by adding \$4,151,704 in general funds and reducing \$1,183,171 in non-general funds.

The Administration's request was to add \$3,610,068 in general funds and to reduce \$1,183,171 in non-general funds for fiscal year 2016-2017.

In support of the Department of Defense's efforts to assist in the rebuilding of communities that have been destroyed by major disasters, your Committee has provided 10.00 temporary positions



and \$437,740 in general funds. These positions will respond to new disasters as they arise.

Your Committee understands the importance of keeping the Department's facilities maintained and functioning and has approved \$669,000 in general funds for repair and maintenance of state buildings.

Your Committee has also approved \$549,592 in general funds and \$1,649,806 in other federal funds for electricity costs. These funds will help to fund the electricity shortfall due to the addition of new facilities.

Your Committee recognizes the need for a multi-skilled burial team at the Hawaii State Veterans' Cemetery and therefore has provided 7.00 positions and \$502,036 in general funds. These funds will also be used to purchase equipment necessary to perform burial services.

Education

The Senate Draft of the executive budget adjusts the Department of Education's appropriation for fiscal year 2016-2017 by adding \$43,715,795 in general funds and reducing \$12,782,947 in non-general funds.

The Administration's request was to add \$45,586,668 in general funds and \$500,000 in non-general funds for fiscal year 2016-2017.

Regular Education

Your Committee is committed to and investing in our keiki and to providing support so that all keiki have the means to succeed in the public school system. Aware of the needs of students who struggle with English proficiency, your Committee has approved \$10,000,000 in general funds for English Language Learner (ELL) program support. These funds will be directed specifically towards ELL students so that they can succeed in the classroom.

Your Committee has also approved \$16,537,791 in general funds for the Weighted Student Formula (WSF) to address the adequacy of funding for Hawaii state public schools. This 2 per cent increase



in the WSF will provide schools with a greater capacity to support student achievement.

Your Committee has approved \$6,984,689 in general funds for school transportation services for eligible regular education and special education public school students. The Department of Education has worked to reduce costs for school transportation while ensuring that all students who require these services have them available.

Your Committee has approved \$5,215,919 in general funds to account for the projected shortfall in the Department's utilities budget. This amount reflects a revised projection of costs provided to the Committee after the submittal of the Governor's proposed budget.

Libraries

The Senate Draft of the executive budget adjusts the Hawaii State Libraries' appropriation for fiscal year 2016-2017 by adding \$937,567 in general funds and \$250,000 in non-general funds.

The Administration's request was to add \$771,454 in general funds and \$500,000 in non-general funds for fiscal year 2016-2017.

Your Committee believes in the mission and purpose of the state libraries, and recognizes their ability to reach all segments of the population and encourage educational growth and learning. Your Committee is also aware of the steady increase in prices for books and materials and the rising demand for electronic books. Therefore, your Committee has approved \$250,000 in general funds and \$250,000 in special funds for the purchase of additional materials for the library system statewide.

With the opening of the new Nanakuli Public Library, your Committee has approved 6.5 positions and \$116,840 in general funds. The new state-of-the-art library is under construction and due to open in March 2017. The additional positions and funds will fully staff the library, so that all special services, including business development and cultural programming, are available to the community.



Charter Schools

The Senate Draft of the executive budget adjusts the appropriation for charter schools for fiscal year 2016-2017 by reducing \$2,166,500 in general funds.

The Administration's request was to reduce \$2,610,602 in general funds for fiscal year 2016-2017.

In last year's budget, your Committee provided funds for the incentives provided for hard-to-fill teaching positions across traditional Department of Education schools and charter schools. However, your Committee is aware of the funding mechanisms that may make it difficult for charter schools to receive their share of support for the incentives. Therefore, your Committee has approved \$783,000 in general funds for the Hard-to-Fill Incentive in charter schools, separate and apart from their per-pupil funding. This bonus will help attract more teachers and provide a more competitive teaching salary.

Early Learning

The Senate Draft of the executive budget adjusts the Early Learning program appropriation for fiscal year 2016-2017 by adding \$117,854 in general funds.

The Administration's request was to add \$98,108 in general funds for fiscal year 2016-2017.

Your Committee greatly appreciates the work that the Executive Office on Early Learning has done in improving the pre-kindergarten program. Your Committee is also aware of the extreme understaffing in the Office and thus has approved 2.00 positions and \$76,854 in general funds. Currently, the Executive Office on Early Learning contains only one staff member, the Executive Director. The additional positions will allow the Director to focus on the long-term objectives of the Office and receive much-needed staff support.

Governor

The Senate Draft of the executive budget adjusts the Office of the Governor's appropriation for fiscal year 2016-2017 by

adding \$300,000 in general funds and reducing \$311,348 in non-general funds.

The Administration's request was to add \$578,974 in general funds and reduce \$311,348 in non-general funds for fiscal year 2016-2017.

The Office of the Governor has frequent and important interactions with the military sector and the federal government. Your Committee has therefore approved 2.00 temporary positions and \$300,000 in general funds for the Office of Military Affairs and Federal Grants Maximization. This will provide funding to maintain the Military Liaison and Executive Director Federal Grants Maximization positions. These positions will work on coordinating federal efforts, including the receipt and progress of federal funding awards.

Hawaiian Home Lands

The Senate Draft of the executive budget adjusts the Department of Hawaiian Home Lands appropriation for fiscal year 2016-2017 by adding \$8,192,157 in general funds and reducing \$23,074,359 in non-general funds.

The Administration's request was to add \$8,192,157 in general funds and reduce \$23,036,859 in non-general funds for fiscal year 2016-2017.

Your Committee understands and recognizes the importance of the Department of Hawaiian Home Lands and its core mission of serving its beneficiaries. For further consideration in conference on the budget, your Committee has included the amounts requested in the Governor's Message dated April 4, 2016. These amounts add \$7,512,374 for fiscal year 2015-2016 and \$8,192,157 for fiscal year 2016-2017 in general funds.

Given the substantial amount being considered, which will greatly increase base funding for the Department, and in view of the need to apply the appropriate allocation method for these funds to ensure transparency and provide budgetary stability going forward, your Committee finds that this measure is the most appropriate vehicle this session to consider increases to the Department of Hawaiian Home Lands' supplemental budget.



While much discussion surrounding the Department's budget has centered on vacant and new positions, inflationary adjustments, and total dollar amounts, it is your Committee's strong belief that the State must not lose focus on what is most important: serving the Department's beneficiaries, tackling the Hawaiian homestead waiting list, and ensuring that resources are focused on getting people into homes and onto the land.

Your Committee also notes that the general fund amounts listed above for the Department of Hawaiian Home Lands do not include the additional general fund support that will be required of the Department of Budget and Finance in order to provide fringe benefit funding for the Department of Hawaiian Home Lands general-funded employees. These amounts are centrally budgeted by the Department of Budget and Finance, and are estimated to be approximately \$5,000,000 in general funds annually.

Health

The Senate Draft of the executive budget adjusts the Department of Health's appropriation for fiscal year 2016-2017 by adding \$55,675,232 in general funds and \$4,471,378 in non-general funds.

The Administration's request was to add \$53,722,386 in general funds and \$4,413,670 in non-general funds for fiscal year 2016-2017.

Hawaii State Hospital

Your Committee is very familiar with the needs of the Hawaii State Hospital, including the transfer of funds from other programs in the current fiscal year to pay for the Hospital's recurring deficit. Increases in patient census, increased acuity of patients, and the inability to fill vacant positions in a timely fashion have resulted in higher costs that exceed the Hospital's current operating budget. Thus, your Committee has approved \$4,728,446 in general funds to cover projected fiscal deficits at the Hawaii State Hospital.

In view of the Hospital's financial challenges, your Committee feels it is essential for the Department to implement tighter fiscal controls on the Hospital in an effort to gain a better perspective of the true costs associated with running the



facility, and developing a realistic budget going forward that does not deprive community-based mental health resources and other important program areas.

Aging and Disability

Your Committee has approved \$3,000,000 in general funds to increase the overall base budget for Kupuna Care. Additional funds will support more kupuna, allowing them to lead independent, meaningful, and dignified lives, through a continuum of home and community-based efforts.

Your Committee has approved \$2,829,923 in general funds to meet the state match for the Medicaid Intellectual and Developmental Disabilities Home and Community Based Services Waiver to address the cost of services. New regulations require states to maximize the opportunities for the program participants to have access to the benefits of community living, receive services in the most integrated settings, and effectuate the law's intention for alternatives to services rendered in institutions.

Environmental Health

Your Committee has also approved 33.00 positions and \$1,777,362 in general funds to improve vector control capacity and capability to combat the Dengue fever outbreak and to provide adequate resources to more effectively manage newly emerging public health threats, such as the zika virus.

Hawaii Health Systems Corporation

The Senate Draft of the executive budget adjusts the Hawaii Health System's appropriation for fiscal year 2016-2017 by adding \$38,900,000 in general funds.

The Administration's request was to add \$31,000,000 in general funds for fiscal year 2016-2017.

Your Committee has approved \$21,000,000 in general funds to provide the necessary operating subsidy to address a budget deficit due to rising healthcare costs.

In view of the transfer of the Corporation's Maui regional facilities to the Kaiser Foundation, your Committee has approved \$10,000,000 in general funds to provide additional operating



moneys for the remaining regions of the Corporation, as well as any necessary working capital for the Maui Health System, a Kaiser Foundation Hospital, that is needed after the Maui region's assets have been exhausted at the end of fiscal year 2015-2016. Your Committee has included a provision authorizing the Corporation's Board of Directors to determine the amount required by the hospitals, including the Maui Health System, a Kaiser Foundation Hospital.

Your Committee has been carefully following the Maui Region Hospitals merger with the Kaiser Foundation, and is aware of the increased corporate cost allocation that will be assessed to the other regions once the Maui Region Hospitals depart from the Hawaii Health Systems Corporation. The additional funds expected from the remaining regions to cover the corporate allocation that was previously assessed to Maui Region Hospitals is drastic, ranging from an additional \$800,000 to \$4,000,000 each. As such, your Committee has approved \$7,900,000 in general funds to address the budget shortfall in the allocation of corporate costs due to the exit of the Maui Region Hospitals from the Hawaii Health Systems Corporation. It is your Committee's intention that the corporate office reassess its allocation fees, in order to ease the undue financial burden that has been placed on the other regions due to the Maui region's merger with the Kaiser Foundation.

Human Resources

The Senate Draft of the executive budget adjusts the Department of Human Resources Development's appropriation for fiscal year 2016-2017 by adding \$280,012 in general funds.

The Administration's request was to add \$553,262 in general funds for fiscal year 2016-2017.

Your Committee has approved \$250,000 for workers' compensation claims. Your Committee recognizes the importance of fulfilling the State of Hawaii's responsibility of paying workers' compensation in a timely manner to avoid exorbitant fines and other costs in the future.



Human Services

The Senate Draft of the executive budget adjusts the Department of Human Services' appropriation for fiscal year 2016-2017 by adding \$22,423,231 in general funds and \$78,891,559 in non-general funds.

The Administration's request was to add \$56,488,864 in general funds and \$80,098,991 in non-general funds for fiscal year 2016-2017.

Your Committee values the safety net services provided to the community by the Department. As homelessness is increasingly prevalent statewide, your Committee made a concerted effort to provide a multi-pronged approach to providing funds for homeless services. To this end, your Committee has approved \$3,000,000 in general funds to continue the Housing First Program. This will continue funding for Housing First and is expected to provide transitional housing support and stability services to chronically homeless individuals throughout the State. Of this appropriation, \$1,500,000 will be used to establish and maintain a Housing First program on the neighbor islands, as your Committee recognizes that homelessness is a statewide issue that needs to be addressed on all islands.

Your Committee has also approved \$2,000,000 in general funds to fund a Rapid-Rehousing program for the State. This program is intended for individuals and families who need small and finite rental subsidies. This will allow clients more stability and help transition them into affordable housing. Your Committee has also provided 2.00 positions and \$108,626 in general funds for homeless services to increase the Department's capacity to monitor contracts and program outcomes. These positions will help administer the additional funding for programs and ensure that successful outcomes can be achieved.

Your Committee believes that early childhood education is important and should be accessible to all families, regardless of their income. As such, your Committee has provided \$6,000,000 in general funds for the Preschool Open Doors Program. This program gives low-income families with young children educational subsidies to enable their children to attend preschool.

One of the core functions of the Department is to provide medically-necessary services for Medicaid recipients. Your



Committee understands the importance of providing these services and strongly supports their continuation. The Department of Human Services has identified existing funds within the Medicaid base budget to fully support these programs. Additionally, your Committee was able to work with the Department to identify savings of \$15,000,000 in fiscal year 2015-2016 and \$29,219,343 in fiscal year 2016-2017 in general funds.

The Med-QUEST division is to be commended on their sincere efforts to heed your Committee's challenge to look within their base appropriation to fund new and existing programs and services. Thanks to their hard work, your Committee has been able to do more with existing resources and ensure sustained services over time.

Your Committee also recognizes that aging information technology infrastructure is especially present in the Department of Human Services, and outdated systems are deterring the Department's ability to receive additional federal funds and serve more people in the community. Your Committee has approved \$3,196,346 in general funds for the Department to fund its information technology priorities. In addition, your Committee has also approved \$5,905,962 in general funds for the maintenance and operation of the Kauhale On-line Eligibility Assistance System Platform in order to continue to provide healthcare eligibility services.

Your Committee identified \$1,000,000 of general fund savings in the Hawaii Youth Correctional Facility budget due to low population counts in the facility. Your Committee redirected these savings to other areas within the Department, in order to serve additional needs in the community in a financially responsible manner.

Labor and Industrial Relations

The Senate Draft of the executive budget adjusts the Department of Labor's appropriation for fiscal year 2016-2017 by adding \$648,631 in general funds and \$3,088,105 in non-general funds.

The Administration's request was to add \$954,876 in general funds and \$2,588,105 in non-general funds for fiscal year 2016-2017.



Your Committee has approved \$572,857 in general funds for a one-time appropriation to fulfill the State's obligation under the Community Services Block Grant program, which supports broad-based anti-poverty programs. The appropriation will provide services to increase economic self-sufficiency for disadvantaged communities across the State.

Your Committee has approved 1.00 position and \$25,388 in general funds for the Hawaii Civil Rights Commission. Your Committee recognizes the importance of strengthening investigations of discrimination complaints and believes that an additional investigator position will address concerns over the timeliness of investigations and the size of investigation caseloads.

Your Committee approves 1.00 position and \$25,386 in general funds for the Disability Compensation Program to accommodate persistent staffing challenges associated with providing employees with medical and economic protection afforded by the Prepaid Health Care and Temporary Disability Insurance laws. This appropriation will help address a backlog in plans review and restore critical support to the program.

Your Committee has approved \$25,000 in general funds to improve the Department's provision of services to Limited English Proficiency persons. The appropriation will provide for translations of vital documents, interpretative services to bolster service levels for Limited English Proficiency persons, development of training for staff, and resources to achieve compliance with federal requirements for website accessibility.

Your Committee has also approved \$5,000 in general funds for the Human Trafficking Victim Services Fund to supplement programs, grants, and purchase of service contracts that support or provide comprehensive services to victims of labor trafficking crimes.

Land and Natural Resources

The Senate Draft of the executive budget adjusts the Department of Land and Natural Resources' appropriation for fiscal year 2016-2017 by adding \$3,769,364 in general funds and \$12,353,685 in non-general funds.



The Administration's request was to add \$6,186,866 in general funds and \$16,378,876 in non-general funds for fiscal year 2016-2017.

Your Committee recognizes the need for pristine waters for both residents and visitors alike and the importance of protecting the ocean water habitat and keeping Hawaii's waters safe and enjoyable for all users. Therefore, your Committee has provided \$250,000 in general funds for the removal of marine debris from state waters and shorelines.

Your Committee acknowledges the need for small boat harbors across the State to offer services on weekends. Therefore, your Committee has provided 18.00 positions and \$617,544 in general funds for the operation of small boat harbors for at least six days a week.

Your Committee has approved 6.00 positions and \$219,420 in general funds and \$300,000 in special funds to better identify, protect, and properly maintain historic properties, as well as strengthen the infrastructure for historic preservation in Hawaii.

Your Committee recognizes the Department's efforts to accommodate the increase in visitors to Hawaii's parks across the State and has provided \$1,000,000 in special funds for the State Parks Division's operational and maintenance costs.

Your Committee has approved \$1,500,000 in general funds for Phase II of a stream study in partnership with the United States Geological Survey to collect data on low-flow characteristics of Hawaii streams in support of setting in-stream flow standards and assessing water availability for municipal, agricultural, and other uses. Your Committee believes that this stream study is critically needed, as no current base level data exists for the State.

Your Committee has approved \$1,500,000 in special funds for the Office of Conservation and Coastal Lands to cover services needed to manage beach restoration projects, process applications for beach nourishment projects, and deal with beach management issues statewide including erosion, restoration, and protection of Hawaii's state-controlled beaches.

Your Committee has also approved \$500,000 in special funds for the Division of Forestry and Wildlife for private landowner



forestry partnerships and forest reserve operations in a collaborative effort to protect Hawaii's watersheds.

Lieutenant Governor

The Senate Draft of the executive budget adjusts the Office of the Lieutenant Governor's appropriation for fiscal year 2016-2017 by reducing \$575,984 in non-general funds.

The Administration's request was to reduce \$572,484 in general funds for fiscal year 2016-2017.

In the past, the Office of Information Practices operated under the jurisdiction of the Lieutenant Governor's Office. Your Committee has approved transferring 6.00 positions, 2.5 temporary positions, and \$575,984 in general funds from the Office of Information Practices to the Enforcement of Information Practices program within the Department of Accounting and General Services. This transfer of the entire Office of Information Practices to the Department of Accounting and General Services will allow this Office to become a permanent agency of the State.

Public Safety

The Senate Draft of the executive budget adjusts the Department of Public Safety's appropriation for fiscal year 2016-2017 by adding \$1,898,140 in general funds and \$300,000 in non-general funds.

The Administration's request was to add \$6,120,295 in general funds and \$300,000 in non-general funds for fiscal year 2016-2017.

As part of the rehabilitation of incarcerated felons, the Department of Public Safety provides different types of furlough programs for inmates to gain work experience in the months leading up to their release. Recently, the Department discontinued its community workforce program in favor of a new program that uses electronic monitoring to track inmates working at various job sites. Your Committee therefore has approved transferring 3.00 temporary positions and \$130,212 in general funds from Oahu Community Correctional Center to the Waiawa Correctional Facility and Hawaii Community Correctional Center.



Your Committee has also approved 2.00 positions and \$54,986 in general funds for the electronic monitoring furlough program at the Oahu Community Correctional Center. These new Social Services Assistants IV and their equipment will be used to better track inmates that are allowed to participate in the expanding electronic monitoring furlough program.

In 2014, the Intermediate Court of Appeals ruled in the case of Slingluff v. Hawaii that physicians employed by the Corrections Division do not have automatic immunity in incidents of malpractice. As a result of this new threat of lawsuits, several physicians employed at correctional facilities have left their current positions and it has become difficult to fill these positions, making ineffective health care within our penal system a chilling possibility. To help solve this problem, your Committee has approved \$162,354 in general funds for physician salary increases. This appropriation will make it easier to fill and retain positions in the Health Care Division.

Your Committee has also approved \$284,228 in general funds for malpractice insurance. This will allow the Department to ensure that physicians have necessary insurance in light of the decision in Slingluff v. Hawaii. By addressing the issue of medical malpractice liability, your Committee hopes to better retain physicians in the Health Care Division.

Currently, the administrative offices for the Department are located in the Army and Air Force Exchange Service Building. As per recent legal arrangements, the building is now owned and operated by the Office of Hawaiian Affairs, which is now requesting that the Department pay rent for using the building's facilities. The Department is hoping to find a new building to house its administrative offices but does not expect to find a suitable space for several months. Your Committee has approved \$869,165 in general funds for lease rent for the Department of Public Safety Administration building and State Narcotics Enforcement Division offices.

Taxation

The Senate Draft of the executive budget adjusts the Department of Taxation's appropriation for fiscal year 2016-2017 by reducing \$790,159 in general funds.



The Administration's request was to reduce \$528,223 in general funds for fiscal year 2016-2017.

Your Committee recognizes the growing trend of tax fraud in the Internet age and the need for dedicated state resources to identify and prevent fraudulent tax refund claims from being issued. Therefore, your Committee has approved 15.00 positions and \$637,841 in general funds for a new Investigation Branch. The Investigation Branch will provide the Department with the staffing and technical resources to gather information and conduct criminal investigations, thereby enhancing the coordination of civil and criminal investigations conducted by the various sections within the Department of Taxation.

Your Committee also has approved the transfer of 12.00 positions and \$664,668 in general funds from the Director's Office to the Information Technology Services Office for system administration. This transfer will allow user requests to be appropriately evaluated and addressed through a streamlined intake system and provide cross-training in old and new systems to ensure all existing employees acquire the skills and expertise necessary to continue servicing the needs of the public.

Your Committee recognizes the importance of taxpayer services within the Tax Services and Processing Division and the important role of sufficiently addressing the flood of taxpayer inquiries. Therefore, your Committee has approved the conversion of 18.00 positions from temporary to permanent. The conversions will increase employment retention and alleviate the positions from repeated vacancies, facilitating the retention of a sufficient number of educated staff to address client demands.

Transportation

The Senate Draft of the executive budget adjusts the Department of Transportation's appropriation for fiscal year 2016-2017 by adding \$15,936,986 in non-general funds.

The Administration's request was to add \$29,344,294 in non-general funds for fiscal year 2016-2017.



Airports

In order to address repair and maintenance needs for the facilities at Kalaeloa Airport and Dillingham Airfield, your Committee has approved 1.00 position and \$31,797 in special funds to establish a Repairs and Maintenance Assistant for General Aviation. This position will help in bringing about administrative structure to these facilities and ensuring that repairs are conducted properly and promptly. To further support Kalaeloa Airport and Dillingham Airfield, your Committee has further approved \$496,500 in special funds for additional equipment and personal services. Together, these new positions and additional funds will help Kalaeloa Airport and Dillingham Airfield keep up with repairs and ensure that there are no major setbacks.

The current bucket modular seating at Hilo International Airport's gate area is forty years old, considered to be insufficient for the number of passengers that use the airport, and in a state of constant disrepair. Your Committee therefore has approved \$580,000 in special funds for airport seating replacement at Hilo International Airport.

Compliance with the Federal Aviation Administration (FAA) regulations is paramount if Hawaii's airports are to continue receiving federal funding. In order to pass FAA inspections, several airports are in need of new protective proximity suits for firefighting crews, the cost of which is \$2,500 per suit. Your Committee has approved the use of special funds for the purchase of thirty suits for Kahului Airport (\$75,000), six suits for Kapalua Airport (\$15,000), six suits for Molokai Airport (\$15,000), and eight suits for Lanai Airport (\$20,000).

The FAA also requires that data communication be available for all airport fire stations and administrative buildings. Some airports have managed with cellular Wi-Fi devices, but more permanent and stable solutions are ideal. To serve this need, your Committee has approved \$200,000 in special funds to each of Molokai Airport, Lanai Airport, and Lihue Airport for fiber optic cable installation and network maintenance.

Harbors

Currently, several ports in Hawaii have no waterborne capabilities to enforce Department of Homeland Security protocols



or to conduct damage assessments after major disasters. To fix this deficiency, your Committee has allocated \$350,000 in special funds to each of Hilo Harbor, Kawaihae Harbor, Kahului Harbor, and Nawiliwili Harbor for the purchase of a security/safety boat.

Your Committee has also approved \$1,000,000 in special funds for pier and wharf insurance. This appropriation will be used to insure the Harbors Division against earthquake, flood, storm, and terrorism-related damage to its various piers.

Highways

Your Committee has grave concerns about the financial status of the Highways Division. Your Committee is aware of the financial shortfalls and projected deficits of the Division, and has exercised a great deal of caution in approving any additional funding for the highways, except for what was absolutely necessary. It is your Committee's hope that the reduced expenditure level proposed in this budget will facilitate the Division's financial recovery and pave the way for improved cash balance projections.

Currently, the Highways Division on Kauai has only one snooper truck for bridge inspections, and the vehicle is in dire need of repair or replacement. To address this concern, your Committee has approved \$800,000 in special funds to buy a replacement truck. Purchasing this replacement will spare the Highways Division from having to send the current truck for repairs, which is estimated to take over eight months, will cost \$600,000, and is not certain to be beneficial over the long term.

Administration

Recently, the Department of Transportation was sued by Faith in Action for Community Equality (FACE) on the grounds that the Hawaii Driver's Manual is not available in a host of languages other than English, despite the driver's exam for Hawaii being offered in these languages. As part of a settlement with FACE, the Department agreed to reevaluate and modify the Driver's Manual as needed. To help with this effort, your Committee has approved \$300,000 in special funds for multi-lingual translation of the Hawaii Driver's Manual. These funds will be used to purchase translation software that will be able to translate portable document format (PDF) versions of the Driver's Manual, which will then be posted online for free viewing.



University of Hawaii

The Senate Draft of the executive budget adjusts the University of Hawaii's appropriation for fiscal year 2016-2017 by adding \$5,030,720 in general funds and \$500,000 in non-general funds.

The Administration's request was to add \$12,368,302 in general funds for fiscal year 2016-2017.

Your Committee acknowledges the University of Hawaii as a highly important learning center and research institution for the State. Your Committee is aware of the financial situation of the Cancer Center but also recognizes that the Center has brought in additional federal grants and has the potential to become a leading research institute. As such, your Committee has approved \$3,000,000 in general funds for the University of Hawaii Cancer Center. Your Committee is aware that the University's Board of Regents has stressed the importance of funding and maintaining this facility so that it remains a National Cancer Institute-designated cancer center. However, your Committee has concerns about the Center and its funding relationship to the rest of the University of Hawaii System. Your Committee urges the University of Hawaii System carefully evaluate the funding options and financial viability of the Cancer Center, so that the Center can truly become the research facility that it was intended to be. With that said, the \$3,000,000 in general funds for the Cancer Center will be contingent upon \$1,500,000 in matching funds from the University of Hawaii System.

Your Committee has also approved \$1,250,000 in general funds for an equipment fund for the University of Hawaii Community Colleges. Vocational programs often require investments in equipment, such as culinary or automotive equipment, to ensure the programs' continued success. These funds will be used to purchase equipment for vocational programs as well as equipment for scientific laboratories.

Your Committee recognizes the need for agricultural extension services throughout the State. To address the growing need for agricultural assistance to promote agricultural sustainability, your Committee has provided 4.00 positions and \$330,000 for the College of Tropical Agriculture and Human Resources' Cooperative Extension Service.



Your Committee understands the mental health issues that students may face while undergoing academic studies at the University of Hawaii at Manoa. Thus, your Committee has approved 3.00 positions and \$253,116 for mental health services. These positions will provide both direct therapeutic services to students as well as services to assist students in accessing support resources both on and off campus.

Lastly, your Committee is aware of the security needs at the University of Hawaii at Hilo campus and the students' desire to have in-house security personnel to better address student needs. Your Committee has provided 27.00 positions for in-house security at the Hilo campus.

PART VI. CAPITAL IMPROVEMENTS PROGRAM BUDGET

Your Committee finds that capital improvement projects play a vital role in building the State's economy and strengthening our social infrastructure. Your Committee worked diligently to meet the needs of our communities in the areas of housing, education, and agriculture, while remaining mindful of the current needs and priorities of the Administration, its departments, and the community at large.

After carefully considering the many needs of the State, your Committee has provided a total of \$639,117,000 for fiscal year 2015-2016 and \$1,353,761,000 for fiscal year 2016-2017 for projects funded by general obligation bonds and \$4,714,284,000 for fiscal biennium 2015-2017 for projects funded by all means of financing. In comparison, the Administration's proposed capital improvement program biennium budget, as amended pursuant to Governor's Messages, provided a total of \$640,617,000 for fiscal year 2015-2016 and \$1,055,149,000 for fiscal year 2016-2017 for projects funded by general obligation bonds and general funds and \$4,123,219,000 for fiscal biennium 2015-2017 for projects funded by all means of financing.

Your Committee crafted a capital improvement program budget that focuses on funding critical and significant capital projects that:

- (1) Provide for growing student populations in both Leeward Oahu and Maui by providing funds to the Department of Education in the amount of \$40,000,000 for a new



secondary school in Kapolei and \$38,000,000 for continued construction costs for a new high school in Kihei, Maui;

- (2) Work to address the cooling and air conditioning needs of our public schools by providing \$30,000,000 for the Department of Education;
- (3) Address the shortage of affordable housing in all counties throughout the State. Towards this objective, your Committee has provided \$35,150,000 to the Hawaii Public Housing Authority for renovations of over 850 current units, \$50,000,000 for an infusion to the Rental Housing Revolving Fund for the construction of 400 new units, and \$33,703,000 for an infusion to the Dwelling Unit Revolving Fund. Your Committee worked with every county to determine affordable housing projects that are shovel ready and has provided an additional \$59,612,000 for projects in each county to fund the construction of over 1,272 new rental and affordable housing units statewide;
- (4) Conserve and protect agricultural lands, promote diversified agriculture, and increase agricultural self-sufficiency, as mandated by article XI, section 3 of the Constitution of the State of Hawaii. Towards this mandate, your Committee has provided over \$107,000,000 to purchase 8,000 acres of agricultural land for leases to local farmers to reduce Hawaii's dependence on imported agricultural products, while investing over \$36,000,000 in upgrades and improvements to critical water infrastructure systems statewide;
- (5) Provide \$6,250,000 to the Department of Land and Natural Resources for East Maui water systems for necessary repairs and renovations to the streams and water ways and an additional \$1,500,000 to the Department of Agriculture for the irrigation and water delivery systems for agriculture farmers of East Maui;
- (6) Support the medical needs of our communities by providing \$160,500,000 for a new design-build forensic facility at the Hawaii State Hospital to house high-risk patients and an additional \$40,000,000 for various health and safety needs for health facilities statewide;



- (7) Create a solution to help keep Wahiawa General Hospital open. By providing \$5,000,000 to purchase two parking lot parcels owned by Wahiawa Hospital Association with the option of leasing the parcels back to the Hospital at a nominal rate, your Committee is providing financial assistance to the Hospital while the Wahiawa Hospital Association works on creating a sustainable financial plan for the future;
- (8) Provide a comprehensive plan for transit-oriented development and a plan for mixed-use development to generate revenues for Aloha Stadium. Your Committee finds that certain state lands are ideal for a twenty-first century community that encourages walking and biking and is in close proximity to public transportation. As such, your Committee has provided \$1,500,000 to the Office of Planning to develop a comprehensive plan for transit-oriented development for state lands in close proximity to a rail transit station. In addition, your Committee encourages mixed-use development surrounding the Aloha Stadium to generate revenue to pay for the repairs and improvements to address the health and safety hazards of the stadium; and
- (9) Focus on the creation of jobs in innovation and technology by providing \$8,200,000 to fund the Entrepreneurs Sandbox and Natural Energy Laboratory of Hawaii. Your Committee is also committed to developing a true Second City in West Oahu by expanding the "Live, Work, Play" concept and by investing \$6,000,000 in infrastructure upgrades at Kalaeloa and \$38,800,000 for a Creative Media Facility at the University of Hawaii at West Oahu.

Your Committee understands the limited resources that are afforded to our State and knows that many valuable programs need additional resources to fully support each department's mission. Your Committee encourages the use of public-private partnerships, lease buyback options, and other means of generating revenue to fully fund departmental requests for funding and to make necessary repairs to state facilities.



As such, your Committee has granted the University of Hawaii's full capital improvement request, plus other various projects, for a total of \$334,000,000 in general obligation bonds and revenue bonds, and has granted the University of Hawaii the authority to issue revenue bonds for these purposes. Your Committee has also enhanced the ability of the various departments to use resources made available to them by providing \$19,700,000 to the Department of Public Safety to work with the Department of Accounting and General Services to enable facility agreements between the State and private investors for the repair and maintenance of our state correctional facilities, where a private investor shall renovate, improve, or construct a facility for the State and may maintain the facility, and lease the facility to the State, pursuant to a building lease.

Your Committee recognizes the great need in the State for services provided by non-governmental groups and nonprofit agencies. Your Committee commends these organizations for their devotion and commitment to serving the community and understands the fiscal constraints within which these organizations often operate. Your Committee will be thoroughly assessing all grant applications alongside the State's evolving financial forecast in order to determine the most appropriate and judicious funding levels for these organizations.

In addition, your Committee has provided funding for various projects within the Department of Defense, Department of Health, Department of Education, Department of Transportation, and the University of Hawaii, among others, to ensure that contributions of matching federal, private, and other funds may be maximized and not lost or forfeited.

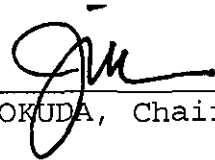
Finally, the Senate Draft of the executive biennium budget provides funding for various other capital improvement program projects that your Committee believes should be included at this time, but that may warrant further discussion as the executive supplemental budget is further refined during the remainder of this Regular Session to meet the evolving needs and priorities of the State.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1700, H.D. 1, as amended herein, and recommends that it pass



Second Reading in the form attached hereto as H.B. No. 1700,
H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

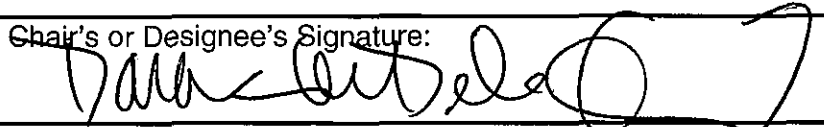


JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1700, HD1	WAM	4/5/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUYE, Lorraine R.	/			
RIVIERE, Gil	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
SLOM, Sam				/
TOTAL	10			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes