

GOV. MSG. NO. 2

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

February 7, 2017

✓The Honorable Ronald D. Kouchi,
President and Members of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,
Speaker and Members of the House
of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear Senate President Kouchi, Speaker Souki and Members of the Legislature:

Transmitted herewith are proposed changes to the FB 2017-19 Executive Budget Request. Adjustments are proposed to reduce the FY 18 and FY 19 operating budget requests due to the Council on Revenues' January 4, 2017 action to decrease general fund tax revenue projections for FY 17 from 5.5% to 3%. Additional changes to correct inadvertent operating budget request errors, update requests due to updated projections and amend provisos, most related to the proposed general fund reductions, are also proposed.

Your favorable consideration is requested for the following budget requests for FB 2017-19, which are listed below by department.

1. Operating Budget Reductions

Department of Accounting and General Services (AGS)

Office of Enterprise Technology Services (OETS), Operations and Infrastructure Maintenance (AGS 131/EB)

Reduces \$350,000 in general funds in equipment in FY 18 and \$21,600 in general funds in other current expenses in FY 19 for the mainframe memory upgrade.

OETS, Operations and Infrastructure Maintenance (AGS 131/EB)

Reduces \$250,000 in general funds in other current expenses in FY 18 for the rearchitecture of mainframe environment strategy and proof of concept.

OETS, Operations and Infrastructure Maintenance (AGS 131/EF)

Reduces \$200,000 in general funds in other current expenses in FY 18 and FY 19 for the telecommunications site tower maintenance.

Public Works – Planning, Design and Construction (AGS 221/IA)

Reduces \$280,000 in FY 18 and \$70,000 in FY 19 in general funds in other current expenses for the Public Works Division project management software upgrade.

Department of Agriculture (AGR)

Financial Assistance for Agriculture (AGR 101/GA)

Reduces \$1,000,000 each in general funds and special funds in other current expenses in FY 18 to supplement the Hawaii Water Infrastructure Special Fund and establish the special fund ceiling.

Quality and Price Assurance (AGR 151/BB)

Reduces 2.00 permanent positions and general funds in personal services of \$72,648 in FY 18 and \$145,296 in FY 19 for a Program Coordinator and an Inspector for the Industrial Hemp Program established pursuant to Act 228, SLH 2016. Also reduces general funds in other current expenses of \$185,650 in FY 18 and \$179,500 in FY 19 for administrative costs.

Agricultural Development and Marketing (AGR 171/BC)

Reduces \$200,000 in general funds in other current expenses in FY 18 and FY 19 for agricultural surveys.

Aquaculture Development Program (AGR 153/CD)

Reduces \$1,000,000 in general funds in FY 18 for the Livestock Feed Subsidy Program.

Department of Budget and Finance (BUF)

Vacation Payout - Statewide (BUF 103/VP)

Reduces \$4,493,450 in both FY 18 and FY 19 in general funds in other personal services for reimbursement to the Departments of Accounting and General Services; Agriculture; Attorney General; Budget and Finance; Business, Economic Development and Tourism; Defense; Human Resources Development; Human Services; Labor and Industrial Relations; Land and Natural Resources; Public Safety; and Taxation and the Offices of the Governor and Lieutenant Governor for expenditures for accrued vacation payments for general funded employees leaving their employ.

Health Premium Payments - State (BUF 761/ST)

Reduces \$74,200,000 in FY 18 to reflect a decrease in Other Post-Employment Benefits (OPEB) Pre-funding from 100% pre-funding to the statutorily required 80% pre-funding.

Department of Business, Economic Development and Tourism (BED)

Hawaii Strategic Development Corporation (BED 145/VC)

Reduces \$5,000,000 each in general funds and revolving funds in other current expenses in FY 18 for the Hawaii Strategic Development Corporation for the HI Growth Initiative.

Department of Defense (DEF)

Amelioration of Physical Disasters (DEF 110/AA)

Reduces \$752,000 in general funds in FY 18 for the repair and maintenance of Department of Defense, State buildings and structures, statewide.

Amelioration of Physical Disasters (DEF 110/AD)

Reduces \$238,000 in general funds in FY 18 for repair and maintenance projects and equipment for the State Emergency Operating Center.

Services to Veterans (DEF 112/VA)

Reduces \$768,000 in general funds in FY 18 for tree trimming (Phase I) at the Hawaii State Veterans Cemetery.

Services to Veterans (DEF 112/VA)

Reduces \$270,000 in general funds and \$1,636,720 in other federal funds in FY 18 for various improvements to facilities and infrastructure at the Maui Veterans Cemetery.

Hawaii National Guard Youth Challenge Academy (DEF 114/YC)

Reduces \$100,000 in general funds and \$300,000 in other federal funds in FY 18 and FY 19 for additional funding for operational support for the Hawaii National Guard Youth Challenge Academy. Governor's initial decision increased the funding from \$17,000 to \$18,000 per cadet (25% State/75% federal).

Department of Education (EDN)

Weighted Student Formula (EDN 100/AA)

Reduces \$18,000,000 in general funds in FY 18 and FY 19 in Weighted Student Formula to support goals and objectives of schools based on enrollment and weighting factors.

Resources for New Facilities (EDN 100/BY)

Reduces \$1,000,000 in general funds in FY 18 for equipment for new school facilities statewide.

Other Instructional Services (EDN 100/BX)

Reduces \$3,000,000 in general funds in FY 19 to support the Early College High School Initiative to achieve the "55 by 25" goal.

School Community Leadership Branch (EDN 200/GD)

Reduces \$300,000 in general funds in FY 18 and FY 19 for training related to Act 206, SLH 2014, regarding the use of restraints and seclusion on students.

Student Transportation (EDN 400/YA)

Reduces 4.00 permanent positions and \$110,874 in general funds in FY 18, and reduces 4.00 permanent positions and \$221,748 in general funds in FY 19 for the Student Transportation Program to better manage school transportation services.

Food Services (EDN 400/MD)

Reduces \$283,403 in general funds in FY 18 and reduces \$207,445 in general funds in FY 19 to cover increase in Food Services Program costs.

Early Learning (EDN 700/PK)

Reduces \$270,615 in general funds in FY 18 and reduces 20.00 permanent positions and \$1,040,593 in general funds in FY 19 for expansion of the Pre-K Program.

Charter Schools (EDN 600/JA)

Reduces \$1,295,083 in general funds in other current expenses in FY 18 and \$1,428,898 in general funds in FY 19 for Charter Schools to equalize the per-pupil funding with the Department of Education.

Office of State Librarian (EDN 407/QB)

Reduces \$250,000 in general funds in other current expenses in FY 18 and FY 19 to address high priority repair and maintenance projects for public libraries statewide.

Department of Health (HTH)

Office of Language Access (HTH 908/AR)

Reduces 4.00 permanent positions and general funds of \$124,922 (\$92,922 in personal services; \$14,000 in other current expenses and \$18,000 in equipment) in FY 18; and reduces 4.00 permanent positions and general funds of \$213,844 (\$185,844 in personal services and \$28,000 in other current expenses) in FY 19 for the Office of Language Access.

Maui Health System, a KFH LLC (HTH 214/LS)

Reduces \$9,500,000 in general funds in other current expenses in FY 18 for the Maui Health System, a KFH LLC, for incremental cost due to transition delay.

Department of Human Services (HMS)

In-Community Youth Programs (HMS 501/YA)

Reduces \$240,000 in general funds for both FY 18 and FY 19 in other current expenses for support of the Juvenile Justice and Delinquency Program.

In-Community Youth Programs (HMS 501/YA)

Reduces \$360,000 in general funds for both FY 18 and FY 19 in other current expenses for support of Juvenile Justice Reform Programs.

In-Community Youth Programs (HMS 501/YA)

Reduces \$400,000 in general funds for both FY 18 and FY 19 in other current expenses for the establishment of cultural healing centers statewide.

General Administration (DHS) (HMS 904/AA)

Reduces general funds of \$258,340 in FY 18 and \$310,008 in FY 19 in personal services for funding for three previously established unbudgeted exempt positions in the general administration office.

General Administration (DHS) (HMS 904/AA)

Reduces general funds of \$114,758 in FY 18 and \$229,516 in FY 19, and federal funds of \$137,717 in FY 18 and \$275,367 in FY 19 in other current expenses for project management office support.

General Administration (DHS) (HMS 904/AA)

Reduces 2.00 permanent Information Technology (IT) Specialist positions and general funds of \$301,572 (\$46,932 in personal services, \$242,640 in other current expenses, and \$12,000 in equipment) for FY 18 and \$336,504 (\$93,864 in personal services and \$242,640 in other current expenses) for FY 19 for IT support services.

Department of Land and Natural Resources (LNR)

Forestry Resource Management and Development (LNR 172/DA)

Reduces \$300,000 in general funds in other current expenses in FY 18 and FY 19 for restoration projects in the Forestry Resource Management and Development Program.

Conservation and Resources Enforcement (LNR 405/HA)

Reduces 12.00 permanent positions and general funds of \$268,620, and adds 12.00 temporary positions in personal services in FY 18 and FY 19 in the Conservation and Resources Enforcement Program. This request will reverse the conversion of positions from temporary to permanent with additional funds to cover half-year salaries.

Natural Area Reserves and Watershed Management (LNR 407/NA)

Reduces \$1,500,000 in general funds in other current expenses in FY 18 and FY 19 for invasive species control, including Rapid Ohia Death response in the Natural Area Reserves and Watershed Management Program.

Parks Administration and Operation (LNR 806/FA)

Reduces 7.00 permanent positions and general funds of \$134,656 in FY 18 and \$269,312 in FY 19 in personal services for new positions for State parks operations.

Department of Public Safety (PSD)

Halawa Correctional Facility (PSD 402/ED)

Reduces \$695,569 in general funds in FY 18 and \$741,794 in general funds in FY 19 for utility expenses.

Hawaii Community Correctional Center (PSD 405/EG)

Reduces \$700,000 in general funds in FY 18 and FY 19 for additional personnel expenses (e.g., overtime, differential, standby pay, etc.).

Maui Community Correctional Center (PSD 406/EH)

Reduces \$1,025,000 in general funds in FY 18 and FY 19 for additional personnel expenses (e.g., overtime, differential, standby pay, etc.).

Oahu Community Correctional Center (PSD 407/EC)

Reduces \$444,665 in general funds in FY 18 and \$462,542 in general funds in FY 19 for utility expenses.

Kauai Community Correctional Center (PSD 408/EL)

Reduces \$375,000 in general funds in FY 18 and FY 19 for additional personnel expenses (e.g., overtime, differential, standby pay, etc.).

Health Care (PSD 421/HC)

Reduces \$704,000 in general funds in FY 18 and FY 19 for additional Hepatitis C treatment services.

Sheriff (PSD 503/CC)

Reduces 6.00 permanent positions and \$249,090 in general funds in FY 18, and reduces 6.00 permanent positions and \$414,563 in general funds in FY 19 for initial security staffing at the Third Circuit Court Kona Judiciary Complex.

University of Hawaii (UOH)

UOH, Systemwide Support (UOH 900)

Reduces \$1,550,372 in general funds in FY 18 and \$1,484,372 in general funds in FY 19 for the Hawaii Graduation Initiative.

UOH, Systemwide Support (UOH 900)

Reduces 5.00 permanent positions and \$3,500,000 in general funds in FY 18 and FY 19 for the Hawaii Research and Innovation Initiative.

UOH, Systemwide Support (UOH 900)

Reduces 7.00 permanent positions and \$1,850,000 in general funds in FY 18 and FY 19 for the High Performance Mission Driven System Initiative.

UOH, Systemwide Support (UOH 900)

Reduces \$10,000,000 in general funds for systemwide support in FY 18 and FY 19.

2. Corrections to Operating Budget Requests

Department of the Attorney General (ATG)

Legal Services (ATG 100/AI)

Adds 1.00 temporary position and \$63,370 in interdepartmental transfer funds (means of financing (MOF) U), and reduces (1.00) temporary position and \$63,370 in federal funds (MOF N) to correct an inadvertent error regarding the MOF for one temporary Investigator V, Position No. 117188, and related other current expenses to be transferred from ATG to PSD. FB 2017-19 Executive Budget reflected the funding for the ATG position as interdepartmental transfer funds (MOF U) instead of federal funds (MOF N). The PSD request indicates the correct MOF, so no corresponding correction is necessary.

Department of Health (HTH)

Alcohol and Drug Abuse Division (HTH 440/HT)

Adds federal funds of \$19,991 in other current expenses in FY 18 and FY 19 in the Alcohol and Drug Abuse Division. This request will correct a negative transfer adjustment from other current expenses to personal services within Alcohol and Drug Abuse and changed the MOF from federal to general for 2.00 FTE permanent Program Specialist Substance Abuse IV positions to realign the responsibilities of the positions.

3. Adjustments to Update Operating Budget Requests

Department of Accounting and General Services (AGS)

OETS, Governance and Innovation (AGS 130/EG)

Reduces \$800,000 in FY 18 and \$800,000 in FY 19 in general funds in other current expenses to reflect revised cost estimates required to restore funds for the Carrier Circuit and Colocation costs.

Department of Human Services (HMS)

Health Care Payments (HMS 401/PE)

Reduces \$3,624,043 in general funds and \$3,308,657 in federal funds in FY 18 and FY 19 to reflect a 10% increase as opposed to the previously anticipated 22% increase in Medicare Part B supplement payment costs beginning January 1, 2017.

4. Provisos

Amendments to the following operating budget provisos are proposed:

Department of Agriculture (AGR)

Financial Assistance for Agriculture (AGR 101/GA)

Amends Section 2 to reflect the reduction of \$1,000,000 each in general funds and special funds in other current expenses in FY 18 to supplement the Hawaii Water Infrastructure Special Fund and establish special fund ceiling.

Department of Budget and Finance (BUF)

Vacation Payout - Statewide (BUF 103/VP)

Deletes Section 10 to reflect the reduction of \$4,493,450 in both FY 18 and FY 19 in general funds in other personal services for reimbursement to the departments for expenditures for accrued vacation payments for general funded employees leaving their employ.

Department of Business, Economic Development and Tourism (BED)

Hawaii Strategic Development Corporation (BED 145/VC)

Amends Section 4 to reflect the reduction of \$5,000,000 in general funds for deposit into the Hawaii Strategic Development Corporation Revolving Fund in FY 18 for the HI Growth Initiative.

A new capital improvements program budget proviso is proposed to correct an error in the prior biennium budget:

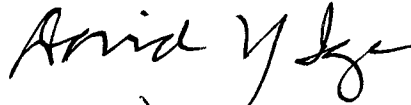
Department of Land and Natural Resources (LNR)

Natural and Physical Environment (LNR 906)

Adds proviso to amend Item D-14, Act 119, SLH 2015, Section 47, as amended by Act 124, SLH 2016, Section 5, to correct the project title from "Kahoolawe island reserve commission, Hawaii" to "Kahoolawe island reserve commission, Maui" to reflect the correct location of the project.

Your staff may contact the appropriate agency for additional information. Your understanding and assistance is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "David Y. Ige". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

DAVID Y. IGE
Governor, State of Hawaii

Attachment

c: Honorable Jill N. Tokuda
Honorable Sylvia Luke

OPERATING1. Operating Budget Reductions:**Department of Accounting and General Service (AGS)**Office of Enterprise Technology Services (OETS), Operations and Infrastructure Maintenance (AGS 131/EB)

Reduces \$350,000 in FY 18 and \$21,600 in FY 19 in general funds for the mainframe memory upgrade.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	..... A	-\$21,600 A
Equipment	-\$350,000 A	..... A

OETS, Operations and Infrastructure Maintenance (AGS 131/EB)

Reduces \$250,000 in general funds in FY 18 for the rearchitecture of mainframe environment strategy and proof of concept.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$250,000 A	..... A

OETS, Operations and Infrastructure Maintenance (AGS 131/EF)

Reduces \$200,000 in FY 18 and FY 19 in general funds for the telecommunications site tower maintenance.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$200,000 A	-\$200,000 A

Public Works – Planning, Design and Construction (AGS 221/IA)

Reduces \$280,000 in FY 18 and \$70,000 in FY 19 in general funds for the Public Works Division project management software upgrade.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$280,000 A	-\$70,000 A

Department of Agriculture (AGR)

Financial Assistance for Agriculture (AGR 101/GA)

Reduces \$1,000,000 each in general funds and special funds in other current expenses in FY 18 to supplement the Hawaii Water Infrastructure Special Fund and establish special fund ceiling.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$1,000,000 A	..... A
	-\$1,000,000 B	..... B

Quality and Price Assurance (AGR 151/BB)

Reduces 2.00 permanent positions and general funds in personal services of \$72,648 in FY 18 and \$145,296 in FY 19 for a Program Coordinator and an Inspector for the Industrial Hemp Program established pursuant to Act 228, SLH 2016. Also reduces general funds in other current expenses of \$185,650 in FY 18 and \$179,500 in FY 19 for administrative costs.

	<u>FY 2018</u>	<u>FY 2019</u>
	-(2.00) A Perm	-(2.00) A Perm
Personal Services	-\$72,648 A	-\$145,296 A
Other Current Expenses	\$185,650 A	-\$179,500 A

Agricultural Development and Marketing (AGR 171/BC)

Reduces \$200,000 in general funds in other current expenses in FY 18 and FY 19 for conduct agricultural surveys.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$200,000 A	-\$200,000 A

Aquaculture Development Program (AGR 153/CD)

Reduces \$1,000,000 in general funds in FY 18 for the Livestock Feed Subsidy Program.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$1,000,000 A	..... A

Department of Budget and Finance (BUF)

Vacation Payout - Statewide (BUF 103/VP)

Reduces \$4,493,450 in both FY 18 and FY 19 in general funds in other personal services for reimbursement to the Departments of Accounting and General Services; Agriculture; Attorney General; Budget and Finance; Business, Economic Development and Tourism; Defense; Human Resources Development; Human Services; Labor and Industrial Relations; Land and Natural Resources; Public Safety; and Taxation and the Offices of the Governor and Lieutenant Governor for expenditures for accrued vacation payments for general funded employees leaving their employ.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-\$4,493,450 A	-\$4,493,450 A

Health Premium Payments - State (BUF 761/ST)

Reduces \$74,200,000 in FY 18 to reflect a decrease in Other Post-Employment Benefits (OPEB) Pre-funding from 100% pre-funding to the statutorily required 80% pre-funding.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$74,200,000 A	.... A

Department of Business, Economic Development and Tourism (BED)

Hawaii Strategic Development Corporation (BED 145/VC)

Reduces \$5,000,000 each in general funds and revolving funds in other current expenses in FY 18 for the Hawaii Strategic Development Corporation for the HI Growth Initiative.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$5,000,000 A	.... A
	-\$5,000,000 W	.... W

Department of Defense (DEF)

Amelioration of Physical Disasters (DEF 110/AA)

Reduces \$752,000 in general funds in FY 18 for the repair and maintenance of Department of Defense, State buildings and structures, statewide.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$752,000 A	..... A

Amelioration of Physical Disasters (DEF 110/AD)

Reduces \$238,000 in general funds in FY 18 for repair and maintenance projects and equipment for the State Emergency Operating Center.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$224,000 A	..... A
Equipment	-\$14,000 A	..... A

Services to Veterans (DEF 112/VA)

Reduces \$768,000 in general funds in FY 18 for tree trimming (Phase I) at the Hawaii State Veterans Cemetery.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$768,000 A	..... A

Services to Veterans (DEF 112/VA)

Reduces \$270,000 in general funds and \$1,636,720 in other federal funds in FY 18 for various improvements to facilities and infrastructure at the Maui Veterans Cemetery.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$270,000 A	..... A
	-\$1,636,720 P	..... P

Hawaii National Guard Youth Challenge Academy (DEF 114/YC)

Reduces \$100,000 in general funds and \$300,000 in other federal funds in FY 18 and FY 19 for additional funding for operational support of the Youth Challenge Academy.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-\$19,279 A	-\$19,279 A
	-\$68,598 P	-\$68,598 P
Other Current Expenses	-\$80,721 A	-\$80,721 A
	-\$231,402 P	-\$231,402 P

Department of Education (EDN)

Weighted Student Formula (EDN 100/AA)

Reduces \$18,000,000 in general funds in FY 18 and FY 19 in Weighted Student Formula to support goals and objectives of schools based on enrollment and weighting factors.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$18,000,000 A	-\$18,000,000 A

Resources for New Facilities (EDN 100/BY)

Reduces \$1,000,000 in general funds in FY 18 for equipment for new school facilities statewide.

	<u>FY 2018</u>	<u>FY 2019</u>
Equipment	-\$1,000,000 A	..... A

Other Instructional Services (EDN 100/BX)

Reduces \$3,000,000 in general funds in FY 19 to support the Early College High School Initiative.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	..... A	-\$3,000,000 A

School Community Leadership Branch (EDN 200/GD)

Reduces \$300,000 in general funds in FY 18 and FY 19 for training related to Act 206, SLH 2014, regarding the use of restraints and seclusion on students.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$300,000 A	-\$300,000 A

Student Transportation (EDN 400/YA)

Reduces 4.00 permanent positions and \$110,874 in general funds in FY 18, and 4.00 permanent positions and \$221,748 in general funds in FY 19 for the Student Transportation Program to better manage school transportation services.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-(4.00) A Perm -\$110,874 A	-(4.00) A Perm -\$221,748 A

Food Services (EDN 400/MD)

Reduces \$283,403 in general funds in FY 18 and \$207,445 in general funds in FY 19 for the Food Services Program to cover increased program costs.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-\$82,000 A	..... A
Other Current Expenses	-\$201,403 A	-\$207,445 A

Early Learning (EDN 700/PK)

Reduces \$270,615 in general funds in FY 18, and 20.00 permanent positions and \$1,040,593 in general funds in FY 19 for expansion of the Pre-K Program.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	..... -\$8,205 A	-(20.00) A Perm -\$783,453 A
Other Current Expenses	-\$82,410 A	-\$257,140 A
Equipment	-\$180,000 A	..... A

Charter Schools (EDN 600/JA)

Reduces \$1,295,083 in general funds in other current expenses in FY 18 and \$1,428,898 in general funds in FY 19 for Charter Schools to equalize the per-pupil funding with the Department of Education.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$1,295,083 A	-\$1,428,898 A

Office of State Librarian (EDN 407/QB)

Reduces \$250,000 in general funds in FY 18 and FY 19 to address high priority repair and maintenance projects for public libraries statewide.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$250,000 A	-\$250,000 A

Department of Health (HTH)

Office of Language Access (HTH 908/AR)

Reduces 4.00 permanent position and general funds of \$124,922 in FY 18, and reduces 4.00 permanent position and general funds of \$213,844 in FY 19 in the Office of Language Access.

	<u>FY 2018</u>	<u>FY 2019</u>
	-(4.00) A Perm	-(4.00) A Perm
Personal Services	-\$92,922 A	-\$185,844 A
Other Current Expenses	-\$14,000 A	-\$28,000 A
Equipment	-\$18,000 A	..... A

Maui Health System, a KFH LLC (HTH 214/LS)

Reduces \$9,500,000 in general funds in other current expenses in FY 18 for the Maui Health System, a KFH LLC, for incremental cost due to transition delay.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$9,500,000 A	..... A

Department of Human Services (HMS)

In-Community Youth Programs (HMS 501/YA)

Reduces \$240,000 in general funds for both FY 18 and FY 19 in other current expenses for support of the Juvenile Justice and Delinquency Program.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$240,000 A	-\$240,000 A

In-Community Youth Programs (HMS 501/YA)

Reduces \$360,000 in general funds for both FY 18 and FY 19 in other current expenses for support of Juvenile Justice Reform Programs.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$360,000 A	-\$360,000 A

In-Community Youth Programs (HMS 501/YA)

Reduces \$400,000 in general funds for both FY 18 and FY 19 in other current expenses for the establishment of cultural healing centers statewide.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$400,000 A	-\$400,000 A

General Administration (DHS) (HMS 904/AA)

Reduces general funds of \$258,340 in FY 18 and \$310,008 in FY 19 in personal services for funding for three previously established unbudgeted exempt positions in the general administration office.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-\$258,340 A	-\$310,008 A

General Administration (DHS) (HMS 904/AA)

Reduces general funds of \$114,758 in FY 18 and \$229,516 in FY 19, and federal funds of \$137,717 in FY 18 and \$275,367 in FY 19 in other current expenses for project management office support.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$114,758 A	-\$229,516 A
	-\$137,717 N	-\$275,367 N

General Administration (DHS) (HMS 904/AA)

Reduces 2.00 permanent Information Technology (IT) Specialist positions and general funds of \$301,572 for FY 18 and \$336,504 for FY 19 for IT support services.

	<u>FY 2018</u>	<u>FY 2019</u>
	-(2.00) A Perm	-(2.00) A Perm
Personal Services	-\$ 46,932 A	-\$93,864 A
Other Current Expenses	-\$242,640 A	-\$242,640 A
Equipment	-\$12,000 A	..... A

Department of Land and Natural Resources (LNR)

Forestry Resource Management and Development (LNR 172/DA)

Reduces \$300,000 in general funds in FY 18 and FY 19 for forestry restoration projects.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$300,000 A	-\$300,000 A

Conservation and Resources Enforcement (LNR 405/HA)

Reduces 12.00 permanent positions and \$268,620 in general funds and adds 12.00 temporary positions in FY 18 and FY 19. This request will reverse the conversion of positions from temporary to permanent with additional funds.

	<u>FY 2018</u>	<u>FY 2019</u>
	-(12.00) A Perm	-(12.00) A Perm
	(12.00) A Temp	(12.00) A Temp
Personal Services	-\$268,620 A	-\$268,620 A

Natural Area Reserves and Watershed Management (LNR 407/NA)

Reduces \$1,500,000 in general funds in FY 18 and FY 19 for invasive species control, including Rapid Ohia Death response.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$1,500,000 A	-\$1,500,000 A

Parks Administration and Operation (LNR 806/FA)

Reduces 7.00 permanent positions and general funds of \$134,656 in FY 18 and \$269,312 in FY 19 in personal services for new positions for state parks operations.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-(7.00) A Perm -\$134,656 A	-(7.00) A Perm -\$269,312 A

Department of Public Safety (PSD)

Halawa Correctional Facility (PSD 402/ED)

Reduces \$695,569 in general funds in FY 18 and \$741,794 in general funds in FY 19 for utility expenses.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$695,569 A	-\$741,794 A

Hawaii Community Correctional Center (PSD 405/EG)

Reduces \$700,000 in general funds in FY 18 and FY 19 for additional personnel expenses.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-\$700,000 A	-\$700,000 A

Maui Community Correctional Center (PSD 406/EH)

Reduces \$1,025,000 in general funds in FY 18 and FY 19 for additional personnel expenses.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-\$1,025,000 A	-\$1,025,000 A

Oahu Community Correctional Center (PSD 407/EC)

Reduces \$444,665 in general funds in FY 18 and \$462,542 in general funds in FY 19 for utility expenses.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$444,665 A	-\$462,542 A

Kauai Community Correctional Center (PSD 408/EL)

Reduces \$375,000 in general funds in FY 18 and FY 19 for additional personnel expenses.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-\$375,000 A	-\$375,000 A

Health Care (PSD 421/HC)

Reduces \$704,000 in general funds in FY 18 and FY 19 for additional Hepatitis C treatment services.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$704,000 A	-\$704,000 A

Sheriff (PSD 503/CC)

Reduces 6.00 permanent positions and \$249,090 in general funds in FY 18, and reduces 6.00 permanent positions and \$414,563 in general funds in FY 19 for initial security staffing at the Third Circuit Court Kona Judiciary Complex.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-(6.00) A -\$197,844 A	-(6.00) A Perm -\$395,687 A
Other Current Expenses	-\$9,438 A	-\$18,876 A
Equipment	-41,808 A	..... A

University of Hawaii (UOH)

UOH, Systemwide Support (UOH 900)

Reduces \$1,550,372 in general funds FY 18 and \$1,484,372 in general funds in FY 19 for the Hawaii Graduation Initiative.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-\$1,089,372 A	-\$1,089,372 A
Other Current Expenses	-\$195,000 A	-\$395,000 A
Equipment	-\$266,000 A	..... A

UOH, Systemwide Support (UOH 900)

Reduces 5.00 permanent positions and \$3,500,000 in general funds in FY 18 and FY 19 for the Hawaii Research and Innovation Initiative.

	<u>FY 2018</u>	<u>FY 2019</u>
	-(5.00)	-(5.00)
Personal Services	-\$2,700,000 A	-\$2,700,000 A
Other Current Expenses	-\$800,000 A	-\$800,000 A

UOH, Systemwide Support (UOH 900)

Reduces 7.00 permanent positions and \$1,850,000 in general funds in FY 18 and FY 19 for the High Performance Mission Driven System Initiative.

	<u>FY 2018</u>	<u>FY 2019</u>
	-(7.00)	-(7.00)
Personal Services	-\$1,290,000 A	-\$1,290,000 A
Other Current Expenses	-\$560,000 A	-\$560,000 A

UOH, Systemwide Support (UOH 900)

Reduces \$10,000,000 in general funds for systemwide support in FY 18 and FY 19.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-\$9,000,000 A	-\$9,000,000 A
Other Current Expenses	-\$1,000,000 A	-\$1,000,000 A

2. Corrections to Operating Budget Requests:

Department of the Attorney General (ATG)

Legal Services (ATG 100/AI)

Adds (1.00) temporary position and \$63,370 in interdepartmental transfer funds (means of financing (MOF) U), and reduces (1.00) temporary position and \$63,370 in federal funds (MOF N) to correct an inadvertent error regarding the MOF for one temporary Investigator V, Position No. 117188, and related other current expenses to be transferred from the Department of the Attorney General (ATG) to the Department of Public Safety (PSD). FB 2017-19 Executive Budget reflected the funding for the ATG position as interdepartmental transfer funds (MOF U) instead of federal funds (MOF N). The PSD request indicates the correct MOF, so no corresponding correction is necessary.

	<u>FY 2018</u>	<u>FY 2019</u>
	-(1.00) N Temp	-(1.00) N Temp
	-\$61,370 N	-\$61,370 N
	(1.00) U Temp	(1.00) U Temp
Personal Services	\$61,370 U	\$61,370 U
	-\$2,000 N	-\$2,000 N
Other Current Expenses	\$2,000 U	\$2,000 U

Department of Health (HTH)

Alcohol and Drug Abuse Division (HTH 440/HT)

Adds federal funds of \$19,991 in other current expenses in FY 18 and FY 19 in the Alcohol and Drug Abuse Division. This request will correct a negative transfer adjustment from other current expenses to personal services within Alcohol and Drug Abuse and changed the MOF from federal to general for 2.00 FTE permanent Program Specialist Substance Abuse IV positions to realign the responsibilities of the positions.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	\$19,991 N	\$19,991 N

3. Adjustments to Update Operating Budget Requests:

Department of Accounting and General Services (AGS)

OETS, Governance and Innovation (AGS 130/EG)

Reduces \$800,000 in FY 18 and \$800,000 in FY 19 in general funds to reflect revised cost estimates required to restore funds for the Carrier Circuit and Colocation costs.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$800,000 A	-\$800,000 A

Department of Human Services (HMS)

Health Care Payments (HMS 401/PE)

Reduces \$3,624,043 in general funds and \$3,308,657 in federal funds in FY 18 and FY 19 to reflect a 10% increase as opposed to the previously anticipated 22% increase in Medicare Part B supplement payment costs beginning January 1, 2017.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	-\$3,624,043 A	-\$3,624,043 A
	-\$3,308,657 N	-\$3,308,657 N

4. Provisos

Operating Provisos

House Bill No. 100, Part III, is amended:

By amending Section 2 as follows:

“SECTION 2. Provided that of the general fund appropriation for financial assistance for agriculture (AGR 101), the sum of [~~\$2,500,000~~]\$1,500,000 or so much thereof as may be necessary for fiscal year 2017-2018, shall be deposited into the Hawaii water infrastructure special fund, to be expended for the purposes of the fund.”

By amending Section 4 as follows:

“SECTION 4. Provided that of the general fund appropriation for the Hawaii strategic development corporation (BED 145), the sum of [~~\$10,000,000~~]\$5,000,000 or so much thereof as may be necessary for fiscal year 2017-2018, shall be deposited into the Hawaii strategic development corporation revolving fund, as authorized by section 211F-5, Hawaii Revised Statutes, to be expended for the purposes of the fund.”

By deleting Section 10 as follows:

~~“[SECTION 10. Provided that of the general fund appropriation for vacation payout – statewide (BUF 103), the sum of \$4,493,450 or so much thereof as may be necessary for fiscal year 2017-2018 and the sum of \$4,493,450 or so much thereof as may be necessary for fiscal year 2018-2019 shall be transferred by the director of finance to reimburse the departments of accounting and general services; agriculture; attorney general; budget and finance; business, economic development and tourism; defense; human resources development; human services; labor and industrial relations; land and natural resources; public safety; and taxation and the offices of the governor and lieutenant governor for expenditures for accrued vacation payments for general funded employees leaving their employ and provided further that any unexpended funds shall lapse to the general fund at the end of the fiscal year for which the appropriation was made.]”~~

Capital Improvement Program Provisos

House Bill No. 100, Part V, is amended:

By adding a new section to read as follows:

“SECTION ###. Act 119, Session Laws of Hawaii 2015, section 47, as amended by Act 124, Session Laws of Hawaii 2016, section 5, is amended by amending Item D-14 to read as follows:

“J00E KAHOOLAWE ISLAND RESERVE COMMISSION, [~~HAWAII~~] MAUI

 PLANS AND DESIGN FOR AN EDUCATION
 CENTER, EXHIBIT AREA/VISITOR CENTER
 AND ADMINISTRATIVE BUILDING.

	<u>FY 2016</u>	<u>FY 2017</u>
PLANS	1	
DESIGN	499	
TOTAL FUNDING LNR	500 C	C””