



# GOV. MSG. NO. 5

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

February 17, 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 the FY 18 and FY 19 operating and capital improvement program (CIP) budget requests and CIP provisos.

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

## OPERATING BUDGET

### 1. Operating Budget Adjustments:

#### **Department of Accounting and General Services (AGS)**

AGS – Office of Enterprise Technology Services (OETS), Governance and Innovation (AGS 130) and Operations and Infrastructure Maintenance (AGS 131)

Reduces 14.00 permanent civil service positions (AGS 131) and \$1,054,320 in general funds (AGS 131) in FY 18 and FY 19, and adds 9.00 permanent exempt positions (AGS 130: 2.00 positions; AGS 131: 7.00 positions), and \$1,000,000 in general funds (AGS 130: \$280,000; AGS 131: \$720,000) in FY 18 and FY 19 to reflect the trade-off of outdated vacant civil service positions with updated exempt IT positions:

Program ID/Org. Codes	Reductions (Civil Service)		Additions (Exempt)	
	FTE (Perm)	General Funds	FTE (Perm)	General Funds
AGS 130/EG	.....	.....	2.00	\$280,000
<b>TOTAL AGS 130</b>	.....	.....	<b>2.00</b>	<b>\$280,000</b>
AGS 131/EA	-3.00	(\$300,804)	.....	\$0
AGS 131/EB	-1.00	(\$91,500)	.....	\$0
AGS 131/ED	-4.00	(\$226,908)	2.00	\$120,000
AGS 131/EE	-4.00	(\$262,188)	.....	\$0
AGS 131/EF	-2.00	(\$172,920)	5.00	\$600,000
<b>TOTAL AGS 131</b>	<b>-14.00</b>	<b>(\$1,054,320)</b>	<b>7.00</b>	<b>\$720,000</b>

**Department of the Attorney General (ATG)**

Legal Services (ATG 100/AA)

Adds 3.00 permanent positions and \$460,500 in interdepartmental transfers in FY 18 and adds 3.00 permanent positions and \$453,000 in interdepartmental transfers in FY 19, to conduct the Special Education administrative hearings for the Department of Education (DOE).

Currently, the Department of Commerce and Consumer Affairs conducts the Special Education administrative hearings; however, they have informed the DOE that they will cease doing the administrative hearings beginning July 1, 2017. ATG has agreed to take over the responsibility. DOE intends to pay for the Special Education administrative hearings costs with 100% federal funds.

Legal Services (ATG 100/AA)

Adds \$1,120,150 in interdepartmental transfer funds and \$16,900 in revolving funds in FY 18 and FY 19 for fringe benefits.

Medicaid Fraud Unit (ATG 100/AB)

Adds \$37,000 in special funds and \$243,540 in other federal funds in FY 18 and FY 19 for fringe benefits.

Tobacco Tax Unit (ATG 100/AE)

Adds \$254,450 in special funds in FY 18 and FY 19 for fringe benefits.

**Department of Human Resources Development (HRD)**

Workforce Attraction, Selection, Classification and Effectiveness (HRD 102/SA)

Adds general funds of \$878,000 in FY 18 and \$900,000 in FY 19 for projected increased workers' compensation payments based on actual FY 17 costs incurred to date.

Workers' compensation expenses are outpacing appropriated funds in FY 17; thus, there are emergency appropriation bills seeking general funds for FY 17 in the amount of \$1,700,000, which was the initial additional amount required to cover the total projected claims in FY 17. However, actual costs for FY 17 incurred to date now indicate that the \$1,700,000 requested in the emergency appropriation bills may be insufficient to cover the anticipated workers' compensation expenses for the balance of FY 17.

**Department of Human Services (HMS)**

Rental Assistance Services (HMS 222/RA)

Converts 2.00 permanent Housing Quality Standards Inspector I positions into Building Construction Inspector II positions, adds \$11,796 in general funds in FY 18 and \$23,592 in general funds in FY 19 for personal services, and reduces \$5,011,796 in general funds in FY 18 and \$1,735,016 in general funds in FY 19 for other current expenses from the request for additional funding for the State Rent Supplement program to reflect updated expectations of the program's capabilities to implement additional rent subsidies.

Hawaii Public Housing Authority Administration (HMS 229/HA)

Adds 34.00 permanent positions and revolving funds of \$2,088,413 (\$1,453,478 for personal services; \$33,575 for other current expenses; \$13,600 for equipment; \$5,760 for current lease payments; and \$582,000 for motor vehicles) in FY 18 and \$2,959,892 (\$2,906,957 for personal services; \$33,575 for other current expenses; \$13,600 for equipment; and \$5,760 for current lease payments) in FY 19 to restore positions borrowed by the Multi-Skilled Worker Pilot program.

**Department of Land and Natural Resources (LNR)**

Public Lands Management (LNR 101/EA)

Adds \$300,000 in special funds in FY 18 and FY 19 for other current expenses to cover increased costs associated with contested case proceedings that include hiring of hearing officers and court reporters and neighbor island travel.

2. Corrections to Operating Budget Requests:

**Department of Commerce and Consumer Affairs (CCA)**

Consumer Advocate for Communications, Utilities and Transportation Services (CCA 103/HA)

Adds special funds of \$321,310 in personal services and reduces \$321,310 in other current expenses in FY 18 and FY 19 in the Consumer Advocate for Communications, Utilities and Transportation Services program. This is a

housekeeping adjustment to correct an inadvertent error between cost elements in the budget summaries related to a request to fund additional fringe costs using surplus funds from other current expenses.

Professional and Vocational Licensing (CCA 105/GA)

Reduces trust funds of \$180,000 in personal services and adds \$14,400 in other current expenses, and \$3,600 in equipment in FY 18 in the Professional and Vocational Licensing program. This is a housekeeping adjustment to correct inadvertent errors between cost elements in the budget summaries.

**CAPITAL IMPROVEMENT PROGRAM**

1. Capital Improvement Program (CIP) Budget Adjustments:

**Department of Land and Natural Resources (LNR)**

Public Lands Management (LNR 101)

Reduces special funds of \$150,000 for FY 18 and \$850,000 for FY 19 for the Hilo Ditch Repair, Hawaii, project.

Public Lands Management (LNR 101)

Adds \$1,000,000 in special funds in FY 18 for the Waimea River Mouth Sand Relocation, Kauai, project.

Forest and Outdoor Recreation (LNR 804)

Amends project title from "Hanahanapuni shooting range development, Kauai" to "Shooting range development, Kauai", and project description from "Plans, design and construction for the development of a shooting range." to "Plans, design and construction for the development of shooting ranges." The amendment allows LNR to consider various shooting range sites on Kauai.

**Department of Public Safety (PSD)**

Women's Community Correctional Center (PSD 409)

Adds \$3,145,000 in general obligation (G.O.) bond funds for Women's Community Correctional Center (CCC), Hookipa Makai Cottage Renovation for New Consolidated Female Housing, Oahu.

General Administration (PSD 900)

Adds \$13,210,000 in G.O. bond funds in FY 18 for Kauai CCC, New Medium Security Housing, Kauai.

General Administration (PSD 900)

Adds \$13,210,000 in G.O. bond funds in FY 18 for Hawaii CCC, New Medium Security Housing, Hawaii.

General Administration (PSD 900)

Adds \$6,320,000 in G.O. bond funds in FY 18 for Maui CCC, New Medium Security Housing, Maui.

2. Provisos:

**Department of Land and Natural Resources (LNR)**

Adds proviso to amend Item D-8, Act 119, SLH 2015, section 47, as amended by Act 124, SLH 2016, section 5, to correct the project title from "Hanahanapuni firing range project, Kauai" to "Firing range projects, Kauai", and correct the project description from "Plans and design for a firing range. This project is deemed necessary to qualify for federal aid financing and/or reimbursement." to "Plans and design for the development of firing ranges. This project is deemed necessary to qualify for federal aid financing and/or reimbursement." The amendment broadens the appropriation language to allow for consideration of various firing range sites on Kauai.

**Department of Public Safety (PSD)**

Lapses \$35,885,000 in G.O. bond funds or so much thereof, from Act 119, SLH 2015, as amended by Act 124, SLH 2016, relating to new housing and associated support offices at the respective facilities. AGS is unable to complete the design phase and advertise for bids prior to the lapsing date of June 30, 2018. Thus, reappropriation will ensure preservation of the original intent and alleviate overcrowding at Kauai, Hawaii and Maui CCCs, and provide more housing options for women inmates at the Women's CCC.

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

Sincerely,



DAVID Y. IGE  
Governor, State of Hawaii

Attachment

c: Honorable Jill N. Tokuda  
Honorable Sylvia Luke

OPERATING1. Operating Budget Adjustments:**Department of Accounting and General Services (AGS)**AGS – Office of Enterprise Technology Services (OETS), Governance and Innovation (AGS 130) and Operations and Infrastructure Maintenance (AGS 131)

Reduces 14.00 permanent civil service positions (AGS 131) and \$1,054,320 in general funds (AGS 131) in FY 18 and FY 19, and adds 9.00 permanent exempt positions (AGS 130: 2.00 positions; AGS 131: 7.00 positions,) and \$1,000,000 in general funds (AGS 130: \$280,000; AGS 131: \$720,000) in FY 18 and FY 19 to reflect the trade-off of outdated vacant civil service positions with updated exempt IT positions:

AGS – OETS, Governance and Innovation (AGS 130/EG)

Adds 2.00 permanent exempt positions and \$280,000 in general funds in FY 18 and FY 19 for personal services costs for updated IT exempt positions.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	(2.00) A Perm \$280,000 A	(2.00) A Perm \$280,000 A

AGS – OETS, Operations and Infrastructure Maintenance (AGS 131/EA)

Reduces 3.00 permanent civil service positions and \$300,804 in general funds in FY 18 and FY 19 for personal services costs to delete outdated vacant IT civil service positions.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-(3.00) A Perm -\$300,804 A	-(3.00) A Perm -\$300,804 A

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

Reduces 1.00 permanent civil service position and \$91,500 in general funds in FY 18 and FY 19 for personal services costs to delete outdated vacant IT civil service positions.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-(1.00) A Perm -\$91,500 A	-(1.00) A Perm -\$91,500 A

AGS – OETS, Operations and Infrastructure Maintenance (AGS 131/ED)

Reduces 2.00 permanent civil service positions and \$106,908 in general funds in FY 18 and FY 19 for personal services costs to reflect the trade-off of 4.00 outdated vacant IT civil service positions and \$226,908 in general funds for 2.00 IT permanent exempt positions and \$120,000 in general funds.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	(2.00) A Perm -\$106,908 A	(2.00) A Perm -\$106,908 A

AGS – OETS, Operations and Infrastructure Maintenance (AGS 131/EE)

Reduces 4.00 permanent civil service positions and \$262,188 in general funds in FY 18 and FY 19 for personal services costs to delete outdated vacant IT civil service positions.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	(4.00) A Perm -\$262,188 A	(4.00) A Perm -\$262,188 A

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

Adds 3.00 permanent exempt positions and \$427,080 in general funds in FY 18 and FY 19 for personal services costs to reflect the trade-off of 2.00 outdated vacant IT civil service positions and \$172,920 in general funds for 5.00 IT permanent exempt positions and \$600,000 in general funds.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	(3.00) A Perm \$427,080 A	(3.00) A Perm \$427,080 A

**Department of the Attorney General (ATG)**

Legal Services (ATG 100/AA)

Adds 3.00 permanent positions and \$460,500 in interdepartmental transfers in FY 18 and adds 3.00 permanent positions and \$453,000 in interdepartmental transfers in FY 19, to conduct the Special Education administrative hearings for the Department of Education.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	(3.00) U Perm \$420,000 U	(3.00) U Perm \$420,000 U
Other Current Expenses	\$30,000 U	\$33,000 U
Equipment	\$10,500 U	.....

Legal Services (ATG 100/AA)

Adds \$1,120,150 in interdepartmental transfer funds and \$16,900 in revolving funds in FY 18 and FY 19 for fringe benefits.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	\$1,120,150 U \$16,900 W	\$1,120,150 U \$16,900 W

Medicaid Fraud Unit (ATG 100/AB)

Adds \$37,000 in special funds and \$243,540 in other federal funds in FY 18 and FY 19 for fringe benefits.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	\$37,000 B \$243,540 P	\$37,000 B \$243,540 P

Tobacco Tax Unit (ATG 100/AE)

Adds \$254,450 in special funds in FY 18 and FY 19 for fringe benefits.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	\$254,450 B	\$254,450 B

**Department of Human Resources Development (HRD)**

Workforce Attraction, Selection, Classification and Effectiveness (HRD 102/SA)

Adds general funds of \$878,000 in FY 18 and \$900,000 in FY 19 for projected increased workers' compensation payments based on actual FY 17 costs incurred to date.

Workers' compensation expenses are outpacing appropriated funds in FY 17; thus, there are emergency appropriation bills seeking general funds for FY 17 in the amount of \$1,700,000, which was the initial additional amount required to cover the total projected claims in FY 17. However, actual costs for FY 17 incurred to date now indicate that the \$1,700,000 requested in the emergency appropriation bills may be insufficient to cover the anticipated workers' compensation expenses for the balance of FY 17.

	<u>FY 2018</u>	<u>FY 2019</u>
Other Current Expenses	\$878,000 A	\$900,000 A



**Department of Human Services (HMS)**

Rental Assistance Services (HMS 222/RA)

Converts 2.00 permanent Housing Quality Standards Inspector I positions into Building Construction Inspector II positions, adds \$11,796 in general funds in FY 18 and \$23,592 in general funds in FY 19 for personal services, and reduces \$5,011,796 in general funds in FY 18 and \$1,735,016 in general funds in FY 19 for other current expenses from the request for additional funding for the State Rent Supplement program to reflect updated expectations of the program's capabilities to implement additional rent subsidies.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	\$11,796 A	\$23,592 A
Other Current Expenses	-\$5,011,796 A	-\$1,735,016 A

Hawaii Public Housing Authority Administration (HMS 229/HA)

Adds 34.00 permanent positions and revolving funds of \$2,088,413 (\$1,453,478 for personal services; \$33,575 for other current expenses; \$13,600 for equipment; \$5,760 for current lease payments; and \$582,000 for motor vehicles) in FY 18 and \$2,959,892 (\$2,906,957 for personal services; \$33,575 for other current expenses; \$13,600 for equipment; and \$5,760 for current lease payments) in FY 19 to restore positions borrowed by the Multi-Skilled Worker Pilot program.

	<u>FY 2018</u>	<u>FY 2019</u>
	(34.00) W Perm	(34.00) W Perm
Personal Services	\$1,453,478 W	\$2,906,957 W
Other Current Expenses	\$33,575 W	\$33,575 W
Equipment	\$13,600 W	\$13,600 W
Current Lease Payments	\$5,760 W	\$5,760 W
Motor Vehicles	\$582,000 W	.....

**Department of Land and Natural Resources (LNR)**

Public Lands Management (LNR 101/EA)

Adds \$300,000 in special funds in FY 18 and FY 19 for other current expenses to cover increased costs associated with contested case proceedings.

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

2. Corrections to Operating Budget Requests:

**Department of Commerce and Consumer Affairs (CCA)**

CCA – Consumer Advocate for Communications, Utilities and Transportation Services (CCA 103/HA)

Adds special funds of \$321,310 in personal services and reduces \$321,310 in other current expenses in FY 18 and FY 19 to correct an inadvertent error between cost elements in the budget summaries related to a request to fund additional fringe costs using surplus funds from other current expenses.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	\$321,310 B	\$321,310 B
Other Current Expenses	-\$321,310 B	-\$321,310 B

CCA – Professional and Vocational Licensing (CCA 105/GA)

Reduces trust funds of \$18,000 in personal services and adds \$14,400 in other current expenses, and \$3,600 in equipment in FY 18 in the Professional and Vocational Licensing program to correct inadvertent errors between cost elements in the budget summaries.

	<u>FY 2018</u>	<u>FY 2019</u>
Personal Services	-\$18,000 T	.....
Other Current Expenses	\$14,400 T	.....
Equipment	\$3,600 T	.....

CAPITAL IMPROVEMENT PROGRAM

1. Capital Improvement Program (CIP) Increases

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

**Department of Land and Natural Resources (LNR)**

**LNR 101 PUBLIC LANDS MANAGEMENT**

By deleting Item K-9.00:

~~"E01A — HILO DITCH REPAIR, HAWAII~~

~~PLANS, DESIGN AND CONSTRUCTION TO REPAIR AND  
REMEDiate A STATE-OWNED DITCH.~~

	<u>FY 2018</u>	<u>FY 2019</u>
<u>PLANS</u>	<u>50</u>	<u>0</u>
<u>DESIGN</u>	<u>100</u>	<u>0</u>
<u>CONSTRUCTION</u>	<u>0</u>	<u>850</u>
<u>TOTAL FUNDING LNR</u>	<u>150 B</u>	<u>850 B</u>

**LNR 101 PUBLIC LANDS MANAGEMENT**

By adding a new item:

"E01B WAIMEA RIVER MOUTH SAND RELOCATION PROJECT, KAUAI

PLANS, DESIGN AND CONSTRUCTION TO RELOCATE SAND  
FROM THE WAIMEA RIVER MOUTH TO ALLEVIATE FLOODING.

	<u>FY 2018</u>	<u>FY 2019</u>
<u>PLANS</u>	<u>1</u>	<u>0</u>
<u>DESIGN</u>	<u>1</u>	<u>0</u>
<u>CONSTRUCTION</u>	<u>998</u>	<u>0</u>
<u>TOTAL FUNDING LNR</u>	<u>1,000 B</u>	<u>0 B"</u>

LNR 804 FOREST AND OUTDOOR RECREATION

By amending Item H-1.00:

"D03F ~~[HANAHANAPUNI]~~ SHOOTING RANGE DEVELOPMENT, KAUAI

PLANS, DESIGN AND CONSTRUCTION FOR THE DEVELOPMENT  
OF ~~[A] SHOOTING [RANGE.]~~ RANGES.

	<u>FY 2018</u>	<u>FY 2019</u>
PLANS	1	1
DESIGN	1	1
CONSTRUCTION	348	348
TOTAL FUNDING LNR	350 C	350 C"

**Department of Public Safety (PSD)**

PSD 409 WOMEN'S COMMUNITY CORRECTIONAL CENTER

By adding a new item:

"2018-6 WOMEN'S COMMUNITY CORRECTIONAL CENTER, HOOKIPA MAKAI  
COTTAGE RENOVATION FOR NEW CONSOLIDATED FEMALE  
HOUSING, OAHU

CONSTRUCTION FOR THE RENOVATION OF THE HOOKIPA MAKAI  
COTTAGE AND PROGRAMS BUILDING AND RELATED  
IMPROVEMENTS AT THE WOMEN'S COMMUNITY CORRECTIONAL  
CENTER.

	<u>FY 2018</u>	<u>FY 2019</u>
<u>CONSTRUCTION</u>	<u>3,145</u>	<u>0</u>
<u>TOTAL FUNDING</u> AGS	<u>3,145 C</u>	<u>0 C"</u>

PSD 900 GENERAL ADMINISTRATION

By adding new items:

"2018-7 KAUAI COMMUNITY CORRECTIONAL CENTER, NEW MEDIUM SECURITY HOUSING, KAUAI

CONSTRUCTION OF A NEW MEDIUM SECURITY HOUSING UNIT AND RELATED IMPROVEMENTS AT THE KAUAI COMMUNITY CORRECTIONAL CENTER.

	<u>FY 2018</u>	<u>FY 2019</u>
<u>CONSTRUCTION</u>	<u>13,210</u>	<u>0</u>
<u>TOTAL FUNDING</u> AGS	<u>13,210 C</u>	<u>0 C"</u>

"2018-8 HAWAII COMMUNITY CORRECTIONAL CENTER, NEW MEDIUM SECURITY HOUSING, HAWAII

CONSTRUCTION OF A NEW MEDIUM SECURITY HOUSING UNIT AND RELATED IMPROVEMENTS AT THE HAWAII COMMUNITY CORRECTIONAL CENTER.

	<u>FY 2018</u>	<u>FY 2019</u>
<u>CONSTRUCTION</u>	<u>13,210</u>	<u>0</u>
<u>TOTAL FUNDING</u> AGS	<u>13,210 C</u>	<u>0 C"</u>

"2018-9 MAUI COMMUNITY CORRECTIONAL CENTER, NEW MEDIUM SECURITY HOUSING, MAUI

CONSTRUCTION OF A NEW MEDIUM SECURITY HOUSING UNIT AND RELATED IMPROVEMENTS AT THE MAUI COMMUNITY CORRECTIONAL CENTER.

	<u>FY 2018</u>	<u>FY 2019</u>
<u>CONSTRUCTION</u>	<u>6,320</u>	<u>0</u>
<u>TOTAL FUNDING</u> AGS	<u>6,320 C</u>	<u>0 C"</u>

2. Provisos

**Capital Improvement Program Provisos**

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

By amending Section 13 to read as follows:

“SECTION 13. Any law to the contrary notwithstanding, the appropriations under Act 119, Session Laws of Hawaii 2015, section 47, as amended and renumbered by Act 124, Session Laws of Hawaii 2016, section 5, in the amounts indicated or balances thereof, unallotted, allotted, unencumbered, or encumbered and unrequired, are hereby lapsed:

<u>Item No.</u>	<u>Amount (MOF)</u>
C-21	\$50,000,000 E
E-1.01	6,000,000 C
G-81	4,875,000 C
<u>I-0.13</u>	<u>3,145,000 C</u>
<u>I-1.01</u>	<u>13,210,000 C</u>
<u>I-1.02</u>	<u>13,210,000 C</u>
<u>I-1.03</u>	<u>6,320,000 C</u>
K-7	8,512,000 C”

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-8 to read as follows:

“[HANAHA NAPUNI] FIRING RANGE [PROJECT,] PROJECTS, KAUAI

PLANS AND DESIGN FOR THE DEVELOPMENT OF [A] FIRING [RANGE.] RANGES. THIS PROJECT IS DEEMED NECESSARY TO QUALIFY FOR FEDERAL AID FINANCING AND/OR REIMBURSEMENT.

	<u>FY 2016</u>	<u>FY 2017</u>
PLANS	1	
DESIGN	1,623	
TOTAL FUNDING LNR	424 C	C
LNR	1,200 N	N”