

STAND. COM. REP. NO.

1214

Honolulu, Hawaii

MAR 13 2019

RE: H.B. No. 116  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 116 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 appropriate additional funds for the operating costs of the Executive Branch for the fiscal biennium beginning July 1, 2019, and ending June 30, 2021.

No testimony was submitted on this measure.

#### **PART I. Department Highlights**

##### Accounting and General Services

Your Committee adjusts the Department of Accounting and General Services' appropriation by adding \$2,198,866 in general funds and \$200,000 in non-general funds in fiscal year 2019-2020, and adding \$2,801,968 in general funds in fiscal year 2020-2021.

Your Committee recognizes the Department's role in overseeing and managing cybersecurity for the State. Therefore, your Committee approves \$1,038,240 in fiscal year 2019-2020, and \$1,263,902 in fiscal year 2020-2021, for a multitude of cybersecurity enhancements. In addition, your Committee approves



\$150,000 in each fiscal year for mobile device management software in order to secure sensitive state data on mobile devices used for state business.

Your Committee acknowledges and supports the preservation and digitization of historical documents. Therefore, your Committee approves \$200,000 for fiscal year 2019-2020 for a digital archived preservation system. In addition, your Committee approves \$76,500 in fiscal year 2019-2020, and \$107,940 in fiscal year 2020-2021 for one new permanent position and related office expenses for the State Archives.

### Agriculture

Your Committee adjusts the Department of Agriculture's appropriation by adding \$1,307,816 in general funds and adding \$851,936 in non-general funds in fiscal year 2019-2020, and \$207,816 in general funds and \$651,936 in non-general funds in fiscal year 2020-2021.

Your Committee has worked diligently to identify ways to support local farmers and increase Hawaii's food production.

Your Committee provides two temporary positions and \$851,936 for agribusiness development and research.

Your Committee also recognizes the Department's responsibility to care for the environment by protecting native lands and species. Your Committee provides four positions and \$207,816, in each fiscal year for Hawaii's Interagency Biosecurity Plan.

Your Committee also provides one permanent position and funding for the Animal Disease Control Branch's Airport Quarantine Holding Facility, to protect Hawaii from animal-borne dangers.

Your Committee recognizes the importance of clean water in regards to the health of the State. Your Committee provides \$600,000 in fiscal year 2020-2021 for a water quality monitoring program.



Attorney General

Your Committee adjusts the Department of the Attorney General's appropriation by adding \$1,808,714 in general funds in fiscal year 2019-2020 and \$1,415,714 in general funds in fiscal year 2020-2021.

Your Committee recognizes the Department's role in overseeing and managing a range of services for the State, including community treatment. The Department's legal services program received an addition of four permanent positions in each fiscal year and \$332,000 in fiscal year 2019-2020 and \$308,000 in fiscal year 2020-2021 to expedite assisted community treatment petitions.

Your Committee acknowledges the Department's increasing responsibilities in regards to criminal justice information and identification. Your Committee approves the addition of two permanent positions and \$169,000 in fiscal year 2019-2020 and two permanent positions and \$153,000 in fiscal year 2020-2021 for the Hawaii Criminal Justice Data Center.

Your Committee also provides \$700,000 in each fiscal year for special events security operations to prepare for unforeseen or large events that require additional security personnel.

Budget and Finance

Your Committee adjusts the Department of Budget and Finance's appropriation by adding \$174,610 in general funds and \$13,997,488 in non-general funds in fiscal year 2019-2020, and \$38,756 in general funds and \$2,541,247 in non-general funds in fiscal year 2020-2021.

Your Committee recognizes the Department's role in administering the retirement and survivor benefits program for state and county employees. To help manage the retirement system's resources, your Committee approves three permanent positions, two temporary positions, and \$3,705,665 for fiscal year 2019-2020, and \$1,957,257 for fiscal year 2020-2021 in other funds, for an actuarial experience study, telephone replacement system, and IT upgrades.



Your Committee recognizes that maintaining a secure, comprehensive and up-to-date database and IT system is crucial to the Department's success. As such, your Committee approves \$10,075,000 for fiscal year 2019-2020 and \$367,167 for fiscal year 2020-2021 for the Hawaii Employer-Union Trust Fund New Benefits Administration System. For the Office of the Public Defender, your Committee approves \$97,832 in fiscal year 2019-2020, and \$24,000 in fiscal year 2020-2021, for case management software.

#### Business, Economic Development, and Tourism

Your Committee adjusts the Department of Business, Economic Development, and Tourism's appropriation by adding \$3,996,348 in general funds and \$228,048 in non-general funds in fiscal year 2019-2020, and \$3,388,848 in general funds and \$285,048 in non-general funds in fiscal year 2020-2021.

Your Committee recognizes the Department's role in promoting the growth and diversification of Hawaii's aerospace industry. Therefore, your Committee provides \$61,000 to the Challenger Center.

Your Committee also provides \$100,000 to attract international students through website upgrades and printed collateral to be distributed to target students in key regions around the world.

Your Committee acknowledges the need to further the education of Hawaii's creative professionals. Therefore, your Committee provides four permanent positions and \$331,804 in each fiscal year for Creative Lab Hawaii and the Creative Industries Division.

#### Commerce and Consumer Affairs

Your Committee adjusts the Department of Commerce and Consumer Affairs' appropriation by adding \$3,884,000 in non-general funds in fiscal year 2019-2020, and \$3,444,000 in non-general funds in fiscal year 2020-2021.

Your Committee recognizes the Department's role in maintaining consumer protection, health, safety, and welfare. In order to provide continued efficiency and operations for consumer



benefit, your Committee approves \$2,500,000 in each fiscal year for insurance regulatory services.

Your Committee also provides five permanent positions and \$584,000 in each fiscal year for consumer advocacy for communication, utilities, and transportation services. These positions will better serve the State's needs by allowing the Division to develop in-house expertise.

Your Committee acknowledges the need for document management system modernization and enhancements. Therefore, your Committee approves \$500,000 in fiscal year 2019-2020, and \$260,000 in fiscal year 2020-2021 for the Public Utilities Commission.

#### Defense

Your Committee adjusts the Department of Defense's appropriation by adding \$5,681,421 in general funds and \$988,612 in non-general funds in fiscal year 2019-2020, and \$5,360,771 in general funds and \$560,512 in non-general funds in fiscal year 2020-2021.

Your Committee recognizes the importance of honoring and supporting Hawaii's military veterans. Your Committee has provided \$125,000 in fiscal year 2019-2020 to the Hawaii State Veterans Cemetery for maintenance equipment.

Your Committee is also committed to disaster-preparedness and emergency management and approves \$620,664 for fiscal years 2019-2020 and the same sum in fiscal year 2020-2021 for twelve temporary positions to manage severe storms and the Kilauea Rift. Your Committee also provides \$145,650 in general funds for fiscal year 2019-2020 to the Hawaii Emergency Management Agency for communications infrastructure.

#### Education

Your Committee adjusts the Department of Education's appropriation by adding \$16,490,770 in general funds and \$5,418,631 in non-general funds in fiscal year 2019-2020, and \$18,772,507 in general funds and \$5,772,499 in non-general funds in fiscal year 2020-2021.



### *Regular Education*

Your Committee acknowledges the success of investing in our keiki through programs such as the Early College High School Initiative and commits \$1,500,000 in each fiscal year for the continued funding of this initiative.

Your Committee recognizes the importance of the Sustainable Schools Initiative in achieving net-zero energy usage, by producing as much renewable energy as the Department consumes across all facilities, and appropriates \$2,000,000 for each fiscal year for electric utilities.

Your Committee understands that the safety and security of department facilities is of highest priority to the Department and allocates fifteen permanent positions for school complex resource services to provide immediate and on-the-spot safety, security, emergency preparedness, and risk management assistance and expertise.

### *Libraries*

Your Committee recognizes the importance of having safe spaces in our communities to encourage learning and development. To help with this effort, your Committee approves \$522,942 for each fiscal year to increase security services.

Your Committee is also aware of a decline in libraries' revenue and an increase in prices for books and materials as a result of the rising demand for electronic books. Therefore, your Committee approves \$1,500,000 in each fiscal year for books and materials.

With the opening of the new Nanakuli Public Library and implementation of radio-frequency identification technology, your Committee approves an additional \$240,000 in each fiscal year to expand this technology to library branches with the highest circulation. The expansion of this technology will benefit the general public by enhancing electronic capabilities and increasing access and service.



### *Charter Schools*

Your Committee is committed to supporting Hawaii's public charter schools and provides \$1,317,937 based on the per-pupil allocation for charter schools.

Your Committee recognizes the importance of attracting qualified teachers to, and retaining them in, our charter schools and provides \$667,050 in each fiscal year for the Hard-to-Staff incentive and \$142,000 in each fiscal year for the National Board Certified Teachers incentive. This will help charter schools provide a competitive salary for teachers.

### *Early Learning*

Your Committee recognizes the efforts of the Executive Office on Early Learning and the Early Learning Board and supports the development of pre-kindergarten programs. Therefore, your Committee approves the addition of two permanent positions and \$133,415 and \$114,715, respectively, in each fiscal year, for prekindergarten program support.

### Governor

Your Committee adjusts the Office of the Governor's appropriation by adding \$139,808 in general funds in fiscal year 2019-2020, and \$116,548 in general funds in fiscal year 2020-2021.

Your Committee recognizes the importance of the Governor's role in managing statewide disasters and adds \$100,000 for both fiscal years 2019-2020 and 2020-2021 for one temporary state disaster recovery coordinator.

Your Committee also recognizes the need for the Governor's office to work effectively and efficiently and approves \$39,808 for fiscal year 2019-2020 for computer updates.

### Health

Your Committee adjusts the Department of Health's appropriation by adding \$26,146,834 in general funds and \$2,409,532 in non-general funds in fiscal year 2019-2020, and



adding \$32,397,652 in general funds and \$2,409,532 in non-general funds in fiscal year 2020-2021.

Your Committee recognizes the Department's role in overseeing and managing a range of services for the State, including food safety. In order to maintain adequate food inspection services, your Committee provides fourteen permanent positions and \$1,588,349 for the Sanitation Branch.

Your Committee also recognizes the need to address the regulation of the rapidly expanding medical marijuana industry. Your Committee provides four permanent positions and \$280,000 in each fiscal year to fund the Office of Medical Cannabis Control and Regulation.

Your Committee also provides \$200,000 in each fiscal year for a telehealth pilot project aimed at utilizing new communications technology to increase the efficiency of medical care in Hawaii.

#### *Hawaii Health Systems Corporation*

Your Committee recognizes the Hawaii Health Systems Corporation's role in overseeing and managing many of Hawaii's hospitals and provides \$14,500,000 for an operating subsidy.

Further, your Committee provides Kahuku Medical Center with \$1,000,000 for labor cost increases.

#### Human Resources Development

Your Committee adjusts the Department of Human Resources Development's appropriation by adding \$623,371 in general funds and \$95,386 in non-general funds in fiscal year 2019-2020, and \$606,031 in general funds and \$95,386 in non-general funds in fiscal year 2020-2021.

Your Committee recognizes the importance of providing training and development opportunities for state employees and provides one permanent position and \$147,464 in fiscal year 2019-2020, and \$139,464 in fiscal year 2020-2021 for the Learning Management System.





Your Committee adds one permanent position and \$160,635 for the State's Chief Negotiator.

#### Human Services

Your Committee adjusts the Department of Human Services appropriation by adding \$18,699,375 in general funds and \$2,518,552 in non-general funds in fiscal year 2019-2020, and \$20,195,901 in general funds and \$4,247,690 in non-general funds in fiscal year 2020-2021.

Your Committee recognizes that maintaining a secure, comprehensive and up-to-date database and IT system is crucial to the Department's success. As such, your Committee provides \$722,957 in general funds and \$641,112 in federal funds for fiscal year 2019-2020, and \$2,584,483 in general funds and \$2,291,900 in federal funds for fiscal year 2020-2021, for the benefit eligibility solution and enterprise platform.

#### *Homeless Initiatives*

Your Committee recognizes the Department's role in addressing homelessness statewide.

To provide services through the Housing First program, Rapid Re-Housing program, and Family Assessment Center, your Committee approves \$9,050,000. Additionally, your Committee approves \$1,750,000 in general funds for homeless outreach and civil legal services. Further, your Committee appropriates \$500,000 for fiscal year 2019-2020 and the same sum for fiscal year 2020-2021 for the continuation and expansion of the "Ohana Zones" project.

#### *Hawaii Public Housing Authority*

Your Committee finds the State Rent Supplement Program is in need of supplemental funding and therefore adds \$2,500,000 in each fiscal year for housing payments for low-income recipients.

#### Labor and Industrial Relations

Your Committee adjusts the Department of Labor and Industrial Relations' appropriation by adding \$5,054,768 in general funds and \$50,000 in non-general funds in fiscal year 2019-2020, and



\$6,255,547 in general funds and \$50,000 in non-general funds in fiscal year 2020-2021.

Your Committee recognizes the importance of the Department's Labor and Industrial Relations Appeals Board and adds one permanent position and \$85,000 in each fiscal year for necessary personnel and capacity to handle the growing caseload across the State.

Your Committee also acknowledges the increasing demands on the Disability Compensation Division and approves \$2,565,469 in fiscal year 2019-2020, and \$1,772,998 in fiscal year 2020-2021 for program improvement through the modernization of its processes and computer systems.

With the growth and success of the Hawaii Civil Rights Commission Mediation Program, your Committee approves the addition of one permanent position and \$52,956 for a program specialist to assist in the mediation process, in addition to the planning, development, and implementation of the Hawaii Civil Rights Commission's public education initiative.

#### Land and Natural Resources

Your Committee adjusts the Department of Land and Natural Resources' appropriation by adding \$5,563,131 in general funds and \$400,000 in non-general funds in fiscal year 2019-2020, and adding \$4,779,631 in general funds and \$400,000 in non-general funds in fiscal year 2020-2021.

Your Committee recognizes the Department's role in protecting endangered species and approves \$1,000,000 in each fiscal year for critical invasive species reports.

Your Committee acknowledges the need for continued response against rapid ohia death and therefore approves \$500,000 in each fiscal year for the Native Resources and Fire Protection Program.

Finally, your Committee supports the Department of Land and Natural Resources' initiative in seeking the input and guidance of native Hawaiian people on the lands of Hawaii and therefore approves \$100,000 in each fiscal year for the Aha Moku Advisory Committee.



Department of Public Safety

Your Committee adjusts the Department of Public Safety's appropriation by adding \$3,431,617 in general funds and \$2,046,174 in non-general funds in fiscal year 2019-2020 and adding \$2,052,709 in general funds and \$1,926,339 in non-general funds in fiscal year 2020-2021.

Ongoing facility upgrades and maintenance are necessary for the safety of both inmates and the general public. Consequently, your Committee provides \$503,634 for fiscal year 2019-2020, and \$232,634 for fiscal year 2020-2021, for Kauai Community Correctional Center and Maui Community Correctional Center. Both Kulani Correctional Facility and Hawaii Community Correctional Center will receive \$501,560 in fiscal year 2019-2020 for various phone system upgrades.

Your Committee recognizes liability issues relating to inmate health care and has approved one permanent position and \$709,184 for various health services.

With the new Ewa and Mauka concourse at the Daniel K. Inouye International Airport, the Department anticipates the need for additional resources for continued services. Your Committee approves twenty-one permanent positions and \$2,046,174 and \$1,926,339 in fiscal year 2019-2020 and in fiscal year 2020-2021, respectively.

Taxation

Your Committee adjusts the Department of Taxation's appropriation by adding \$3,745,912 in general funds in fiscal year 2019-2020, and \$4,905,912 in general funds in fiscal year 2020-2021.

Your Committee recognizes the Department's intent to restructure and reorganize internal divisions to streamline processes and staff resulting in potential cost savings and increased employee engagement and value, while maintaining effectiveness. As such, your Committee approves two permanent positions and \$105,912 in each fiscal year for tax services and processing.



Your Committee also acknowledges that the Tax System Modernization project has demonstrated the potential to help taxpayers and the Department by speeding up processing times, ensuring greater accuracy, and securing taxpayer information. Therefore, in continuing to support the project, your Committee approves \$3,640,000 in fiscal year 2019-2020, and \$4,800,000 in fiscal year 2020-2021, for additional equipment and services to assist the Department with post-implementation efforts.

### Transportation

Your Committee adjusts the Department of Transportation's appropriation by adding \$155,659,910 in non-general funds in fiscal year 2019-2020, and \$162,679,495 in non-general funds in fiscal year 2020-2021.

#### *Airports*

Your Committee acknowledges the need for staffing for the new Mauka concourse and approves necessary personnel for Daniel K. Inouye International Airport, including fifty-three permanent positions and \$3,068,477 for fiscal year 2019-2020, and \$3,789,034 for fiscal year 2020-2021 for staffing and operational needs.

Your Committee recognizes the importance of the state airports system and allocates \$30,000,000 in each fiscal year for special maintenance of the airports system.

#### *Harbors*

Your Committee recognizes the importance of the state harbors system and appropriates \$5,000,000 in each fiscal year for special maintenance of the harbors system.

#### *Highways*

Your Committee recognizes that pedestrian safety is a priority for the Department of Transportation Highways Division and thus appropriates \$2,000,000 in each fiscal year for traffic control.



Finally, your Committee recognizes the importance of the state highways system and appropriates \$44,000,000 in fiscal year 2019-2020, and \$58,000,000 in fiscal year 2020-2021, for special maintenance of the highways system.

University of Hawaii

Your Committee adjusts the University of Hawaii's appropriation by adding \$5,186,864 in fiscal year 2019-2020, and \$5,435,831 in fiscal year 2020-2021.

Your Committee approves \$1,471,000 in each fiscal year for the Hawaii Promise program to provide scholarships for college students with financial needs and to encourage more students to attend college.

Your Committee also provides other necessary personnel and capacity needs for the University of Hawaii by supporting graduate students, student mentors, and tutors. Your Committee approves \$2,198,360,000 in fiscal year 2019-2020, and \$2,242,327 in general funds in fiscal year 2020-2021, to support graduate student base salaries. Additionally, your Committee provides \$500,000 in each fiscal year for student mentors and tutors at community colleges.

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. 116, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 116, 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,

  
DONOVAN M. DELA CRUZ, Chair



