



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

Testimony of **Ford Fuchigami**
Administrative Director, Office of the Governor

Before the
House Committee on Finance
January 23, 2019
1:30 p.m., Conference Room 308

In consideration of
House Bill No. 2
RELATING TO THE STATE BUDGET

Aloha Chair Luke, Vice Chair Cullen, and committee members:

Thank you for the opportunity to provide testimony on behalf of the executive branch in **support of House Bill 2, Relating to the State Budget**, which appropriates funds for the Executive Branch Fiscal Biennium 2019-21 operating base budget. In addition to HB2, other measures that appropriate additional funds to executive departments will also be considered during this legislative session.

The extensive informational briefings before the House Committee on Finance in recent weeks provided invaluable opportunities for executive branch departments to express their budgetary needs to this committee. We are hopeful moving forward to continue to collaborate with the Subject Matter Chairs and the House Committee on Finance in developing a fiscally responsible budget that enhances state government's ability to improve its operations and keeps us on the path toward meeting our shared goals to protect our resources, grow our economy and enhance the lives of people of our great state.

We appreciate the opportunity to testify and will be available to answer your questions, should you have any at this time.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
January 23, 2019 at 1:30 p.m., Room 308

By
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

HB2 – RELATING TO THE STATE BUDGET

Chair Luke, Vice Chair Cullen, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) is in **support** of House Bill (HB) 2, Relating to the State Budget. This bill appropriates funds for the operating budget for the Executive Branch for fiscal years 2019-2020 and 2020-2021, also known as Fiscal Biennium 2019-21.

Our understanding is that this represents a “base” budget and reflects appropriation levels as set forth by Act 53, Session Laws of Hawai'i 2018, with adjustments to account for already agreed upon collective bargaining increases and non-recurring expenditures. Furthermore, it is our understanding that this will not be the only appropriation measure passed this Legislative Session and that other bills to appropriate additional funds to the various department will be forthcoming.

With that understanding, UH is supportive of HB2 to the extent that we recognize the House of Representative's approach to explicitly identify funding that is recurring and can be agreed to as a “base budget.” UH expects to work with all House members and especially the House Committee on Lower and Higher Education to ensure that funding for programs not already provided for in HB2 can be adequately provided for.

HB2 provides a level of base funding to the University, but still leaves other processes to provide general fund support to Athletics programs at UH's Mānoa and Hilo campuses, as has been provided in recent years:

Prog ID	Description	FTE (P) 20	\$\$\$ 20	FTE (P) 21	\$\$\$ 21	MOF
UOH100	Funding Support for Athletics	-	2,700,000	-	2,700,000	A
UOH210	Funding Support for Athletics	-	300,000	-	300,000	A

In addition, the UH Board of Regents has formally requested consideration of additional funding for the following programs and initiatives which have not been included in HB2:

Prog ID	Description	FTE (P) 20	\$\$\$ 20	FTE (P) 21	\$\$\$ 21	MOF
UOH800	Roll-over Act 14/18 funding into the Promise Program base	-	700,000	-	700,000	A
UOH900	Additional Funds for Hawai'i Promise for 4 year institutions	-	19,000,000	-	19,000,000	A
UOH100	Raise Graduate Assistant (GA) Stipend	-	2,198,360	-	2,242,327	A
UOH100	Learning Assistants & Peer Mentoring for Mānoa	1.00	956,600	3.00	1,408,876	A
UOH210	Funding support for Learning Assistants, Peer Mentors and Graduate Assistants at UH Hilo		122,000		231,000	A
UOH700	Add funds for student employment at UH West O'ahu, including hiring Learning Assistants.		300,000		300,000	A
UOH800	Funding support for student Mentors & Tutors at the Community Colleges		1,004,400		1,004,400	A
UOH100	General funded position counts for the Athletics Program	30.00		30.00		A
UOH100	Facilities Maintenance positions for Mānoa	6.00		6.00		A
UOH900	Construction manager and inspector positions for the Office of Project Delivery.	4.00		4.00		A
UOH210	Positions and funds for the Custodial & Maintenance staff at UH Hilo	5.00	228,576	5.00	228,576	A
UOH210	UH Hilo Security - additional security staff positions	8.00	311,240	8.00	311,240	A
UOH210	Wayfinding Education Program - 'Imiloa Astronomy Center	2.00	375,000	2.00	300,000	A
UOH800	Hawai'i Nutrition and Employment Training (HINET) for SNAP recipients at the Community Colleges	8.00	520,000	8.00	520,000	A
UOH700	Build Distance Education Infrastructure and fund additional faculty	8.00	1,000,000	8.00	1,000,000	A
UOH110	Increase Ceiling for RTRF and Real Property and Facilities Use Revolving Fund (RPFURF) for JABSOM	-	1,021,453		1,021,453	W
UOH800	Increase Ceiling for the CC's for RTRF and the Commercial Enterprises Revolving Fund (CERF)		1,000,000		1,000,000	W
UOH700	Decrease Ceiling for Lease Payments (BK)		(270,000)		(270,000)	B

Additionally, HB2 does not provide for transfers between different Program IDs at UH. These transfers have no net effect on the overall budget but are useful as a practical matter during budget execution:

Prog ID	Description	FTE (P) 20	\$\$\$ 20	FTE (P) 21	\$\$\$ 21	MOF
UOH100	Transfer Ant Lab from Hilo to Mānoa.	2.00	200,000	2.00	200,000	A
UOH210	Transfer Ant Lab to Mānoa	(2.00)	(200,000)	(2.00)	(200,000)	A
UOH900	Transfer Nā Pua No‘eau to Various Campuses	(6.00)	(322,242)	(6.00)	(322,242)	A
UOH100	Transfer Nā Pua No‘eau from System to Mānoa	1.00	82,491	1.00	82,491	A
UOH210	Transfer Nā Pua No‘eau from System to UH Hilo	2.00	87,631	2.00	87,631	A
UOH700	Transfer Nā Pua No‘eau from System to UH West O‘ahu	1.00	44,724	1.00	44,724	A
UOH800	Transfer Nā Pua No‘eau from System to the Community Colleges	2.00	107,396	2.00	107,396	A
UOH800	Transfer Hawai‘i Promise from the CC to System.	-	(2,529,000)	-	(2,529,000)	A
UOH900	Transfer Hawai‘i Promise from CCs	-	2,529,000	-	2,529,000	A

The University appreciates the support of the House to fund those items provided for in HB2 and is hopeful that the spirit of collaboration will continue into the process to deliberate those items not included in this HB2 “base.”



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 01/23/2019
Time: 01:30 PM
Location: 308
Committee: House Finance

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: HB 0002 RELATING TO THE STATE BUDGET.

Purpose of Bill: Appropriates funds for the operating budget of the Executive Branch for fiscal years 20192020 and 20202021.

Department's Position:

Chair Luke, Vice Chair Cullen, and committee members:

Thank you for the opportunity to testify on behalf of the Department of Education (Department) in support of House Bill 2, which establishes the base budget for the fiscal biennium 2019-21.

The base funding and additional resources requested, which will route through the House Committee on Lower and Higher Education, will help the Department to meet its primary mission of equity, excellence, and innovation for all of Hawaii's public schools.

As part of the Department's fiscal biennium budget submission, the Department reprogrammed a total of \$18.8 M for FY 2020 and \$21.6 M for FY 2021 of existing funds to align with strategic priorities, such that the Department could minimize incremental requests.

The Department will continue to work with the House Committee on Lower and Higher Education on budget resources needed, in addition to the base budget in House Bill 2.

These resources are needed to preserve our commitments to:

- Provide competitive pay;
- Repair aging facilities;
- Provide adequate pre-K for highest-needs students;
- Maintain the momentum in transitioning to school-based empowerment; and
- Modernize technology infrastructure.

The next decade of the Department's work will require operational, policy, financial, and community partnership support. As the Department's budget makes its way through the legislative process, we look forward to working with the Hawaii State Legislature in shaping the future of quality education for the students in Hawaii's public schools.

Thank you for the opportunity to testify on this measure.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

TO: Members of the Committee on Finance

FROM: Natalie Iwasa, CPA, CFE
808-395-3233

HEARING: 1:30 p.m. Wednesday, January 23, 2019

SUBJECT: HB 2 – State Operating Budget **COMMENTS**

Aloha Chair and Committee Members,

Thank you for allowing me the opportunity to provide testimony on HB2, the state operating budget for fiscal years 2019 – 2020 and 2020 - 2021. I will comment on specific offices and/or divisions only.

Campaign Spending Commission

Please provide **funding for the campaign spending commission that would allow them to improve their reporting platform for campaign spending and effectively enforce campaign spending laws.** I have been the treasurer for my own campaign as well as another. The current system is inefficient and does not allow for the proper reporting of certain transactions. For example, there is no direct method to report vendor refunds that are provided as credits rather than cash, and candidate loans that are forgiven must be reported as receipts twice – once when the loan is received and then again when it is forgiven.

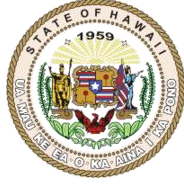
Certain transactions, such as in-kind donations, must also be entered twice – once on the receipts side and once on the expenditure side. While experienced users may have learned work-arounds for these transactions, others struggle to comply with the law. Under the pressure of election season, this may lead to short cuts that not are in compliance with the law or incorrectly filed reports that have to be amended at a later date. (Also note that amended campaign spending reports should require the reason for the amendments as well as a description of what is being amended.)

Department of Labor – Premium Supplementation Program

The state has a program that allows certain low-income businesses to receive health insurance premium supplementation. This program has had a backlog of about two years every year for at least a decade and ran out of funding over a year ago. **Please provide funding to bring them out of the backlog.**

Office of Information Practices (OIP)

Over the past decade, I have requested the services of the OIP several times. They also have a backlog of cases, and it does little good for the public when decisions finally come for issues that have gone beyond the decision-making process. **Please provide funding that will allow this good-governance office to do its job effectively.**



LATE

Office of Lieutenant Governor
State of Hawaii

JOSH GREEN
LIEUTENANT GOVERNOR

Testimony of Brooke Wilson
Chief of Staff, Office of the Lieutenant Governor

Before the House Committee on Finance
January 23, 2019

House Bill 2, Relating to the State Budget

Aloha Chair Luke, Vice Chair Cullen and members of the House Committee on Finance:

Lieutenant Governor Josh Green would like to express his appreciation to this committee for their hard work in the coming weeks and months on House Bill 2 and that we support the intent of House Bill 2. Our office has no additional requests beyond the base budget.

In addition of the Lieutenant Governor acting in place of the Governor in his absence, another core function of the Office of the Lieutenant Governor is to serve as Secretary of State for intergovernmental relations. In this role, the Lieutenant Governor is charged with directing and performing a multitude of activities for the public, which are administrative and coordinative in nature. These activities include:

- (1) Processing name changes;
- (2) Authenticating documents for use in foreign countries;
- (3) Handling the sale and distribution of official state publications;
- (4) Compiling administrative rules;
- (5) Compiling legislative acts; and
- (6) Posting state open meeting agendas.

This committee's support of the LTG 100 base budget for the fiscal biennium 2019-21 will ensure that we can continue to service the public and maintain our administrative functions.

As mentioned during the informational briefings with this committee our office was advised to request a one-time expense for computer equipment and a new phone system, which would be for consideration outside of the base budget.

We appreciate the opportunity to testify and will be available to answer your questions.



KAMEHAMEHA SCHOOLS®

LATE

House Committee on Finance

Time: 1:30 p.m.

Date: January 23, 2019

Where: State Capitol Room 308

TESTIMONY

By Ka'ano'i Walk

RE: **HB2, Relating to the State Budget**

E ka Luna Ho'omaluku, ka Hope Luna Ho'omaluku Cullen, a me nā Lālā o ke Kōmike Waiwai o ka Hale o nā Lunamaka'āinana, aloha! My name is Ka'ano'i Walk and I serve as the Education Senior Policy Analyst for Kamehameha Schools.

We are writing to **support** HB2, relating to the State Budget, which appropriates funds for the operating budget of the Executive Branch for fiscal years 2019-2020 and 2020-2021. Kamehameha Schools strongly supports the following:

Public Pre-K continuation and expansion for the Hawai'i public charter schools and the Executive Office of Early Learning (EOEL) public Pre-K classrooms. Currently these preschools serve a high percentage of economically disadvantaged students and both have shown positive growth in developmental and learning needs. Public Pre-K provides an important opportunity for all of our keiki to enter Kindergarten well prepared for their future educational journey. *Without these funds, over 730 4-year olds across Hawai'i will be displaced.*

We know that more than eighty-five percent of brain development occurs from the time of birth to the age of five. Enrollment in school readiness programs, like the operating eighteen public charter school Pre-K classrooms and the new twenty-two EOEL Pre-K classrooms, prepares all keiki to learn cognitively, linguistically, socially, emotionally, and physically.

Secondly, funding of facilities for public charter schools is essential because it ensures that public charter schools can fully provide a quality educational experience in the K-12 educational offerings as well as its public Pre-K programming.

We have been a collaborator with the Hawai'i public charter schools for over a decade and recognize that facilities funding continues to be the top priority need for Hawai'i's public charter schools.

Mahalo for the opportunity to testify in support of increased funding for early learning and funding for charter school facilities.

Founded in 1887, Kamehameha Schools is an educational organization striving to restore our people through education and advance a thriving Lāhui where all Native Hawaiians are successful, grounded in traditional values, and leading in the local and global communities. We believe that community

success is individual success, Hawaiian culture-based education leads to academic success and local leadership drives global leadership.

‘A‘ohe hana nui ke alu ‘ia. No task is too large when we all work together! Mahalo nui.

LATE

HB-2

Submitted on: 1/22/2019 3:44:17 PM

Testimony for FIN on 1/23/2019 1:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Goodman	Partners in Care - Hawaii Kai Homeless Task Force	Support	Yes

Comments:

Mahalo nui loa for the opportunity to testify, on behalf of Partners in Care and the Hawaii Kai Homeless Task Force.

Regarding page 15, items 8 through 11 which are appropriations for mental health services and substance abuse: Mental illness and substance abuse are the main driving force behind chronic homelessness. . We support efforts by the State Legislature to address our mental health and substance abuse crisis.

Regarding page 20, items 1-4, and page 21, items 1-8. These items relate to housing. Housing is the lynchpin of all efforts to address homelessness. We simply can't end the homeless crisis without a sufficient amount of permanent housing. Consequently, we support efforts by the State Legislature to create more permanent housing for the homeless.

Regarding page 30, item 13, relating to Workforce Development. Although this item is not directly related to homelessness, it is indirectly related. Homeless supportive services, including mental health, should coordinate with Workforce development, to foster recovery and self-sufficiency.