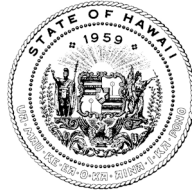


DAVID Y. IGE
GOVERNOR



DOUGLAS MURDOCK
CHIEF INFORMATION
OFFICER

OFFICE OF ENTERPRISE TECHNOLOGY SERVICES

P.O. BOX 119, HONOLULU, HI 96810-0119
Ph: (808) 586-6000 | Fax: (808) 586-1922
ETS.HAWAII.GOV

Testimony of
DOUGLAS MURDOCK
Chief Information Officer
Enterprise Technology Services

Before the

SENATE COMMITTEE ON WAYS AND MEANS
Friday, February 22, 2019

SENATE BILL 126
RELATING TO THE STATE BUDGET

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the committee:

The Office of Enterprise Technology Services (ETS) supports this measure, which is intended to appropriate funding for executive branch budgets for FB 2019-2021.

ETS respectfully requests Item K-20 be amended to delete Item K- 1.00 in the CIP portion of Senate Bill 126. Item K- 1.00, which appropriates funds for enhanced enterprise cyber security capabilities, is no longer needed because the strategy on funding the cybersecurity capability enhancements has changed since the time the executive budget was prepared. After reassessment, we determined that utilizing an enterprise agreement or subscription model will be more effective and efficient in providing cybersecurity.

The following information in budget format reflects the amended version (without the CIP Item K-1.00) of Item K-20 and K-21:

ITEM NO.	PROGRAM	PROGRAM ID	EXPENDING AGENCY	FISCAL YEAR 2019-2020	M O F	FISCAL YEAR 2020-2021	M O F
K 20	INFORMATION TECH & COMMUNICATION SVCS ENT TECH SVCS - GOVERNANCE & INNOVATION						
		AGS130					
	OPERATING			35.00 13.00		35.00 13.00	
			AGS	20,764,698 7.00	A	20,990,360 7.00	A
			AGS	1,469,669	B	1,469,669	B
			AGS	3,000,000	U	3,000,000	U
			AGS	1,800,000	C		
K 21	ENT TECH SVCS-OPER & INFRASTRUCTURE MNTNCE						
		AGS131					
				92.00		92.00	
				15,050,939 1.00	A	15,050,939 1.00	A
				173,560 33.00	B	173,560 33.00	B
				3,312,584	U	3,312,584	U
				5,015,000	C	6,000,000	C

The following AGS 130 new operating budget requests are included in the bill. We are providing written testimony on these items to support your review of the bill. We stand ready to provide additional information as needed.

Request for Special Fund ceiling increase. This request increases the special fund ceiling for AGS 130 by \$150,000 each year for the Shared Services Technology Special Fund, which is necessary to address increasing fringe benefit costs. There is enough revenue in the fund to support the expenditure ceiling increase.

Request for Cybersecurity Capability enhancements. This request appropriates \$1,038,240 in FY 20 and \$1,263,902 in FY 21. Cyber security is the process of protecting and recovering networks, devices, and programs from any type of cyberattack. Cyberattacks are an evolving

danger to organizations, employees, and consumers. They may be designed to access or destroy sensitive data or extort money. They can, in effect, destroy businesses and damage people's financial and personal lives.

The best defense is a strong cyber security system with multiple layers of protection spread across computers, networks, and programs. This request provides the various tools needed to build a strong defense to recognize and avoid threats before they're able to infiltrate our network.

Request for Mobile Device Manager (MDM) software. This request adds \$150,000 in each year of the biennium. Mobile device management (MDM) solutions provide organizations with end-to-end security — meaning the mobile apps, network and data used by the mobile device (in addition to the mobile device itself) are managed by an organization's IT department with a single mobile device software product. This is a way to control and secure the personal digital assistants, smartphones, tablets and laptops that employees use. With technology becoming more accessible, allowing employees to conduct business anytime and anywhere, it is important to have controls in place to prevent malicious activity on mobile devices. MDM allows mobile devices that are used for State business to be managed to ensure devices are kept up to date, patched and could be wiped in the event the device is lost or stolen.

The following AGS 130 and AGS 131 new Capital Improvement Project requests are included in the bill. We are providing written testimony on these items to support your review of the bill. We stand ready to provide additional information as needed.

Request for new uninterruptable power supply (UPS) (AGS130). This request appropriates \$1,800,000 in AGS 130 for replacing the large uninterruptable power supply (UPS) and upgrading the electrical circuit panel at the Kalanimoku state data center. The current UPS is beyond its 15-year expected life. The data center houses important servers, network equipment and systems for statewide operations. This upgrade will give the Data Center necessary power redundancy. The state will also benefit from reduced electric consumption which translates to monthly cost savings.

Currently, there are two UPS's, a 225 kVA and a 150 kVA. The existing 225kVA UPS became operational in September of 2001 and the 150 kVA UPS became operational in November of 2005. They are now 17 and 13 years old, respectively, and have reached their recommended service life of 12-14 years. The batteries for both UPS's were last replaced in November of 2015. They will be 4 years old in 2019 and would need to be replaced. Rather than allocating funds towards battery replacement, it would be more economically efficient to direct those funds towards a new UPS. Acquiring factory Original Equipment Manufacturer (OEM) parts is getting more difficult and costlier. Also, many current circuit panels in the Data Center are either obsolete or cannot be repaired due to the unavailability of parts. It is very difficult to find available circuit space to expand the State's IT infrastructure.

Continued work on radio site improvements (AGS131). The funding will add to state-owned radio and fiber optic links to enable state agencies to connect to the ANUENUE and

HAWAIIAN systems. The towers and antennas will be used to support new radio links to increase overall capacity, provide redundancy, and prepare for additional public safety communication payloads, allowing the state to expand communication coverage to include areas that currently lack or have insufficient coverage.

Radio system enhancement (AGS131). This request will support DLNR radio connectivity. GreenNet is DLNR's land mobile radio system that supports various law enforcement divisions in the department. The upgrades proposed will provide DLNR with statewide connectivity that will allow GreenNet to be fully supported and operational. As DLNR partners with ETS, the cost savings are seen in both the initial purchase and the follow-on maintenance. By having GreenNet maintained as part of the HIWIN system, the State saves over \$150,000 annually.

Thank you for this opportunity to provide testimony on this bill.

DAVID Y. IGE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 22, 2019
10:00 AM - Room 211, Hawaii State Capitol

In consideration of
SB 126
RELATING TO THE STATE BUDGET

Honorable Chair Dela Cruz and Members of the Senate Committee on Ways and Means, thank you for the opportunity to provide testimony concerning Senate Bill (SB) 126, relating to the state budget.

The Hawaii Public Housing Authority (HPHA) **strongly supports** the enactment of SB 126, which appropriates funds for operating and capital improvement budget of the Executive Branch for fiscal years 2019-2020 and 2020-2021.

The HPHA's mission is to promote adequate and affordable housing in perpetuity, economic opportunity and a suitable living environment free from discrimination through its public housing and rental assistance programs. The HPHA serves the State's most disadvantaged populations, including the homeless and those at risk of homelessness, those earning less than thirty percent of the Area Median Income (AMI), the disabled and the elderly. The HPHA respectfully requests the support of the Legislature as we continue to provide stable housing for approximately 37,000 people statewide.

Increase Fringe Benefits.

For Program IDs **HMS220 and HMS222**, the HPHA is requesting federal fund ceiling increases for FY20 and FY21 of \$745,126 and \$841,944, and \$257,731 and \$264,510 respectively. The requested ceiling increases are needed to match the federal fringe assessment rate of 60% for FY20 and FY21 per Executive Memorandum 18-16.

HMS220

This Program ID contains the operating budget for the HPHA's Federal and State public housing programs. These programs provide decent, safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Some positions included in HMS220 are Public Housing Supervisors, Building Maintenance, General Laborers, Electricians, Plumbers, Carpenters, and Multi-Skilled Workers. All these positions are needed as the funding mechanism from U.S. Department of Housing and Urban Development (HUD) is based on occupied units. All positions, except for two (2), are Federal or Revolving funded.

Position Request

- 1 W funded General Labor II to support Maui – (contaminated soil)
 - New position needed to monitor contaminated soils, provide maintenance of ground cover, provide landscaping maintenance, assist with vacant unit turnover, and address curb appeal in preparation for any upcoming REAC and health and safety inspections.

- 1 W funded General Labor II to support Kauai
 - New position is needed to provide landscaping maintenance, assist with vacant unit turnover, and address curb appeal in preparation for any upcoming REAC and health and safety inspections.

HMS222

This Program ID contains the operating budget for the HPHA's Housing Choice Voucher Program (Section 8) and State Rent Supplement Program. The Section 8 program is a 100% federally funded HUD program established to provide rental subsidies for units that are chosen by the tenant in the private market with assistance provided through tenant-based vouchers. It is the largest of the HPHA's rental subsidy programs and is administered on Oahu only. The HPHA also administers Non-elderly Disabled vouchers, Veteran's Affairs Supportive Housing vouchers, Performance Based Contract Administration (project based) vouchers, tenant protection vouchers, and Section 8 project-based vouchers. The State of Hawai'i provides the HPHA with funding for a Rent Supplement Program (RSP) that is administered similar to the federal program providing shallow rent subsidies for units statewide. Some positions included in HMS222 are Public Housing Specialists and Inspectors. All positions, excepts for 2.25, are Federal funded.

Position Request

- 1 N funded Landlord Liaison positions for Section 8
 - New position is needed for the Housing Choice Voucher Program to actively recruit and build relationships with area landlords or property managers to expand housing options; conducts Fair Market Rent analysis, Rent Reasonableness analysis, and other duties to assist Section 8 Branch operations. As the funding mechanism is based on previous year's utilization, adding the

Landlord Liaison position will not only assist the existing 2,347 families, but also assist the over 200 families currently searching for a unit to rent.

**Add general funds to maintain current Rent Supplement subsidies
HMS222**

Currently, the HPHA's State Rent Supplement Program serves 390 families at a total cost of \$2,095,124 per year. The HPHA is therefore requesting an additional \$1,097,707.31 for FY20, and \$952,742.78 for FY21 for the State Rent Supplement Program (RSP). The requested funding will enable the HPHA to fund 100% of the RSP participants at the current authorized rate. In response to the demand for housing assistance for homeless individuals and families, in addition to the high rents in Hawaii, the HPHA increased both the number of families served and the total amount of assistance provided. The current base appropriation cannot support the current program participants and the HPHA may have to suspend assistance to participating families. The RSP is one of the most cost-effective rental assistance programs the HPHA has, and participants served under the RSP include formerly homeless and at-risk homeless families, the elderly, the disabled, and very low-income households.

Prog ID/Org	Description	MOF	FY 20			FY 21		
			FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount
220/RH	Federal Fringe Benefit increase	N			745,126			841,944
220/RH	Add 1.00 General Labor II Position and Revolving "W" Funds for Housing Support on Maui	W	1.00		33,818	1.00		66,086
220/RH	Add 1.00 General Labor II Position and Revolving "W" Funds for Housing Support on Kauai	W	1.00		33,818	1.00		66,086
222/RA	Federal Fringe Benefit increase	N			257,731			264,510
222/RA	Add 1.00 Federal "N" Landlord Liaison Position to Improve Relations and Increase Landlord Participation with the Section 8 Program.	N	1.00		45,465	1.00		84,730
222/RA	Add General funds for the State Rent	A			1,097,707			952,743

	Supplement Program							
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Lump sum for public housing development, improvements, and renovations statewide

HMS220

Due to the age of our housing inventory, and unexpected issues that often occur, the HPHA respectfully requests your consideration for a lump sum budget request (as you have appropriated in the past), which will provide the agency with the flexibility of managing and expending capital funds in an expeditious manner. These crucial funds will provide the agency with the ability to tackle its capital needs backlog of more than \$750 M in capital needs. The agency has properties that have been built over 50 plus years ago, and the issues at these properties need to be addressed.

The current biennium budget before you lists \$35,000,000 in lump sum CIP for both fiscal years. This appropriation will assist to expedite the repair and maintenance and remodeling of hundreds of units. The construction projects including site improvements, ADA compliance, structural repairs, re-roofing, infrastructure upgrades, concrete spall repairs and painting.

The HPHA appreciates the opportunity to provide the Committee with the HPHA’s testimony regarding SB 126. We thank you very much for your dedicated support.



DAVID Y. IGE
GOVERNOR

GWEN S. YAMAMOTO LAU
EXECUTIVE DIRECTOR

HAWAII GREEN INFRASTRUCTURE AUTHORITY

No. 1 Capitol District Building, 250 South Hotel Street, Suite 501, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: gems.hawaii.gov

Telephone: (808) 587-3868
Fax: (808) 587-3896

Testimony of
Gwen Yamamoto Lau
Executive Director
Hawaii Green Infrastructure Authority (HGIA)
before the

SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 22, 2019 at 10:00 A.M.
State Capitol, Conference Room 211

in consideration of
SENATE BILL NO. 126
RELATING TO THE STATE BUDGET

Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee:

Thank you for the opportunity to testify and offer comments on Senate Bill 126, relating to the State Budget. HGIA testifies **in support** of Senate Bill 126, which appropriates funds for the fiscal biennium 2019-2021 for the operations of the Department of Business, Economic Development, and Tourism's designated program BED 138, HGIA. HGIA is respectfully requesting no changes be made to its Base Budget request of \$51,027,031.

However, it is respectfully requesting a correction to the funding request for add-ons of \$70,045,000 to \$34,910,180, as follows:

Description	Originally Requested	Corrected Amount
State Revolving Loan Fund Lending Ceiling	\$50,000,000	\$15,000,000
GEMS Bond Repayment Ceiling (no change)	\$13,300,000	\$13,300,000
Increase to GEMS Bond Repayment Ceiling (no change)	\$6,515,000	\$6,515,000
Fringe Benefits Increase	\$230,000	\$95,180
Total Additional Requests:	\$70,045,000	\$34,910,180

The total appropriation for HGIA for the fiscal biennium 2019-2021, should aggregate \$85,937,211.

Thank you for this opportunity to testify and offer comments for Senate Bill 126.

DAVID Y. IGE
GOVERNOR OF
HAWAII



SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
SUZANNE D. CASE
Chairperson

Before the Senate Committee on
WAYS and MEANS

Friday, February 22, 2019
10:00 AM
State Capitol, Conference Room 211

In consideration of
SENATE BILL 126
RELATING TO THE STATE BUDGET

Senate Bill 126 (SB 126) proposes to appropriate funds for the operating and capital improvement budgets of the State Executive Branch programs including the Department of Land and Natural Resources (Department) for Fiscal Biennium 2019-2021. **The Department strongly supports this Administration measure.**

OPERATING BUDGET:

SB 126 proposes to appropriate the following to the Department's operating budget:

- \$65.2 million (FY 2020) and \$65.5 million (FY 2021) in general funds
- \$75.2 million (FY 2020) and \$76.0 million (FY 2021) in special funds
- \$15.0 million (FY 2020) and \$15.3 million (FY2021) in federal funds
- \$13.0 million (FY 2020) and \$9.3 million (FY2021) in other federal funds
- \$392,140 in trust funds in FYs 2020 and 2021
- \$676,835 revolving funds in FY 2020 and \$678,161 in FY 2021
- \$1.7 million in inter-departmental transfers in FYs 2020 and 2021

The Department's requests in SB 126 are as follows:

LNR 101 Public Lands Management:

- Add 1 temporary Climate Change Coordinator position and general funds from Act 32, SLH 2017 (\$205,000/\$205,000 A).
- Increase special fund ceiling for Land Legacy Conservation Fund for acquisition of resource value land (\$2,364,905/\$2,364,905 B).

LNR 111 Conveyances and Recordings:

- Increase special fund ceiling for Bureau of Conveyances Special Fund for digitization and image enhancement of recorded documents (\$750,000/\$750,000 B).
- Increase special fund ceiling for Bureau of Conveyances Special Fund for restoration and preservation of cultural resources (FY 21: \$500,000 B).
- Special Fund ceiling increase for fringe benefit adjustment (\$80,939/\$80,939 B).

LNR 153 Fisheries Management:

- Federal Fund ceiling adjustment based on anticipated federal fund awards (\$213,238/\$213,238 P).
- Special Fund ceiling increase for fringe benefit adjustment (\$3,132/\$3,132 B).

LNR 172 Native Resources and Fire Protection Program:

- Federal Fund ceiling adjustment based on anticipated federal fund awards (\$3,101,626/\$401,626 P).
- Change the means of financing for 1 permanent position and 1 temporary position from Other Federal Funds to General Funds (-\$189,082/- \$189,082 P; \$118,176/\$118,176 A).
- Add general funds for full year funding of Forestry and Wildlife Technician IV (\$17,454/\$17,454 A).

LNR 401 Ecosystem Protection and Restoration:

- Transfer-out 1 Accountant position and funds to LNR 906 (-0.25 FTE, -\$12,693 A /-0.75 FTE, -\$60,927 N).
- Federal Fund ceiling adjustment based on anticipated federal fund awards (-\$110,937 /-\$35,937 N).
- Federal Fund ceiling adjustment based on anticipated federal fund awards (\$2,196,178 / \$2,056,178 P).
- Add general funds for full year funding of Aquatic Resource Program Manager (\$46,050/\$46,050 A).
- Add general funds for full year funding of Program Specialist III position (\$24,474/\$24,474 A).

LNR 402 Native Resources and Fire Protection Program:

- Transfer-out 1 Accountant position and funds to LNR 906 (-\$95,117 / -\$95,117 N).
- Reduce Other Operating Expenditures to fund the change in means of financing from Other Federal Funds to General Funds of 1 permanent position and 2 temporary positions (-\$161,317 / -\$161,317 A).
- Change the means of financing for 1 permanent position and 2 temporary positions from Other Federal Funds to General Funds (-\$258,107/- \$258,107 P; \$161,317/\$161,317 A).
- Add 10 permanent positions and general funds for the implementation of the Hawaii Interagency Biosecurity Plan (\$394,110/\$615,852 A).
- Add general funds for fire and emergency response (\$300,000/\$300,000 A).
- Add general funds for Rapid Ohia Death (ROD) response (\$500,000/\$500,000 A).
- Add general funds for Hawaii Invasive Species Council (HISC) per Hawaii Interagency Biosecurity Plan (\$1,000,000/\$1,000,000 A).

- Add general funds for full year funding of Forester V (\$26,478/\$26,478 A).
- Federal Fund ceiling adjustment based on anticipated federal fund awards (\$500,000/\$500,000 P).

LNR 404 Water Resources:

- Special Fund ceiling increase for fringe benefit adjustment (\$10,673/\$10,673 B).

LNR 405 Conservation and Resources Enforcement:

- Transfer-out 1 Accountant position and funds to LNR 906 (-\$46,140 / -\$46,140 A).
- Convert 6 Community Fisheries Enforcement Units (CFEU) positions from temporary to permanent positions.
- Add 1 Program Specialist IV permanent position and general funds (\$77,956 / \$69,456 A).

LNR 407 Natural Area Reserves and Watershed Management:

- Transfer-out 1 Accountant position and funds to LNR 906 (-\$53,364 / -\$53,364 A).
- Special Fund ceiling increase for the Natural Area Reserve (NAR) Funds (\$180,000/\$360,000 B).
- Federal Fund ceiling adjustment based on anticipated federal fund awards (\$500,000/\$500,000 N).
- Federal Fund ceiling adjustment based on anticipated federal fund awards (\$390,720/\$390,720 P).

LNR 801 Ocean-Based Recreation:

- Transfer-out 2 Accountant positions and funds to LNR 906 (-\$168,269/- \$168,269 B).
- Trade-of special fund ceiling from Other Current Expenses (-\$350,000 B) to Motor Vehicles (\$250,000 B) and Equipment (\$100,000 B).
- Special Fund ceiling increase for fringe benefit adjustment (\$104,087/\$104,087 B).

LNR 802 Historic Preservation:

- Federal Fund ceiling adjustment based on anticipated federal fund awards (\$57,347/\$57,347 N).
- Add general funds for Hawaii Historic Preservation Special Fund for digitization of records, files, reports and correspondence (\$150,000/\$100,000 A).

LNR 804 Forest and Outdoor Recreation:

- Federal Fund ceiling adjustment based on anticipated federal fund awards (\$896,251/\$896,251 N).
- Change the means of financing for 5 positions (3.50 FTE) from Special Funds to General Funds (-\$348,960/- \$348,960 B; \$218,100/\$218,100 A).

LNR 805 District Resource Management:

- Federal Fund ceiling adjustment based on anticipated federal fund awards (-\$50,000/\$150,000 N).
- Add general funds for full year funding of Aquatic Resource Program Manager (\$46,050/\$46,050 A).

- Add general funds for full year funding of 3 Aquatic Biologist III positions (\$73,422/\$73,422 A).

LNR 806 Parks Administration and Operation:

- Transfer-out 1 Accountant position and funds to LNR 906 (-\$36,468/-\$36,468 A).
- Federal Fund ceiling adjustment based on anticipated federal fund awards (-\$218,456 /-\$1,218,456 P).
- Add general funds for 4 current county lifeguard services contracts (\$1,546,456/\$1,546,456 A).
- Special Fund ceiling increase for fringe benefit adjustment (\$120,160/\$120,160 B).

LNR 810 Prevention of Natural Resources:

- Federal Fund ceiling adjustment based on anticipated federal fund awards (\$199,300/\$229,300 P).

LNR 906 LNR – Natural and Physical Environment:

- Transfer-in 3.25 FTE Accountant positions from various programs (\$148,665/\$148,665 A).
- Transfer-in 1.75 FTE Accountant positions from various programs (\$156,044/\$156,044 N).
- Transfer-in 2.00 FTE Accountant positions from LNR 801 (\$168,269/\$168,269 B).
- Federal Fund ceiling adjustment based on anticipated federal fund awards (\$21,000/\$21,000 N).
- Add general funds for full year funding of 2 Accountant positions (\$52,956/\$52,956 A).
- Add general funds for Aha Moku Advisory Committee (\$22,000/\$22,000 A).
- Change the means of financing for Aha Moku Executive Director from Trust Funds to General Funds (-\$152,871/- \$152,871 T; \$78,000/\$78,000 A).
- Add 1 temporary position and general funds for Kaho’olawe Island Reserve Commission (\$153,000/\$153,000 A).
- Special Fund ceiling increase for fringe benefit adjustment (\$169,320/\$169,320 B).

CAPITAL IMPROVEMENT PROJECT (CIP) BUDGET:

The Department requests \$24 million in FY 2020 and \$30.5 million in FY 2021 for its CIP budget for various projects and initiatives that provide multiple benefits to Hawaii’s people and economy. Major projects include the statewide watershed initiatives, improvements at various state parks and Waikiki Beach master plan, among others.

In addition, the Department asks for this Committee’s favorable consideration of the Department of Accounting and General Services’ CIP request (AGS131) for radio system enhancement which would also cover the radio needs of the Department.

GOVERNOR’S MESSAGE (Pending):

The Department informs this Committee that the following budget requests have been submitted by the Department for consideration as Governor’s Message items.

- **LNR 101, Operating Budget:** Increase the expenditure ceiling of the Special Land Development Fund (SLDF) in the amount of \$3,000,000 (MOF B). The additional

spending authority will allow the Land Division to proceed with various priority projects for both the Department and the State.

- **LNR 101, CIP Budget:** Amend the FB 2019-2021 CIP Budget Request (Priority No. 17, Capital Project No. E02E) from Pia Valley Acquisition Due Diligence, Oahu to Ho’omanu Forest Conservation Easement Acquisition, Hawaii. The funding amount of \$100,000 MOF B would remain the same. Alternate funding has been secured for the Pia Valley acquisition. The Ho’omanu Forest project requires the requested funding to provide matching requirement for federal grants from the U.S. Forest Service that would complete the acquisition of approximately 993 acres conservation easement in south Kona, Hawaii to protect important native forest resources.
- **LNR 141, CIP Budget:** Request \$1,800,000 for the Ala Wai Canal Wall Remediation, Oahu – Design (\$300,000 C) and construction (\$1,500,000 C) to stabilize and improve portion of the Ala Wai Canal wall to protect adjacent sidewalk and roadway.

Thank you for the opportunity to comment on this measure.



DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 22, 2019
10:00 AM
State Capitol, Conference Room 211

In consideration of
SB 126
RELATING TO THE STATE BUDGET.

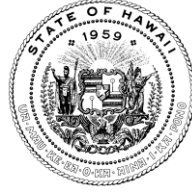
Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports SB 126, which appropriates funds for the operating and capital improvement budget for DBEDT.

Continued funding for DBEDT's programs will help us focus our efforts on positioning the State to compete in today's global economy. The Department's budget priorities are based on the following objectives:

- Create an Innovation Economy;
- Expand Hawaii's Clean Energy Initiative;
- Improve Hawaii's Business Environment;
- Increase Hawaii's Broadband Speeds and Capacity;
- Plan Dynamic Communities;
- Measure and Monitor Economic Conditions; and
- Sustain the Visitor Industry.

Thank you for the opportunity to testify.



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Ways and Means
Friday, February 22, 2019
10:00 a.m.
State Capitol, Conference Room 211**

**On the following measure:
S.B. 126, RELATING TO THE STATE BUDGET**

Chair Dela Cruz and Members of the Committee:

My name is Catherine Awakuni Colón, and I am the Director of the Department of Commerce and Consumer Affairs (Department). The Department supports this bill, which appropriate funds for the operating and capital improvement budget of the Executive Branch for fiscal biennium 2019-2021.

Thank you for the opportunity to testify on this bill.



DAVID Y. IGE
Governor

JOSH GREEN
Lieutenant Governor

MIKE MCCARTNEY
Director

LAND USE COMMISSION
Department of Business, Economic Development & Tourism
State of Hawai'i

DANIEL ORODENKER
Executive Officer

Bert K. Saruwatari
Planner

SCOTT A.K. DERRICKSON AICP
Planner

RILEY K. HAKODA
Chief Clerk/Planner

RASMI AGRAHARI
Planner

FRED A. TALON
Drafting Technician

Statement of
Daniel E. Orodener
Executive Officer
Land Use Commission
Before the
Senate Committee on Ways and Means

Friday February 22, 2019
10:00 AM
State Capitol, Conference Room 221

In consideration of
SB 126
RELATING TO THE STATE BUDGET

Chair Dela Cruz; Vice Chair Keith-Agaran; and members of the Senate Committee on Ways and Means:

The Land Use Commission (LUC) supports SB 126, which appropriates operating funds for the LUC (BED103) for the fiscal biennium 2019-2021. The Executive Budget requests \$682,107 for BED103 for FY 20-21. Any adjustments are solely for personnel cost increases for collective bargaining agreement associated costs.

We would however request that the sum of \$16,604.00 be added to personnel costs to cover: an accounting error shortfall of \$2,604.00; an increase in the cost of one planner position due to a re-organization (Planner V to Planner VI) due to program growth of \$7,000.00; and, a \$7,000.00 increase in personnel costs pursuant to the Executive Officer's existing contract.

Thank you for the opportunity to testify on this matter.



**STATE OF HAWAII
OFFICE OF ELECTIONS**

802 LEHUA AVENUE
PEARL CITY, HAWAII 96782
elections.hawaii.gov

SCOTT T. NAGO
CHIEF ELECTION OFFICER

TESTIMONY OF THE
CHIEF ELECTION OFFICER, OFFICE OF ELECTIONS
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON SENATE BILL NO. 126
RELATING TO THE STATE BUDGET

February 22, 2019

Chair Dela Cruz and members of the Senate Committee on Ways and Means, thank you for the opportunity to testify in support of Senate Bill No. 126. The purpose of this bill is to appropriate funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2019-2020 and 2020-2021.

This bill appropriates \$3,943,517 in fiscal year 2019-2020, and \$4,082,947 in fiscal year 2020-2021 to the Office of Elections, AGS 879, to conduct and administer the 2020 Elections.

The mission of the Office of Elections is to provide secure, accessible, and convenient election services to all citizens statewide. We are responsible for conducting candidate filing, printing ballots, operating polling places, counting and tabulating ballots, as well as maximizing voter registration. Our office also develops programs to educate the public about voting and elections, such as media campaigns, presentations, and attending community events. Additionally, our office houses and supports the statewide voter registration system.

Our budget includes funding for staffing, operating expenses, and costs associated with the conduct of the 2020 Elections. Our base operating budget varies between fiscal years, since elections are only conducted in even-numbered years. For example, our funding for *Other Current Expenses* is greater in fiscal year 2019-2020 to encumber the cost of the voting system contract. Similarly, funds for *Personal Services* will be greater than *Other Current Expenses* in fiscal year 2020-2021 to pay Election Day Officials. Additionally, our

budget in fiscal year 2020-2021 includes funding to support a project office for the Reapportionment Commission.

AGS 879 Operating Budget

	2019-2020	2020-2021
Personal Services	1,060,781	2,218,538
Other Current Expenses	2,882,736	937,209
Reapportionment Commission	0	927,200
Sub-Total	3,943,517	4,082,947
Federal	99,694	99,694
Total	<u>4,043,211</u>	<u>4,182,641</u>

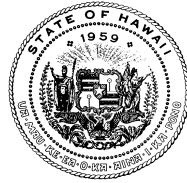
Reapportionment Commission

The Reapportionment Commission will convene in 2021 following the 2020 Census to apportion U.S. congressional, state senate, and state representative districts. The chief election officer serves as the secretary to the commission and provides technical services. We are requesting \$927,200 in fiscal year 2020-2021. The following is a breakdown of projected costs:

GIS Consultant	800,000
Personnel	120,000
Operating	7,200
Total	<u>\$927,200</u>

We have budgeted \$800,000 to secure a Geographic Information Systems (GIS) consultant contract to provide census data, draw district lines, and create maps to conduct the reapportionment. These funds will pay for the contract cost over the two fiscal years in which the reapportionment will be conducted. Additionally, we are requesting \$120,000 for four full-time personnel including a project manager, administrative assistant, GIS analyst, and a secretary. The remaining \$7,200 is budgeted for operating costs such as office supplies and equipment. We will be requesting \$347,200 for fiscal year 2021-2022 for personnel, public hearings, and publishing of the plan.

Thank you for the opportunity to testify in support of Senate Bill No. 126.



STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

Testimony in SUPPORT of SB126
RELATING TO THE STATE BUDGET

SENATOR DONOVAN M. DELA CRUZ, CHAIR
COMMITTEE ON WAYS AND MEANS

Hearing Date: February 22, 2019

Room Number: 211

1 **Fiscal Implications:** Sufficient appropriations are required to assure optimal public health, and
2 in particular, for addressing community mental health issues and environmental management.
3 The Executive Biennium Budget (FB 19-21) for the Department of Health provides for 38.2 new
4 general funded FTE and \$13.6 M in additional general funded resources in FY20; and 168.2
5 general funded FTE and \$20M in additional general funded resources in FY21. As part of our
6 special fund request, the department is requesting 14 new special funded FTE and an increase in
7 special fund ceiling of \$1.5M in FY20 and FY21 for improved food safety. Departmental
8 requests and prioritization are based on the Department’s core public health strategies.

9 **Department Testimony:**

10 The Department of Health supports the Governor’s Executive Budget Request, as follows:

Fiscal Year 2020				
Act 53/18 Appropriation	Reductions	Additions	Total FY20	MOF
\$ 490,367,659.00	\$ (7,207,300.00)	\$24,251,995.00	\$ 507,412,354.00	A
\$ 203,699,060.00		\$ 1,484,483.00	\$ 205,183,543.00	B
\$ 87,478,064.00		\$41,949,009.00	\$ 129,427,073.00	N
\$ 53,891,894.00	\$ (4,045,915.00)	\$19,012,081.00	\$ 68,858,060.00	P
\$ 4,417,031.00		\$ 608,395.00	\$ 5,025,426.00	U
\$ 211,594,712.00		\$ 370,533.00	\$ 211,965,245.00	W
\$ 1,051,448,420.00	\$ (11,253,215.00)	\$87,676,496.00	\$ 1,127,871,701.00	Total

Fiscal Year 2021				
Act 53/18 Appropriation	Reductions	Additions	Total FY21	MOF
\$ 490,367,659.00	\$ (7,207,300.00)	\$31,070,088.00	\$ 514,230,447.00	A
\$ 203,699,060.00		\$ 2,765,344.00	\$ 206,464,404.00	B
\$ 87,478,064.00	\$ (5,552,632.00)		\$ 81,925,432.00	N
\$ 53,891,894.00	\$ (4,993,161.00)		\$ 48,898,733.00	P
\$ 4,417,031.00		\$ 612,173.00	\$ 5,029,204.00	U
\$ 211,594,712.00		\$ 370,533.00	\$ 211,965,245.00	W
\$ 1,051,448,420.00	\$ (17,753,093.00)	\$34,818,138.00	\$ 1,068,513,465.00	Total

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2 Please see Attachment A which is a copy of Tables 3 and 15 of the briefing materials as a
 3 summary of the Department of Health’s requested budget appropriations broken down by
 4 Program ID.

5 The department request the Legislature’s attention for the following priorities.

6 **New Appropriations Requests**

7 Health Resources Administration

8 Emergency Medical Services – Collective Bargaining Request

- 9 • The EMSIPSB FY 2020 and FY 2021 budget request included \$11,872,596 (FY 20) and
 10 \$15,040,191 (FY 21) for a mandatory union collective bargaining increase. This request
 11 was disapproved in B&F recommendations.

12 Emergency Medical Services – Recurring Other Expenses for services providers contracted to
 13 provide pre-hospital emergency medical service

- 14 • The EMSIPSB FY 2020 and FY 2021 budget request included \$2,381,815 (FY 20) and
 15 \$3,642,807 (FY 21) for other current expenses cost increases. This request was
 16 disapproved in B&F recommendations.

- 1 • The request includes, but is not limited to, costs for subcontracts, drugs/medication,
2 insurance, rental of space, meals, uniforms, fuel, repair and maintenance, staff training,
3 telecommunications service and equipment, utilities, indirect/administrative overhead,
4 equipment, and motor vehicles.

5 Medical Cannabis

- 6 • As required by Act 159, SLH (2018), the Department is currently engaged in a re-
7 organization process to integrate the Medical Cannabis Registry and the Medical
8 Cannabis Dispensary Programs into the new Office of Medical Cannabis Control and
9 Regulation to be managed directly under HTH595 Deputy Director of Health Resources
10 Administration.

11 Family Health Services – Replace Funding for Family Planning Program (Title X)

- 12 • Proposed changes at the federal level restricts Hawaii’s comprehensive approach by
13 limiting family planning services offered to women. This request will institutionalize the
14 Hawaii Family Planning Program and solidify comprehensive family planning options for
15 Hawaii’s men and women regardless of changes in the political environment.

16 Environmental Health Administration

- 17 • Environmental Management Division - Positions and funding for enforcement of non-
18 point source water pollution regulations
- 19 ○ The six positions will begin implementing Hawaii Revised Statutes (HRS) §342E,
20 Nonpoint Source Pollution Management and Control. HRS §342E was passed in
21 1993 and DOH has not implemented the law to date.
 - 22 ○ DOH has not implemented HRS §180C-4, Erosion and Sediment Control, which
23 was passed in 1974.
 - 24 ○ Under article XI, §1 of the Hawaii state constitution, DOH has a constitutional
25 mandate under the public trust doctrine to regulate nonpoint source pollution.

- 1 ○ The federal Coastal Zone Act Reauthorization Amendments (CZARA) §6217
2 require DOH and the Department of Business, Economic Development &
3 Tourism (DBEDT) to develop and implement a Coastal Nonpoint Pollution
4 Control Program.
- 5 • Sanitation Branch - Positions and funding for sanitarians and funds for improved food
6 safety
 - 7 ○ To enable the Sanitation Branch to maintain the current inspection frequency and
8 workload to keep up with National Standards.
 - 9 ○ Hawaii is a tourist destination and those visiting, as well as residents, expect that
10 food being served in restaurants and other food service establishments is safe and
11 wholesome.
 - 12 ○ The promulgation and implementation of Hawaii Administrative Rules, Chapter
13 11-50 and placarding in July 2014 has dramatically reduced the risk of food-
14 related illness.
 - 15 ○ With the positions requested, we will be moving towards staffing levels that will
16 reduce the occurrence of food illness risk by nearly 50%.

17 General Administration

18 Office of Health Status Monitoring (OSHM) - Re-engineer the Vital Statistics System

- 19 • The Office of Health Status Monitoring (OHSM) is responsible for registering all vital
20 events occurring in the State of Hawaii, which includes the registering and licensing of
21 over 50,000 vital events and approximately 80,000 requests resulting in over 300,000
22 certified copies annually.
- 23 • The Vital Statistics System (VSS) was developed over 20 years ago and is not
24 supportable with today's technology and security features. The replacement of the VSS
25 is to address security aspects of the system, improve customer service and efficiency to
26 register and issue certified copies of Birth, Marriage and Death.

1 Office of Policy, Planning, and Program Development (OPPPD) - Add Funds for Telehealth
2 Pilot Project

- 3 • Telehealth is one of three strategic priorities documented in DOH's strategic plan.
- 4 • This request is the third and last for the current DOH strategic planning cycle. The first
5 pilot is in southwest Hawaii, was requested through the Governor's budget. The second
6 is split between Wahiawa and (most likely) east Hawaii, and was a stand-alone bill
7 offered by the WAM Chair. The third as appealed on this form, is to be statewide in part
8 to fill pilot gaps in Maui and Kauai. DOH believes it is important to seed pilots in all
9 counties in the interest of fairness and to learn from the unique circumstances of each
10 county.

11 Behavioral Health Administration

12 Hawaii State Hospital Forensic Building – Positions and Funding

- 13 • A new forensic building is being constructed at Hawaii State Hospital and slated to open
14 spring 2021.
- 15 • The opening of two additional units is projected to occur during Fiscal Year 2023. To
16 ensure quality patient care, additional direct care staff are needed to run these additional
17 units.

18 Developmental Disabilities Division – Increase State match for Medicaid Intellectual and
19 Developmental Disabilities (I/DD) Home and Community Based Services Waiver

- 20 • DDD requests an increase of \$7,702,000 in state funding (which will be used to match
21 \$8,902,000 in federal funds) in fiscal year 2020 and an increase of \$5,814,000 in state
22 funding (which will be used to match \$6,582,000 in federal funds) in fiscal year 2021.
- 23 • This funding will allow DDD to complete implementation of provider rate changes and
24 other improvements to the I/DD Waiver program. Changes to provider payment rates and
25 other waiver policies ensures that the State will be in continued compliance with federal

1 requirements (with the federal government paying for more than half of the cost) and that
2 State residents with I/DD have access to quality services.

3 Capital Improvement Projects

4 Hawaii State Hospital – Maintenance and Furniture, Fixtures & Equipment (FFE) for new
5 forensic facility

- 6 • In FY20, \$1,920,000 is needed to replace chillers in Bldg Q. Assessment by consultant to
7 determine the air handlers that must be replaced immediately throughout the rest of the
8 campus.
- 9 • In FY20, \$6,525,000 is needed to purchase of furniture, fixtures and equipment for the
10 new facility. FF&E must be provided prior to the opening of the new facility.
- 11 • In FY21, \$8,997,000 is needed for Hawaii State Hospital Anti-Ligature and Other
12 Improvements.

13 **Offered Amendments:**

14 The DOH would like to kindly request amendment to include request for general funds for:

15 Emergency Medical Services – Collective Bargaining Request

- 16 • The EMSIPSB FY 2020 and FY 2021 budget request included \$11,872,596 (FY 20) and
17 \$15,040,191 (FY 21) for a mandatory union collective bargaining increase.

18 Emergency Medical Services – Recurring Other Expenses for services providers contracted to
19 provide pre-hospital emergency medical service

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21 \$3,642,807 (FY 21) for other current expenses cost increases.
- 22 • The request includes, but is not limited to, costs for subcontracts, drugs/medication,
23 insurance, rental of space, meals, uniforms, fuel, repair and maintenance, staff training,

1 telecommunications service and equipment, utilities, indirect/administrative overhead,
2 equipment, and motor vehicles.

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Department of Health
Program ID Totals

Table 3

Prog ID	Program Title	MOF	As budgeted in Act 53/18 (FY19)			Governor's Submittal (FY20)				Governor's Submittal (FY21)			
			Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Percent Change of \$\$\$\$	Pos (P)	Pos (T)	\$\$\$	Percent Change of \$\$\$\$
HTH100	Communicable Disease & Public Hth	A	242.87	2.30	\$ 27,625,184	239.87	3.00	\$ 29,194,357	5.7%	239.87	3.00	\$ 29,292,576	6.0%
	Nursing	B	1.00	6.00	\$ 726,850	-	-	\$ 13,343	-98.2%	-	-	\$ 13,343	-98.2%
		N	-	15.00	\$ 8,648,246	-	21.00	\$ 8,723,375	0.9%	-	21.00	\$ 8,723,375	0.9%
		P	14.00	25.50	\$ 5,373,696	14.00	25.50	\$ 9,607,365	78.8%	14.00	25.50	\$ 5,607,365	4.3%
		U	-	1.00	\$ 178,291	3.00	1.00	\$ 759,649	326.1%	3.00	1.00	\$ 759,649	326.1%
HTH131	Disease Outbreak Control	A	22.60	-	\$ 1,922,731	22.60	-	\$ 1,947,434	1.3%	22.60	-	\$ 1,947,434	1.3%
		N	31.40	38.00	\$ 11,215,072	23.40	10.00	\$ 18,887,619	68.4%	23.40	10.00	\$ 3,778,582	-66.3%
		P	-	32.50	\$ 4,895,488	-	31.50	\$ 15,587,403	218.4%	-	31.50	\$ 5,141,093	5.0%
HTH420	Adult Mental Hth - Outpatient	A	195.00	150.50	\$ 61,703,356	230.00	115.50	\$ 62,719,100	1.6%	230.00	115.50	\$ 62,726,126	1.7%
		B	-	-	\$ 11,610,000	-	-	\$ 11,610,000	0.0%	-	-	\$ 11,610,000	0.0%
		N	-	5.00	\$ 1,467,581	-	1.00	\$ 2,333,370	59.0%	-	1.00	\$ 2,333,370	59.0%
HTH430	Adult Mental Hth - Inpatient	A	638.00	27.00	\$ 74,630,197	650.50	27.00	\$ 77,946,272	4.4%	777.50	27.00	\$ 87,140,174	16.8%
HTH440	Alcohol & Drug Abuse Division	A	28.00	1.00	\$ 20,149,764	29.00	-	\$ 20,246,936	0.5%	29.00	-	\$ 20,246,936	0.5%
		B	-	-	\$ 750,000	-	-	\$ 750,000	0.0%	-	-	\$ 750,000	0.0%
		N	-	-	\$ 8,535,892	-	-	\$ 8,857,980	3.8%	-	-	\$ 8,857,980	3.8%
		P	-	8.50	\$ 5,806,914	-	7.50	\$ 5,019,276	-13.6%	-	7.50	\$ 6,570,543	13.2%
HTH460	Child & Adolescent Mental Hth	A	158.00	25.00	\$ 43,364,539	170.00	13.00	\$ 44,020,134	1.5%	170.00	13.00	\$ 44,020,134	1.5%
		B	17.00	6.00	\$ 15,093,233	17.00	6.00	\$ 15,133,262	0.3%	17.00	6.00	\$ 15,133,262	0.3%
		N	-	5.00	\$ 1,039,108	-	5.00	\$ 2,329,630	124.2%	-	5.00	\$ 2,339,630	125.2%
		P	-	8.50	\$ 2,318,223	-	8.50	\$ 2,318,223	0.0%	-	-	\$ -	-100.0%
		U	-	2.00	\$ 2,281,992	-	2.00	\$ 2,281,992	0.0%	-	2.00	\$ 2,281,992	0.0%
HTH495	Behavioral Hth Admin	A	45.50	50.50	\$ 6,730,409	45.50	50.50	\$ 6,997,306	4.0%	45.50	50.50	\$ 6,997,306	4.0%
		P	-	1.00	\$ 137,363	-	1.00	\$ 137,363	0.0%	-	1.00	\$ 137,363	0.0%
HTH501	Developmental Disabilities	A	213.75	5.00	\$ 83,368,937	215.75	3.00	\$ 91,875,295	10.2%	215.75	3.00	\$ 89,989,491	7.9%
		B	3.00	-	\$ 1,053,448	3.00	-	\$ 1,063,165	0.9%	3.00	-	\$ 1,063,165	0.9%
HTH520	Disability & Comm Access Board	A	11.00	-	\$ 1,020,915	11.50	-	\$ 1,048,420	2.7%	11.50	-	\$ 1,048,420	2.7%
		B	8.00	-	\$ 966,656	8.00	-	\$ 1,043,264	7.9%	8.00	-	\$ 1,043,264	7.9%
		U	2.00	-	\$ 286,003	2.00	-	\$ 292,599	2.3%	2.00	-	\$ 292,600	2.3%
HTH560	Family Health Services	A	107.00	2.50	\$ 31,362,698	115.00	2.50	\$ 34,800,648	11.0%	115.00	2.50	\$ 34,784,520	10.9%
		B	13.00	3.00	\$ 18,310,272	15.00	2.00	\$ 18,439,145	0.7%	15.00	2.00	\$ 18,439,145	0.7%
		N	119.50	14.30	\$ 38,992,602	111.50	11.30	\$ 37,058,582	-5.0%	111.50	11.30	\$ 36,458,582	-6.5%
		P	8.00	19.20	\$ 14,856,705	12.00	11.70	\$ 13,117,887	-11.7%	12.00	11.70	\$ 12,417,887	-16.4%
		U	-	-	\$ 203,441	-	-	\$ 203,441	0.0%	-	-	\$ 203,441	0.0%
HTH590	Chronic Disease Prevention & Hth	A	39.50	6.00	\$ 7,344,766	41.50	4.00	\$ 7,200,372	-2.0%	41.50	4.00	\$ 7,207,848	-1.9%
	Promotion	B	-	-	\$ 48,656,356	-	-	\$ 48,656,356	0.0%	-	-	\$ 48,656,356	0.0%
		P	10.50	24.50	\$ 7,846,023	10.50	24.50	\$ 7,387,677	-5.8%	10.50	24.50	\$ 7,164,769	-8.7%
		U	-	-	\$ 1,000,000	-	-	\$ 1,000,000	0.0%	-	-	\$ 1,000,000	0.0%
HTH595	Health Resources Admin	A	2.00	-	\$ 203,309	6.00	1.00	\$ 522,505	157.0%	6.00	1.00	\$ 522,505	157.0%
		B	-	-	\$ -	7.00	4.00	\$ 1,562,034	100.0%	7.00	4.00	\$ 1,562,034	100.0%

Department of Health
Program ID Totals

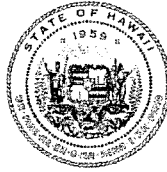
Table 3

HTH610	Environmental Health Services	A	129.00	-	\$ 8,630,451	129.00	-	\$ 8,928,221	3.5%	129.00	-	\$ 8,940,534	3.6%
		B	23.00	-	\$ 2,753,804	37.00	-	\$ 3,715,775	34.9%	37.00	-	\$ 4,434,680	61.0%
		N	2.00	-	\$ 158,000	2.00	-	\$ 158,000	0.0%	2.00	-	\$ 158,000	0.0%
		P	2.00	-	\$ 364,150	2.00	-	\$ 364,150	0.0%	2.00	-	\$ 364,150	0.0%
		U	3.00	-	\$ 231,850	3.00	-	\$ 245,963	6.1%	3.00	-	\$ 249,740	7.7%
HTH710	State Laboratory Services	A	72.00	1.00	\$ 7,703,038	74.00	1.00	\$ 9,019,144	17.1%	74.00	1.00	\$ 8,213,396	6.6%
		N	-	-	\$ -	-	9.00	\$ 5,146,110	100.0%	-	9.00	\$ 1,029,222	100.0%
		P	-	3.00	\$ 390,000	-	2.00	\$ 176,112	-54.8%	-	2.00	\$ 176,112	-54.8%
HTH720	Health Care Assurance	A	25.00	2.00	\$ 2,610,719	27.00	2.00	\$ 3,666,363	40.4%	27.00	2.00	\$ 3,666,363	40.4%
		B	-	5.00	\$ 1,311,000	-	-	\$ 421,000	-67.9%	-	-	\$ 421,000	-67.9%
		P	16.00	-	\$ 2,502,450	16.00	-	\$ 4,388,679	75.4%	16.00	-	\$ 4,388,679	75.4%
HTH730	Emergency Medical Services & Injury Prevention System	A	12.00	1.40	\$ 73,810,954	12.00	1.40	\$ 69,366,593	-6.0%	12.00	1.40	\$ 69,366,593	-6.0%
		B	-	6.00	\$ 22,230,234	-	6.00	\$ 22,275,925	0.2%	-	6.00	\$ 22,275,925	0.2%
		P	-	3.00	\$ 630,000	-	3.00	\$ 630,000	0.0%	-	2.00	\$ 340,000	-46.0%
HTH760	Health Status Monitoring	A	33.50	-	\$ 1,626,893	33.50	-	\$ 1,965,390	20.8%	33.50	-	\$ 1,965,390	20.8%
		B	-	2.00	\$ 484,641	-	2.00	\$ 504,643	4.1%	-	2.00	\$ 504,643	4.1%
		P	4.00	-	\$ 342,300	4.00	-	\$ 342,300	0.0%	4.00	-	\$ 342,300	0.0%
HTH840	Environmental Management	A	70.00	-	\$ 5,151,159	73.00	-	\$ 5,559,860	7.9%	76.00	-	\$ 5,764,090	11.9%
		B	63.00	7.00	\$ 79,561,332	64.00	7.00	\$ 79,802,051	0.3%	64.00	7.00	\$ 80,364,007	1.0%
		N	31.60	2.00	\$ 9,538,948	32.10	2.00	\$ 13,444,878	40.9%	32.10	2.00	\$ 5,002,918	-47.6%
		P	9.40	4.00	\$ 1,864,920	8.90	4.00	\$ 5,003,083	168.3%	8.90	4.00	\$ 1,415,181	-24.1%
		U	2.00	-	\$ 235,454	2.00	-	\$ 241,782	2.7%	2.00	-	\$ 241,782	2.7%
		W	31.00	-	\$ 208,801,050	39.00	-	\$ 209,120,978	0.2%	39.00	-	\$ 209,120,978	0.2%
HTH849	Environmental Health Admin	A	24.00	1.25	\$ 3,776,299	24.00	1.25	\$ 3,870,454	2.5%	24.00	1.25	\$ 3,870,454	2.5%
		B	0.50	-	\$ 77,234	0.50	-	\$ 79,580	3.0%	0.50	-	\$ 79,580	3.0%
		N	3.40	0.60	\$ 296,103	3.40	0.60	\$ 238,834	-19.3%	3.40	0.60	\$ 238,834	-19.3%
		P	12.10	3.15	\$ 4,426,797	12.10	3.15	\$ 2,754,751	-37.8%	12.10	3.15	\$ 2,809,500	-36.5%
		W	14.00	-	\$ 2,793,662	14.00	-	\$ 2,844,267	1.8%	14.00	-	\$ 2,844,267	1.8%
HTH850	Office of Environmental Quality Control	A	5.00	-	\$ 392,774	5.00	-	\$ 410,149	4.4%	5.00	-	\$ 410,149	4.4%
HTH904	Executive Office on Aging	A	8.54	2.35	\$ 15,024,319	9.54	2.35	\$ 14,470,219	-3.7%	9.54	2.35	\$ 14,496,697	-3.5%
		N	6.46	2.00	\$ 7,087,531	6.46	2.00	\$ 7,680,000	8.4%	6.46	2.00	\$ 7,680,000	8.4%
		P	-	8.00	\$ 1,223,791	-	8.00	\$ 1,223,791	0.0%	-	8.00	\$ 1,223,791	0.0%
HTH905	Developmental Disabilities Council	A	2.50	-	\$ 230,932	2.50	-	\$ 238,005	3.1%	2.50	-	\$ 238,005	3.1%
		N	5.00	-	\$ 498,981	5.00	-	\$ 514,000	3.0%	5.00	-	\$ 514,000	3.0%
HTH906	State Hth Planning & Dev Agency	A	6.00	-	\$ 560,711	6.00	-	\$ 590,549	5.3%	6.00	-	\$ 590,549	5.3%
		B	-	-	\$ 114,000	-	-	\$ 114,000	0.0%	-	-	\$ 114,000	0.0%
HTH907	General Administration	A	124.50	5.00	\$ 11,023,468	127.00	5.00	\$ 10,339,367	-6.2%	127.00	5.00	\$ 10,315,495	-6.4%
		B	-	-	\$ -	-	-	\$ -	0.0%	-	-	\$ -	0.0%
		N	-	-	\$ -	8.00	20.00	\$ 24,054,695	100.0%	8.00	20.00	\$ 4,810,939	100.0%
		P	-	5.00	\$ 913,074	-	5.00	\$ 800,000	-12.4%	-	5.00	\$ 800,000	-12.4%
HTH908	Office of Language Access	A	5.00	-	\$ 399,137	5.00	-	\$ 469,261	17.6%	5.00	-	\$ 469,262	17.6%

Department of Health
Capital Improvements Program (CIP) Requests

Table 15

<u>Prog ID</u>	<u>Prog ID</u> <u>Priority</u>	<u>Dept- Wide</u> <u>Priority</u>	<u>Senate</u> <u>District</u>	<u>Rep.</u> <u>District</u>	<u>Project Title</u>	<u>MOF</u>	<u>FY20 \$\$\$</u>	<u>FY21 \$\$\$</u>
HTH100	1	1	7	13	KALAUPAPA SETTLEMENT IMPROVEMENTS, MOLOKAI	C	2,100,000	
HTH907	1	2	0	0	DEPARTMENT OF HEALTH, HEALTH AND SAFETY, STATEWIDE	C	1,945,000	14,414,000
HTH710	1	3	17	35	HAWAII STATE LABORATORIES IMPROVEMENTS, STATEWIDE	C	4,683,000	8,172,000
HTH430	1	4	24	49	HAWAII STATE HOSPITAL, HEALTH AND SAFETY, OAHU	C	8,445,000	8,997,000
HTH840					WASTEWATER TREATMENT REVOLVING FUND FOR POLLUTION CONTROL, STATEWIDE	C	2,487,000	2,487,000
	1	5	0	0				
HTH840					WASTEWATER TREATMENT REVOLVING FUND FOR POLLUTION CONTROL, STATEWIDE	N	12,431,000	12,431,000
	1	6	0	0				
HTH840	1	7	0	0	SAFE DRINKING WATER REVOLVING FUND, STATEWIDE	C	2,221,000	2,221,000
HTH840	1	8	0	0	SAFE DRINKING WATER REVOLVING FUND, STATEWIDE	N	11,107,000	11,107,000
HTH907	2	9	0	0	ENERGY SAVINGS IMPROVEMENTS, STATEWIDE	C	1,696,000	2,406,000
HTH907	3	10	0	0	REPAIRS AND MAINTENANCE, STATEWIDE	C	1,647,000	6,873,000
								12/19/18



STATE OF HAWAII
CAMPAIGN SPENDING COMMISSION


235 SOUTH BERETANIA STREET, ROOM 300
HONOLULU, HAWAII 96813

February 20, 2019

TO: The Honorable Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

Members of the Senate Committee on Ways and Means

FROM: Kristin Izumi-Nitao, Executive Director 
Campaign Spending Commission

SUBJECT: **Testimony on S.B. No. 126, Relating to the State Budget**

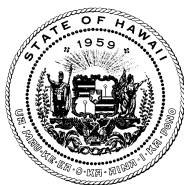
Friday, February 22, 2019
10:00 a.m., Conference Room 211

Thank you for the opportunity to testify on this bill. The Campaign Spending Commission (“Commission”) supports this bill but requests a budget adjustment to provide a higher trust fund ceiling in FY 21.

Section 3 sets forth the Commission’s base general fund appropriations and trust fund ceilings for FY 20 and FY 21 (see page 53). The general fund appropriation represents the base amount to run Commission operations.¹ The trust fund ceiling of \$343,732 in FY 20 should be satisfactory, but we respectfully recommend a trust fund increase from \$343,732 to \$700,000 in FY 21 since it is an election year. Although the Commission has not gone over the present budget ceiling of \$308,062 in the past, the Commission needs to have the ability to provide enough public funding to meet the State Constitutional mandate to distribute public funding to all eligible candidates (see Article II, Section 5, under the State of Hawaii Constitution). Public funding distributions are unpredictable. It is unknown who will qualify for public funds, and thus, the Commission must allocate maximum amounts to be able to provide funding to qualified candidates. In the event that the need for public funding exceeds the trust fund ceiling while there is sufficient funding in the Hawaii Election Campaign Fund (which is currently at \$906,071 as of December 31, 2018), rejecting requests for public funds to qualified candidates due to the ceiling restriction could result in legal actions against the State. Further, although we appreciate

¹ Notably, HB 1350 sets forth the Commission’s additional requests for general fund appropriations for FY 20 (an increase of \$29,000) and FY 21 (an increase of \$22,000) to run operations. This bill passed unamended on 2/8/19 and was referred to the House Committee on Finance.

the fact that we can request the Governor to lift this ceiling through the Department of Budget and Finance, our law provides that public funds “shall be distributed to the candidate within twenty days from the date that the candidate’s initial application and qualifying contribution statement is approved by the commission.” HRS §11-431. This time frame will make the request to lift the ceiling challenging.



DAVID Y. IGE
GOVERNOR

STACIE A. ALDRICH
STATE LIBRARIAN

STATE OF HAWAII
HAWAII STATE PUBLIC LIBRARY SYSTEM
OFFICE OF THE STATE LIBRARIAN
44 MERCHANT STREET
HONOLULU, HAWAII 96813

SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 22, 2019

10:00 a.m.

Conference Room 211

State Capitol

By

Stacey A. Aldrich

State Librarian

S.B. 126 – Relating to the State Budget

H.B. 2 H.D.1 – Relating to the State Budget

S.B. 859 – Relating to Capital Improvement Projects

To: Chair Donovan M. Dela Cruz
Vice Chair Gilbert S.C. Keith-Agaran
Members of the Senate Committee on Ways and Means

The Hawaii State Public Library System (HSPLS) **supports** S.B. 126, H.B. 2 H.D.1 and S.B.859, which provide HSPLS with the necessary operating and capital improvement project budget appropriations to meet its mission to nurture a lifelong love of reading and learning through our staff, collections, programs, services, and physical and virtual spaces.

Specifically, HSPLS provides comments noting the difference between the three bills, as they relate to the proposed budget for HSPLS:

S.B.126

S.B. 126 provides for HSPLS' operating base budget, as well as requests for additional appropriations for HSPLS' operating and capital improvement budgets, as recommended by Governor David Ige for the Fiscal Biennium (FB) 2019-2021. The additions to the HSPLS base budget include:

- Add (1) Permanent Position (Librarian III) and Funds For Naalehu Public Library

\$24,424	A	\$48,948	A
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- Add Funds for Hawaii State Public Library System Books and Materials

\$1,500,000	A	\$1,500,000	A
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- Add Funds for Nanakuli Public Library

\$17,000	A	\$17,000	A
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- Add Funds for Security Services

\$522,942	A	\$522,942	A
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- Add Funds for RFID Technology

\$240,000	A	\$240,000	A
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- Add Health and Safety CIP

\$7,000,000	C	\$5,000,000	C
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- Add Hawaii State Library CIP

\$3,000,000	C	\$3,000,000	C
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H.B.2 H.D.1

H.B.2 H.D.1 provides for HSPLS’ base operating budget for FB2019-2021 only. Should the Committee decide to pass out this measure, HSPLS respectfully requests that the Committee amend this measure to include HSPLS’ requested additional operating budget appropriations as set forth in S.B. 37 S.D. 1.

S.B. 859

S.B. 859 provides for the director of finance to issue an unspecified amount of general obligation bonds to finance capital improvement projects for the State of Hawaii. HSPLS respectfully requests that the measure be amended to include HSPLS’ additional funding requests for FB2019-2021:

- Add Health and Safety CIP

\$7,000,000	C	\$5,000,000	C
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- Add Hawaii State Library CIP

\$3,000,000	C	\$3,000,000	C
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Thank you for the opportunity to comment on these measures.



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

February 22, 2019 at 10:00 a.m.
State Capitol, Room 211

In consideration of
S.B. 126
RELATING TO THE STATE BUDGET.

The HHFDC supports S.B. 126, the Executive Biennium Budget bill, and HHFDC's operating budget requests set forth therein, as follows:

1. Budget Neutral Transfer of Positions and Associated Funds Due to Reorganization
 - a. BED160/HA: Transfer out of 7.0 FTE positions and funds to BED160/HD and transfer in of 2.0 FTE positions and funds from BED160/HD and 1.0 FTE position and funds from BED160/HF for a net decrease of 4.0 FTE and reduction of \$592,645 in Personal Services and Other Current Expenses in FY 2021 and FY 2021.
 - b. BED160/HD: Transfer in of 7.0 FTE positions and funds from BED160/HA and transfer out of 2.0 FTE positions and funds to BED160/HA for a net increase of 5.0 FTE and \$688,031 in Personal Services and Other Current Expenses in FY 2020 and FY 2021.
 - c. BED160/HF: Transfer out of 1.0 FTE position and \$95,386 in Personal Services to BED160/HA.

These three operating requests transfer existing positions and their associated funds among HHFDC's three organizational divisions to conform to HHFDC's recently completed reorganization.

2. BED160/HA Operational Ceiling Increase (MOF: W). This operating request adjusts the expenditure ceiling for Personal Services and Other Current Expenses in Housing Administration by \$228,048 in FY2020 and \$285,048 in FY2021. This request is needed to cover Personal Services for vacant positions, rent increases for HHFDC's office premises pursuant to lease agreement, document management services, and other administrative expenses.
3. BED160/HD Operational Ceiling Increase (MOF: W). This operating request adjusts the expenditure ceiling for Personal Services and Other Current Expenses in Housing Development by \$81,891 in FY 2020 and the same amount in FY 2021. This request is needed to cover Personal Services adjustments for vacant positions, collection services, and other administrative expenses.
4. BED160/HF Operational Ceiling Increase (MOF: W). This operating request adjusts the expenditure ceiling for Personal Services and Other Current Expenses in Housing Finance by \$315,350 in FY 2020 and \$323,350 in FY 2021. This request is needed to cover Personal Services for vacant positions, anticipated increases in compliance monitoring services, and other administrative expenses.

HHFDC also has the following Capital Improvement Project requests.

1. \$100,000,000 (MOF: C) in FY 2020 and \$100,000,000 (MOF: C) in FY 2021 Cash Infusion for Rental Housing Revolving Fund, Statewide (BED160/HF) in taxable General Obligation Bond funds for infusion into the Rental Housing Revolving Fund (RHRF).

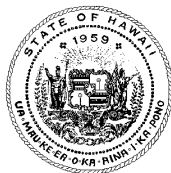
The deadline for the 2019 RHRF competitive funding round was on February 15, 2019. HHFDC received consolidated applications for 14 rental housing projects totaling approximately 1,500 affordable units. Review of the applications for threshold and other requirements is underway.

2. \$50,000,000 (MOF: C) in FY 2020 and \$25,000,000 (MOF: C) in FY 2021 Dwelling Unit Revolving Fund Infusion, Statewide (BED 160/HD) in taxable General Obligation Bond funds for infusion into the Dwelling Unit Revolving Fund (DURF).

The major backbone infrastructure in the Villages of Kapolei was built under Act 15, SLH 1988. Consequently, HHFDC has been maintaining it because we are not able to dedicate it to the City & County of Honolulu. HHFDC and the City are nearing agreement on necessary infrastructure improvements for dedication, which the requested DURF infusion will help fund. DURF funds are also needed in FY 2020 to acquire the ground lease for Front Street Apartments in Lahaina, Maui.

We respectfully request your favorable consideration of these important requests so that HHFDC can continue its work towards addressing the critical shortage of affordable housing statewide. Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



RYKER WADA
DIRECTOR
JASON MINAMI
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES
DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

February 21, 2019

TESTIMONY TO THE
SENATE COMMITTEE ON WAYS AND MEANS

For Hearing on Friday, February 22, 2019
10:00 a.m., Conference Room 211

BY

RYKER WADA
DIRECTOR

Senate Bill No. 126
Relating to the State Budget

TO CHAIRPERSON DELA CRUZ, VICE CHAIR KEITH-AGARAN AND MEMBERS OF
THE COMMITTEE:

The purpose of Senate Bill No. 126 is to appropriate funds for the operating and capital improvement costs for agencies in the Executive Branch for the fiscal biennium beginning July 1, 2019 and ending June 30, 2021.

The Department of Human Resources Development (DHRD) **strongly supports** this measure as it relates to DHRD's base and biennium budget priorities to improve program operations. We have six budget requests for the fiscal biennium 2019-21:

1. HRD102 – Addition of one permanent, full-time Human Resources Specialist position and \$147,464 in fiscal year 2020 and \$139,464 in fiscal year 2021 to upgrade the existing learning management system (LMS). An upgraded LMS will allow us to: (a) have more timely, comprehensive training data based on single sign-on capabilities; (b) customize employee learning plans based on job code and individual career development plans; (c) support departmental partnerships by hosting their subject-matter

specific trainings; and (d) offer/host live webinars and virtual classroom sessions.

2. HRD102 – Addition of one permanent, full-time Human Resources Specialist position and \$85,022 in fiscal year 2020 and \$117,044 in fiscal year 2021 for the Employee Staffing program to implement initiatives that will: (a) improve the recruitment and background check process to help departments fill vacant positions quicker; (b) improve employee engagement; (c) establish partnerships with the universities and community colleges to provide employees with career development opportunities; and (d) cultivate Millennials and Generation Z.
3. HRD102 – Addition of one permanent, full-time Personnel Program Officer position and \$43,254 in fiscal year 2020 and \$83,508 in fiscal year 2021 to allow the Labor Relations program to effectively assume the increase in workload on assisting and providing support to the Office of Collective Bargaining in the negotiation of labor contracts.
4. HRD102 – Addition of one permanent, full-time Human Resources Technician position and \$21,360 in fiscal year 2020 and \$39,720 in fiscal year 2021 for the Labor Relations program to address the issue of more efficient administrative support for the division and better utilization of professional staff.
5. HRD102 – Addition of a permanent, full-time Chief Negotiator position and \$160,635 in fiscal year 2020 and \$157,295 in fiscal year 2021 to establish the Office of Collective Bargaining within DHRD.
6. HRD102 – Addition of one permanent, full-time interdepartmental transfer funded Human Resources Specialist position and \$93,386 ceiling increase in fiscal years 2020 and 2021 for the State Deferred Compensation Plan (“Plan”) to provide the Plan Board with the necessary staff support it needs to fulfill its statutory and fiduciary duties, and ensure the Plan functions smoothly and in compliance with all federal and State laws, rules and

regulations.

The proposed operating budget adjustments will increase DHRD's fiscal year 2020 general fund appropriation by \$457,735; and fiscal year 2021 general fund appropriation by \$537,031.

We are aware of the challenges ahead and remain committed to work with the Legislature to seek solutions that effectively balance short and long-term priorities.

Thank you for the opportunity to provide testimony on this measure.

DAVID Y. IGE
GOVERNOR



PANKAJ BHANOT
DIRECTOR

CATHY BETTS
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 21, 2019

TO: The Honorable Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 126 – RELATING TO THE STATE BUDGET**

Hearing: February 22, 2019, 10:00 a.m.
Conference Room 211, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports this bill which is the Governor's Executive Biennium Budget. DHS requests two amendments:

- an appropriation of \$811,000 C for fiscal year 2020-2021 for the capital improvement project Ho'opono Flood Zone Remediation, Division of Vocational Rehabilitation; and
- the conversion of position # 120968, Public information Officer from Temporary to Civil Service Position, in HMS 904 General Administration.

These additions will also be submitted to the Legislature through a Governor's Message. See page 33 for justification.

A. **DHS Biennium Budget Highlights:** we prioritize our budget requests in four categories.

1. **Preservation and improvements to the safety net**

- **Strengthening the response to homelessness:** to continue the gains the state has made to reduce the number of homeless individuals, and the time individuals and families

experience homelessness, we include requests to maintain and expand current homeless services, and propose additional after-care support services for families with minor children who exit shelters into permanent housing.

- **Continued support toward juvenile justice reform:** the Office of Youth Services continues efforts to transform the juvenile justice system to a therapeutic model, and to expand services for youth at risk and young adults at risk of entering the justice system; the budget includes capital improvements to the Hawaii Youth Correctional Facility to address fresh water concerns, and to rehabilitate the existing gymnasium for continued use by youth, and young adults.
- **Improving and maintaining safety and health through services for families and children engaged with Child Welfare Services:** Hawaii's Title IV-E waiver ends on September 30, 2019, and innovative services and strategies developed during the waiver will require an investment in state funds to maintain levels of services; we request on-going funds be appropriated for 4 positions established by Act 177 (2018) to address high caseloads in East Hawaii.
- **Adding additional intakes staff to Adult Protective Services reporting line:** as the aging population in Hawaii increases, we are receiving an increase in reports of physical abuse, neglect, and financial abuse of vulnerable adults in our community; adding an additional staff member to the adult intake unit, will assist in the timely review and analysis of reports for referral to investigation or other resources.

2. Enhancing supportive services

- **Funds for Youth Commission:** the 2018 Legislature established the Youth Commission to make policy recommendations to the department and the Legislature; on-going funding is required to meet the statutory mandate to support the commission and needs of Hawaii's youth.
- **Supporting transition from public benefits to employment:** the 2018 Legislature reestablished the highly successful Exit and Retention Bonus program for families that transition to employment and remain off public benefits; the 2018 Legislature appropriated funding for system modifications to run the program; we request program funds to provide the bonuses and funds for families not eligible for federal benefits.
- **Adding additional after-school programs for DOE middle and Intermediate Schools:** An increase in federal funds ceiling will allow an additional number of DOE intermediate and middle schools that may provide the UPLINKS program, a structured after-school programs that benefit the children in their middle school years through tutoring, sports, multi-media, STEM, and other arts and cultural programs.

3. **Transforming government through continued IT upgrades, program redesign, program development, and human resources**

- **Child Care Program redesign:** we request additional planning staff to review, revise, and monitor the state plans required by the federally funded Child Care and Development Fund; and to address continuing audit errors and to avoid future penalties, we propose a program redesign to return the child care eligibility and payment services to the department; with this redesign, we project positive correction to the audit findings, and an eventual savings that will be reinvested in areas of quality improvement and subsidies.
- **Continued investment in the DHS Enterprise System to integrate the delivery of human services:** we are in the 2nd phase of the significant investments into upgrading the DHS IT infrastructure by adding the public welfare programs to the DHS Enterprise platform initiated through the Affordable Care Act. Once integrated and operational, most public benefits will be accessible through a universal application process, with reduced determination times and errors.
- **Maintenance and Security of the DHS Enterprise System:** as with any investment, and particularly with IT systems, it is the utmost priority and continuing obligation to maintain and upgrade the system's operations, and to secure the system's integrity and the private information of individuals; additional qualified staff and training resources are required.
- **Health Care Analytics program development:** building on the result of the 1st phase of investment in the DHS IT system, the 2018 Legislature established the Health Analytics Office in the Med-QUEST division that can now use KOLEA, the robust Medicaid eligibility platform, for data analytics. MQD is authorized to serve as the state's All Payers Claim Data base, and in collaboration with several other executive departments, will analyze all state funded health claims and assist policy makers and decision makers to improve the delivery of health care in Hawaii and address increasing health care costs.
- **Director's Office Administrative staff:** continuing and establishing temporary exempt positions in the Director's Office will assist the Director and Deputy Director, and support the divisions, commissions, and attached agencies, to move DHS to an integrated and multi-generational human services delivery system; the goal is to reduce time families and children spend in poverty, and to address the root causes of poverty to reduce overall poverty, and abuse and neglect in Hawaii.

4. **Leveraging federal funding:**

- **Increasing access to programs and services with TANF funding:** the request to increase the federal ceiling will allow access to additional TANF funds to support or expand several initiatives, such as the new initiative for after-shelter services to homeless families with minor children; increasing the number of DOE schools with UPLINK after-school programs for middle school students; and reviving the Exit and Retention bonus to support transition to employment.
- **Access to federal funds for continued DHS Enterprise System development:** we are strategically using Medicaid match funding to support the development of the integrated DHS Enterprise System, operations, security, and training.

The biennium budget requests are a result of and in support of three ongoing transformative initiatives:

- **'Ohana Nui**

Initiated in 2016, 'Ohana Nui uses a multigenerational lens to end intergenerational poverty. The five pillars of the 'Ohana Nui framework are:

1. **Housing** – Housing stability is key to a child's, individuals', or family's success in other areas that support well-being: education, employment, health, wellness, and social and community connections. The DHS strategy is to preserve the current housing of individuals and families through rental subsidies or other supportive services. To reduce homelessness, DHS Homeless Programs Office (HPO) implemented a state-wide Housing First approach that prioritizes the placement of individuals and families into permanent housing as quickly as possible and to provide supportive services to maintain permanent housing through employment and access to public benefits.
2. **Food and nutrition** – Whether for an individual or for a family, food security must also be addressed. DHS Benefit, Employment, and Support Services Division (BESSD) provides SNAP to eligible families; this program is 100% federally funded.
3. **Health and wellness** – Through the Med-QUEST Division (MQD) individuals and families may be eligible for Medicaid or other health and wellness supports. The Medicaid program serves 1 in 4 Hawaii residents.
4. **Education and economic stability** – As education is a known driver of economic opportunity and the only known pathway out of poverty, BESSD provides cash assistance, access to no-fault insurance, employment training, child care subsidies, after-school subsidies, LIHEAP¹ subsidies, and the Division for Vocational Rehabilitation (DVR) provides vocational rehabilitation services for youth and adults with one or more disabilities.

¹ Low Income Home Energy Assistance Program is a federal program that helps families meet their energy costs.
AN EQUAL OPPORTUNITY AGENCY

5. **Social capital** – Research shows that an individual’s or a family’s ability to stay on the path to well-being and whether the difficulties of life are increased when they have networks of support; and in contrast, isolation or a lack of positive social connections leads to poor health outcomes. Networks that encourage the development of positive social and community relationships, values, skills, and behaviors consistent with the goal of long-term self-sufficiency must continually be strengthened.

By improving our service delivery through system integration, access to support will be streamlined and improved for children, parents, and grandparents (the whole household together) as well as access to benefits to eligible single adults. This multi-generational approach intends to stabilize and improve the housing and economic conditions of a family that will improve children's health and readiness for school, and support parents' ability to work and increase a family's income and resources. By reducing system barriers, we will reduce the time spent in poverty and empower children and families to live to their full human potential. The administration is submitting a legislative measure that will require DHS to address the reduction of multigenerational poverty.

- **Strategic Plan**
DHS developed its first department-wide strategic plan. The Strategic Plan is guided by article IX, section three of the Hawai'i State Constitution, the 'Aloha Spirit' statute (section 5-7.5, HRS), and the 'Ohana Nui framework.

In fiscal year 2018, we enhanced service integration and delivery to achieve sustainable outcomes for the people we serve to improve the self-sufficiency and well-being of Hawai'i's individuals and families.

- **DHS Integrated Enterprise Solution**
DHS continues to invest in upgrading its legacy information technology systems. As one of the major benefits of the Affordable Care Act, once completed, the DHS Integrated Enterprise Solution will support our ability to serve residents across programs and divisions through an integrated eligibility process and case management applications. The DHS Integrated Enterprise Solution provides a vision and a means for the future that will connect residents quickly to all available resources.

In fiscal year 2018, we continued to leverage remaining federal funds through the Affordable Care Act (90 fed/10 state match) and started the system integration of BESSD's financial, SNAP, and child care programs on to the DHS Enterprise platform that currently hosts MQD's KOLEA Medicaid eligibility application.

Other transformative activities that underpin the changes at DHS are:

- **Business Process Transformation**

Throughout DHS we are transforming business processes with a customer-centered approach.

The Benefit, Employment, and Support Services Division (BESSD), the Med-QUEST Division (MQD), and other DHS programs are in the process of reviewing policies and procedures and making recommendations for improving the delivery of programs and services. This initiative also includes functional reorganization of our Social Services Division (SSD).

In fiscal year 2018, we continue to implement customer-centered changes among DHS business units to update and align our processes and train our staff to develop consistency in service delivery.

- **Generative Partnerships**

Generative partnerships are intrinsic to the ‘Ohana Nui framework. We continue to leverage partnerships with other state agencies, private agencies, and community-based organizations to address service gaps, such as professional development, basic and financial literacy, and infrastructure development.

- **Organizational Change Management**

Through organizational change management and communication, DHS is reshaping its culture by preparing its workforce for changes that will come with the implementation of ‘Ohana Nui, the DHS Integrated Enterprise Solution, and Business Process Transformation. Through organizational change management, DHS staff and its partner providers will embrace these three major initiatives, to provide improved services, programs, and other necessary support to individuals and families to end intergenerational poverty in Hawai‘i.

B. Federal Funds

Hawai‘i Public Housing Authority (HPHA)

Federal Award Title: Public and Indian Housing, CFDA number 14.850

Section 8 Housing Choice Vouchers, CFDA # 14.871

Section 8 Housing Assistance Payments CFDA # 14.195

See HPHA budget narrative that will be submitted separately.

Division of Vocational Rehabilitation (DVR)

Supported Employment Services for individuals with the Most Significant Disabilities (MSD)

Support Employment (SE) State Grants, CFDA Number 84.187, \$150,000

SE State Grants, Transition Aged Youth (TAY), CFDA Number 84.187, \$150,000

Supported Employment (SE) funds provides extended employment services to youth and adults with Most Significant Disabilities who have been unable to maintain competitive

employment. Annually, our expenditures for SE services average \$550,000 (\$300,000 SE funds; \$250,000 VR Basic Support funds) for approximately 64 clients. Without SE funds, approximately 29 clients or less than 50% of the clients can be served.

C. Non-General Funds

The reports on non-general funds for DHS pursuant to section 37-47, HRS, are contained in the links below:

DHS: <https://budget.hawaii.gov/wp-content/uploads/2017/12/HMS-NGF-2018-Leg.pdf>

HPHA: <http://www.hpha.hawaii.gov/reportsstudies/reports/2018HPHAAnnualReport.pdf>

D. Budget Process

Divisions and attached entities submit budget requests, with rationale and prioritization, to the Director and to the Budget, Planning and Management Office (BPMO) for review. After discussion with BPMO and each division administrator, the Director prioritizes the department's budget requests and provides recommendation to the Department of Budget and Finance and the governor. The proposed budget aligns with the Governor's priorities and our 'Ohana Nui framework.

Additionally, DHS uses these four budget priorities:

1. Safety Net: Preserve and improve services that meet basic human needs: shelter and housing; food; child and adult protection; emergency assistance; health care; and income support (including child care). These priorities support and stabilize the lives of DHS clients.
2. Supportive Services: Prioritize and assure that services are robust enough to serve the most vulnerable populations, sustain past program gains, and increase participation in the workforce.
3. Transforming Government: Prioritize programs that support the transformation of government infrastructures to improve efficiency and transparency, to ensure compliance to federal and state mandates, to promote program and system integrity, and to invest in the public workforce.
4. Leverage funding streams: Prioritize programs that leverage multiple funding streams through collaboration or innovation.

E. Budget Requests

MOF = means of financing

A = general funds

N = federal funds

C = general obligation bond funds for capital improvement projects (CIP)

FTE = full time equivalent

Hawai'i Public Housing Authority (HPHA)

The Hawai'i Public Housing Authority will provide testimony separately.

Office of Youth Services (OYS)

Operating Budget Request

HMS 501 – In-Community Youth Programs

Youth Assessment Service Centers (501YA-01)

Request: \$450,000 A for FY20 and for FY21

Youth Assessment Service Centers (YASC) are designed to facilitate efficient prevention, diversion and intervention service delivery at the front end of the juvenile justice system. Statewide, status offenses comprise more than half of all juvenile arrests (52 percent), with running away the overall leading cause of arrest (30 percent of all arrests). Current YASC show lower re-arrest rates for participants.

The priority for the proposed request is to establish one YASC in District 8 (Waianae to Ewa) or District 4 (Laie to Waimanalo) on Oahu. Both districts cover a large service area, with potential partnerships with the community that could maximize resources (e.g. HPD at Kapolei/Waianae; Kawailoa Youth & Family Wellness Center in Olomana). Future plans include expansion to all counties.

On Oahu, a YASC utilizing a Civil Citation model program in the District 5 region, urban Honolulu, is lowering re-arrest rates. In the first year of implementation, youth who participated in the YASC had a 7.7 percent lower re-arrest rate compared to youth who did not participate in this YACS. Even lower re-arrest rates were shown for youth who had a warm-handoff from police to YACS (difference of 19.4%) specifically for youth with misdemeanors, and youth who received YASC services compared to youth who did not; there was a difference of 12.2% lower re-arrest rate.

An East Hawaii region pilot YASC site during the period 10/1/15 - 9/30/16 served 188 youths; subsequently, only 6% of the youth served had a new arrest or delinquent crime.

The following breakdown is the number of potential youth to be served by YASC services and these figures reflect a three-year average of the number of youth arrested in the four counties:

1,044 youths on Kauai, 4,773 youths on Oahu, 2,304 youths on Maui, and 1,284 youths on Hawaii.

Juvenile Justice Reform Program (501YA-02)

Request: \$600,000 A for FY20 and FY21

This request will allow for the continuation of efforts to sustain and improve the juvenile justice reform outcomes made over the past 2 years. Funding will be targeted to continue the implementation and validation of a standardized risk and needs assessment and case management tool; evidence-based services, including aggression replacement training; truancy prevention and intervention; wrap around services; training for balance and restorative justice activities; professional staff development; and cultural-based healing services.

Act 201, Session Laws of Hawaii (SLH) 2014, provided funding for juvenile justice reform to improve and enhance Hawaii's juvenile justice system, including strengthening community supervision and probation practices, sustaining effective practices, and reducing the reliance on secure confinement.

In State Fiscal Year (SFY) 15, \$1.26 million was expended or encumbered for programs, services and activities to implement juvenile justice reform, including mental health and gender-specific trauma-informed services; substance abuse; intensive monitoring for youth on probation; truancy prevention and intervention services; ancillary supports and incentives for graduated response system; professional development; and the operation of a statewide implementation working group.

The 26% reduction in admissions to the Hawaii Youth Correctional Facility (HYCF) for the past 4 years is one of the concrete results of Act 201 (2014). Act 119, 2015 SLH transferred \$600,000 from HMS503 (HYCF) to HMS501 (OYS) to invest in up-front services to strengthen the juvenile justice system reform efforts. Act 126, 2015 SLH appropriated another \$1.2M (non-recurring funds) for FB16-17 to match the initial funding of Act 201. However, for FB 18-19, the Legislature did not include an appropriation of \$1.2 million, resulting in decreased funding for community-based services addressing truancy, substance abuse, and probation compliance.

Establish and Funds 1.00 Permanent Position for Youth Commission (501YA-06)

Request: FTE 1.00 A and \$81,416 A for FY20 and for FY21

This request is to make the authorized amount a recurring budget item so that one staff position will be a permanent civil service worker to carry out the duties of the position created by Act 106 (2018). Currently, the position is temporary because funding will end on June 30, 2019.

HMS 501 (In-Community Youth Programs) received an appropriation through Act 106, (2018),

to establish a Youth Commission to advise the Governor and Legislature on the effects of legislative policies, needs, assessments, priorities programs, and budgets concerning the youth of the state. Act 106 (2018) appropriated funds to hire one staff position to administer the youth commission and other administrative costs. However, Act 106, (2018), only authorized funds for one state fiscal year.

The 2018 Legislature found that a youth commission would enable a greater role for young people in the policymaking process, and that the Legislature and Governor would benefit from additional formal input from youth on the effect of legislation on young people on the state.

Deletion of 2.00 Temporary Federal-Funded Positions (501YA-04)

Request: FTE -2.00 N positions and -\$121,978 N for FY20 and for FY21

The Office of the Youth Services cannot establish these positions with federal funds due to a lack of administrative and planning funds in the federal grant, and we request to abolish these positions.

The average federal award each year is roughly \$400,000 and the percent of administrative and planning funds are 10% or \$40,000. The salaries for a program specialist IV and an account clerk III are \$76,236 plus fringe benefits of \$45,742 totaling \$121,978.

Conversion from Temporary to Permanent Civil Service Position

Request: FTE -0.50 A (T) to FTE 0.50 A (P), FTE 0.50 N (T) to FTE 0.50 N (P)

The Office of Youth Services (OYS) requests that the position become a permanent civil service. The Office Assistant III position (122366) is currently budgeted as a temporary position. This position was vacant until very recently. Temporary positions in our office have experienced low interest as evidenced by our vacancy report, and are difficult to fill because of the temporary appointment. We currently have another program position that is vacant since July 3, 2017, because it is a temporary appointment. It is very difficult to hire a person knowing that they may lose their job at any time.

HMS 503 – Hawaii Youth Correctional Facility

Funding of Existing 5.00 Permanent Social Worker Positions in a trade-off by eliminating 3.00 Permanent Youth Corrections Officer and transferring Personal Services Funds (503YB-01)

**Request: FTE -3.00 A and -\$41,142 A for FY20 and
FTE -3.00 A and \$81,228 A for FY21**

In Act 049, SLH 2017, established in HMS 503, 5.00 permanent Social Worker III positions (Position Numbers 98635K, 98636K, 98637K, 98638K, and 98639K) without funding; without funding the Office of Youth Services (OYS) was not able to establish these positions. This funding request will partially fund those positions and support continuing juvenile justice

efforts to transform to a therapeutic model.

Since Act 201 (2014), OYS and HYCF have been actively working to improve and reform the juvenile justice system. Act 201 (2014) sought to reduce secure confinement, strengthen community supervision, and focus resources on practices proved to reduce recidivism. For HYCF to accomplish this goal and maintain the gains achieved thus far, there is a need for intensive supervision on parole and a smoother transition back into the family, foster home or independent living program. This will be accomplished by increasing staff to the parole section and managing the caseload to give more time to provide this intensive supervision in the field, this will include a step-down program planned on HYCF campus that will help bridge the gap from incarceration to community placement.

CIP Budget Requests

HMS 503 – Hawai'i Youth Correctional Facility (HYCF)

HYCF Campus Improvements Planning, Oahu (FY19.1)

Request: \$800,000 C for FY20

The health and safety of the wards were major issues addressed in the Department of Justice Memorandum of Agreement with the State of Hawaii (2009). However, this project was given a low priority in lieu of the other more pressing problems at the Hookipa Makai. If this funding is approved in the 2019 Legislature, the HYCF envisions multiple high-risk youth populations upon its property to address several weaknesses in the Juvenile Justice System.

HYCF Sewer Improvements, Oahu (FY20.1)

Request: \$600,000 C for FY20

Recent communication from the United States Environmental Protection Agency, Region IX, sought information related to the subsurface wastewater infrastructure on the HYCF campus. Based on the requirements, the HYCF operational staff discovered 2 cesspools still in operation. These cesspools are in apparent violation of 42 USC §300j-4 of the Safe Drinking Water Act. One cesspool in question currently serves the Kawailoa Youth and Family Wellness Center's Homeless Shelter that houses 20 homeless young adults; the other cesspool serves Building 5 and will be removed under a separate CIP proposed project.

HYCF Water System Improvements, Oahu (FY20.5)

Request: \$900,000 C for FY20

With the recent change in HYCF operations leadership, an assessment and review of the campus water system is warranted. Recent operational problems with the water pump station, the inability to cut off water for pipe repairs, and water tank deterioration have provided an opportunity to evaluate the water system, implement much needed repairs, and

develop a future maintenance plan.

HYCF Gym Foundations Repair, Oahu (FY20.6)

Request: \$225,000 C for FY20

HYCF campus gymnasium was built in 1928 as part of the Kawaioloa Training School for Girls; its foundation needs repair as the campus gymnasium continues to be an intricate part of the mission of the Kawaioloa Youth and Family Wellness Center. Currently, the gym is utilized for recreational and programs by the students of Olomana School, students of a construction and mechanical vocational program called Kina'i Eha, community volleyball clubs, and the HYCF Incarcerated population.

The scope of the HYCF campus gymnasium foundation repair is to correct the loss of bearing soils. The consultant will need to assess the condition of the floor to determine if the building has settled and if the work should involve re-leveling of the building before the foundation is repaired. Anticipated work includes: demolition of the concrete footing, excavation for the new footing, temporary framing to support the building, constructing the concrete footing, backfilling, hazardous materials removal, and related work. Once the foundation is secured, the gym will play an important role in the proposed master plan of the Kawaioloa Youth and Family Wellness Center's sports complex that will also include its swimming pool and recreational fields. These facilities and fields will be utilized for recreational activities for the youth and young adults on property as well as community DOE athletic programs.

Benefits, Employment & Support Services Division (BESSD)

Operating Budget Requests

HMS 224 – Homeless Services

The state's approach to homeless services is founded on the Housing First model, that is find permanent housing and then attend to the needs of the individual and family to maintain housing stability, through access to public services, employment, civil legal services, and appropriate healthcare.

Housing First Program (224HS-02)

Request: \$3,750,000 A for FY20 and for FY21

This request seeks to maintain Housing First Program services for the existing state Housing First program population (=241) and the target to add services for 60 additional eligible individuals and their families.

The state Housing First program (HF) provides services for the most visible, chronically homeless population, those individuals or families with a combination of mental health,

substance abuse, related medical issues - the same population frequently utilizing high-cost healthcare services and whom frequently cycle in and out of the criminal justice system. The state HF provides housing and supportive case management services to unsheltered homeless persons. The HF services are key to moving these individuals and their families off the streets, providing support services to ensure that they remain successfully housed, and reducing utilization of high-cost emergency room services.

In 2017, DHS expanded the state HF statewide; HF provided supported housing services to 241 chronically homeless, highly vulnerable individuals and family members. The measure of success of housing first programs is the percent of individuals that remain in stable housing for 6 months or more. In the past 5 years the state's HF has had a housing retention rate of approximately 97%, far above the national average of 80% for other housing first programs.

The funding for HF includes both monthly rent and ongoing wraparound case management. Housing First is currently funded on a year-to-year basis, and it is critical that funding be sustained in the base budget as many of these individuals will require a certain level of housing supports for the foreseeable future.

Rapid Re-Housing Program (224HS-04)

Request: \$3,750,000 A for FY20 and for FY21

Rapid Re-Housing (RRH) targets *sheltered* homeless individuals and families. The State RRH program was projected to serve 374 households (807 participants). With the increased level of funding, the number of households projected to be served would increase to 578 households (1403 participants) or enable the number of households served to increase by 54%. It is a part of the Housing First approach that provides short- to medium-term rental subsidy and case management, which may range from a minimum of three months to as long as twenty-four months based on a household's specific needs. Like the state's HF program, the goal of the state Rapid Re-Housing program is to minimize the duration of homelessness and move homeless individuals and families quickly out of homelessness and into permanent housing while also providing supportive services to assist a family in maintaining their housing. If a family encounters difficulties with paying rent shortly after moving to permanent housing, the Rapid Re-Housing program can connect the family with appropriate resources and support to stabilize and maintain their permanent housing.

By targeting homeless individuals and families who are currently in shelters, the Rapid Re-Housing program will allow the state to better maximize its existing shelter inventory. As it is extremely cost-intensive to construct and fund additional homeless shelters; providing Rapid Re-Housing assistance to ready individuals and families, minimizes the time between housing instability and housing stability, thus allowing other aspects of life such as school attendance, employment, and medical care to stabilize as well.

Rapid Re-Housing is endorsed by the U.S. Department of Housing and Urban Development as

an effective way to end homelessness among families with minor children. Consistent with the DHS `Ohana Nui strategy, the Rapid Re-Housing program addresses the social determinants of health as it provides increased housing stability for families with minor children.

Family Assessment Center (224HS-01)

Request: \$1,550,000 A for FY20 and for FY21

The proposed funding request will support the continued operation of the Kaka'ako Family Assessment Center, as well as the operation of a second Family Assessment Center.

The Family Assessment Center is a model of a low barrier shelter utilizing a Housing First approach to quickly move families with minor children off the streets and into permanent housing; again as part of the array of services of the Housing First approach, housing stability will support children's health, school attendance and improved educational outcomes, as well as parents' ability to seek and maintain employment or other activities that increase income, and give parents' opportunity to address their overall health needs.

Based upon the positive outcomes with the initial Kaka'ako Family Assessment Center, through Act 209, SLH 2018, the Legislature appropriated \$800,000 for the operation of a second Family Assessment Center for FY19. DHS is in the process of procuring the services for a second Family Assessment Center, which will be operated by a contracted homeless services provider.

The Kaka'ako Family Assessment Center (FAC) opened in September 2016 and is fully funded through the end of FY19. The FAC accommodates 12-14 families (up to 50 people) at any one time. The total annual budget for the Kaka'ako Family Assessment Center is \$750,000. In its first two years of operation, the center served 107 households and placed 95% into permanent housing in an average of 79 days, 11 days fewer than the 90-day goal established for the center in its state contract. In addition, through work with the Kaka'ako Family Assessment Center staff and other providers, 59% of families served increased their income through access to public benefits and employment.

Homeless Outreach and Civil Legal Services (224HS-03)

Request: \$1,750,000 A for FY20 and for FY21

The requested funds will maintain the current level of homeless outreach funding. Homeless outreach funding was increased in FY18 to accommodate the growing number of unsheltered homeless individuals - on Oahu and the neighbor islands - and to increase the reach and quality of services contracted by DHS.

DHS will continue to contract with nonprofit service providers to deliver homeless outreach services across the state. Homeless outreach services are intended to reach out to the unsheltered homeless population and engage them in services to be housed and end their

homelessness. Homeless outreach requires outreach staff to build a strong rapport with unsheltered homeless persons, and use this rapport to engage homeless persons who may have declined shelter or services in the past. Building rapport takes time and multiple contacts with an individual.

Homeless outreach services include: assistance with obtaining identification documents and other vital records (e.g. birth certificates, and marriage or divorce certificates that document name changes) – documentation required for housing and employment; identifying and locating suitable housing options and providing support through the housing location and move-in process; and assistance with job search and applications for public benefits.

To ensure that homeless persons are not simply displaced from one area to another, homeless outreach providers work with state agencies (Department of Transportation (DOT) or Department of Land & Natural Resources (DLNR)) to transition unsheltered persons into longer-term housing options. Homeless outreach goes hand in hand with enforcement efforts by state agencies to address highly visible homeless encampments on public lands.

Stored Property and Debris Removal Services for State Lands (224HS-05)

Request: \$5,000,000 A for FY20 and for FY21

The state's framework addressing homelessness is also focused on public safety, especially related to unauthorized encampments located on state lands. While the state provides funding for homeless services, funding is also needed to address personal property left behind on state lands after a homeless encampment is vacated or when individuals trespassing on state land leave personal property behind. In addition, state agencies require support to take measures that would prevent unauthorized encampments from becoming established, such as placing appropriate signage and installing fencing on state lands where appropriate.

The Department of Human Services (DHS) currently has a Memorandum of Agreement with the Department of Transportation (DOT) that enables DOT to oversee property storage and debris removal activities statewide for all state lands.

The funds requested will be used to contract a vendor who would maintain a stored property program statewide, purchase necessary supplies and equipment to support property storage and debris removal activities, and would support the installation of signage and fencing to prevent unauthorized encampments from becoming established on state lands.

The issue being addressed is the temporary storage of property left by homeless individuals on public lands. Maintaining temporary property storage is consistent with the evolving best practice to deal with homelessness in a compassionate and respectful manner. Mainland communities without means or processes to temporarily store personal property left on public lands have been vulnerable to litigation.

In addition, service providers have reported that enforcement to vacate unauthorized homeless encampments may result in the loss of identification documents and other vital records for homeless persons that are displaced, which then becomes a barrier to achieving permanent housing.

HMS 302 – General Support for Child Care

**Establish and Fund 1.0 Permanent Position for General Support for Child Care (302DA-01)
Request: FTE (P) 0.50 A/0.50 N and \$17,474 A and \$27,337 N for FY20 and
FTE (P) 0.50 A/0.50 N and \$31,975 A/\$51,138 N for FY21**

This request augments the need for additional staff in the Child Care Program Office (CCPO) to address added intensive requirements for statewide plan development, revision, review, and monitoring of all plans, including corrective action plans, needed to comply with the federal Child Care and Development Fund (CCDF) block grant that provides federal funds for the department's statewide child care licensing program, program staff, and the child care subsidy program.

The CCDF grant provides working low-income families with child care subsidies to access to quality child care options, and additional supportive services to promote and ensure healthy and safe child care for Hawaii's families and children. The federal Child Care and Development Block Grant (CCDBG) Act of 2014 (Public Law 113-186) and 45 Code of Federal Regulations (CFR) Part 98 require that states undergo monitoring every three years by the U.S. Department of Health and Human Services (DHHS) Administration for Children and Families' (ACF) Office of Child Care (OCC). If states are non-compliant with the federal law and regulations, corrective action plans will be necessary.

Hawaii will be subject to the on-site monitoring visit by the ACF OCC during FFY 2020 and every 3 years thereafter. CCDF State Plans are also submitted every three years with updates and plan amendments submitted throughout the 3-year plan cycle.

The CCDBG Act of 2014 and 45 CFR Part 98 made significant changes to the CCDF grant requirements and Hawaii continues to work toward full compliance with the federal provisions. CCPO is working on revisions to administrative rules, procedures, processes, forms, IT data system modifications, updates for staff training, public outreach and feedback forums for the Department's child care licensing, child care subsidy, and child care quality programs.

Hence, in addition to the current and extensive responsibilities of the CCPO, the staffing levels in the Child Care Program Office need to be adjusted to meet the additional oversight and on-going monitoring that will be implemented by the ACF OCC starting FFY 2019 and on for all grantees. This funding request and position is part of the process to fully resource the CCPO.

Establish and Funds 20.00 Positions for Child Care Subsidy Program and Transfer Funds from OCE to PS (302DA-02)

**Request: FTE (P) 10.00 A/10.00 N and \$120,080 A for FY20 and
FTE (P) 10.00 A/10.00 N and \$338,710 A for FY21**

DHS currently contracts services for the state's two child care subsidy programs: Child Care Connection Hawai'i and Preschool Open Doors. This request addresses continuing program audit findings by moving the currently contracted child care eligibility and payment services functions back to DHS. Bringing these functions back to DHS, will improve service delivery to families and children while improving accuracy of payments through a Business Process Redesign (BPR).

DHS is annually audited for improper payments made using the CCDF block grant as part of the DHHS's federal Office of Management and Budget (OMB) Uniform Guidance compliance review for federal funds, and triennially audited by the Administration for Children and Families (ACF). Despite corrective actions taken to reduce the number of errors over the past 4 years, DHS is not in substantial compliance as reported in the audits' findings due to errors in payment accuracy. The DHS triennial audit results for FFY 2015 for the federal child care subsidy program had a 23.73% dollar error rate, which exceeds the ACF's allowable 10% dollar error rate. DHS will remain under a continuous Corrective Action Plan with ACF OCC until the Department's dollar error rate is below the 10% threshold.

The DHS currently funds contracted providers for the federal and state child care subsidy programs for a total of \$3,135,562 (\$3,003,562 N/\$132,000A). Once the proposed DHS unit is fully staffed and functioning in FY 21, the State should see a savings of approximately \$1,966,496 (decreased of \$2,305,206 N funds and increase of \$338,710 A funds) that could be applied towards other child care quality efforts or towards child care subsidies for eligible families.

Other budgeted current contract expenses will be used to supplement the general funded and federal funded salaries of the requested positions. No additional federal ceiling is being requested. However, we are requesting additional general funds of \$120,080 for FY20 and \$338,710 for FY21 onwards.

HMS 305 – Cash Support for Child Care

Reduction in HMS 305 funds in the amount of \$400,000 and re-invest it to HMS 302 to fund Child Care Subsidy Program positions (302DA-01)

Request: -\$400,000 A for FY20 and for FY21

This request is related to the HMS 302 request above and will reinvest \$400,000 from HMS 305 into HMS 302 (OR) request for funding and establishing 20 positions for a statewide child care subsidy eligibility unit and 1 position for statewide plan development, revision, review,

and monitoring of all plans, including corrective action plans, needed to comply with the federal Child Care and Development Fund (CCDF) grant that provides federal funds for the state's overall child care licensing and child care subsidy systems.

HMS 903 – General Support for Self Sufficiency Services

BESSD Cost Allocation for BES and Enterprise Platform (903FA-01)²

**Request: \$722,957 A/\$641,112 N for FY20 and
\$2,584,483 A/\$2,291,900 N for FY21**

DHS through the DHS Enterprise System continues to integrate its healthcare and human services, with a focus on enhancing the technology capabilities for BESSD, MQD, and SSD. The Benefits Eligibility Solution (BES) for BESSD programs is the 2nd major phase of the upgrade of the DHS 30 plus year old legacy IT systems. The vision for this effort is to move DHS to a more person and family-centered, rather than program-centered, model of practice in line with the concept of an “Agency of One” rather than the way services are currently provided by each DHS program somewhat independently of the other. It is expected that this person-family centered approach will improve access, outcomes, cost and quality of DHS programs and services.

With the passage of Patient Protection and the Affordable Care Act (ACA) significant federal financial support became available to upgrade IT infrastructure to states who agreed to expand Medicaid. DHS accepted the opportunity and invested in the Medicaid Eligibility for Enrollment (E&E) Solution now known as the Kauhale On-Line Eligibility Assistance (KOLEA). DHS was required to develop a different IT infrastructure as the DHS legacy IT system could not comply with provisions of ACA. Forward thinking, the architecture of the components and services initially developed for KOLEA were designed to support future initiatives for other DHS divisions and programs and now serves as the foundation of components and shared services for the and the DHS Enterprise Platform.

Now that the extensive approval and procurement process is complete and the BES contract awarded, cross division staff are at work with the vendor to design and develop the enhancements and standardization of processes. The BES project work includes the need to continue to support MQD and continually improve the Medicaid program on the DHS Enterprise Platform while building the BES project for BESSD programs. BESSD staff assigned to BES are fully engaged to improve program effectiveness and performance in the design, development, and implementation of the BES application to the DHS Enterprise platform.

The new BES and Enterprise Platform build is cost allocated between MQD, BESSD, and SSD for the biennium, FY 2020-2021, based on client count per division. BESSD's cost allocation of 32% is based on the client count as of June 30, 2017.

² See related discussion below of HMS 902.

Additional General Funds and Federal Ceiling Increase for Exit and Retention Bonus Program (903FA-03)

**Request: \$244,000 A/977,000 N for FY20 and
\$330,000 A/1,318,000 N for FY21**

Act 128, SLH 2018, re-established the Exit and Retention Bonuses program in BESSD. The 2018 Legislature appropriated funds to make required system changes to administer the program; this request is to fund the program.

Previously, the Exit and Retention Bonuses program was established under the "Reward Works" initiative in 2009. Employed TANF³ recipient families who successfully exit TANF due to earnings, were eligible to apply for the exit bonus. These families were also eligible to apply for additional bonuses if they maintained their employment status for 3 months, 6 months, 12 months, and 24 months. The retention bonuses increased as the retention period increased. Though highly successful, due to lack of funds, the Exit and Retention Bonuses ended in 2012.

The \$400,000 appropriated by Act 128, SLH 2018, only covers the costs to modify the HANA case management system. The additional requested funds will be for the bonus payments beginning SFY 2020. The amount requested for fiscal year 2020 is less than 2021 because no one will be eligible for the 24-month bonus until the second year of implementation.

For fiscal years 2010 and 2011, 83% of families that received at least one bonus did not return to reapply for TANF, and only 17% of the families reapplied for TANF. A total of 1,091 former TANF recipients (unduplicated) received at least one bonus payment in fiscal years 2010 and 2011. Of this total, 29.3% received a 3-month bonus; 25.5% received a 6-month bonus; 24.4% received a 12-month bonus; and 20.8% received a 24-month bonus.

In SFY 2017, there were approximately 1,370 recipient families who exited TANF with employment, working an average of 30 hours/week (full-time status according to TANF rules). Assuming this same total would be eligible for an exit bonus in the 1st year (in SFY 2020), we estimate that about 334 families would go on to receive a 3-month bonus; about 290 families would go on to receive a 6-month bonus; about 277 families would go on to receive a 12-month bonus; and about 237 families would go on to receive a 24-month bonus in the 2nd year (in SFY 2021). Based on the following bonus amounts--1) \$500 at exit; 2) \$600 at 3-months; 3) \$700 at 6-months; 4) \$900 at 12-months; and 5) \$1,800 at 24-months, and the number of families that would be eligible for each of the bonuses, we project the following total payments for the 1st year SFY 2020--1) \$568,500 for exit bonuses; 2) \$200,400 for 3-month bonuses; 3) \$203,000 for 6-month bonuses; 4) \$249,300 for 12-month bonuses, for a projected total of \$1,221,200. The projected payments for the 2nd year SFY 2021 would be \$426,600 for 24-month bonuses. Assuming in the 2nd year the same number of families as the 1st year 2020, would be eligible for exit, 3, 6 and 12-month bonuses, plus \$426,600 for 24-

³ Temporary Assistance for Needy Families (TANF) is federally funded, time limited, cash assistance program for families with minor children. TANF requires non-disabled parents to engage in work activities as a program requirement.

month bonuses (carry-over from the 1st year), a total \$1,647,800 of bonus payments would be paid in the second year SFY 2021.

We estimate about 80% of the 1,370 would be eligible for federally-funded bonuses; therefore, 20% of the projected bonus payments will need to be funded with General funds. First year SFY 2020, \$977,000 should be funded with Federal TANF funds and \$244,000 with General funds. To calculate the 2nd year SFY 2021, the first year's total of \$1,221,200 is added to \$426,600 for 24-month bonuses to determine the total funds needed. Second year SFY 2021, \$1,318,000 should be funded with federal TANF funds and \$330,000 with general funds.

Federal Ceiling Increase for Homeless Shelter After-Care Services (903FA-02)

Request: \$570,000 A/\$1,330,000 N for FY20 and for FY21

Homeless Shelter After-Care Services: Currently, there are 13 shelters statewide contracted by the DHS Homeless Program Office - Oahu (8 shelters), Kauai (2 shelters), Maui (2 shelters), and Hawaii (1 shelter). The scope of shelter service contracts does not include services for families after they leave the shelter. Currently, shelter services are only provided when families are temporarily residing in the shelter. It is important to have a continuum of service following a family's shelter stay to allow the family to transition and settle into longer-term housing. This after-care period is an opportunity for the family to receive additional resources, referrals, and support (social capital) to ensure they do not return to being homeless. During FFY 2017, there were a total of 701 families that were serviced by the homeless shelters statewide. Approximately 60% of the total individuals who stayed in a homeless shelter were children.

DHS intends to revise the scope of services when the shelter services contracts are re-procured to include continuum of care for a period up to six (6) months following a family's stay at a shelter. Services will include rental assistance while families receive after-care services. Currently, State Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) funds are provided to the BESSD Homeless Program Office to cover the cost of shelter services. The requested funds will cover the after-care extended shelter services. State funded expenditures will be claimed to meet Hawaii's State TANF MOE requirement. We estimate about 70% of the families that may receive shelter services would be eligible for federally-funded services; therefore, 30% of the projected cost will need to be funded with general funds as these families may not be eligible for federal funds.

The requested federal funds are currently available from the Federal TANF Block Grant. Any funds carried over from the previous years can also be used for this request.

Federal Ceiling Increase for UPLINK Program (903FA-05)

Request: \$200,000 N for FY20 and for FY21

Uniting Peer Learning, Integrating New Knowledge (UPLINK) is a structured after-school program for the Department of Education (DOE) middle and intermediate school students.

The UPLINK program provides students a safe environment during after school hours; remediation and tutoring services; activities that promote pregnancy prevention; and extra-curricular activities that encourage team work, develop leadership skills, promote health and well-being, and technological skills such as sports, multi-media, culture and arts, culinary, agriculture, robotics, and STEM (Science, Technology, Engineering, and Mathematics).

The additional funds will allow DHS to add two (2) middle/intermediate schools to the current list of schools that provide UPLINK program (increasing to 63% of all middle and intermediate schools).

Currently, 31 (60%) middle and intermediate schools operate the UPLINK program for their students. In SFY 2017-2018, 35% of the total school enrollment for the 31 schools were registered to participate in the UPLINK Program. Of the total students registered for UPLINK, 78% of the students attended UPLINK for 14 days or more. Furthermore, 71% of the students that participated in UPLINK passed all their courses for the school year.

The requested federal funds are currently available from the Federal TANF Block Grant. This grant represents obligation for the Temporary Assistance for Needy Families (TANF) programs. Any funds carried over from the previous years can also be used for this request.

**Federal Ceiling Increase for Modification to HANA Case Management System (903FA-04)
Request: \$2,000,000 N for FY20 and \$1,000,000 N for FY21**

This request is to modify the Hawaii Automated Network Assistance (HANA) Case Management System. HANA is a case management system used for the child care licensing, child care subsidies, SNAP E&T, and the First-To-Work (FTW) programs. The FTW Program is the work program for families that apply for or receive Temporary Assistance for Needy Families (TANF) cash benefits. Hawaii's low unemployment rate and lucrative job markets may have attributed to the decline in the number of work eligible individuals (WEI), i.e. able-bodied parents. However, the number of other work eligible individuals (OWEI), i.e. temporarily disabled, recovering from substance abuse or domestic violence crisis, have not declined.

TANF recipient adults who are OWEIs, are not readily employable. The current FTW program supportive services and the approach to delivering the services are not sufficient to meet current families' needs and require changes.

According to ASCEND at the Aspen Institute, the two-generation framework is an effective approach to provide opportunities for and meet the needs of vulnerable children and their parents together, primarily addressing childhood development, health and well-being, career pathways and education, economic support, and social capital (network of support). Working with ASCEND, DHS has modified the two-generational (2gen) approach to fit Hawaii's multi-generational families or the DHS 'Ohana Nui approach. The 'Ohana Nui approach will require comprehensive assessments to provide intensive and appropriate case management and

counseling services to families (e.g. OWEIs) with existing or are at-risk of encountering barriers to their FTW program participation, engaging in work activities, and obtaining employment.

The assessment tools that were built into the HANA system for the FTW Program are insufficient to conduct comprehensive assessments from a multi-generational perspective. The Online Work Readiness Assessment Tool (OWRA) includes the assessment of a family's financial situation, children's development, family's health and well-being, domestic violence, substance/alcohol abuse, education, work experience, etc.

Med-QUEST Division (MQD)

Operating Budget Requests:

HMS 401 – Health Care Payments

Medicaid Capitation Adjustment (401PE-BF)

Request: -\$16,511,000 A for FY20 and \$38,369,000 A for FY21

This amount is an adjustment to the base budget of HMS 401 in SFY 20 and SFY21 due to the projected expenditures being less than (FY20) or more than (FY21) the budgeted appropriation in the base budget.

HMS 902 – General Support for Health Care Payments

KOLEA Maintenance and Operations (902IA-02)

Request: \$5,491,700 A for FY20 and \$4,220,900 A for FY21

This request is to maintain and operate KOLEA, the state's Medicaid application and eligibility program on the DHS Enterprise System. KOLEA needs continued investment to maintain its operation to maintain easy access to Hawaii's Medicaid programs.

Beginning in 2014, the federal 2010 Patient Protection and Affordable Care Act (ACA) expanded the Medicaid program, allowing more people to qualify for assistance. In addition, ACA required a coordinated and simplified application process to allow consumers to apply for coverage. One of the primary goals of the ACA was to create a simple eligibility and enrollment process that uses electronic data to ease the paperwork burden on applicants and state agencies while expediting an eligibility determination. For most states, including Hawaii, this required new or greatly enhanced Medicaid enrollment information technology (IT) systems. The Centers for Medicare and Medicaid Services (CMS), provided increased federal financial support to overhaul IT systems to accommodate changes required by ACA. DHS Medicaid program transitioned from the aging Hawaii Automated Welfare Information (HAWI) System which does not support the mandatory provisions of the ACA, designed, developed and built the new Kauhale On Line Eligibility Assistance (KOLEA) system.

As discussed in the BES project budget request above,⁴ the KOLEA system affords DHS an enterprise technology platform that extends its technical benefits beyond the Med-QUEST Division (MQD) and is available to all DHS programs. These shared technology services support the integration of business services and personnel workflows. Specific to MQD, this means the agency's ability to make timely determination of an applicant's eligibility and then enrolling (or re-enrolling) them for medical coverage. This request also improves the capability of our eligibility and outreach statewide.

Specifically, this budget request supports the KOLEA systems upkeep and business process alignment through enhancements (Unisys M&O and enhancements). With plans for integrating DHS programs and to offer better community experience, MQD requests funding for System Integration (SI) work relating to the Benefits, Employment and Support Services Division (BESSD) BES modernization. To address the professional services for systems integration (SI), at the customer level (community and staff), the budget request supports the SI through an Enterprise Services Integration (ESI) which handles the operational side of the technology infrastructure. The ESI will need to conduct systems upgrade, administering computing resources and software licenses. The requests also include hardware and software license maintenance costs. DHS will prepare transition of technology to the cloud and is required to have an independent verification and validation (IV&V) as it executes its projects.

Although BESSD and SSD will be using the DHS Enterprise Platform during the design, development and implementation (DD&I) phase of their respective projects, the cost of the platform will be borne by the MQD. This is because CMS has agreed to federally fund 75% of the platform costs until the BESSD and SSD programs are implemented into production. This funding request will use MQD's state share to maximize the federal share while benefiting the MQD, BESSD, and SSD programs ability to provide more integrated services to clients and recipients.

NOTE: \$15,575,000 in federal funds were appropriated for M&O in Act 49, SLH 2017.

Health Analytics (902IA-01)

Request: FTE (P) 2.00 A/2.00 N and \$882,400 A/\$1,017,400 N for FY20 and for FY21

This request seeks to continue funding for the Health Analytics Office, established in MQD by Act 55, SLH 2018. The state's health analytics program in MQD will now provide analytics of medical claims data to achieve the goals of Act 139, SLH 2016, of increased transparency, better health, better healthcare, and lower costs for beneficiaries of state funded health insurance plans, including the Medicaid program. Substantial progress has been made since the passage of the Act 55 in drawing down funds, establishing the program within DHS,

⁴ See discussion of HMS 903 above.

conducting a needs assessment to identify analytic gaps, and developing a program that will comprehensively address identified needs.

On average, Medicaid spending continues to increase nationally by 5.8% per year.⁵ The National State Budget Officers' November 2017 State Expenditure Report found that Medicaid has grown from about twenty per cent of total state spending to twenty-nine per cent of total state spending for 2017.⁶ Total Medicaid spending in Hawaii in 2016 was 2.2 billion dollars, representing about a fifth of the total healthcare spending in Hawaii.^{7,8} Total health premiums paid by our residents have increased from \$1.3 billion in 1995 to \$6.3 billion in 2015,⁹ a rate of increase that has far outpaced workers' earnings and overall inflation. Further, Medicaid makes up 11% of the State's general fund expenditure, and 16% of Hawaii's total state expenditures.

Building analytics capacity within the state to understand healthcare cost drivers and evaluate the impact of interventions to mitigate these costs is critical to the state's long-term success in addressing and curtailing burgeoning healthcare costs. Such capacity will also support the Med-QUEST Division's (MQD) ability to respond to proposals that threaten to undermine the ACA health insurance coverage; enable price transparency and the development of standardized reports of comparative quality indicators, cost trends, and cost drivers; and enhance MQD's ability to meet several federal mandates. Health analytics capabilities to improve the state's Medicaid program also makes possible ability to pursue Medicaid match funding for health analytics activities.

Social Services Division (SSD)

Operating Budget Request

HMS 301 – Child Protective Services

IV-E Waiver Continuity (301SA-01)

Request: \$1,323,750 A/\$1,323,750 N for FY20 and for FY21

In 2013 the U.S. Department of Health and Human Services (HHS) Administration for Children and Families (ACF) Administration on Children, Youth and Families (ACYF) Children's Bureau (CB), approved Hawaii's Child Welfare Demonstration Project (title IV-E Waiver); CWS

⁵ Center for Medicare and Medicaid Services. National Health Expenditure Projections, 2017-2026, Forecast Summary. Available at: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/ForecastSummary.pdf>

⁶ NASBO State Expenditure Report Summary (2017). Available at: https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Issue%20Briefs%20State_Expenditure_Report_Summary_FY15-17.pdf

⁷ Kaiser Family Foundation. Total Medicaid Spending. Available at: <https://www.kff.org/medicaid/state-indicator/total-medicaid-spending>.

⁸ Kaiser Family Foundation. Health Care Expenditures by State of Residence in Millions. <https://www.kff.org/other/state-indicator/health-care-expenditures-by-state-of-residence-in-millions>.

⁹ Hawaii State Department of Commerce and Consumer Affairs, Insurance Division. Health Care, Health Insurance on the Threshold Of. Available at: <https://cca.hawaii.gov/ins/files/2018/01/Health-Care-Health-Insurance-2018.pdf>

implemented the IV-E Waiver project in 2015. The IV-E Waiver allows Hawaii to allocate a portion of the Title IV-E funding for non-traditional, flexible use such as providing prevention services for children and families to avert foster care entry. As a demonstration project and given the Title IV-E Waiver Project allowed for a negotiated capped allocation, Child Welfare Services Branch (CWS) did not make a general fund budget request for additional operational cost and paid the start-up costs out of the general CWS base budget.

The Title IV-E Waiver authority will end on September 30, 2019; program consultants estimate a 15% reduction in federal reimbursement with the end of the Title IV-E Waiver, returning the state to more restrictive traditional Title IV-E funding. As the interventions demonstrated under the Waiver Project have shown promising results, this funding request will continue the services developed during the Title IV-E Waiver Project. Continuing these services as part of the regular service array will be critical to preserve and strengthen families before children enter foster care; by reducing unnecessary removals and placement into foster care, these prevention services address demands on the workforce by also reducing the foster care caseloads.

On October 1, 2019 provisions of the new Family First Prevention Services Act (FFPSA), enacted as part of the Bipartisan Budget Act of 2018, amends titles IV-E and IV-B at the federal financial participation rate of 50% for certain prevention services as a state option in addition to traditional IV-E foster care maintenance payment federal participation. CWS is actively working to develop a state plan that will maximize federal reimbursement for specified prevention services and related administrative expenses.

East Hawaii Child Welfare Services Pilot Project (301SA-03)
Request: FTE (P) 4.00 A and \$321,598 A for FY20 and for FY21

The 2018 Legislature passed Act 177, SLH 2018, and established a five-year pilot project within the department of human services to ensure the safety and well-being of at-risk children and families in east Hawaii on Hawaii Island. Act 177 (2018) created four (4.00) positions and appropriated one year of funding; funding expires on June 30, 2019. This request will continue funding for the four positions and other administrative costs; with the expectation that all four positions will be filled prior to the start of FY 2020; therefore, a 6-month delay in hiring is excluded from this request.

The funding for the four (4.00) positions in the base budget for FB 19-21 is necessary to have more staff to address the high caseloads, help social workers engage families, deliver quality services, and achieve positive outcomes for children and families. At present, each Child /Adult Protective Services Specialist caseloads is approximately 26 cases per month, which is more than the average of 18 cases. Without the continuation of these positions, service delivery will continue to be hindered due to high caseload of current positions. High caseloads increase the potential for harm and/or re-harm to children who are already experiencing or are at high risk for abuse or neglect.

CWS is benefiting from the Wiki Wiki hiring process developed in collaboration with DHS Personnel, the Department of Human Resources Development, and the CWS to redesign the hiring process to reduce the time to recruit and fill vacant positions.

Establish 1 Permanent Child/Adult Protective Services Specialist for Statewide APS Adult Intake Unit (601TA-01)

Request: FTE (P) 1.00 A and \$27,546 A for FY20 and FTE (P) 1.00 A and \$55,092 A for FY21

The Adult Protective Services (APS) program is required by Chapter 346, Part X, Adult Protective Services, Hawaii Revised Statutes (HRS), to investigate reported cases of physical abuse, caregiver neglect, psychological abuse, sexual abuse, self-neglect, and financial exploitation of vulnerable adults, age 18 years and over, who have physical, developmental, or mental impairments that prevent these individuals from protecting themselves from abuse. In SFY 2018, 537 APS investigations, equivalent to 79% of total APS investigations, involved an alleged victim age 60 years and over. According to the U.S. Census Bureau, as of July 1, 2017, the State of Hawaii's population age 65 years and over was 253,560, equivalent to 18% of the total population.

This request is for one (1) additional Child / Adult Protective Services (C/APS) Specialist position in the Adult Protective and Community Services Branch (APCSB) Oahu Section, Adult Intake Unit (AIU), to screen incoming calls to the statewide APS Hotline, assuring that reports of vulnerable adult abuse accepted for APS investigation meet statutory criteria: 1) the alleged victim of abuse meets the statutory definition of a vulnerable adult; and 2) abuse has occurred or is likely to occur if no action is taken. The additional position is required to support Hawaii APS Program's centralization of a statewide intake process to screen reports of abuse and determine whether to accept the reports for an APS investigation.

The AIU serves a crucial role as the first point of contact regarding statewide calls of concern from the community. The AIU function in addressing calls that do not meet the criteria for an APS investigation is also valuable. AIU provides support, education, and referrals to community resources, which may prevent presenting concerns from escalating and requiring crisis intervention in the future.

APCSB contracted the University of Hawaii's Center on Aging (COA) to develop recommendations to restructure Hawaii's APS system. Recommendations included improvements in Core APS Functions, prompting establishment of a statewide centralized intake system. In SFY 2016, Act 119 (SLH 2015) authorized the creation of 3 new positions for the APCSB Oahu Section AIU to implement a statewide centralized intake model.

An additional AIU position is needed to address the volume of calls received statewide. Since SFY 2013, there has been a 3% average increase per year of reports of abuse received by the AIU. In SFY 2018, 674 investigations involved 775 types of abuse. The top three types of abuse were caregiver neglect, self-neglect, and financial exploitation. APS anticipates with the

increasing number of residents over the age of 60, reports of abuse will continue to increase.

The AIU currently has seven (7) C/APS positions to perform statewide intake functions. Receive and address other miscellaneous calls, such as calls regarding active cases, which require consultation with the assigned investigation unit.

Commission on the Status of Women (CSW)

Operating Budget Request

HMS 888 – Other Current Expenses (888CW-01)

Request: \$15,300 A for FY20 and for FY21

Additional funds are needed to cover public educational campaigns. The Commission is seeking to support an annual public awareness campaign and to cooperate with national groups to host a conference and trainings around sex trafficking due to the absence of a state-level coordinated effort around the issue.

The Commission is currently unable to meet its mandate under section 367-3(2), HRS, to create public awareness campaigns without additional funds due to the basic costs of design work, paid media, including radio, bus, and social media promotion. Also, to fulfill its duty to maintain contacts with "appropriate federal, state, local and international agencies concerned with the status of women" per section 367(3) (5), HRS, the Commission requires basic funding for transportation of the executive director and the commissioners for quarterly meetings and important state conferences.

DHS Administration

Operating Budget Request

Funds for DHS Information Security Training (904AA-01)

Request: \$29,300 A for FY20 and for FY21

The Department administers several federal programs where individual and family information is collected and maintained to support eligibility determination and distribution of benefits. Programs include Medicaid (medical assistance), Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF), and Low Income Home Energy Assistance Program (LIHEAP). As such, the department is subject to a variety of federal regulations that require the safeguarding and protection of confidential information.

As a condition for receiving Federal tax information (FTI), DHS is required to meet the IRS federal safeguards requirements pursuant to Internal Revenue Code (IRC) § 6103(p)(4) and must establish and maintain safeguards designed to prevent unauthorized access, disclosure,

and use of FTI. Furthermore, IRC § 6103(l)(7) restricts FTI access to government employees and the Federal Health and Human Services clearly states that contractors are not allowed access to FTI for any purpose. As a condition for processing confidential data such as FTI, Personally Identifiable Information (PII), and Protected Health Information (PHI) DHS must establish and maintain various security controls to the satisfaction of governing federal authorities, certain safeguards designed to prevent unauthorized use and disclosure and to protect the confidentiality, of that information. In some cases, failure to maintain a successful Information Security workforce could result in noncompliance with these safeguards. Furthermore, the failure to comply with laws such as the Health Insurance Portability and Accountability Act (HIPAA) could result in both civil and criminal penalties.

To maintain a reliable information security workforce development program, emphasis must be placed on developing and institutionalizing core information security capabilities of key personnel. This can be accomplished by ensuring that members of the information security workforce carry current certification, and, to provide training opportunities to improve and keep up with the latest threats which are essential in the success of an Information Security program.

Funds for three (3.00) Exempt Positions for Information Security and Compliance Office and Transfer Funds from Other Current Expenses to Personal Services (904AA-03)

Request: FTE (P) 1.20 A/1.80 N and \$20,151 N for FY20 and for FY21

The Department administers several federal programs where individual and family information is collected and maintained to support eligibility determination and distribution of benefits. Programs include Medicaid (medical assistance), Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF), and Low Income Home Energy Assistance Program (LIHEAP). As such, the department is subject to a variety of federal regulations that require the safeguarding and protection of confidential information.

As the State agency administering the SNAP, TANF and Medicaid programs, DHS is responsible for the security of the information systems supporting these programs. This includes the designation of an agency security personnel; the establishment of security related policies and procedures that address the physical security information systems and personnel practices; and a biennial review of the security plan and program. 45 CFR 155.260 and 155.280 go further and introduce the obligation of the Medicaid program to protect the privacy and security of Personally Identifiable Information (PII). These regulations establish the privacy and security controls necessary for compliance. Such controls are to be documented in a System Security Plan that is required to be monitored continuously and attested to annually.

Due to the difficulty in recruiting and filling information security positions, the Department initially chose to make information security and privacy compliance officer, security engineer, and security analyst contract positions to assist with the development and implementation of sound information privacy and security practices. These included high-level departmental

policy direction related to security and privacy by establishing standards, guidelines, and procedures to be followed by the divisions and staff offices that are consistent and current with federal and state law and other regulatory changes. The contractors also work with the staff and various information systems contractors to ensure the systems meet the business needs while addressing new and emerging threats.

As a condition for receiving Federal tax information (FTI), DHS' security analyst and security engineer positions need to be government employees as opposed to contractor positions to prevent unauthorized access, disclosure, and use of FTI. IRS federal safeguards requirements pursuant to IRC § 6103(l)(7) restricts FTI access to government employees and the Federal Health and Human Services clearly states that contractors are not allowed access to FTI for any purpose. The elevated privileges required by the existing security analyst and security engineer to accomplish their sensitive responsibilities necessitates that they are in government as opposed to contractor positions.

The requested three positions are critical for the establishment and operation of a DHS Security Management Program that ensures compliance with security requirements including the FBI Criminal Justice Information Services (CJIS) Security Policy, Health Insurance Portability and Accountability Act (HIPAA) (Section §164.308), and IRS Publication 1075. The Information and Security and Privacy Compliance Officer, Security Analyst and Engineer positions are responsible for creation, administration, and oversight of security related policies, procedures, and technologies to ensure the prevention, detection, containment, and correction of security breaches. Furthermore, failure to comply with HIPAA can also result in civil and criminal penalties.

Establish three (3.00) Exempt Temporary Positions and Transfer Funds from Other Personal Services to Personal Services (904AA-05)

Request: FTE (T) 3.00 A for FY20 and for FY21

DHS requests to establish (3) exempt temporary positions within the office of the Director. The three (3) are the policy director, the special assistant to the Director, and the community/project development director.

The Policy Director will serve as an advisor to the Department Director in the review of policy formulation and strategies by analyzing complex issues and problems affecting government operations and identifying legislative and administrative strategies to improve departmental operations; establishes and liaises with the State legislative staff members and lobbyists for community groups; assist in developing responses to Legislative and other inquiries regarding policy matters involving Divisions within the Department; assist Divisions, apply and embed 'Ohana Nui concept/strategy in all DHS programs; and perform other duties as assigned.

Special Assistant to the Director will work with the director and the deputy director in managing the policy and ongoing operations across the department, and will service four

major divisions, six staff offices, two administratively attached agencies and two commissions. This position will provide and be tasked with policy activities and other executive duties as assigned; manage special projects, community development and advocacy efforts; and work with the director in overseeing the expanded span of jurisdiction and lend stability to the operations. The expanded span of jurisdiction and control has made it virtually impossible for the director and deputy director to manage the department's operations with the level of attention they feel is required; therefore, the requested staff is needed to stabilize operations and advance the above initiatives.

The Community/Project Development Director will assist with managing the policy work and numerous projects assigned to the department, including embedding and operationalizing 'Ohana Nui throughout the department addressing statewide homelessness; the individual and family functions of the State-based Marketplace using the Federal Platform (SBM-FP, previously under the Hawaii Health Connector); ensuring continued access to health coverage for State residents from the Compact of Free Association nations; and building a collaborative, and integrated multi-generational service model for children and families.

In the last 3 years, the Community and Development Project Director has collaborated with national partners, Aspen Institute, National Governors Association, American Public Human Services Association, Administration for Children and Families, Federal Reserve Bank, and others to establish best practices and inform federal policy enhancements; built DHS' capacity for transformation and develop change agents at all levels through in-person and technology-assisted professional development, including organizational development coaching, formal course work, learning teams, pilot projects, mentorships, cross-department and multi-state site exchanges; partnered across all sectors to create economies of scale, reduce redundancy and close gaps in access and delivery of human services; optimize finite state and federal dollars and resources.

In addition to maintaining oversight of all DHS programs, to continue the transformation of DHS to an integrated and multi-generational delivery system, the Director's office pursued several grants opportunities.

Accountable Health Communities, Addressing the Critical Gap Between Clinical Care and Social Services in Hawaii's Current Healthcare Delivery System; 2017 - 2022, a 5-year grant from CMS for DHS to partner with United Healthcare to test whether, consistent with 'Ohana Nui, systematically identifying and addressing the health-related social needs of Medicare and Medicaid beneficiaries through screening, referral and community navigation services will impact health care quality, utilization and costs, and beneficiary and provider experiences.

Fostering Cross-Sector Collaboration to Address the Health and Success of Children and Families: Cross-Sector Collaboration Learning Lab; 2018, a 5-state, 16-month technical assistance grant from the National Governors Association to address educational, social, economic, and environmental factors that improve the health and overall success of children

and families, with Hawaii's DHS, DOE, and DOH, to align the departments' overarching goals, examine and understand the knowledge management cultures of each department, establish governance and standardization of the process to access cross-system data, and come to an agreement of shared short-term and long-term performance measures.

Determining Metrics and Outcomes to Evaluate and Validate the State of Hawaii's 'Ohana Nui Strategy; 2017, a 6- month technical assistance grant from Ascend at The Aspen Institute and the Urban Institute to make the business case for its transformation efforts, utilizing individual, family, program and system data to directionally substantiate the end goals of breaking the intergenerational cycle of poverty for children and families, closing service gaps and eliminating redundancy, and improving government efficiency and reducing costs.

'Ohana Nui as a Catalyst for Moving up the Health and Human Services Value Curve; 2017, a 1-year technical assistance grant from the American Public Human Services Association to ensure that we continue to evolve the way we deliver health and human services so that enhancements are made from children's and families' points of view, and that integrity, service, addressing root causes, and positively impacting determinants of health and self-sufficiency are milestones as we evolve through the stages of our progress.

Establish four (4.00) Exempt Temporary Positions for Information Technology (IT) Modernization Project (904AA-06)

Request: FTE (T) 2.04 A/1.96 N and \$188,501 A/\$276,030 N for FY20 and for FY21

The purpose of the IT Modernization Project is to replace the department's old mainframe systems with modern technology to serve the beneficiaries of the programs administered by the Med-QUEST Division (MQD); the Benefit, Employment, and Support Services Division (BESSD); and the Social Services Division, in a more comprehensive and efficient manner. MQD was the first division to transition from the department's nearly 30-year-old mainframe system, HAWI, to the new Kauhale On-Line Eligibility Assistance (KOLEA) application and underlying platform. DHS intends to transition BESSD and SSD off the old mainframe systems by leveraging the system infrastructure and capabilities established by MQD. The next phases of the project include BESSD's Benefits Eligibility Solution and SSD's Comprehensive Child Welfare Information System.

The IT Modernization Project will support the implementation of the department's 'Ohana Nui initiative which aims to invest early and concurrently in children and families to improve health outcomes and reduce the impact and incidents of poverty. An integrated eligibility solution will allow applicants to apply for multiple programs and benefits at the same time, validate and verify information electronically, and determine eligibility efficiently to assist families in accessing services as soon as possible.

Position Justification:

Pos No. 121315 - Info Tech Implementation Manager is essential to develop overall project

plans including project governance and decision-making structure, identify and validate functional requirements including workflows, and technology support needs, develop procurement strategies, assess the impact on and implement changes to existing policies, procedures, business processes and organization structure, and implement communications, change management and training initiatives.

Pos No. 121414 - Assistant Information Technology Implementation Manager is essential to assist the Information Technology Implementation Manager in the development and managing of the overall project and all its components.

Pos No. 122450 - Resource Manager is essential to work with project managers to ensure adequate resources are available and directed at the various projects for a smooth integration and to identify risks associated with the interdependencies between the projects.

Pos No. 122738 -Graphic Designer/Art Director is essential for data and workflow visualization to provide graphic design and art direction for all project collateral to inform internal and external stakeholders on system and process changes and helps to ensure technical aspects of the project are understood by the DHS workforce and clients through visual components. This position is responsible for communicating and messaging to the DHS workforce on the need for and movement toward business process transformation, organization change management, and training initiatives to condition the workforce on its applicability and efficacy in fulfilling the DHS Mission.

Funds for Contract Services for Program Management Office (904AA-07)

Request: \$120,000 A/\$280,000 N for FY20 and \$156,000 A/\$364,000 N for FY21

The Department is implementing an integrated enterprise solution that will improve service to its clients (applicants and beneficiaries) more efficiently and effectively. The new system will enable individuals and families to apply for services on-line and perform self-service functions, and enable the department to determine eligibility consistently and timely. The Program Management Office (PMO) is responsible in overseeing the implementation of the integrated solution that includes various design, development, and implementation projects for Med-QUEST Division (MQD), Benefits, Employment and Support Services Division (BESSD), and Social Services Division (SSD).

Currently, PMO has three positions required to oversee the implementation, and more staff are needed to provide the enterprise architect services, oversight of the budget (all projects include federal funds), contracts, and quality of the projects.

Due to the difficulty in establishing, recruiting and filling positions, the Department seeks a contractor to provide these services.

At present, approximately 70% of the implementation costs are being funded through federal

funds, and it is important to ensure all contracts and purchases are appropriately accounted for with the state and federal funds. While quality is viewed from various aspects (project team and Independent verification and validation services), the PMO reviews the quality of implementation across multiple projects. Given the size and breadth of the projects, at least one individual should be devoted to reviewing the deliverables to ensure the various projects are being built for integration as opposed to modernized "silos." In the end, it is important that the vendors deliver high quality products that meet the current and future needs of the department.

If PMO cannot contract the services, the Department will be at risk for developing a system that is not expandable and not adaptable to accommodate future programs and changes. The federal government, in providing funding, expects that the end system would be built using industry standards, using modularity and be interoperable. The PMO, with these new positions along with the project managers, will help to ensure the projects are implemented meeting the federal requirements. Proper budgeting and financial oversight of the projects are needed so the department reduces its risk for not providing adequate information, timely submission of reports and claims for the federal funds for the project.

FRINGE BENEFITS

MOF A fringe benefits for DHS employees is not appropriated to DHS, but is determined and included in B&F’s budget. DHS includes only the federal portion or MOF N in its budget.

	<u>FY20</u>	<u>FY21</u>
MOF N	\$2,720,283	\$2,948,735

Governor’s Message Items – Additional items are submitted for consideration

Division of Vocational Rehabilitation (DVR)

HMS 802 – Vocational Rehabilitation

802GA Capital Improvement Project

<u>Project Title</u>	MOF	<u>FY20</u>
Ho’opono Flood Zone Remediation	C	811,000

Impact of Adjustment:

The department requests an appropriation of \$811,000 (C) for fiscal year 2020-2021 to address additional necessary flood zone remediation at the Ho'opono Services for the Blind facility of the Division of Vocational Rehabilitation (HMS 802). This addition will be included in a Governor’s Message to include these funds in the executive budget bill.

As background for the Ho'opono Flood Zone Remediation, Act 49, SLH 2017, appropriated \$521,000 to DVR for design and construction to replace basement walls with a structure to

withstand forces due to potential flooding, elevate wall openings, and protect the equipment around the Ho'opono Services for the Blind building. The capital improvement project is known as the Ho'opono Flood Zone Remediation.

However, the department of accounting and general services has advised the department of human services that additional capital improvement funding in the sum of \$810,310 (C) (rounded up to \$811,000 (C)) is required to respond to new flood zone mitigation requirements established by the City and County of Honolulu after the initial 2017 planned improvements were completed.

Additional suggested amendments for the committee is that the drafting agency include the appropriate language to authorize the director of finance to issue the appropriate sums of general obligation bonds (C) as is necessary for the department to complete the projects and to include appropriate lapsing provisions generally included for capital improvement projects.

DHS Administration

HMS 904 – General Administration
 904AA Conversion of Position # 120968, Public information Officer from Temporary to Civil Service Position

Pos. No.	Position Title	MOF	FTE	
			Perm	Temp
120968	Public Information Officer	A	1.00	(1.00)

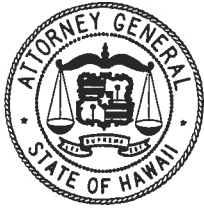
Impact of Adjustment:

The Department of Human Services (DHS) is a complex organization with four division, six staff offices, two attached agencies and two attached commissions, staffed by almost 2,500 employees and with a budget of \$3.8 billion. DHS administers numerous complex programs including the state’s Medicaid program, TANF, SNAP, child care licensing and subsidies, vocational rehabilitation, child welfare services and adult protective services. Each of these programs has unique needs, regulations and confidentiality requirements.

The Public Information Officer (PIO) functions as the communications director for the department. The communications officer requires a strong command of all major programs and its functions, the regulations and statutes that govern information sharing for each program, as well as statewide public information laws. Additionally, the communications lead best serves the department when he or she has a strong understanding of key decision-makers and the history of the department.

For this reason, continuity in communications is important for the department to best fulfill its obligations and process to be open, accessible and transparent. The PIO position has historically changed with the department director. This has led to a disconnect for programs and previous information sharing decisions. If the PIO or communications lead position is made permanent, the department and each DHS Director would be better served, so that policies, decisions and institutional knowledge can be transmitted across director administrations.

Thank you for the opportunity to provide testimony on this measure.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTIETH LEGISLATURE, 2019**

ON THE FOLLOWING MEASURE:
S.B. NO. 126, RELATING TO THE STATE BUDGET.

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Friday, February 22, 2019 **TIME:** 10:00 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): Clare E. Connors, Attorney General

Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General supports S.B. No. 126, relating to the State Budget.

The final general appropriations bill must satisfy article VII, section 9, of the Hawai'i State Constitution that provides:

[T]he legislature shall transmit to the governor an appropriation bill or bills providing for the anticipated total expenditures of the State for the ensuing fiscal biennium. . . . [and] no appropriation bill . . . shall be passed on final reading until the bill authorizing operating expenditures for the ensuing fiscal biennium, to be known as the general appropriations bill, shall have been transmitted to the governor.

These provisions require that after transmittal of the general appropriations bill to the Governor, i.e., after the Legislature has provided a bill that authorizes expenses for the executive to operate, the Legislature may then appropriate such additional funds it deems necessary for the anticipated total expenditures of the State.

Thank you for the opportunity to provide testimony.

DAVID Y. IGE
GOVERNOR

JOSH GREEN
LIEUTENANT GOVERNOR



SCOTT T. MURAKAMI
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321

HONOLULU, HAWAII 96813

www.labor.hawaii.gov

Phone: (808) 586-8844 / Fax: (808) 586-9099

Email: dlir.director@hawaii.gov

February 22, 2019

To: The Honorable Donovan M. Dela Cruz, Chair,
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair, and
Members of the Senate Committee on Ways and Means

Date: Friday, February 22, 2019

Time: 10:00 a.m.

Place: Conference Room 211, State Capitol

From: Scott T. Murakami, Director
Department of Labor and Industrial Relations (DLIR)

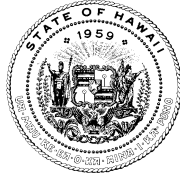
Re: S.B. No. 126 RELATING TO THE STATE BUDGET

Chair Dela Cruz, Vice Chair Keith-Agaran, and member of the Committee—my name is Scott Murakami and I am the Director of Labor and Industrial Relations. The Department supports this measure. SB126 contains the Governor's Executive Biennium Budget and reflects adjustments including federal funding ceiling changes, additional staffing and resources, and housekeeping amendments regarding the Department.

Thank you for the opportunity to testify on this important matter.

DAVID Y. IGE
GOVERNOR
STATE OF HAWAII

JOSH GREEN
LT. GOVERNOR
STATE OF HAWAII



JOBIE M. K. MASAGATANI
CHAIRMAN
HAWAIIAN HOMES COMMISSION

WILLIAM J. AILA, JR.
DEPUTY TO THE CHAIRMAN

**STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS**

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF JOBIE M. K. MASAGATANI, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HEARING ON FEBRUARY 22, 2019 AT 10:00AM IN CR 211

SB 126 RELATING TO THE STATE BUDGET

February 21, 2019

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

SB126 includes the Governor's Executive Budget request for our two (2) programs, HHL 602 – Planning and Development for Hawaiian Homesteads and HHL 625 – Administrative and Operating Support. The Governor's Budget request includes \$25.5 million annually in general funds to cover the department's existing personnel, administrative and operating costs, including fringe benefits and \$25 million annually in CIP funding.

In addition to the request for general funds, the budget bill includes requests for \$4.824 million in special funds and \$23.318 million in authorization to receive federal funds from the Native American Housing and Self-Determination Act (NAHASDA).

We are most appreciative of the support given by the Legislature to the Hawaiian homes program. DHHL requests that the Senate Committee on Ways and Means consider our request in your deliberation. Thank you for your consideration of our testimony.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson
Board of Agriculture

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

TESTIMONY OF THE DEPARTMENT OF AGRICULTURE
BEFORE THE SENATE COMMITTEE ON WAYS & MEANS

FEBRUARY 22, 2019
10:00 A.M.
CONFERENCE ROOM 211

SENATE BILL NO. 126
RELATING TO THE STATE BUDGET

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to present testimony on Senate Bill 126. This bill provides operating and capital improvement appropriations and authorizations for the Executive Branch agencies and programs in Fiscal Biennium 2019-21. The Department supports this bill.

Major operating requests included in the bill are for four positions and funds to support the Hawaii Interagency Biosecurity Plan; two positions and funds to aid in implementing pesticides regulations contained in Act 45, SLH 2018; and one position and funds to ensure that dogs, cats, and other animals received at the airport are inspected and released in a timely manner.

Capital improvements program requests include funds for a Cash Infusion for the Agricultural Loan Revolving fund; Kahuku Agricultural Park Improvements and Airport Animal Quarantine Holding Facility Improvements.

Thank you again for the opportunity to testify on this measure.





HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



KAKAOKO
KALAELOA

David Y. Ige
Governor

John Whalen
Chairperson

Aedward Los Banos
Executive Director

547 Queen Street
Honolulu, Hawaii
96813

Telephone
(808) 594-0300

Facsimile
(808) 594-0299

E-Mail
contact@hcdaweb.org

Web site
www.hcdaweb.org

LATE

STATEMENT OF
AEDWARD LOS BANOS, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

Before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 22, 2019
10:00 A.M.
State Capitol, Conference Room 211

in consideration of
SB 126
RELATING TO THE STATE BUDGET

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee.

The Hawaii Community Development Authority (HCDA) **supports SB 126**, which appropriates operating and capital improvement projects for fiscal biennium 2019-2020.

SB126 will help HCDA implement chapter 206E. The 21 staff include planners, engineers, and asset management specialists that monitor all plans and permit applications, develop and revise district plans and rules, manage CIP projects and development activities, administer the reserved housing program, manage assets including a mix of retail, industrial, community space, public parking, vacant land, affordable housing and park space, as well as implement accounting, human resources, information technologies, compliance and community outreach as required in HRS Chapter 206E.

SB126 provides funding for the community outreach, planning and design of improvements needed to improve the insufficient infrastructure (roadways, sidewalks, drainage and utilities) in the Kakaako and Kalaeloa Community Development Districts.

Thank you for the opportunity to support SB 126.



**STATE OF HAWAII
DEPARTMENT OF TAXATION**

830 PUNCHBOWL STREET, ROOM 221

HONOLULU, HAWAII 96813

<http://tax.hawaii.gov/>

Phone: (808) 587-1540 / Fax: (808) 587-1560

Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Donovan Dela Cruz , Chair
and Members of the Senate Committee on Ways and Means

Date: Friday, February 22, 2019
Time: 10:00 A.M.
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: S.B. 126, Relating to the State Budget

The Department of Taxation (Department) strongly supports S.B. 126, the Governor's Budget, which funds the operations of the Department for the fiscal year beginning July 1, 2019 and ending June 30, 2020 (FY20) and the fiscal year beginning July 1, 2020 and ending June 30, 2021 (FY21).

The following is a prioritized list of the Department's budget requests in S.B. 126:

1. Appropriations for our Tax System Modernization (TSM) program in the amount of \$3.64 million and \$4.8 million in Program ID TAX107 for FY 20 and FY 21, respectively.
2. Additional two (2) Managements Analysts for Program ID TAX105. There is a funding reduction of \$37,145 per year for TAX105 because we are also eliminating seven (7) positions in order to fund the two (2) requested positions.
3. Additional \$215,425 per year for TAX107 to provide the needed 6-month funding for five (5) positions authorized by the 2018 Legislature. Funding for this will come from the Special Enforcement Special Fund.

Our most important budget request is to secure additional funding for our Tax System Modernization (TSM) project. This project started in 2015 and is in its final phase of functional deployments. We will finish the final functional deployment in September 2019 and shift to a warranty support phase.

The TSM project has enabled us to improve customer service, expedite processing, and support better management decision making:

- As part of the TSM project, we replaced our call center phone system. Our new phone system is providing better customer service and facilitating better management reporting.
- The TSM project enhanced our web presence. There are now more than 122,000 taxpayers signed up to use Hawaii Tax Online. In FY18, taxpayers submitted 872,000 returns and 881,000 payments using Hawaii Tax Online.
- In November 2018, we added individual income tax to our TSM system. As part of this, we made the N-11 (Hawaii Resident Income Tax form) available online to file for free.

Our staff has worked hard to configure the new systems, move data from our legacy system to our new system, and learn to use the new systems. We made a lot of progress but have a lot more to do. We are requesting additional funds in the amount of \$3.64 million for FY20 and \$4.8 million for FY21 to enable us to acquire additional professional services support for the next two years.

PROGRAM ID TAX107: Supporting Services/Revenue Collection

For Program ID TAX107, the Department is requesting \$3,640,000 for FY 20 and \$4,800,000 for FY21 for professional IT services that were not included in the original scope of the TSM contract. These funds are necessary because the TSM project vendor support will end in July 2019, with limited warranty services (bug fixes) for an additional 12 months. Additional professional services for GenTax (tax processing software) and ibml/Captiva (imaging software) installed for this project are needed from contractors to address significant system changes (improvements and re-work) from what was put into production during the project and provide additional knowledge transfer to DOTAX staff. If not funded, this will limit the Department's ability to re-work and refine the configurations, such as rates, credits, exemptions or new programs, into production use.

The Department is currently in the final implementation phase (Rollout 5) of the TSM project, which began in July 2015. The TSM project is a multi-year project with five rollout phases designed to completely replace the legacy system. The project has expanded electronic services, providing taxpayers with online access to accounts and enabling more electronic filing and payment. The project has also automated many licensing, tax clearance, and compliance processes. Additionally, TSM has provided the Department with critical data capture capabilities, metrics, and cross-check controls that were not available in the legacy system.

The Department has been able to increase taxpayer compliance utilizing TSM tools to identify non-filers, industry segment comparisons, and identity theft to name a few. Likewise, TSM increased data availability and improved the analytical capabilities of the Department's research branch. With the implementation of online tax filing and payments,

which can be done at no-cost to taxpayers, the Department expects to see an increase in electronic filing and payments in future years. However, until the Department staff are fully versed in the new system, full utilization of its capabilities cannot be realized. The funding of consultants for ongoing training and knowledge transfer will enable us to use the new system to its best.

For Program ID TAX107, the Department also requests \$215,425 for FY20 and \$215,425 for FY21 in *special funds* for 6-month funding for the 5 new investigator positions that were created in the Department's Special Enforcement Section (SES) by the 2018 Legislature. SES is funded through the Tax Administration Special Fund codified at section 235-20.5 of the Hawaii Revised Statutes. If not funded, SES will not be able to hire and retain investigators that help to increase revenue by bringing noncompliant taxpayers in the cash economy and transient accommodation sectors into compliance.

PROGRAM ID TAX105: Tax Services and Processing

For Program ID TAX105, the Department's budget requests result in a net gain to the general fund. The Department's request consists of an appropriation of \$105,912 for FY20 and \$105,912 for FY21 for 2 new Management Analyst IV positions. To pay for these two (2) positions, we are eliminating 7 temporary positions, resulting in a fiscal reduction of \$143,057 for FY20 and \$143,057 for FY21.

If approved, the new Management Analyst IV positions will help the Department in identifying and defining the most efficient and effective processes. As the Department grows into greater information processing, the Department needs new higher caliber positions to attract and retain staff.

As the Department nears the completion of the implementation of TSM, it is beginning the reorganization of the functions and positions with the Taxation Services and Processing Division. The Department needs these new roles to enhance capture and purify the greater amounts of information as the Department moves to greater information processing and less paper processing.

The new Management Analyst IV positions would assist with defining the most efficient and effective processes of the division. There is a need to hire a more skilled labor force, which these Management Analyst IV positions would satisfy. The Department intends on beginning to decrease lower level positions, such as Office Assistant III and IV positions and replace them with upgraded positions. More emphasis will be placed on closer supervision and ore intensive training of line staff by these management analysts. Our pilot programs in this regard have already shown good results. If the new positions are not funded, the will continue to have difficulties in recruiting and retaining staff and the Department's efficiency and productivity will suffer.

In addition, the Department notes that 6-month funding for a permanent Management Analyst IV position, authorized by the Legislature in Act 53, Session Laws of Hawaii 2018, was

inadvertently left out of its original budget and the Department now requests additional appropriations for Program ID TAX105 in the amount of \$26,478 in FY20 and \$26,478 in FY21 for the position. The position is currently filled and if not funded, the Department may suffer a loss in productivity in other areas of taxpayer services and processing in order to pay for the position.

The Department's budget request in S.B. 126 will support the Department in achieving its mission of administering the tax laws of the State of Hawaii in a consistent, uniform, and fair manner.

Thank you for the opportunity to provide testimony in support of this measure.

DAVID Y. IGE
GOVERNOR



ARTHUR J. LOGAN
MAJOR GENERAL
ADJUTANT GENERAL

KENNETH S. HARA
BRIGADIER GENERAL
DEPUTY ADJUTANT GENERAL

STATE OF HAWAII
DEPARTMENT OF DEFENSE
OFFICE OF THE ADJUTANT GENERAL
3949 DIAMOND HEAD ROAD
HONOLULU, HAWAII 96816-4495

TESTIMONY ON SENATE BILL 126
A BILL RELATING TO THE STATE BUDGET

PRESENTATION TO
THE COMMITTEE ON WAYS AND MEANS

MAJOR GENERAL ARTHUR J. LOGAN
ADJUTANT GENERAL,
DIRECTOR OF THE HAWAII EMERGENCY MANAGEMENT AGENCY AND
DIRECTOR OF HOMELAND SECURITY

FEBRUARY 22, 2019

Chairs Dela Cruz and Vice Chairs Keith-Agaran and Members of the Committee on Ways and Means.

I am Major General Arthur Logan, Adjutant General, Director of the State Emergency Management Agency and Director of Homeland Security. I am providing written testimony for SB 126.

The Department of Defense (DOD) **SUPPORTS THE INTENT** of SB 126 with the requested amendments shown below.

PART II PROGRAM APPROPRIATIONS:

F. SOCIAL SERVICES

ITEM NO. 7 (PAGE 31) SERVICES TO VETERANS

Under INVESTMENT: CAPTIAL, change DEF appropriations amount from \$32,783,000 (MOF C) to **\$1,000,000 (MOF C)** in FY2019-2020 and add **AGS** as **EXPENDING AGENCY** for **\$31,783,000 (MOF C)** in FY2019-2020

PART IV CAPITAL IMPROVEMENTS PROJECTS:

F. SOCIAL SERVICES

ITEM NO. 6.00 (PAGE 108) SERVICES TO VETERANS

PROJECT TITLE: VA LONG-TERM CARE FACILITY, OAHU

Under TOTAL FUNDING, change EXPENDING AGENCY from DEF to **AGS** for the appropriations amount of \$31,783,000 (MOF C) in FY2019-2020.

Thank you for allowing me to testify **SUPPORTING THE INTENT** of SB 126.

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY OF
CURT T. OTAGURO
COMPTROLLER, DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE ON WAYS AND MEANS

FEBRUARY 22, 2019, 10:00 A.M.
CONFERENCE ROOM 211, STATE CAPITOL

S.B. 126
RELATING TO THE STATE BUDGET

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee, the Department of Accounting and General Services (DAGS) supports S.B. 126, Relating to the State Budget, as it pertains to DAGS.

This measure appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal biennium 2019-2021. Highlights of the adjustments to the Department's Operating Budget and Capital Improvement Project (CIP) requests include:

Operating Budget (general funds unless noted)

- Adds \$1,038,240 in FY 20 and \$1,263,902 in FY 21 to provide for Cybersecurity Capability Enhancements, and \$150,000 in both FY 20 and FY21 for Mobile Device Manager Software.
- Adds \$200,000 in special funds in FY 20 for information technology services for the Digital Archives project, and \$991,777 ceiling increase in FY20 and FY 21 for the Works of Art Special Fund.
- Adds \$200,000 in FY 21 to provide continued funding for the Small Business Assistance Initiative.
- Adds \$300,000 in FY 20 for replacement of the ¾ ton refuse truck.

CIP Budget

The DAGS appreciates the support included for capital improvement projects in the Executive Budget, in particular the lump sum funding to address the maintenance of existing facilities, health and safety information and communication projects, Aloha Stadium, and fire alarm systems replacement and upgrade. DAGS also supports the funding of projects for the State Capitol Building, Washington Place, No. 1 Capitol District Building, Kalanimoku Data Center, Kekauluohi Building, as well as funding for radio system enhancement.

We respectfully request this Committee's favorable consideration of our budgets as included in this measure to provide funding at appropriate levels to facilitate our ability to fulfill our mission.

Thank you for your consideration of our comments.



STATE OF HAWAII
Executive Office on Early Learning
2759 South King Street
HONOLULU, HAWAII 96826

February 21, 2019

TO: Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

FROM: Lauren Moriguchi, Director
Executive Office on Early Learning

SUBJECT: **Hearing Date:** February 22, 2019
Time: 10:00 a.m.
Location: Room 211

Measure: S.B. No. 126 – RELATING TO THE STATE BUDGET

Bill Description: Appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2019-2020 and 2020-2021.

Measure: S.B. No. 859 – RELATING TO CAPITAL IMPROVEMENT PROJECTS

Bill Description: Authorizes the issuance of general obligation bonds and appropriates money for capital improvement projects for the State.

EXECUTIVE OFFICE ON EARLY LEARNING'S POSITION: Support

Good morning. I am Lauren Moriguchi, Director of the Executive Office on Early Learning (EOEL). EOEL is in strong support of funding for EDN700, EOEL's program ID, as included in S.B. 126, and for S.B. 859.

EOEL is statutorily responsible for the development of the State's early childhood system that shall ensure a spectrum of high-quality development and learning opportunities for children throughout the state, from prenatal care until the time they enter kindergarten, with priority given to underserved or at-risk children.

The early childhood system looks at the comprehensive needs of children, which includes supporting their health and well-being, as well as their families. Former Senator Jill Tokuda, chair of the Senate Committee on Education from 2011-2014, has stated,

"The Legislature established EOEL as the new agency responsible for early childhood development & learning and intentionally named it the 'Executive Office' on Early Learning because we understood that to best serve our youngest keiki and their families, we could not silo our thinking and actions into a single department. It was for this reason that EOEL was initially placed in the Governor's Office and later attached to DOE for administrative purposes only, with an independent governing body – the Early Learning Board. This was the most straightforward way to ensure we would build a holistic early learning system for Hawaii."

Accordingly we believe, the Legislature charged EOEL with administering the EOEL Public Prekindergarten Program as Hawaii's first State-funded preschool program, and has since appropriated funding to serve 520 of Hawaii's four-year-olds each year.

"Expansion of public pre-K is only a worthwhile public investment if children receive a high-quality education." -W. Steven Barnett, Ph.D., Senior Co-Director, National Institute for Early Education Research, Rutgers University Graduate School of Education

When the Legislature first funded the EOEL Public Pre-K Program five years ago, the State did not have the infrastructure needed to ensure a high-quality public early learning program. The challenges we continue to face include:

- The need to **strengthen and support teacher & principal understanding of how young children learn best**, following best practices and based on the science of child development;
 - A severely limited **workforce of qualified early childhood educators (i.e., those with coursework and background in early childhood, and supported with ongoing professional development)**, who research shows are most effective);
 - As the Program stands now with 26 classrooms, we have difficulty recruiting and turnover is high (when there is lack of understanding about the necessary qualifications).
 - Because the Program targets our underserved and at-risk children, it is especially important to have teachers trained to support them. If not, what may result are behavior issues; inappropriate referrals to special education; or suspensions & expulsions, which occur at a rate 3 times higher in public pre-K nationally than in K-12 ... and the children who can benefit the most from early learning will be left without options.
- and
- Lack of P-3 transition and alignment. We are grateful that there is increasing recognition of the importance of the early years. It is important to remember, however, that one year of pre-K is not a magic bullet: **the supports that should accompany it (e.g., family partnership and support), and the years before and after (i.e., continuing the high-quality learning experience after a child leaves the pre-K classroom) are also critical to positive outcomes for children.** Whenever a school is willing, we work with them to promote continuity in K-12, which some principals have wisely recognized is key to sustaining the positive impact of early learning.

EOEL has dedicated much of its energy to combating these challenges because these components are necessary to make a difference for our keiki – what has been confirmed by research. We have the rare opportunity now to build a program from the ground up and do it right for our keiki ... and make it sustainable. **EOEL is committed to increasing access while building the needed infrastructure so the State's investment pays off.**

In addition to providing ongoing professional learning support through the Early Learning Induction Program and Early Learning Academy which are tailored around the professional needs of the teachers and principals and include one-on-one coaching and mentoring, **we work closely with our partners across the sectors to incorporate best practices and developmentally appropriate practices for our young children.**

At the end of the 2017-18 school year, more than 9 out of 10 children participating in the Program met and/or exceeded expectations in all areas of development and learning – demonstrating

readiness for kindergarten. We attribute these good outcomes to an effective partnership between EOEL and the participating schools.

As the state’s coordinating body for early learning, EOEL is working toward increasing access to high-quality early learning programs for our keiki *together* with our public and private partners. Our community-based providers have been the mainstay of early learning programs and services for decades. EOEL’s statutory charge is to build a cohesive, comprehensive, and sustainable system in which *all* existing early learning programs and services – whether publicly- or privately-run, which consist of a variety of early learning approaches, service deliveries, and settings, including center-based programs, family child care programs, family-child interaction learning programs, and home-based instruction programs designed to promote early learning, each of which provide an important option for families – are coordinated, improved, and expanded.

EOEL has helped facilitate and participate in various efforts with the diverse range of stakeholders to build Hawaii’s early childhood system. EOEL and its partners are committed to working toward other shared priorities beyond prekindergarten, to improve the lives of our keiki and their families, as identified in the just-completed Hawaii Early Childhood State Plan 2019-2024. EOEL and DHS, along with other partners, collaborated to obtain \$1 million through the recently awarded federal Preschool Development Grant Birth through Five, allowing Hawaii to move the Plan to the next stage.

To note, EOEL also:

- Administers Pre-Plus Child Development Services contracts;
- Administers family-child interaction learning service contracts. The Legislature, through H.B. 937, Session Laws of Hawaii 2017, appropriated \$300,000 for EOEL to contract to implement the latter. We currently contract with Partners in Development to provide services at Keolu and Kalihi Uka Elementary Schools; and
- Houses the Head Start State Collaboration Office.

Throughout all of this, EOEL works with its governing board, the Early Learning Board, which is comprised of members across both the public and private sectors who have expertise and experience in various aspects of the early childhood field.

Thank you for allowing us to highlight the following items in our budget request:

1) One full-time equivalent (1.0 FTE) Institutional Analyst position

EOEL is requesting an Institutional Analyst position for the EOEL Public Prekindergarten Program to:

- Oversee evaluation of the Program's child outcomes, teacher-student interactions, and coordination of professional learning sessions;
- Provide information, guidelines, and technical assistance including training related to the assessment tools and communication platforms;
- Collect, review, analyze, monitor, and report data for the program, including student data, staff qualification and stability data, and professional learning support data;
- Assist in coordination, preparation, and review of policies, guidelines, and procedures related to the implementation of the Program; and

- Plan, direct, and coordinate the application process for the Program as well as communicate and coordinate the application process with schools.

2) One full-time equivalent (1.0 FTE) Office Assistant position

EOEL is requesting an Office Assistant to provide administrative support for the EOEL Public Pre-K Program. The Office Assistant will be responsible for such tasks as intake and tracking of applications, preparing purchase orders for needed materials and supplies required for Program staff to provide support to schools, preparing the necessary paperwork for travel and making travel arrangements for the educational specialist and early learning resource teachers, securing meeting rooms for Early Learning Induction Program and Early Learning Academy sessions, and preparing materials for Early Learning Induction Program and Early Learning Academy sessions.

EOEL's Educational Specialist, who has taken on many of these other responsibilities, has therefore not been able to fully focus on her primary responsibility to provide the direct support schools need in order to implement the EOEL Public Pre-K Program. DOE has traditionally served the kindergarten through grade 12 population. As a result, the schools have not yet developed, or are still developing, the knowledge and experience needed to appropriately serve prekindergarten-aged children, and the Educational Specialist, who is required to have a master's degree in early childhood education, fills a large need for the schools, school leadership, teachers, educational assistants, and their students. To address the demands of this current workload, especially with the recent expansion of the Program to more schools, the Educational Specialist requires the assistance of an Institutional Analyst and Office Assistant.

3) Expansion of the EOEL Public Pre-K Program

To address the need to increase access to pre-K for our keiki, the 2014 Legislature allocated funds to EOEL to implement a high-quality pre-K program starting with 20 classrooms in the 2014-2015 school year. In 2017, EOEL requested funds for 10 additional classrooms and received funding for five classrooms. We are grateful to the Legislature for its recognition of the need to increase access to high-quality early learning. As a result, the EOEL Public Prekindergarten Program can serve up to 520 four-year-old children in Hawaii; EOEL recognizes that other providers, including federal Head Start and community-based providers, also play a critical role in increasing access for our children. EOEL has plans to expand the Program to ensure high-quality pre-K for our keiki as it continues to work intently with its partners to develop the severely limited pool of qualified early childhood educators needed to teach in new classrooms. In fall 2018, DOE identified 22 public schools at which classrooms are available for pre-K. EOEL is currently working with DOE to review the applications received from 30 schools to participate in the EOEL Public Pre-K Program. For the past few years, EOEL has reviewed school applications using the following criteria:

- (1) **Community need.** The percentage of the population of school/community that meets the priority categories identified in statute – targeting those who can benefit the most from early learning opportunities – is considered. In addition to the following underserved and at-risk populations, EOEL must prioritize families with incomes at or below 300% of the federal poverty guidelines for Hawaii:
 - a. Special education;
 - b. English language learners;
 - c. Foster children; and

- d. Homeless.
- (2) **Community need.** Existing programs on the school campus and in the surrounding area, as well as the community's need for additional seats, is considered. (An existing program may have already developed good relationships with families, the community, and school, and should not be replaced by a new pre-K classroom.)
 - a. Schools are required to include this information on applications. EOEL also looks into information on EOEL's end (including community data, the results of the 2017 Early Learning Needs Assessment, and location of federal Head Start and charter school pre-K classrooms).
- (3) **Availability of space.** The school has a classroom and identified outdoor play space that addresses (or which may reasonably be retrofitted to address) the health and safety requirements of a program for 4-year-old children (based on Hawaii Department of Human Services administrative rules).
 - a. We recognize the high costs of facilities, and are trying to be fiscally responsible. Since the start of our program 4 years ago, we have not had to request any CIP funds.
- (4) **Principal interest.** The principal is committed to implementing a high-quality early learning program through active participation in professional development sessions with school teams and professional learning communities, with the end goal of having a high-quality early learning program in which there is continuity and alignment between and across programs and grade levels to ensure positive outcomes are sustained. The principal, as the school's leader and who supports and evaluates his/her pre-K teachers, is key to implementation of a successful pre-K program.
 - a. As other states across the nation are building up their public pre-K programs, they too are finding that their principals need ongoing support and training.

DOE has indicated that the cost to retrofit the classrooms at the 22 public schools it has identified as having space for pre-K, is \$650,000 per classroom, totaling \$14.3 million in capital improvement project funds.

4) One full-time equivalent (1.0 FTE) Program Specialist position for workforce development

In addition to administering the EOEL Public Pre-K Program, EOEL is responsible for coordination of the comprehensive early childhood system to help ensure a solid foundation for Hawaii's young children, prenatal to age five, by working with partners, families, and communities, connecting policies, programs, and funding in relation to health, safety, early childhood education, and school readiness and success. Included in EOEL's responsibilities is the coordination of efforts to develop a highly-qualified, stable and diverse workforce, which is one of the key components needed to ensure the positive outcomes that are associated with early learning. At best, Hawaii's early childhood workforce can be described as fragmented where providers work in disparate systems, and the expectations and requirements for their preparation and credentials have not kept pace with what the science of child development and early learning indicates children need. Better support for early care and education professionals requires mobilizing leadership at the local and state levels; building a culture in higher education, and ongoing professional learning that reflects the importance of establishing a cohesive workforce for our young children; ensuring practice environments that enable and reinforce the quality of their work; making substantial improvements in working conditions, well-being, compensation, and perceived status; and creating consistency across local, state, and national systems, policies, and infrastructure. EOEL

is requesting this position to coordinate efforts that support the development of Hawaii's early childhood workforce.

5) One full-time equivalent (1.0 FTE) Communications Specialist position

The EOEL Public Pre-K Program prioritizes children who are at risk, pursuant to statute – research shows that early learning benefits all children, but more so those who are at risk, helping to minimize the achievement gap. To help ensure the Program reaches especially these families, they must be made aware of the importance of early learning and the availability of the Program for their children through a broad range of communication methods. Currently, the primary method EOEL employs to communicate with families is its website, which must be improved significantly to be made more family-friendly. A Communications Specialist dedicated to improving website content as part of his or her overall responsibility to share information about early learning will greatly enhance EOEL's ability to communicate more widely with families as well as the general public. The position will also help address EOEL's statutory responsibilities to build the State's early learning system for children from prenatal care until the time they enter kindergarten, which involves coordinating across the public and private sectors to maximize the engagement of families, caregivers, and teachers in the early learning system; releasing data relating to early learning in the state; generally promoting awareness of early learning opportunities to families and the general public; and consulting with community groups ... all of which involve communications efforts. In addition, the Communications Specialist will address the communications needs of the Early Learning Board (ELB), EOEL's governing board. EOEL and ELB are facilitating the next phase of Hawaii's Early Childhood State Plan. ELB will be monitoring progress made by public and private partners toward achieving shared goals delineated in the Plan, and the Plan will need to be widely communicated to maximize engagement in work around early childhood.

For each of the positions and to otherwise support EOEL's work, we are requesting computer equipment and software, phones and phone lines, and furniture.

Thank you for your consideration, and for the opportunity to testify on these bills. I am happy to answer any questions you may have.



**HAWAII
STRATEGIC
DEVELOPMENT
CORPORATION**

No. 1 Capitol District Building
250 South Hotel Street
Suite 509
Honolulu, HI 96813
(808) 587-3830

Statement of
Karl Fooks
President

Hawaii Strategic Development Corporation
before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 22, 2019
10:00 AM
State Capitol, Conference Room 211

In consideration of
SB126
RELATING TO THE STATE BUDGET

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee, the Hawaii Strategic Development Corporation (HSDC) supports SB 126 to the extent that it does not supplant the Governor's budget request. This bill appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2019-2020 and 2020-2021.

This bill adds resources to HSDC's venture capital investment program. In their report, "Hawaii Venture Capital 2010 to 2018", Startup Capital Ventures documented the growth in venture capital in Hawaii. The report concluded that that HSDC's investment program significantly increased deal flow from 2012 onward through its establishment of various accelerator programs and investment funds. HSDC's \$13 million investment over this period attracted nearly \$235 million of investment. This activity generated \$24 million of state tax revenue - more than offsetting HSDC's expenditures.

HSDC's role is to execute on the mission established in its authorizing statute, §211F-2 HRS: to **provide incentives** and **reduce the risks** of private investment in order to encourage economic development and stimulate private capital investments. HSDC's mission is to co-invest with the private sector to **strategically** to develop new growth sectors of the economy.

Thank you for the opportunity to testify.

HSDC ACCOMPLISHMENTS 2012-2018

Accelerators Establish Startup Ecosystem in Key Industry Sectors: Deploying the \$2 million Launch Akamai Venture Accelerator funding, HSDC helped establish accelerator programs in four key industry sectors: software, film and media, clean tech, and food innovation. UHERO's 2016 report, "Evolution of the HI Growth Initiative", concluded that HSDC leveraged state resources 11x and that HSDC's investment resulted in "the rapid growth in Hawaii based accelerators [that] may finally provide the necessary impetus to draw attention to entrepreneurship in the state, leading to further growth in venture capital, one of the necessary ingredients in a vibrant innovation ecosystem". HSDC supported accelerators achieved national recognition and are catalysts for their industry sectors through their mentor and investor networks, and the frequent community events they host to facilitate collaboration.

Continuum of Financing Creates Access to Startup Capital: HSDC's venture investment program helped to capitalize 6 funds spanning the pre-seed, seed and Series A stage of startup development. In their report, "Hawaii Venture Capital 2010 to 2018", Startup Capital Ventures documented the growth in venture capital in Hawaii. The report concluded that that HSDC's investment program significantly increased deal flow from 2012 onward through its establishment of various accelerator programs and investment funds. HSDC's \$13 million investment over this period attracted nearly \$235 million of investment. This activity generated \$24 million in state tax revenue and annual venture capital investment in the State is now averaging \$20 million a year. The US Treasury reported that Hawaii achieved 33x private capital leverage on its State Small Business Credit Initiative allocation, the highest in the nation.

Aquaculture Initiative to Jumpstart New Industry Sector: HSDC organized the first Statewide Aquaculture Summit, bringing together companies, researchers, investors, entrepreneurs and government agencies involved in Hawaii's aquaculture industry. The summit allowed the industry to articulate areas of strength, areas needing support, and recommendations on how to further develop the industry. This effort led to the successful funding for an aquaculture accelerator to be located at NELHA. HSDC was awarded a \$275,000 grant under the EDA's competitive Seed Fund Grant program. HSDC will partner with the University of Hawaii and NELHA and use this grant to build deal pipeline for the NELHA accelerator and support the capital raising activities of the investment fund affiliated with that accelerator.

Ecosystem Success Stories: Volta Charging, a Blue Startups graduate, has raised \$60 million to build its national network of EV charging stations. GVS released the film, "Running for Grace", in an 11 city national theatrical release and now available on the leading streaming services. The movie was completely filmed and produced on the Big Island utilizing GVS' Honua Studio. Kinetitor, commercialized UH and Queens technology to develop an image correction system for MRI machines. Siemens has incorporated the technology in its MRI machines. Kinetitor raised over \$12 million to grow and scale the business. IBIS Networks, a graduate of the Elemental Excelsator, has raised over \$4 million, and is now deploying its energy management system across California's community college system. OHi Superfood Bars, a graduate of the Maui Food Innovation Center, raised growth capital and is now selling its products in natural food retailers on the Mainland.

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 126**

**February 22, 2019
10:00 a.m.
Room 211**

RELATING TO THE STATE BUDGET

The Department of Budget and Finance strongly supports Senate Bill No. 126, Relating to the State Budget, which is the Governor's proposed FB 2019-21 operating and capital improvement program budget for the Executive Branch and was prepared and submitted to the Legislature pursuant the Article VII, Section 8, of the Hawaii State Constitution and Chapter 37, HRS. FB 2019-21 budget requests were reviewed in consideration of the respective program's existing resources, program need, the State's resources and the Administration's priorities.

The operating budget base for each program in the FB 2019-21 Executive Budget was based on its FY 19 appropriation with adjustments for collective bargaining, non-recurring costs and other costs, as applicable. Additional funding requests for critical and high priority needs were added to the base.

The requested funds are critical for the continuation and improvement of the operations of the Executive Branch through FY 20 and FY 21 and to provide necessary capital improvements for State facilities in a timely manner. This bill also includes budget provisos which are essential for the effective operation of the Executive Branch.

With respect to the department, we ask your support of budget requests related to our core programs and attached agencies, which include the Employees' Retirement System, Hawaii Employer-Union Health Benefits Trust Fund, and Office of the Public Defender. In addition, your support of requests for necessary adjustments to our non-discretionary fixed cost payments (debt service, State-employer retirement benefit payments, and State-employer health premium benefit payments) and payments for Other Post-Employment Benefits for State employees would be greatly appreciated.

Thank you for your consideration of our comments.

SB-126

Submitted on: 2/20/2019 4:54:34 PM

Testimony for WAM on 2/22/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stewart Hunter	Individual	Support	No

Comments:

I want to express my support for SB126 which establishes the operating budget for various agencies under DBEDT. In particular I am writing in support of the budget appropriation for BED128 (Office of Aerospace, which handles the operating budget for PISCES).

SB-126

Submitted on: 2/19/2019 6:23:30 PM

Testimony for WAM on 2/22/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
james Kimo Falconer	Individual	Support	No

Comments:

Members,

Asking for you to support our watershed and invasive species bills this session.

Mahalo,

Kimo Falconer



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Quality Healthcare for All"

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

February 22, 2019
Conference Room 211
10:00 a.m.
Hawaii State Capitol

**Testimony Supporting the Intent of Senate Bill 126 Relating to the State Budget
Appropriates funds for the operating and capital improvement budget of the
Executive Branch for fiscal years 2019-2020 and 2020-2021.**

Linda Rosen, M.D., M.P.H.
Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in **supporting the intent** of SB 126 that appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2019-2020 and 2020-2021.

HHSC Request

It should be noted that the amount of general fund appropriations provided to the HHSC Regions in HTH212 in this bill represent the amounts that were recommended by the Governor of the State of Hawaii, and does not represent the full request made by HHSC.

The HHSC Corporate Board approved a general fund ("A" fund) appropriation request for \$36,907,000 in fiscal year 2020 and \$39,411,000 in fiscal year 2021 for HTH 212, HHSC – Regions. These increases in general fund appropriations would be necessary to pay for the increased cost pressures of mandated prior and current collective bargaining raises and healthcare inflation cost increases. This represents the amount of general fund appropriations that HHSC's facilities need just to continue providing their current level of healthcare services.

The HHSC Corporate Board also approved a CIP fund (“C” fund) appropriation request for \$42,365,000 in fiscal year 2020 and \$92,820,000 in fiscal year 2021 for HTH 212, HHSC – Regions. Funding HHSC’s request at these levels would prevent HHSC’s deferred maintenance backlog from growing.

Background

HHSC plays a vital role in the healthcare delivery system for the State of Hawaii. In fiscal year 2018, HHSC provided the care for approximately **12%** of all acute care discharges and **16%** of all emergency room visits statewide and was the largest provider of healthcare on the Neighbor Islands excluding the County of Maui. Additionally, HHSC's breakdown of service delivery included the following:

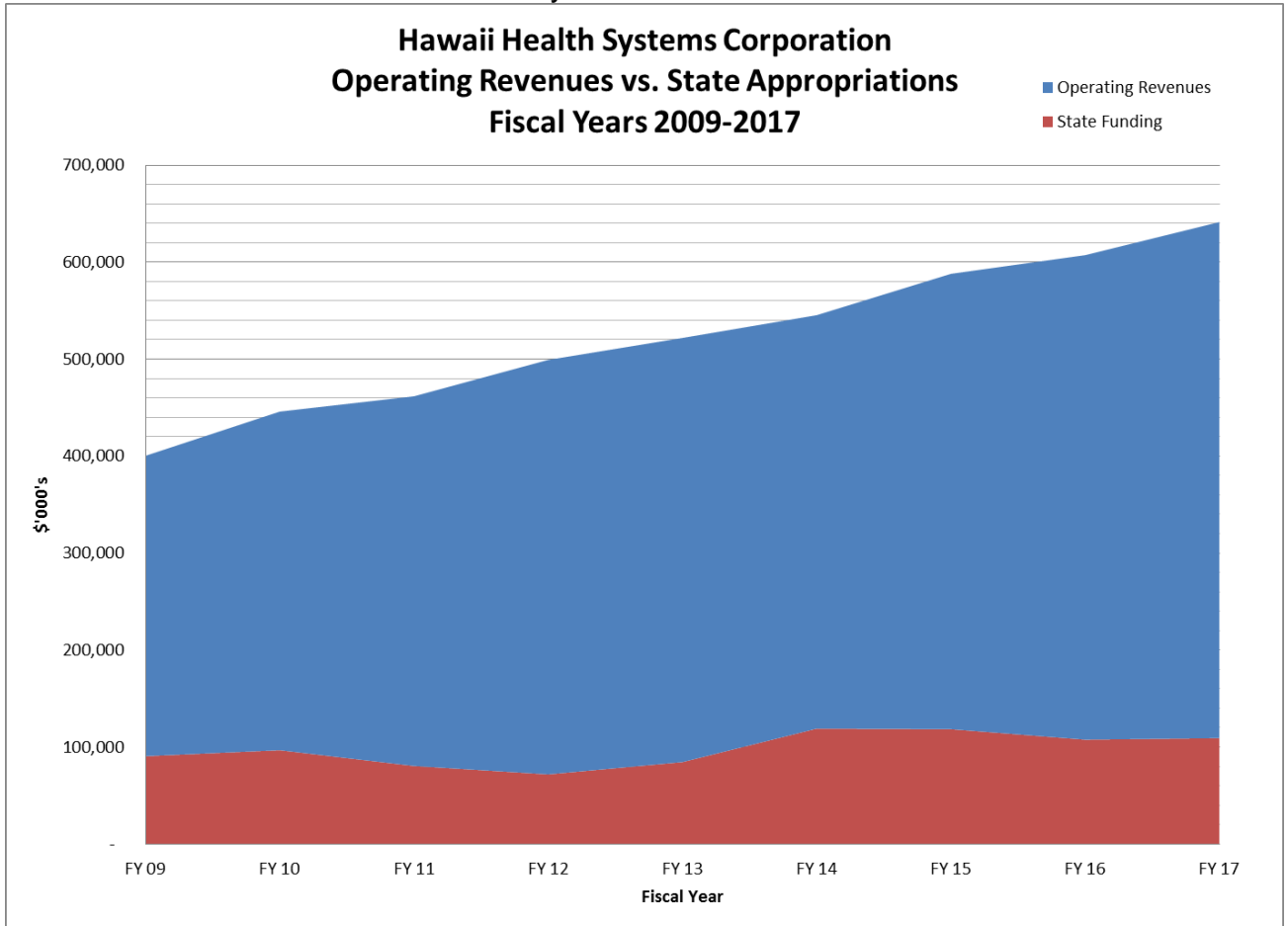
- For Hawaii county residents, HHSC facilities provided the care for approximately 69% of all acute care discharges and approximately 84% of all emergency room visits;
- For Kauai county residents, HHSC facilities provided the care for approximately 19% of all acute care discharges and 37% of all emergency room visits; and
- For residents of the City and County of Honolulu, the two Oahu Region facilities accounted for 11.5% of the total inpatient skilled nursing/intermediate care capacity for the county.

HHSC Performance Improvement

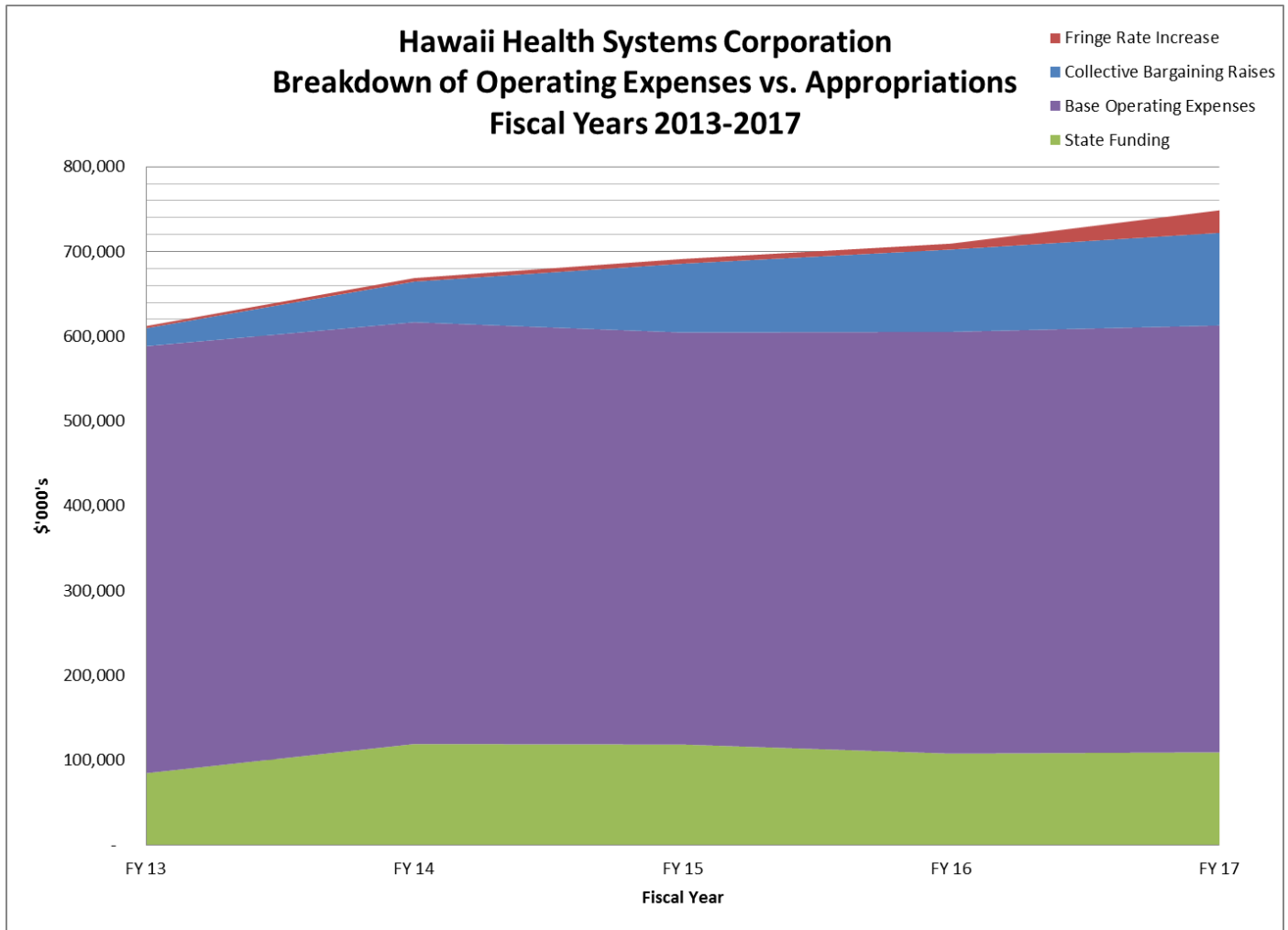
In spite of its many challenges (including a large percentage of Medicaid/Quest Integration patients, labor costs well above industry norms, inability to outsource non-clinical functions, and compliance with federal mandates and the impact of federal budget reductions), HHSC continues to provide high quality healthcare to the island communities it serves and is making progress in key areas.

- HHSC’s four operating regions managed to increase their operating revenues over 7% from fiscal year 2017 to fiscal year 2018. Much of the increase in operating revenues from last year is due to increases in emergency department volume. Hilo Medical Center saw an increase in emergency department visits of almost 4% and Kona Community Hospital saw an increase in emergency department visits of 7% during fiscal year 2018. In fact, since 1998, HHSC revenues for its four operating regions have increased by over \$263 million, or almost **200%**, despite increasing downward pressures on reimbursement from the Medicare program. In addition to the provision of new critical service lines, these increases have come from intense focus on better negotiations with third party payors, better documentation, improved billing, coding and collection procedures, strategic pricing initiatives and other measures.

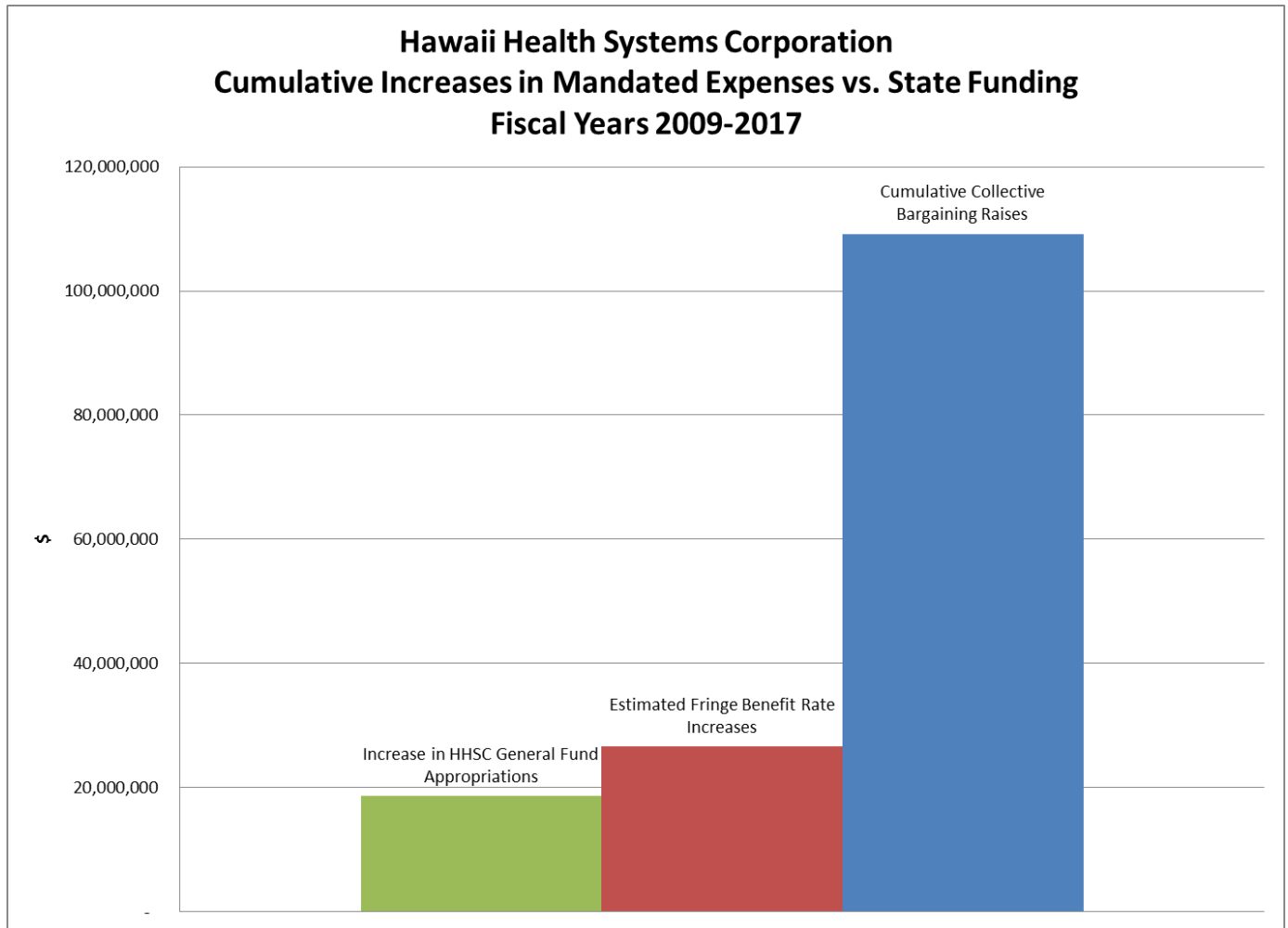
- As shown in the chart below, HHSC has managed to increase its operating revenues by over \$222,000,000 from fiscal year 2009 to fiscal year 2017, while state subsidies have remained relatively flat.



- HHSC has also managed to keep its base operating expenses relatively flat from fiscal year 2013 to fiscal year 2017, with cost increases coming from mandated collective bargaining pay raises and fringe benefit rate increases, as shown in the chart below.



- In fact, from fiscal year 2009 through fiscal year 2017, the growth in mandated collective bargaining pay raises and fringe benefit rate assessments has far outgrown the amount of increase in HHSC’s state subsidy, as shown in the chart below.



Conclusion

HHSC is appreciative of the support by the Legislature to provide general fund appropriations for the operations of HHSC’s facilities, and humbly asks that this committee consider favorably HHSC’s general fund appropriation request of \$36,907,000 in fiscal year 2020 and \$39,411,000 in fiscal year 2021 for HTH 212, HHSC – Regions.

HHSC also humbly asks that this committee consider favorably HHSC’s capital improvement project (CIP) request of \$42,365,000 in fiscal year 2020 and \$92,820,000 in fiscal year 2021 for HTH 212, HHSC – Regions to address HHSC’s considerable deferred maintenance backlog.

This testimony addresses only the amounts that would go to HTH 212, HHSC – Regions. We expect Kahuku Medical Center and Maui Health Systems to provide their own testimony in support of the amounts appropriated for those entities in this bill.

Thank you for the opportunity to testify before this committee **supporting the intent** of this measure.



Pacific International
Space Center for
Exploration Systems

Statement of
Rodrigo Romo
Program Director
Pacific International Space Center for Explorations Systems (PISCES),
Before the
Committee on Ways and Means
Friday, February 22nd, 2019 @ 10:00
State Capitol, Conference Room 211

In consideration of
SB126
RELATING TO THE STATE BUDGET

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee.

Dear members of the committee I want to express my support for SB126 which establishes the operating budget for various agencies under DBEDT. In particular I am writing in support of the budget appropriation for BED128 (Office of Aerospace, which handles the operating budget for PISCES).

The funds proposed under this bill will provide PISCES with sufficient resources to cover the agency's operating costs and allow it to continue with its current activities in Economic Development, Workforce Development and Applied Research. It is PISCES' plan for the biennium to continue to raise supplemental funds through research grants and private contracts to expand in its planned activities.

Thank you for this opportunity to offer comments.

Rodrigo Romo.



ALEXANDER & BALDWIN
PARTNERS FOR HAWAII

Testimony of Tom H. Shigemoto
Supporting Funding for the Department of Land and Natural Resources

SB126 RELATING TO THE STATE BUDGET.
Senate Committee on WAM
Friday, February 22, 2019, 10:00 AM, Room 211

As a former member of the Kauai Watershed Partnership, thank you for the opportunity to submit testimony for SB 126. I strongly support funding for the Department of Land and Natural Resources and for Division of Forestry and Wildlife CIP funding - fencing \$5,579,000 for FY20 and \$4,888,000 for FY21 contained within this bill.

Our company has been a member of the Kauai Watershed Alliance since 2003 and we recognize the necessity of natural resource stewardship. We understand that the source of our pure water is a system of healthy forested watersheds which capture rain and cloud moisture and deliver it efficiently to aquifers and surface sources for subsequent consumption in our daily lives and for the benefit of our island economy.

McBryde Sugar Company Hawaii, LLC together with our sister company A&B Properties Hawaii, LLC, understands the urgency to maintain and preserve our native rain forests from the degradation caused by invasive species and feral animals. The funds that this and other bills provide will help to ensure that much of our precious natural resources are protected.

The DLNR Division of Forestry and Wildlife's (DOFAW) along with the Watershed Partnerships across the State are grateful for your past and present support. Without funding the Legislature provides, significant work and progress would not have been accomplished. Much work is still to be done!

Thank you for your consideration and support.

Sincerely,

Tom H. Shigemoto
Vice President



Community hospitals affiliated with KAISER PERMANENTE.

February 22, 2019

Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
11:00 AM, Conference Room 211
State Capitol
415 South Beretania Street

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee:

Thank you for allowing me the opportunity to testify in SUPPORT of this important matter. Our journey, under the public-private partnership established by Act 103 for the delivery of healthcare services at the former Maui Regional System hospitals has had its challenges, but overall, it has been a fulfilling and successful journey so far. The Legislature enacted Act 103, SLH 2015 (H.B. No. 1075), codified at HRS Chapter 323F, Part IV ("Act 103"), to allow for the transfer of the operations and management of the Maui Regional System facilities to Kaiser Foundation Hospitals (KFH) through its wholly owned subsidiary, Maui Health System, A Kaiser Foundation Hospitals LLC (MHS). Act 103 also provides for operating and capital subsidies for MHS in connection of its operation of the hospitals. Under HRS §323F-58 (and in accordance with the terms of Transfer Agreement between State of Hawaii, Hawaii Health Systems Corporation (HHSC), Maui Regional Health System (MRHS) and KFH and MHS), during the term of the Transfer Agreement, MHS may request support payments for its operating costs (as defined by HRS §37-62) associated with managing and operating the hospitals in an amount not to exceed the amount appropriated for the operating costs of the Maui Regional System for the 2014 fiscal year, which was \$38 million. Under HRS §323F-59 (and in accordance with the terms of the Transfer Agreement), MHS may request support payments for its capital expenditures during the first ten (10) years of MHS' operations of the hospitals in an amount not less than \$6 million.

The last subsidy the State provided to HHSC-MRHS for the hospitals before the transition was \$36.8 million. Since the transition, even though MHS is permitted (under law and its contract with the State) to request up to \$38 million in operating subsidies each year, we were appropriated \$33.4 million for fiscal year 2018 and \$28 million for fiscal year 2019. We are requesting for the forthcoming biennial period, \$26 million for fiscal year 2020 and \$23 million for fiscal year 2021. In less than two years, MHS has been able to reduce its need for subsidies by nearly \$10 million. More importantly, these drastic savings have occurred while MHS has been able to significantly increase quality scores, manage expenses, increase revenues, and recruit much needed physicians, while each year reducing our subsidy request. This year, the Maui Health System successfully recruited two neurosurgeons, two trauma general surgeons, and the first oncological surgeon to the island of Maui. In addition, we were successful in negotiating a new contract with UNAC – its largest union employee group, including nurses and other professionals. The contract resulted in an increase in cost of \$8 million per year but we still reduced our request for subsidy from \$28 million to \$26 million, even with the additional labor costs. As part of its commitment to retaining talented local healthcare professionals, MHS was also successful in hiring new nursing graduates from the local university resulting in the employment of over a hundred nurses in the last year and a half.

Committee on Ways and Means
February 22, 2019

While we could request more (under Act 103 and our contract with the State), we have identified the amount of the request of \$26 million for fiscal year 2020 as critical to our continued success to improve quality, services, and the recruitment of additional physicians to expand access to much needed specialty services within the communities of Maui and Lanai as well as increasing revenues. Each additional physician we recruit will enhance our ability to reduce future requests for subsidies, keep patients on island with their 'ohana, provide additional jobs, and enhance the services and reputation of the Maui hospitals. Without the \$26 million, our successful journey would be jeopardized at a point where we are gaining momentum in the right direction as intended by Act 103. I am happy to answer any questions you may have, and I appreciate your continued support of the Maui Health System and our mission of providing quality care in our communities of Maui and Lanai.

Mahalo for your consideration.

Michael Rembis
Chief Executive Officer

Ben Dyre Family Limited Partnership

Po Box 40

Kilauea, HI 96754

*Testimony of Ben Dyre Family Limited Partnership
Supporting Funding for the Department of Land and Natural Resources*

SB126 RELATING TO THE STATE BUDGET.

Senate Committee on WAM

Friday, February 22, 2019, 10:00 AM, Room 211

Our family strongly supports funding for the Department of Land and Natural Resources and for Division of Forestry and Wildlife CIP funding - fencing \$5,579,000 for FY20 and \$4,888,000 for FY21 contained within this bill.

As a member of Kauai Watershed Alliance (KWA), we have a stake in the protection and conservation of our Mauka native forested watersheds and have been dedicated to these actions since 2003. The KWA has already fenced and removed feral ungulate (pigs, goats, deer) from 7,000 acres and work in 15,000 acres controlling invasive weeds up in the Priority Watersheds on both State and Private lands of Kauai.

We are honored to be a part of the KWA, as our family recognizes the necessity of natural resource stewardship. We understand that the source of our pure water is a system of healthy forested watersheds, which capture rain and cloud moisture and deliver it efficiently to aquifers and surface sources for subsequent consumption in our daily lives and for the benefit of our island economy and the future generations.

The DLNR Division of Forestry and Wildlife's budget request is for the protection of our native forests, which are the source of nearly all the Hawaiian islands' supply of fresh water. The DLNR Division of Forestry and Wildlife's (DOFAW) along with the Watershed Partnerships across the State are grateful for your past and present support. Without funding the Legislature provides, significant work and progress would not have been accomplished.

MAHALO for your support!

Warmly,

Holly M. Dyre

General Partner of Ben Dyre Family Limited Partnership

Testimony of The Nature Conservancy of Hawai'i
Supporting Funding for the Department of Land and Natural Resources'
Watershed and Invasive Species Programs in
S.B. 126 and HB2 HD1 Relating to the State Budget
Senate Committee on Ways and Means
Friday, February 22, 2019, 10:00 AM, Room 211

The Nature Conservancy of Hawai'i is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 nature preserves and work in over 30 coastal communities to help protect the near-shore reefs, waters and fisheries of the main Hawaiian Islands. We forge partnership with government, private parties and communities to protect forests and coral reefs for their ecological values and the many benefits they provide to people.

The Nature Conservancy supports the Department of Land and Natural Resources' operational and capital budget requests for:

WATERSHED MANAGEMENT (LNR172, 402, 407): Base general funding for forest management programs, plus \$5.583m in FY20 and \$4.992m FY21 in CIP funds for animal management fencing that provides long-term protection for watershed forests statewide.

INVASIVE SPECIES (LNR402): Base general funding, plus an additional \$1,000,000/year to the Hawai'i Invasive Species Council and 10 additional departmental positions to address pest threats to Hawai'i's economy, environment and quality of life, and an additional \$800,000/yr. to address the critical threat of Rapid 'Ōhi'a Death.



LEGACY LAND PROTECTION (LNR101): Requested spending ceiling increase of \$2,364,905 to help protect priority coastal, agricultural, historic, cultural, forest, and recreational resources.

AQUATIC RESOURCES (LNR153, 401, 805): Base general funding and staff support to address the health and productivity of Hawai'i's marine resources, including an aquatic resources program manager and three aquatic biologist positions.

CONSERVATION ENFORCEMENT (LNR405): Funding for the Division of Conservation and Resources Enforcement to convert temporary positions to permanent to operate the successful community fisheries enforcement units on four islands.

These budget items contribute to the resilience, sustainability and continued health of our islands' environment, economy, and quality of life. Thank you for appreciating the critical importance of protecting our limited and exhaustible natural resources so that they will continue to support us with fresh water, productive fisheries and farmlands, cultural treasures, and a healthy lifestyle.



**Testimony to the Senate Committee on Ways and Means
Friday, February 22, 2019; 10:00 a.m.
State Capitol, Conference Room 211**

RE: COMMENTING ON SENATE BILL NO. 0126, RELATING TO THE STATE BUDGET.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **COMMENTS** on Senate Bill No. 0126, RELATING TO THE STATE BUDGET.

The bill, as received by your Committee, would appropriate funds for the operating and capital improvement budget of the Executive Branch for Fiscal Years 2019-2020, and 2020-2021.

The HPCA wishes to share its concerns on Program ID HMS401 -- the Medicaid Program.

Over the past seven legislative sessions, the HPCA has urged the Legislature to appropriate additional funds to HMS401 for the reinstatement of adult dental Medicaid coverage, without success. As such, during the 2018 Regular Session, we offered an alternative solution for your consideration. Last year, we believed additional funds for fiscal year 2018-2019 were not necessary because it was our contention that there were sufficient resources within HMS401 to reinstate this essential benefit immediately.

Our position has not changed and we continue to assert that there are sufficient resources in HMS401 to reinstate the benefit immediately.

Based on our review of the Ige Administration's disclosures, it would appear that there are sufficient funds to reinstate this benefit immediately. Also, because this is the reinstatement of a pre-existing benefit, and that no additional statutory authorization is needed for DHS to reinstate the benefit, any subsequent change in resources for this benefit could be incorporated into the "base" budget so that future adjustments could be made citing "changes in utilization" as DHS did this year.

Furthermore, because of the scale of the appropriations in HMS401, DHS has more options at its disposal to ensure that funds are available for this benefit.

If the Legislature continues to find merit in DHS' plea for additional resources for the reinstatement of this benefit, we offer for your consideration this -- deny DHS's request to reduce the budget for fiscal year 2019-2020 in Line Item HMS401 by \$16,511,000 in general funds. This amount is more than what the Administration requested in all means of financing last year for the reinstatement of the benefit. If DHS believes it needs even more funding the following year, they can request it in the Supplemental Budget. However, at that time, DHS will need to reconcile their projected increases with the actual amounts spent and any **variance** with the previously budgeted amounts.

We recommend that this amount be put back into HMS401 so that the appropriation for fiscal year 2019-2020 be the same as that approved pursuant to the Budget Act of 2018.

We propose that the language found in Senate Bill No. 0126 on the bottom of page 32 and the top of page 33 (please note that there are no line numbers in this bill) pertaining to HMS401 be deleted and replaced with the following if and only if you Committee agrees with DHS that there is insufficient funds in HMS401 to reinstate the benefit:

<u>PROG.</u> <u>ID</u>	<u>PROGRAM</u>	<u>EXPENDING</u> <u>AGENCY</u>	<u>FISCAL YEAR</u> <u>2019-2020</u>	<u>MOF</u>	<u>FISCAL YEAR</u> <u>2020-2021</u>	<u>MOF</u>
HMS401	OPERATING	HMS	944,108,598	A	982,477,598	A
			1,376,660	B	1,376,660	B
			1,803,909,546	N	1,803,909,546	N
			13,216,034	P	13,216,034	P
			6,781,921	U	6,781,921	U

We reiterate that it is our contention that there is more than enough funds in HMS401 as well as the authority to use these funds to reinstate the benefit without having to make this or any other change.

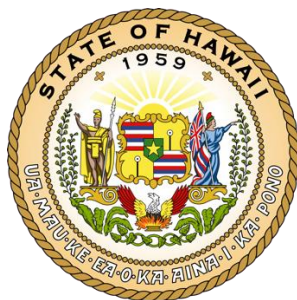
In addition, if your Committee is inclined to put back these funds into HMS401, to ensure that the \$16 million is used for the reinstatement of adult dental Medicaid coverage, we further suggest that proviso language be added to this bill.

To do this, we propose a new SECTION be added to the bill as follows:

"SECTION. . . Of the appropriations for health care payments (HMS401), \$16,511,000 in general funds or so much thereof as may be necessary for fiscal year 2019-2020, shall be expended only for the restoration of adult dental benefits which include preventative and restorative oral health services."

In closing, we greatly appreciate this opportunity to share our MANAO with you today. It is our hope that the Legislature will agree with our assessment and urge the Governor to reinstate this essential benefit immediately.

Should you have any questions, please do not hesitate to contact us.



‘O kēia ‘ōlelo hō’ike no ke
Komikina Kūlana Olakino o Nā Wāhine

Testimony on behalf of the
Hawai‘i State Commission on the Status of Women

Prepared for the Senate Committee on Ways and Means

In Support of SB126

Friday, February 22, 2019, at 10:00 a.m. in Room 211

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Honorable Members,

The Hawai‘i State Commission on the Status of Women supports SB126, which would appropriate baseline funds to the Hawai‘i State Commission on the Status of Women.

The Commission is the oldest commission of its kind – the very first state women’s commission in the United States. The Commission was codified into state law by the State Legislature in 1970 to “aid in the implementation of its recommendations, to develop long-range goals, and to coordinate research planning, programming, and action on the opportunities, needs, problems, and contributions of women in Hawaii. It is the purpose of this chapter to provide for a statewide program, on a permanent and continuing basis, on the status of women in Hawaii (HRS § 367-1).”

For over 50 years, the Commission has served as the main consultant to policymakers and as the central clearinghouse for women’s resources. The Commission has also been instrumental in coordinating the three county commissions on women, producing statewide research, and supporting critical programs on the most marginalized issues affecting women and girls.

The Commission supports the Department of Human Services’ position to request \$189,335. This amount helps to maintain the Commission’s budget by providing \$15,300 to correct and offset one-time salary adjustments of \$18,888 that occurred in 2017 (executive director) and 2018 (permanent secretary). An appropriation of \$192,923 would fully compensate for the salary adjustments. Accordingly, the Commission respectfully urges the Committee to pass this measure.

Sincerely,
Khara Jabola-Carolus



Kaua`i Watershed Alliance

Ben A. Dye Limited Family Partnership, Department of Hawaiian Homelands, Department of Water County of Kaua`i, DLNR – Division of Forestry and Wildlife & Land Management Division, Grove Farm Company, Inc., Jurassic Kahili Ranch, Kamehameha Schools, Kaua`i Ranch LLC, Lihu`e Land Company, McBryde Sugar Company, Ltd., National Tropical Botanical Garden, Princeville Development, LLC

“The Mission of the Kaua`i Watershed Alliance is to PROTECT, PRESERVE and MANAGE our valuable watershed resources for the benefit of our residents, communities and all future generations through the

Testimony of The Kauai Watershed Alliance
Supporting Funding for the Department of Land and Natural Resources
SB126 RELATING TO THE STATE BUDGET.
Senate Committee on WAM
Friday, February 22, 2019, 10:00 AM, Room 211

Thank you for your support for funding for watershed protection in Hawai`i. Please help us continue this important work by again **supporting the Department of Land and Natural Resources’ budget requests. (LNR172, 402, 407)**: Base general funding for forest management programs, plus \$5.5M in FY20 and \$4.9M FY21 in CIP funds for protective (animal exclusion) fencing that provides long-term conservation of watershed forests statewide.

The Kauai Watershed Alliance (KWA) has been actively managing portions of the mauka watershed on Kauai since 2003. The Membership makes up a diverse group of public and private entities that own land within the mountainous watershed and understands the importance of protecting and preserving the forests that capture fresh water—our most precious resource.

The KWA currently has 13 miles of feral ungulate proof fence that protects 7,000 acres of priority designated watershed in Kauai’s mauka forests. The membership’s management plan identifies additional priority watershed areas in need of protection.

The DLNR Division of Forestry and Wildlife’s (DOFAW) along with the Watershed Partnerships across the State are grateful for your past and present support. Without funding the Legislature provides, significant work and progress would not have been accomplished.

Thank you for your consideration and support.

Sincerely,

Kauai Watershed Alliance



KAHUKU MEDICAL CENTER

Testimony from Alan MacPhee, CEO
Kahuku Medical Center
For the Committee on Ways and Means
Friday, February 22, 2019
Re: SB 126
Re: HB 2

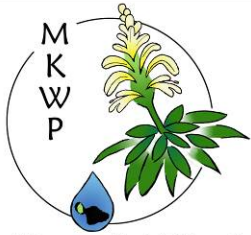
Kahuku Medical Center Biennium Budget Request (HTH 211)

In fiscal year 2019, Kahuku Medical Center received \$1,800,000 in general fund appropriations and no funding for the much needed capital improvement projects for our aging hospital. Kahuku Medical Center is requesting additional general fund appropriations for fiscal year 2020 and fiscal year 2021 of \$1,600,000. These additional requests are to fund wage increases and operational needs so that Kahuku Medical Center can continue to be competitive for healthcare workers and increase revenues and operating efficiencies.

In recent years, Kahuku Medical Center has survived financially by keeping salary and wages well below market rates for similar positions. Until recently wages were 30% to 50% below market rates. During this period Kahuku Medical Center was recognized nationally as one of the top 20 critical access hospitals in the country. This is a testimony to the loyalty of our employees. However, this cannot continue as we strive to improve operational and financial performance. To meet the healthcare needs of our community we will need to expand our workforce. We need to pay higher wages.

This will be an ongoing expense increase, however, we anticipate improvements in financial performance to provide the funding required to continue paying these necessary wage and salary increases.

With the continued growth of the North Shore and being the only healthcare facility within 55 miles, Kahuku Medical Center has never been a more important provider of healthcare services and we appreciate your investment in our community.



Mauna Kahālāwai
Watershed Partnership

P.O. Box 13240

Lahaina, Hawai'i 96761

Phone (808) 661-6600

Fax: (808) 661-6604

Westmauiwatershed.org

Watershed Partners

County of Maui

Hanaula Ranch, LLC

Ka'anapali Land
Company, LLC

Kahoma Land, LLC

Kahoma Land
Holdings, LLC

Kamehameha Schools

Makila Land Co., LLC

Maui County
Department of Water
Supply

Maui Land & Pineapple
Company Inc

State of Hawaii
Dept. of Land & Natural
Resources

The Nature
Conservancy

Tri-Isle RC&D

U.S. Fish & Wildlife
Service

Wailuku Water Co. LLC

Mauna Kahālāwai Watershed Partnership

February 18, 2019

Supporting Funding for the Department of Land and Natural Resources' Watershed and Invasive Species Programs in SB126 and HB2, HD1 Relating the State Budget

Senate Committee on Ways and Means
Friday, February 22, 2019, 10:00 AM, Room 211

Aloha Legislators,

The Mauna Kahālāwai Watershed Partnership supports the Department of Land and Natural Resources' budget request in **SB126 and HB2, HD1** for watershed management, CIP fencing work, and invasive species prevention, control, research, and education programs and activities. Please also see testimony in support of provisions within this bill by Department of Land and Natural Resources Chairperson, Suzanne Case.

These provisions will provide critical operating funds for watershed protection. The CIP request will help protect prime watershed lands in Honokohau and Olowalu and limit further invasive species degradation costs in the long term. The more we protect now from impacts, the less we will have to reforest or remove spreading invasive species later.

Since our beginning in 1998, we have constructed over 23 miles of fence which allows us to actively manage 29,000 acres of prime source water recharge areas. We have seen firsthand and proven how our work is allowing the forest to recover. Moving forward, we need support to fence and prevent further degradation to the remaining 39% of prime watershed lands. These lands and their native cover capture rain and cloud moisture and deliver it efficiently to aquifers and surface water sources. Subsequent consumption enhances every aspect of our daily lives and benefits all sectors of our island economy. Further, these funds are leveraged at least 3 times over with county, federal and private sources to further stimulate our economy and provide local jobs.



Hawai'i Association of
Watershed Partnerships

East Maui Watershed
Partnership

East Moloka'i Watershed
Partnership

Kaua'i Watershed Alliance

Kohala Watershed
Partnership

Ko'olau Mountain
Watershed Partnership

Leeward Haleakala Watershed
Restoration Partnership

Mauna Kea Watershed Alliance

Three Mountain Alliance

Wai'anae Mountains
Watershed Partnership

West Maui Mountains
Watershed Partnership

url www.hawp.org

February 19, 2019

Testimony from the Hawai'i Association of Watershed Partnerships
**Supporting Funding for the Department of Land and Natural
Resources' Watershed and Invasive Species Programs in SB126
and HB2, HD1 Relating to the State Budget**

Senate Committee on Ways and Means
Friday, February 22, 2019, 10:00 AM, Room 211

The Hawai'i Association of Watershed Partnerships (HAWP) supports funding for the Department of Land and Natural Resources' Watershed and Invasive Species Programs in SB126 and HB22, HD1. These funds support critical watershed protection projects that provide a multitude of benefits, both environmental and social.

HAWP comprises ten Watershed Partnerships across five islands, and works collaboratively with over 100 public and private landowners who own and/or manage more than 2 million acres of vital watershed areas across Hawai'i. The partnerships play an important role, as they coordinate across landowner boundaries, bringing together many types of landowners and land managers with just as many perspectives and priorities to work toward the common goal of landscape-level, watershed protection. For the past 25 years, the coordinators of these partnerships and their dedicated staff have been working with their diverse partners, including the Department's Division of Forestry and Wildlife (DOFAW), constructing fences, controlling weeds, and removing destructive feral, hooved animals from thousands of acres of priority forested watershed areas throughout the state. This extremely hard work has paid off, with 140,000 acres (17%) of the State's priority watersheds currently fenced, actively managed, and effectively protected. But, continued funding and support is needed to meet the State's commitments toward watershed protection and the many irreplaceable benefits that result.

We appreciate the opportunity to comment on the State budget bills. If there are questions, please feel free to contact HAWP's Outreach and Education Specialist, Shelley Gustafson, at (808) 425-2237, shelley.gustafson@hawaii.edu or any of our 10 Watershed Partnership coordinators located across the islands: <http://hawp.org/contact-us/>.

Protecting and sustaining the forest, the water and the people of Hawai'i.

SB-126

Submitted on: 2/15/2019 4:59:33 PM

Testimony for WAM on 2/22/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kari Watase	Individual	Oppose	No

Comments:

My name is Kari Watase. I grew up at my grandparents' house on St. Louis Heights. I've been familiar with the area within the watershed because I attended Iolani School and UH Manoa. I am extremely concerned about the Ala Wai Canal project elements.

I believe our community was NOT properly engaged during the Draft EIS process and none of us were made aware of the project elements.

I am against the flood mitigation alternatives selected by the United State Army Corp of Engineers (USACE) which include upstream detention basins that would destroy thousands of feet of natural stream and acres of natural forest and will increase runoff and sedimentation. These basins will affect water flow and need regular maintenance. There is concrete evidence that our current flood mitigation structures have not been properly maintained. Why should we believe that you are going to maintain 8 more detention basins? If these structures are not maintained and if the so-called 100-year flood hits, these basins will be useless.

I am against the average 4 foot reinforced concrete wall around the Ala Wai Canal. That would be a horrendous sight and would permanently destroy canal views for locals, tourist, and those driving along Ala Wai Boulevard. I used to jog around the Ala Wai Canal from Iolani School after class. I enjoyed running along the canal and being able to see the canoe paddlers practicing for races. I am 5 feet tall so please consider what jogging along a 4-foot high concrete wall would look like for me and others.

I examined the flood modeling produced by the USACE in the Final EIS and severely question the accuracy of the flood models and property damage claims because it appears to have no correlation to historic flooding events that I have eye-witnessed in my 26 years of living within the Ala Wai Canal Watershed. The USACE's 5-year flood model show what type of flood we should expect to occur every 5 years. This 5-year flood has never happened in my life and according to this model, I should have seen about 5 of these floods of mass destruction totaling millions of dollars of damage. Nothing has even come close to resembling this 5-year flood model and the damage so can I trust the 100-year flood model? Absolutely not. This signals that something is substantially wrong with the modeling program, the methodology, the collected data, and the assumptions integrated into the selected alternative plans.

I urge you to take action to stop the USACE from building this project as funded and defer the project so that the communities affected can have a voice in the design of the project that could have lifetime negative impacts on future generations to come if done the wrong way. I favor a more environmentally friendly alternative that would be more acceptable to our community such as the use of floodgates and flood pumps. It would be less maintenance and less costly.

I have attended multiple neighborhood board meetings. There are environmental experts, engineers, water-flow experts who all value the land of Hawaii. They have feasible, environmentally friendly, and less costly solutions. Please listen to the public.

SB-126

Submitted on: 2/18/2019 7:47:46 AM

Testimony for WAM on 2/22/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Look Jun	Individual	Oppose	No

Comments:

I am writing to oppose the Ala Wai project as it is now designed. With new info about the project in the upper reaches of Palolo and Manoa Valeey, community residents voices must be heard.

thank you.



CATHOLIC CHARITIES HAWAII

TESTIMONY ON SB 126: RELATING TO THE STATE BUDGET
Support for funding for: Homeless Services in the Base Budgets of
Department of Human Services and Department of Health

TO: Senator Donovan Dela Cruz, Chair, Senator Gilbert Keith-Agaran, Vice Chair,
and Members, Committee on Ways and Means
FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawaii
Hearing: **Friday, 2/22/19; 10:00 am; CR 211**

Thank you for the opportunity to provide testimony **in strong support of funding to preserve the current levels of appropriations for all homeless services provided now in the base budget. These ongoing services create a foundation to end homelessness.** They are making a significant impact on ending homelessness in Hawaii. I am Betty Lou Larson, with Catholic Charities Hawai'i. We are also a member of Partners in Care.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 70 years. CCH has programs serving elders, children, youth, families, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Ending homelessness is a top priority for 2019.

The current base budget provides a foundation of services that network and are successfully turning around years of increases in homelessness. The statewide Point in Time count **has decreased by almost 18% since 2016**. This network of services currently funded in the base budget include programs which have been reorganized to more strongly focus on navigation into permanent housing. Current base budget funded services include:

- Shelter, homeless outreach, and prevention/diversion like the State Homeless Emergency Grant Program in the Department of Human Services.
- LEAD (Law Enforcement Assisted Diversion), outreach for unsheltered individuals with addiction, and AMHD homeless outreach services in the Department of Health.

To end homelessness, we need to preserve these programs as the foundation to move people off the streets and into permanent housing. To move people more rapidly off the streets, we urge the State to also expand the Base Budget to include data driven, proven program that fill in the gaps and provide a comprehensive system to both prevent and end homelessness. **Housing First, Rapid Rehousing, Kakaako Family Assessment Center**, and additional **Outreach and civil legal services** are key programs in our fight to end homelessness. Housing First in Hawaii has a 92.5% retention rate vs. the national success rate of 80%. The state saves an estimated \$6,197 PER MONTH just in medical costs for EACH chronic, high need disabled homeless person placed into Housing First. This is a estimated 75% DROP in health care costs, per research by the UH Center on the Family. **301 projected Housing First participants would save the State an estimated \$22 million per year in medical costs alone.**

Thank you for your dedication to funding effective programs to end homelessness. We urge your support in the Base Budget for this network of services. Please contact me at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.



SB-126

Submitted on: 2/20/2019 4:57:00 PM

Testimony for WAM on 2/22/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Amber Imai-Hong	Individual	Support	No

Comments:

I support SB126, in particular the funds appropriation for BED128 (OAD/PISCES).
Thank you for your consideration.

SB-126

Submitted on: 2/20/2019 6:28:45 PM

Testimony for WAM on 2/22/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
matthias kusch	Individual	Support	No

Comments:

Please support SB126 and within it BED128 (OAD/PISCES). PISCES has a real opportunity to create jobs and technology here on Hawaii island at the state overall. But it needs your support to get to that point! Already, under new leadership PISCES has shown increadable growth and huge potential. I am humbled by your support.

Matthias Kusch

Hilo, HI

Statement of
Matthew J. Edison
Before the
Committee on Ways and Means
Friday, February 22nd, 2019 @ 10:00
State Capitol, Conference Room 211

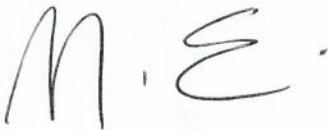
In consideration of
SB126
RELATING TO THE STATE BUDGET

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee.

Dear members of the committee I want to express my support for SB126 which establishes the operating budget for various agencies under DBEDT. In particular I am writing in support of the budget appropriation for BED128 (Office of Aerospace, which handles the operating budget for PISCES).

This bill provides PISCES with the necessary resources to continue to develop the work they have been involved with in the promotion of the Aerospace Industry, workforce development and applied research. We believe that PISCES provides significant value to the State of Hawaii and strongly support the continuation of its funding.

Thank you for this opportunity to offer comments.

A handwritten signature in black ink, consisting of the letters 'M', 'J', and 'E' in a stylized, cursive font.

Matthew J. Edison

SB-126

Submitted on: 2/20/2019 9:01:26 PM

Testimony for WAM on 2/22/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Zack Fleishman	Testifying for Shark Wheel, Inc.	Support	No

Comments:

Statement of

Zack Fleishman

Chief Operating Officer

Shark Wheel, Inc.

Before the

Committee on Ways and Means

Friday, February 22nd, 2019 @ 10:00

State Capitol, Conference Room 211

In consideration of

SB126

RELATING TO THE STATE BUDGET

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee.

Dear members of the committee I want to express my support for SB126 which establishes the operating budget for various agencies under DBEDT. In particular I am writing in support of the budget appropriation for BED128 (Office of Aerospace, which handles the operating budget for PISCES).

This bill provides PISCES with the necessary resources to continue to develop the work they have been involved with in the promotion of the Aerospace Industry, workforce development and applied research. We believe that PISCES provides significant value to the State of Hawaii and strongly support the continuation of its funding.

Thank you for this opportunity to offer comments.

Sincerely,

Zack Fleishman
Chief Operating Officer
Shark Wheel

SB-126

Submitted on: 2/21/2019 8:12:37 AM

Testimony for WAM on 2/22/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Laurie Dela Cruz	Individual	Oppose	No

Comments:

February 22, 2019

Senator Donovan Dela Cruz

Chair of Senate Ways and Means Committee

415 S. Beretania Street, #208

Honolulu, HI 96813

Re: SB126, Ala Wai Canal Project, Oppose

Dear Senator Dela Cruz,

My name is Denise Yamachika and I am a fifth grade student from Hokulani Elementary School. My school is near the University of Hawaii in Manoa. I am strongly against funding of the Ala Wai flood project for these reasons:

if a detention basin is built on Kanewai Field, we won't have a place for P.E., recess, and other special events. This will also impact other people in our community. Many people will lose their homes.

By not having a field, we would not get a chance to run or play outside. Instead, we would have to stay inside of our classrooms. If we do not have recess, teachers cannot set up for the next lesson. We would go crazy without recess.

If we do not have a field, we would not have Fun Run. Fun Run helps our school raise money for programs such as Music, P.E. and Spanish classes. We would not be able to do special activities with our parents.

By building a detention basin, it puts our school in danger for future flooding. It will prevent us from having physical education and recess. This may also lead to our school closing down because of potential flooding and the basin overflowing.

What would you do if you were in this situation? Would you share your concerns or would you do nothing? Please do not fund this bill. It will negatively impact our school, our students, and people living in our community. Thank you.

Sincerely,

Denise Yamachika

TESTIMONY OF
JAMES P. GRIFFIN, Ph.D.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
SENATE COMMITTEE ON
WAYS AND MEANS

February 22, 2019
10:00 a.m.

Chair Dela Cruz and Members of the Committee:

MEASURE: S.B. No. 126

TITLE: RELATING TO THE STATE BUDGET.

DESCRIPTION: Appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2019-2020 and 2020-2021.

POSITION:

The Public Utilities Commission is in **support** of this measure offers the following comments for consideration.

COMMENTS:

The Public Utilities Commission (“Commission”) is in support of this measure which appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal biennium 2019-2021.

Thank you for the opportunity to testify on this measure.

OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII
NO. 1 CAPITOL DISTRICT BUILDING
250 SOUTH HOTEL STREET, SUITE 107
HONOLULU, HAWAII 96813
TELEPHONE: 808-586-1400 FAX: 808-586-1412
EMAIL: oip@hawaii.gov

To: Senate Committee on Ways and Means

From: Cheryl Kakazu Park, Director

Date: February 22, 2019, 10:00 a.m.
State Capitol, Conference Room 211

Re: Testimony on SB 126
Relating to the State Budget

Thank you for the opportunity to submit testimony in support of this bill, which among other things, provides general funds for the operating budget of the state Office of Information Practices (“OIP”) in program ID AGS 105 for 8.50 positions and \$806,037 in FY 2019-20 and \$799,837 in FY 2020-21 (see pages 50-51, as identified in the top left corner of SB 126).¹

OIP appreciates the Legislature’s additional appropriation last session of \$100,000 for salary parity for its employees, which has tremendously helped OIP’s employee morale and retention. This amount, however, is less than half of what OIP had originally requested in 2017, so the Governor’s budget request this year included another \$100,000 in general funds for OIP to try to reach salary parity, along with \$6,200 in general funds to replace old and slow computers.

¹ OIP notes that the House Judiciary Committee passed H.B. 1354, H.D. 1, which appropriates to OIP an additional \$91,200 for FY 2019-20 and \$85,000 for FY 2020-21 and is pending in the House Finance Committee. There is no companion bill in the Senate to provide a separate add-on appropriation for OIP.

The same reasons that OIP gave last year for seeking salary parity funds apply to this year's request. In fact, even with \$100,000, OIP is unlikely to reach the salary levels paid by the City and County of Honolulu's Corporation Council's and Prosecutor's offices, which received a 4% pay increase on July 1, 2018. State salary levels are also expected to increase once the 2018 State Commission on Salaries presents its recommendations to the Legislature this March.

As the attached budget chart shows, **OIP has been underfunded for decades.** See **Chart 1**, Budget Chart from OIP's FY 2018 Annual Report. OIP was created in June 1988 to administer the Uniform Information Practices Act (UIPA). At its height in FY 1994, OIP had 15 authorized positions and an allocated budget of \$827,537, which is the inflation-adjusted equivalent of \$1,403,003 today. Five years later, in FY 1999, OIP was given the additional responsibility of administering the Sunshine Law, which essentially doubled its work, but OIP's positions and budget had already started to decline. Thanks to the Legislature's additional \$100,000 appropriation last session and collective bargaining allocation, OIP has a budget of \$699,837 for this fiscal year and 8.5 FTE positions. Nevertheless, **OIP's current budget is still \$127,700 less in unadjusted dollars and \$703,166 less than what it had on an inflation-adjusted basis 25 years ago. In short, OIP has been doing more than double the work with half the resources that it had 25 years ago.**

While other agencies have received large or steady pay increases along the way, **last year's additional appropriation was OIP's first big boost in decades.** Other than collective bargaining allocations that were sometimes insufficient to match the pay increases provided to other units, **OIP did not receive additional funding in prior years when other agencies received large or steady pay increases**, such as in FY 2016 when the Attorney General's

Office received a \$1.94M for pay increases and the Honolulu Corporation Counsel's office received 5% pay increases. This year, the Honolulu Corporation Council's and Prosecutor's offices received 4% pay increases on July 1, 2018. State salary levels are also expected to increase once the 2018 State Commission on Salaries presents its recommendations to the Legislature this March. As the attached Good Government Comparison Chart from last year shows **(Chart 2), OIP has the least funding and personnel of all state good government agencies.** (Campaign Spending Commission has more on a per capita basis.) **Thus, despite the \$100,000 increase from last session, OIP's salaries still remain substantially below those of comparable government employees, even though OIP's employees' have extensive experience and expertise regarding two essential open government laws providing public access and government accountability by all state and county agencies.**

OIP is already living on the edge with its lean workforce of five staff attorneys, 2.5 FTE administrative personnel, and one director, each of whom is crucial to OIP's operations. If any one of its employees leaves OIP or goes on extended sick, vacation, or family leave, OIP would lose 13% of its workforce and institutional memory that, in the case of one attorney, goes back as far as 1988.

The general public and all state, county, and independent agencies (including UH, OHA, and HTA), as well as all branches of government—Executive (including the Governor, Lt. Governor, and all mayors), Legislative (including the Legislature and county Councils), and Judicial (excluding only the courts' nonadministrative, *i.e.*, judicial, functions)—rely upon OIP's neutral and uniform advice, training, and dispute resolution services regarding Hawaii's open records and open meetings laws. OIP's attorneys and personnel, therefore, have highly transferable knowledge and skills. **To keep OIP's personnel and their**

unparalleled institutional memory at the single, statewide agency that provides uniform and neutral advice and services throughout Hawaii, OIP respectfully requests that its additional budget appropriation be passed out of this committee.

Please note, however, that **the additional funding requested in this bill is only sufficient to help retain OIP's existing employees and continue its current level of work. For OIP to do more work faster, it will need additional personnel and funding.** The extent of the additional resources required will depend upon what is expected of OIP.

OIP is already at its maximum capacity with its existing personnel and resources and expeditiously resolves most of the requests for assistance that it receives each year. **In FY 2018, OIP resolved over 95% (1,074 of 1,127) of all FY 2018 formal and informal requests for assistance in the same year they were filed, and nearly 84% (945 of 1,127) within the same day they were filed.** (Chart 3)

Although the backlog of formal cases is directly related to the number of new cases filed each year and OIP has no control over cases filed with it (Chart 4), OIP has substantially reduced its backlog to 99 pending formal cases as of January 31, 2019, which is a 24% reduction from the end of FY 2018 (131 pending cases) and a 34% reduction from one year ago (151 pending cases).

Not only has OIP substantially reduced its formal case backlog, **OIP has also kept down the age of the its oldest cases that are not pending in litigation.** OIP ended FY 2018 with its oldest case being one that was filed in FY 2015, only because a litigation involving the same issue is still pending in court and OIP will resolve any issues remaining after the litigation concludes; the rest were

filed in FY 2016 or later. This is a considerable improvement since FY 2011 when OIP's oldest outstanding case was 12 years old. It took years for OIP to bring down the age of its oldest cases to where it is now. Barring another huge increase in new formal case filings (as OIP experienced in FY 2017) and with its current level of resources, OIP hopes to be able to resolve appeals within one year of filing before FY 2023.

OIP's formal cases consist of different types of cases filed by requesters, with "appeal" being one of them. "Appeals" to OIP are opened when an agency denies a request for UIPA records or a person seeks to determine if a board is subject to or has complied with the Sunshine Law, which typically require the most time and work by OIP to resolve and often result in written opinions. "Requests for Opinions" (RFO) are also labor intensive as they are opened when there is no live case or controversy and a requester seeks an advisory opinion. If a requester seeks reconsideration of an OIP decision, then a RECON file is opened and may result in either a dismissal or a new opinion. In contrast, "Requests for Assistance" (RFA) do not require written opinions and are opened when requesters have not received a response to a record request from an agency, and they typically resolved within the same fiscal year. Other types of formal cases are for "Correspondence" and "UIPA" record requests made to OIP, which also do not require written opinions by OIP, although some of the Correspondence may be written advice equivalent to other states' "opinions."

OIP already takes steps to "triage" its formal cases and appeals to give priority to those that may be readily resolved without an opinion, are of great public importance, or for other compelling circumstances. Unless circumstances change, the remaining cases are resolved on a first in, first out basis to be fair to those who have been waiting longer. As of January 31, 2019, OIP has

closed 129 formal cases, of which 39 were appeals; 33 of the appeals closed were for cases filed before FY 19 and 6 were filed in FY 19. **Without the 97 older appeals that were pending at the start of this fiscal year, OIP would have resolved more appeals (39) than have been filed to date in FY 2019 (25).**

Requesters who do not wish to wait their turn always have the option to go directly to the circuit court, which is supposed to provide an expedited review process. Even the courts, however, could take years to resolve an appeal from a denial of a record request. In fact, OIP's oldest appeal filed in FY 2015 is on hold, along with four newer ones, awaiting the court's decisions on UIPA or Sunshine Law issues in those cases.

Focusing only on appeals ignores all the other work that OIP does for many, many more requesters in the same year, if not the same day, and which often prevent the escalation of disputes into more appeals. Eighty-four percent of the total requests are typically resolved within the same day through OIP's Attorney of the Day (AOD) service, whereby a staff attorney provides informal advice and guidance to the requester. *See* attached Figure 1 of the OIP Service Overview from OIP's 2018 Annual Report. The AOD service resolves many issues before they become problems and turn into appeals, and it is a much used and appreciated service provided by OIP. Oftentimes, OIP will provide written advice in emails or letters in response to AOD inquiries, which would be considered "opinions" in other states.

In addition to responding to formal and informal requests for assistance, OIP has many other duties, including training, monitoring and testifying on legislation, tracking lawsuits, keeping agencies and the public informed of open government issues, rulemaking, initiating special projects on its

own, and preparing annual reports, including two summarizing all State and County UIPA Record Request Logs.

For OIP to resolve appeals faster without neglecting its other duties, as has been proposed in SB 1057, SD 1, OIP will need a dedicated source of additional funding, personnel positions, and equipment, as well as time to recruit and train new employees. These additional resources are not appropriated in SB 1057, SD 1, which has been referred to the Senate Judiciary Committee and not to this WAM Committee, so **no appropriation would be provided should SB 1057, SD 1 pass out of the Judiciary Committee.**

A statute remains on the books forever, but adequate funding does not. **From OIP's experience with decades of underfunding, it knows that it could be starved of necessary resources to timely do its work under SB 1057, SD 1 if it does not have a dedicated source of funding to hire, equip, train, and retain sufficient personnel.** Rather than an unfunded mandate, OIP would need a dedicated source of statutorily required appropriations to provide a reliable stream of funding and personnel that can fulfill statutorily imposed deadlines

Thus, depending on the Legislature's expectations and level of additional funding and personnel, OIP would welcome the challenge of completing more appeals in a shorter period of time, provided their underlying issues are not pending in litigation in the courts and OIP is given the dedicated resources to do statutorily required work. **Otherwise, OIP is simply seeking an additional \$100,000 and \$6,200, as SB 126 proposes, to retain its existing staff and to replace aged computers in order to keep up with its current level and pace of work.**

Mahalo for considering OIP's testimony.

CHART 1



Office of Information Practices
Budget FY 1989 to FY 2018

Fiscal Year	Operational Expense Allocation	Personnel Allocation	Total Allocation	Allocations Adjusted for Inflation**	Approved Positions
FY 19	22,324	617,513	699,837	699,837	8.5
FY 18	22,324	561,695	584,019	584,019	8.5
FY 17	22,324	553,660	575,984	587,909	8.5
FY 16	31,592	532,449	564,041	590,112	8.5
FY 15	45,228	507,762	552,990*	586,494	8.5
FY 14	88,862	450,895	539,757*	571,948	8.5
FY 13	18,606	372,327	390,933	420,789	7.5
FY 12	30,197	352,085	382,282	418,040	7.5
FY 11	42,704	314,454	357,158	401,991	7.5
FY 10	19,208	353,742	372,950	426,615	7.5
FY 09	27,443	379,117	406,560	477,272	7.5
FY 08	45,220	377,487	422,707	496,376	7.5
FY 07	32,686	374,008	406,694	498,014	7.5
FY 06	52,592	342,894	395,486	494,341	7
FY 05	40,966	309,249	350,215	455,200	7
FY 04	39,039	308,664	347,703	465,356	7
FY 03	38,179	323,823	362,002	493,826	8
FY 02	38,179	320,278	358,457	501,692	8
FY 01	38,179	302,735	340,914	482,588	8
FY 00	37,991	308,736	346,727	509,136	8
FY 99	45,768	308,736	354,504	534,813	8
FY 98	119,214	446,856	566,070	868,255	8
FY 97	154,424	458,882	613,306	955,489	11
FY 96	171,524	492,882	664,406	1,066,608	12
FY 95	171,524	520,020	692,544	1,142,107	15
FY 94	249,024	578,513	827,537	1,403,003	15
FY 93	248,934	510,060	758,994	1,319,281	15
FY 92	167,964	385,338	553,302	993,086	10
FY 91	169,685	302,080	471,765	879,759	10
FY 90	417,057	226,575	643,632	1,252,238	10
FY 89	70,000	86,000	156,000	319,300	4

Sunshine Law added to OIP →



*Total allocation for FY 2014 and 2015 includes the additional appropriation through Act 263, SLH 2013, to assist with open data and open government matters.

**Adjusted for inflation, using U.S. Bureau of Labor Statistics CPI Inflation Calculator.

Figure 3



CHART 2

STATE GOOD GOVERNMENT AGENCIES COMPARISON CHART (Based on 2018 data)

Agency	Jurisdiction	FY 2018-19 Total State Gen. Funds Appropriation	Personnel Services	Authorized FTE Positions
OIP	State, counties (including Mayors, Councils, and departments), independent agencies (UH, OHA), and including Executive branch (Gov, Lt. Gov. and agencies), Legislature, and Judiciary (except courts' nonadministrative functions), for UIPA (open records) ; also all Sunshine Law boards of state, county, and independent entities			
HRS 92F-3, -41, -42; 92-1.5, -2, -10	HRS			
OIP Budget		\$576,855	\$563,855	8.5 (includes 6 attorneys)
Auditor	State and its political subdivisions, except Legislature			
Constit: Art. VII, Sec. 10; HRS 23-1, -2, -3, -8				
Auditor Budget		\$3,007,127	\$2,630,927	37 (26 actual)
Ombudsman	Administrative acts of agencies, except Legislature, Judiciary, federal govt. , multistate gov't entity, Gov. and personal staff, Lt. Gov. and personal staff, mayors, councils			
HRS 96-1, -2, -3				
Ombudsman Budget		\$1,330,834	\$1,256,599	14.0
LRB Director	Serves Legislature			
HRS 23G-1, -2				
LRB Budget		\$3,459,738 excl. dues	\$2,917,394 incl. session staff & OT	38.0
State Ethics Exec Dir.	HRS State only: all nominated, appointed, or elected officer, employee, and candidate to elected office, but excluding justices and judges			
84-2, -3, -35				
State Ethics Budget		\$1,112,093	\$944,402	11.0
State Campaign Spending Commission Executive Director	Candidates			
HRS 11-314(12)				
State CSC Budget		\$505,585	\$443,962	5.0
Chief Election Officer	HRS Elections			
11-1, -1.6,				
Elections Budget		\$3,071,898, not inclu. fed. funds	\$2,234,383	27.44, inclu. 9.44 temp.

CHART 3

Executive Summary



OIP's mission statement is "ensuring open government while protecting individual privacy." More specifically, OIP seeks to promote government transparency while respecting people's privacy rights by fairly and reasonably administering the UIPA, which provides open access to government records, and the Sunshine Law, which provides open access to public meetings.

Additionally, following the enactment of Act 263, SLH 2013 (see HRS § 27-44) (Open Data Law), OIP was charged with assisting the State Office of Information Management and Technology (now known as the Office of Enterprise Technology Services, or ETS) to implement Hawaii's Open Data policy, which seeks to increase public awareness and electronic access to non-confidential and non-proprietary data and information available from state agencies; to enhance government transparency and accountability; to encourage public engagement; and to stimulate innovation with the development of new analyses or applications based on the public data made openly available by the State.

Besides providing relevant background information, this annual report details OIP's performance for fiscal year 2018, which began on July 1, 2017, and ended on June 30, 2018.

	2013	2014	2015	2016	2017	2018
Total Requests for OIP's Services	1,227	1,313	1,307	1,162	1,234	1,127
Informal Requests (AODs)	1,050	1,109	1,074	964	956	945
Formal Requests Opened	177	204	233	198	278	182
Formal Requests Resolved	142	195	142	208	241	201
Live Training	16	19	11	11	9	6
Training Materials Added/Revised	19	23	16	12	6	9
Legislation Monitored	134	181	101	175	108	93
Lawsuits Monitored	7	17	39	44	40	38
Public Communications	30	35	33	30	30	25
Rules Adopted	0	1	0	0	0	0
Special Projects	14	14	15	8	2	0

Resolved same year 95% (1074 of 1127)
 Resolved same day 84% (945 of 1127)
 Resolved same year 70% (129 of 182)

Figure 1

CHART 4

As **Figure 4** below shows, the number of new cases filed each year (represented by the blue dotted line) trends with the backlog, or number of outstanding cases at the end of the year (represented by the red dashed line). Thus, with the decrease in the number of new cases filed, there was a decrease in the number of outstanding cases. OIP resolved 192 cases in FY 2018, which is less than prior years, because it spent substantial time working on new administrative rules as well as training materials for extensive Sunshine Law revisions that took effect on July 1, 2018. OIP was still able to resolve its oldest cases, so that none of the cases outstanding at the end of FY 2018 were filed before FY 2016, except for one from FY 2015 that is in litigation and beyond OIP's control. Moreover, OIP resolved

129, or nearly 71%, of the formal cases filed in FY 2018 in the same year. When the 945 AOD cases are counted, OIP resolved 95% (1,074) of total requests for OIP's assistance in the same year that they were requested, and about 84% (945) on the same day.

What follows is a description of the different types of formal and informal requests for OIP's assistance. OIP's other duties, most of them statutorily mandated, are discussed in later sections of this report.

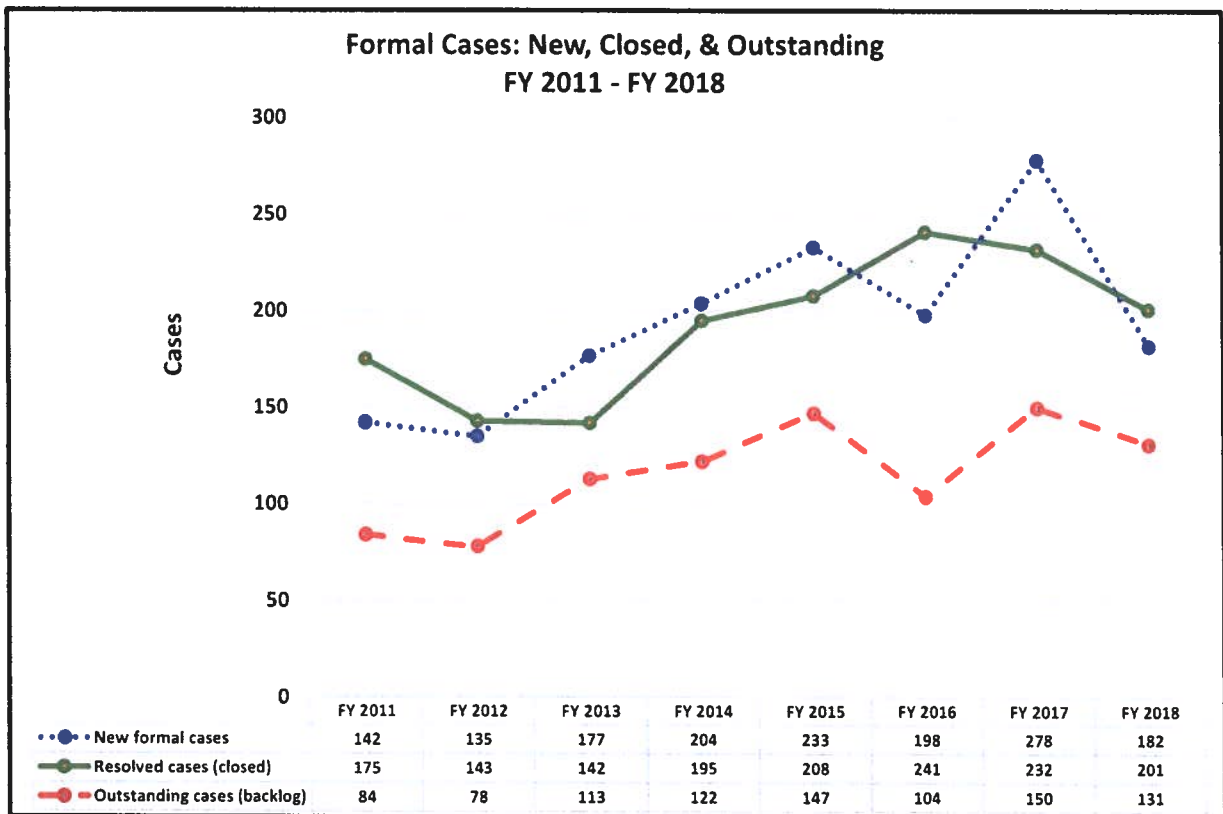


Figure 4



PARTNERS IN CARE

Oahu's Continuum of Care

Our mission is to eliminate homelessness through open and inclusive participation and the coordination of integrated responses.

Testimony in Support of SB 126: Relating to the State Budget

Support for funding for Homeless Services in the

Base Budgets of Department of Human Services and Department of Health

TO: Committee on Ways and Means

FROM: Partners in Care (PIC)

HEARING: Friday, February 22, 2019 at 10:00 a.m., Conference Room 221

Dear Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the Committee on Ways and Means:

Thank you for the opportunity to provide testimony in **strong support of funding to preserve the current levels of appropriations for all homeless services provided now in the base budget. These ongoing services create a foundation to end homelessness.** Partners in Care (PIC)—a coalition of more than 50 organizations working to address homelessness—supports this portion of the bill because it would make permanent a position that is key to coordinating the work of the many stakeholders in Hawai'i working to address homelessness.

If we want to turn the tide on homelessness, two things are key: (1) we need to continue to improve the efficiency with which we use our resources; and (2) we need to make sufficient resources available on a consistent basis.

With respect to improving efficiency, we've seen significant improvements in recent years. Years ago, a family facing homelessness would arrive at service provider's door and receive whatever the provider had to offer whether or not it was the best suited service for the situation. Or the family might be sent away with only a list of other providers and a prayer that one of them could help. Today, regardless of which provider's door they knock on, families are assessed and matched with the services and providers that can best address their particular situation.

Efficiency is critical, but **even the most efficient system cannot address a problem of this magnitude without consistent commitment of sufficient resources.** Last year, the legislature demonstrated the type of investments we need to be making to address Hawai'i's housing and homelessness crisis, appropriating \$30 million for the Ohana Zones program and \$13.5 million for core homelessness services programs—a \$43.5 million combined investment. The magnitude of this investment is a huge step in the right direction, but we must keep making big steps toward a solution. **Ideally, we would increase the base budget allocations for homelessness services by an additional \$16.5 million to ensure stability in funding for programs we know are working** that have been receiving regular annual appropriations in recent years—those included in SB471 that have been referred to your committee for consideration (evidence-based programs such as Housing First and Rapid Rehousing). **At minimum, we need to ensure that the funding for homelessness programs already in the base budget remain there.** We need to do all we can to provide stability in funding that allows service providers to plan long term and more efficiently use these resources.

PARTNERS IN CARE, OAHU'S CONTINUUM OF CARE

200 North Vineyard • Suite 210 • Honolulu, Hawaii 96817 • www.PartnersinCareOahu.org

Current base budget funded services include:

- Shelter, homeless outreach, and prevention/diversion like the State Homeless Emergency Grant Program in the Department of Human Services.
- LEAD (Law Enforcement Assisted Diversion), outreach for unsheltered individuals with addiction, and AMHD homeless outreach services in the Department of Health.

Attached to this testimony is a list and explanation of all the homelessness programs that merit inclusion in the base budget because we know they work and they will work best and most efficiently if provided with stable funding (with a total allocation of \$16.5m for those programs).

Thank you for your dedication to funding effective programs to end homelessness. We urge your support in the base budget for these services, which are critical to gaining ground on our homelessness crisis.

Outreach: Without outreach services, we could not connect people to the proven effective programs such as Housing First that bring them out of homelessness. Outreach teams connect those on the streets—youth, families, kupuna, adults, and people suffering from mental illness—to all available housing options: Emergency Shelters, Transitional Shelters, Housing First, Rapid Rehousing with rent stipends, and/or treatment (i.e., substance use). For many chronically homeless mentally ill persons, it can take 50 or more individual outreach contacts spread out over several months or even years to build up trust and move them off the streets. Outreach teams may also do wound care, distribute hygiene kits or snacks, and offer to obtain identification documents.

Rapid Rehousing: Rapid rehousing is designed to help individuals and families exit homelessness quickly and return to permanent housing by providing, rental stipends, assistance in finding housing, and case management services. The Urban Institute released a 2018 report that found Rapid Rehousing to be successful in helping families and veterans to move into housing units in the private rental market faster than they would on their own and for a lower cost. Most do NOT become homeless again, although many struggle with ongoing housing affordability, like many other low-income renters. According to the report, “Rapid Rehousing could be a scalable and cost-effective crisis response intervention that could help communities address homelessness more effectively.” This is a program that works, and it should be consistently and adequately funded.

Housing First: Housing First targets chronically homeless individuals and families with disabling conditions (mental health, substance use, and physical disabilities). It provides subsidized housing, case management services, and other support services. According to a UH Center on the Family study, Housing First saves an estimated \$6,197 per month in health care costs alone, for **each** homeless participant in Housing First. For a projected 301 participants, that could add up to over \$22 million **each** year in savings. On average nationally, the Housing First program has kept its clients in permanent housing 85 percent of the time, and local data suggests an even higher success rate in Hawaii.

LEAD: LEAD (Law Enforcement Assisted Diversion) is a pre-booking diversion program that grants police officers the discretionary authority to redirect low-level offenders – typically drug-involved and homeless - to case managers if they choose to do so. Twenty-eight percent of Hawaii’s unsheltered homeless individuals identify as having substance use disorders. A pilot project funded by the Legislature in 2017 is showing promise in breaking the ineffective, destructive, and expensive revolving cycle of arrest, incarceration, release, and back to addiction and the streets. In 2018, the program was expanded from Oahu to Maui and Hawai‘i Island.

Family Assessment Center: The Family Assessment Center (FAC) in Kakaako has had tremendous success. . The Kakaako FAC moves families off the streets in 77 days (average). One-hundred percent of the families have remained in permanent housing. The much-needed capacity provided by the FAC in Kakaako is also needed on neighbor islands and in other areas of Oahu, and the 2018 legislature appropriated funding for an additional FAC on a neighbor island.

CSHI: CSHI (Coordinated Statewide Homelessness Initiative) provides a one-time cash infusion for people on the cusp of homelessness. In just eighteen months of operation in 2016, at a total cost of \$3.7 million, CSHI helped 4,944 individuals retain housing or obtain a housing placement. The program was credited as playing a significant role in a 25% reduction in evictions on Oahu. According to judges, property managers, and eviction attorneys, the program had a dramatic and immediate effect on the prevention of evictions. In 2018, a \$1.5 million appropriation

SB-126

Submitted on: 2/21/2019 9:03:37 AM

Testimony for WAM on 2/22/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nyra Dee	Individual	Support	No

Comments:

I support SB126, in particular the funds appropriation for BED128 (OAD/PISCES). Thank you for your time and consideration.



Written Statement of
Len Higashi
Acting Executive Director
Hawaii Technology Development Corporation
before the
Senate Committee on Ways and Means
Friday, February 22, 2019
10:00 a.m.
State Capitol, Conference Room 211

In consideration of
SB126
RELATING TO THE STATE BUDGET.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee.

The Hawaii Technology Development Corporation (HTDC) **supports** SB126 that appropriates funds for the operating expenses and CIP of the Department of Business, Economic Development, and Tourism as it relates to BED143.

The bill appropriates funding to HTDC for the Hawaii SBIR Phase II/III matching grant program, Manufacturing Development (MAP) matching grant program, Alternative Energy Research and Development (HONR) program, and to continue providing support for Hawaii accelerator programs. For fiscal year 2019, the SBIR, MAP and HONR grant programs have not awarded funds yet. In FY18, the HSBIR Phase II/III grant program awarded 5 of the 9 applicants a total of \$900k with \$8MM federal fund match. The program had \$117 million of total economic impact (HTDC 2017 economic impact survey). In FY18, the MAP grant program funded 29 of the 51 applicants a total of \$930k with the companies investing over \$13.6 million. The program had \$876 million of total economic impact (2017). The HONR program was last funded in FY17 when all 3 companies that applied were awarded a total of \$950,000. The companies matched the State award with a total of \$10.2 million of federal funds. HTDC believes the matching grant programs provide leverage and positive economic development value for the State. In FY19, HTDC provided 5 Hawaii accelerators a total of \$1.5 million. In FY18, 3 accelerators were awarded \$900k. The 3 accelerators reported a total of 18 cohorts, helping 77 companies raise \$138 million.

The bill appropriates \$500,000 in CIP to HTDC for the Entrepreneurs Sandbox. The construction is on schedule. The project was built with \$3 million of State CIP, a \$3 million federal grant, and \$1.3 million from the private sector. The project was built without contingency and budget for equipment and furnishings.

Thank you for the opportunity to offer these comments.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 22, 2019
10:00AM
State Capitol, Conference Room #211

In consideration of
SENATE BILL NO 126
RELATING TO THE STATE BUDGET

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means: The Hawai'i Tourism Authority (HTA) **strongly supports** Senate Bill 126, which provides for funding in support of our mission and programs.

Over the past many months, our team has conducted a systematic review of our operations, proposed and executed internal adjustments, and analyzed our resource requirements. Based on our analysis, we believe that House Bill 739, which appropriates \$141,483,409 and 32 positions for Fiscal Year 2020 and \$141,483,409 and 32 positions for Fiscal Year 2021, is in alignment with our current budgetary needs and would fund our operation at the appropriate level.

As we move forward, the HTA will be placing significant focus on programs that support our host culture, career development, natural resources, and community enrichment. We believe that tourism, while being an important economic engine for our state, must expand its direct engagement and support of our community, and this funding will allow us to achieve these goals.

We sincerely appreciate your support in maintaining these funding levels as proposed in the bill.

It is for these reasons that the HTA **strongly supports** Senate Bill 126. We appreciate this opportunity to provide testimony on this measure.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
February 22, 2019 at 10:00 a.m.

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

SB 126 – RELATING TO THE STATE BUDGET

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) **supports** SB 126, Relating to the State Budget. This bill appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2019-2020 and 2020-2021.

This bill represents the amounts requested by the Governor for the operating and capital improvement budget for the upcoming fiscal biennium. However, it does not include all of the items in the Board of Regents' budget request.

The following table represents the General Funded operating requests that were not included in the Governor's budget submittal but were in the Board of Regents approved request:

Prog ID	Description	FTE (P) 20	\$\$\$ 20	FTE (P) 21	\$\$\$ 21
UOH100	Learning Assistants and Peer Mentoring (Mānoa)	1.00	\$ 956,600	3.00	\$ 1,408,876
UOH100	General Fund Position Counts for Athletics	30.00		30.00	
UOH100	General Fund Position Counts for Facilities	6.00		6.00	
UOH900	General Fund Position Counts for Office of Project Delivery	4.00		4.00	
UOH210	Student Employment (Hilo)		\$ 122,000		\$ 231,000
UOH700	Student Employment (West O'ahu)		\$ 300,000		\$ 300,000
UOH210	Security Staff (Hilo)	8.00	\$ 311,240	8.00	\$ 311,240
UOH800	HINET for SNAP Recipients (CCs)	8.00	\$ 520,000	8.00	\$ 520,000
UOH700	Distance Education (West O'ahu)	8.00	\$ 1,000,000	8.00	\$ 1,000,000
UOH800	Student Mentors and Tutors (CCs)		\$ 504,400		\$ 504,400
UOH210	Custodial & Maintenance (Hilo)	2.00	\$ 84,792	2.00	\$ 84,792

The following table shows the General Obligation Bond funded capital improvement requests that were not included in the Governor’s budget submittal but were part of the Board of Regents approved request:

Description	FY20	FY21
Renew, Improve, and Modernize (Systemwide)	\$ 94,500,000	\$ 52,500,000
Capital Renewal & Deferred Maintenance (CCs)	\$ 25,000,000	\$ 10,500,000
Minor CIP (CCs)	\$ 10,000,000	\$ 10,000,000
Kuykendall Hall (Mānoa)	\$ 2,000,000	\$ -
Development & Infrastructure (West O’ahu)	\$ 7,000,000	\$ 8,000,000
General Education Building I (West O’ahu)	\$ 1,000,000	\$ -
Planning Projects (West O’ahu)	\$ 500,000	\$ 500,000
Manono Campus Development (HawCC)	\$ 2,000,000	\$ 50,000,000
Holmes Hall (Mānoa)	\$ 2,000,000	\$ 35,000,000
Keller Hall / Physical Science (Mānoa)	\$ 1,000,000	\$ -
Agripharmatech Bioprocessing Facility (WinCC)	\$ -	\$ 3,000,000

Note that the Governor’s budget takes the aggregated amount for Renew, Improve, and Modernize (RIM) projects that were Systemwide and breaks them out between the four-year campuses (Mānoa, Hilo, and West O’ahu).

Additionally, we respectfully request that the title for CIP Item No. G-15.00 “UHM, Snyder Hall Replacement, Oahu” be changed to “UHM, Mānoa Mini Master Plan Phase 2, O’ahu.”

We look forward to working with the Legislature throughout this Session to advance a budget that will enable UH to fulfill its mission to improve the social, economic, and environmental well-being of current and future generations through higher education.

Thank you for this opportunity to testify.



LATE

KAMEHAMEHA SCHOOLS®

Senate Committee on Ways and Means

Time: 10:00 a.m.

Date: February 22, 2019

Where: State Capitol Room 211

TESTIMONY

By Dr. Wai‘ale‘ale Sarsona
Kamehameha Schools

RE: SB 126, Relating to the State Budget

E ka Luna Ho‘omalua Dela Cruz, ka Hope Luna Ho‘omalua Keith-Agaran, a me nā Lālā o ke Kōmike o nā Loa‘a a me nā Ho‘olilo o ka ‘Aha Kenekoa! My name is Dr. Wai‘ale‘ale Sarsona, the Managing Director of Kūamahi Community Education.

Kamehameha Schools is in **support** of SB 126, relating to the State Budget, which appropriates funds for the operating and capital improvement 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.

DAVID Y. IGE
GOVERNOR



LATE

SARAH ALLEN
ADMINISTRATOR
BONNIE KAHAKUI
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state.procurement.office@hawaii.gov
<http://spo.hawaii.gov>
Twitter: [@hawaiispo](https://twitter.com/hawaiispo)

TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
WAYS AND MEANS
February 22, 2019, 10 AM

SB126
RELATING TO STATE BUDGET

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee, thank you for the opportunity to submit testimony on SB126.

The State Procurement Office (SPO) is comprised of three major divisions: Procurement, Inventory and Surplus. This testimony:

1. Offers general information on the SPO agency overall,
2. Supports the addition of \$200,000 for FY20/21 to continue the State Small Business Program, Act 42,
3. Opposes the removal of the Inventory Division Office Assistant position number 46181, PROGRAM ID AGS 240 and testifies that the position for this program be upgraded and expanded, and
4. Includes specific information on the Surplus division as this program was selected by the House for the zero-based budget pilot.

1. About the State Procurement Office

Sections 103D and 103F, HRS, are the basis for the SPO. The SPO acts as a strategic partner to foster public confidence by promoting procurement life-cycle excellence, program success, and government accountability. Specifically, the SPO promotes economy, efficiency, effectiveness, and impartiality in the procurement of commodities, services and construction for State and County governments through development, implementation and maintenance of policies and procedures that provide for broad-based competition, accessibility to government

contracts, fiscal integrity and responsibility in the procurement process. The SPO procures or supervises the procurement of commodities and services to meet the State's need through economical purchases and inventory control.

Department Heads, or Heads of the Purchasing Agency (HOPA) have been delegated authority from the Administrator of the SPO in her capacity as the Chief Procurement Officer (CPO) of the Executive Branch. These HOPAs and delegees are a critical extension of the SPO.

The SPO is made up of four segments: administration, procurement, inventory management, and surplus property management.

2. Administration: Small Business \$200K Funding Ask (HB1188)

The SPO was recently tasked with administration of a database of small businesses and strongly supports appropriations of general revenues in the amount of \$200,000 for fiscal year 2020-2021 to continue the small business assistance initiative established by Act 42, Session Laws of Hawaii 2017.

Act 42, SLH 2017, established, within the SPO, is a three-year small business initiative to facilitate the collection and development of relevant data and information and convene stakeholders for the development of an effective small business program, including the development of Rules.

SPO was appropriated \$200,000 in late CY 2018 for only the first year of the three-year program. Year one funds were extended over a 20-24-month period due to the lateness of the appropriations and lack of funding for year 2. The SPO partnered with Solutions Pacific (SP), whose Year 1 mission is to develop an awareness campaign, conduct market analysis, increase awareness, outreach and active engagement in the small business target and promotion of a Small Business Office. In November 2018, the SPO launched the Small Business Database, a module of the Hawaii Awards and Notices Database System (HANDS). Although, year two is not funded SPO and SP will continue working to expand awareness, training and workshop campaigns and recommendations for rules to be developed by the chief procurement officer and procurement policy board.

Funding for Year Three of the program is critical to the success of the small business assistance program. Development of effective rules will set the ground work for a small business set-aside program and basis for training, workshop campaigns, and an implementation program. Appropriation of \$200,000 for FY 2020-2021 will allow the SPO to continuing working towards the goal to ensure that small businesses are able to effectively participate in contracting opportunities.

3. Inventory Management: Opposing Deletion of OA IV Position

SPO Position. The SPO objects to the removal of the position mentioned above and testifies that the position for this program should be upgraded and expanded.

Position Area: State Inventory Division. Position number 46181 has been established for decades in the Inventory Management Office, as one of the most critical, if not the most critical, divisions within the State Procurement Office to support the two biggest foundations in the procurement life cycle, which are Purchasing and Asset/Inventory Management. The procurement process does not stop when an agency purchases and acquires the state asset; now the asset must be managed and maintained as inventory for as much as years, and every state asset must be ensured a proper disposal at the end of its life cycle. This post-acquisition process is equally critical in order to be accountable with the taxpayers' money. Proper asset/inventory management and maintenance greatly reduces the need for purchasing new assets by all state departments, which will not only save the taxpayers' money, but also help in allocating a proper and responsible State budget as the end result.

As the highest centralized authority for the State asset/inventory management of all statewide Departments and Jurisdictions, including all Counties, the Inventory Management Office is responsible for safeguarding over \$25 billion (as of 06/30/2018) taxpayers' money from internal and/or external threats, such as fraud, stealing and other unlawful acts, and also internal mismanagement, such as missing assets, unreported property and other discrepancies. It is not an exaggeration to say that mismanagement of state assets/inventory may endanger the State and/or public safety. For instance, missing and/or stolen items, such as weapons, vehicles, and other life-threatening instruments may result in a life or death situation if the item falls into the wrong hands (the media reported that one of the State agencies had more than a dozen guns missing a few years ago).

Penalties and Compliance. The inventory section in HRS 103D Part 12, Inventory, is the only part of the Code where strict penalties, such as authority to withhold salary, fine and imprisonment, shall be "imposed for any officer, member or a public board, assessor, or other person who fails to perform any of the duties imposed upon the person". It is difficult to imagine real compliance with only a one-deep position for assets worth \$25B.

Inventory Office Assistant Position. Currently, the Inventory Management Office has only one full-time (1.0) staff (General Professional V) and one full-time Office Assistant IV (Position number: 46181). The position title for this Office Assistant is misleading since the duties for this position involve more technical tasks such as

- constantly reviewing the antiquated State inventory system's special computer coding, which is different than the current computer technology, and
- ensuring compliance with complex inventory's rules and procedures.

Hiring Challenge History. Aside from the current job market situation with the low-unemployment rate, this misaligned position title and paygrade is one of the reasons why the position is harder to fill. Even if there is someone who is fit for the position, the person may not stay long with the inventory section because of this misalignment. The last permanent staff for this position left the Inventory Management Office for a higher-paying one. The last internal recruitment (IVA) was almost 2 years ago; there was only one applicant, but the person didn't respond to our interview invitation.

The office has conducted numerous interviews for the civil service status from the DHRD list and faced multiple hurdles in recruitment:

One hurdle is the long and slow process the applicants have to endure in applying for employment with the State. The SPO received lists of eligibles who applied months before, and by the time the office receives the list of applicants for interviews, only a handful of applicants replied to schedule for interviews and even less applicants actually showed up for the interview. The office only had one applicant show up for an interview from the last DHRD list of twelve eligible names.

Another hurdle is the misalignment between the duties and paygrade as mentioned above. On 11/14/2018, a potential candidate declined the offer after the extensive interview process due to the paygrade.

In order to reduce the lengthy process of DHRD recruitment, the office had successfully hired a capable emergency hire (89-day term) to fill the position after the last incumbent left. However, the office faced another challenge because of the new law that limits 89-day hires to two terms. The lengthy civil service recruitment process is required in order for the office to be able to keep the person. Due to the timing, the person was unable to have continuous employment for the position and had to be terminated because of the 2 term limit of 89-day hired. By the time the office invited the person to have an official civil service interview, the person did not reply to the interview invitation. It caused the office to start all over again to find a capable staff to be in this hard to be filled position. As the latest status for this position, the office is very fortunate that it is in the process to bring one applicant who just recently accepted the job offer.

State Inventory Program Organizational Recommendation. It is at the State's disadvantage for two-deep office managing a \$25 billion Inventory system to remove half of the resources of that system. In comparison, one of the big State departments, which only manages around \$1.5 billion, has numerous personnel who are dedicated for inventory duties and responsibilities. Ironically, the Inventory Management Office is responsible to oversee the asset/inventory management of these departments. Pursuant to HRS Chapter 103D-205, Administrator of the State Procurement Office who also acts as the Chief Procurement Officer for the Executive Branch shall serve as the central procurement officer for the officer's respective jurisdiction and:

- (1) Procure or supervise the **procurement** of all goods, services, and construction;
- (2) Exercise general supervision and control over all **inventories** of goods;
- (3) Sell, trade, or otherwise dispose of **surplus** goods;

The law requires the State Procurement Office to have three different major branches, which are Procurement, Inventory and Surplus. However, the current organization chart does not reflect the actual intention of the law due to the lack of funding (Please refer to the attached Exhibit 1).

The SPO recommends creating a robust state-wide inventory team of 24 positions to include the impending deletion of the Office Assistant IV. (Please refer to the attached Exhibit 2 for the proposed organization chart). The newly created inventory branch will have an Inventory Chief and four island offices to cover the state and county agencies in that jurisdiction (Hawaii, Kauai, Maui, and Oahu District). Each district will be responsible to provide public services in two major functions: Property Assurance and Field Audit.

1. The Property Assurance Services will mainly be responsible to ensure that:
 - The property is really “not in a working condition” before the agencies prepare the disposal application process by checking the actual physical inventory.
 - The property is the actual property that is planned to be disposed as stated on the disposal application by checking the property details, such as model, manufacture serial number, and other identifications.
 - The transfer property is actually transferred to the proper and authorized receiver.
 - The disposed property is actually disposed by the method that is approved on the disposal application.
 - All properties that are reported on the inventory transactions, such as add, location changes, and other transactions are matched with the actual property by reviewing all supporting documents, such as: pCard statement, invoice, and purchase orders.

2. The Property Field Audit Services will mainly be responsible to:
 - Cooperate with agencies to conduct physical property audit to ensure that the inventory listing report is matched with the actual property at the locations.
 - Review and analyze all non-reported properties on the field to ensure that they are reported properly under the State inventory management rules and regulations.
 - Provide a field review of the actual inventory management system of all agencies based on each of the agencies’ different needs and situations.
 - Assist, advice and guide all agencies in improving their inventory management system.
 - Work with all agencies to solve any field challenges relating to managing their property at the physical locations.

Position & Funding Requirements: Total Request \$1,709,990 to 1,913,990

- A. Program Evaluation Analyst VII.** The SPO recommended organizational chart shown as Exhibit Two, delineates staff resources for the Inventory Division and includes an additional position to assist with the functioning and coordination of the three major divisions as discussed above: The Program Evaluation Analyst VII, whose responsibilities will include budget and program analysis, human resources and metrics.

- B. Inventory Staff and Resourcing.** Exhibit Two shows 23 inventory personnel, with the preponderance of staff on Oahu to assist with the volume of inventory.

Personnel:

Position Title	Pos No	Current		Proposed	
		SR	Budget	SR	Budget
Program Evaluation Analyst VII				SR28	\$ 72,528
Inventory Assistant Administrator				EM07	\$ 101,508
Secretary III				SR16	\$ 41,364
Office Assistant IV	46181	SR10	\$ 32,664	SR10	\$ 32,664
Management Analyst V	52276	SR22	\$ 59,616	SR24	\$ 67,044
General Professional VI	12950	SR24	\$ 66,830	SR26	\$ 72,528
General Professional V				SR24	\$ 59,616
General Professional V				SR24	\$ 59,616
General Professional V				SR24	\$ 59,616
General Professional V				SR24	\$ 59,616
General Professional V				SR24	\$ 59,616
General Professional IV				SR22	\$ 52,956
General Professional IV				SR22	\$ 52,956
General Professional IV				SR22	\$ 52,956
General Professional IV				SR22	\$ 52,956
General Professional IV				SR22	\$ 52,956
General Professional IV				SR22	\$ 52,956
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General Professional IV				SR22	\$ 52,956
General Professional IV				SR22	\$ 52,956
General Professional IV				SR22	\$ 52,956
General Professional IV				SR22	\$ 52,956
General Professional IV				SR22	\$ 52,956
General Professional IV				SR22	\$ 52,956
General Professional IV				SR22	\$ 52,956
General Professional IV				SR22	\$ 52,956
TOTAL			\$ 159,110		\$ 1,427,100
Difference					\$ 1,267,990

Other:

Proposed Operating Costs - Inventory Management Branch				
Island	Description	QTY	ACQ Cost	Total Cost
Oahu	SUV	4	\$35,000.00	\$140,000.00
Oahu	Laptop	11	\$2,100.00	\$23,100.00
Oahu	Office Supplies Misc			\$20,000.00
Oahu	One year Office rent (if necessary)			\$120,000.00
Maui	SUV	2	\$35,000.00	\$70,000.00
Maui	Laptop	3	\$2,100.00	\$6,300.00
Maui	Office Supplies Misc			\$10,000.00
Maui	One year Office rent (if necessary)			\$48,000.00
Hawaii	SUV	2	\$35,000.00	\$70,000.00
Hawaii	Laptop	3	\$2,100.00	\$6,300.00
Hawaii	Office Supplies Misc			\$10,000.00
Hawaii	One year Office rent (if necessary)			\$18,000.00
Kauai	SUV	2	\$35,000.00	\$70,000.00
Kauai	Laptop	3	\$2,100.00	\$6,300.00
Kauai	Office Supplies Misc			\$10,000.00
Kauai	One year Office rent (if necessary)			\$18,000.00
	TOTAL including Office Rent			\$646,000.00
	TOTAL excluding Office Rent			\$442,000.00

The proposal represents what it will take to improve and move forward in order to be transparent and responsible in safeguarding the State of Hawaii taxpayer’s money and all of its constituents, instead of moving backward by removing the only inventory assistance that the office currently has.

4. Surplus Property Management: Substantiation of Value

Statutory Basis

Section 103D-1101, HRS, is the basis for surplus property: The State Agency for Surplus Property (SASP), established within the Department of Accounting and General Services (DAGS) State Procurement Office (SPO), shall be the state agency for federal and state surplus personal property. The administrator of the state procurement office shall appoint and prescribe the duties of a surplus property director and other personnel.

Section 103D-1107, HRS, is the basis for the Revolving fund: The revolving fund shall be in the state treasury, a surplus federal property revolving fund and maintained in an amount adequate to defray the costs of procuring, storing, handling, and disposing of surplus property donated to the State under any federal act or rules adopted by the Procurement Policy Board, making surplus federal and state property available.

Mission and Goals

- Managing the disposal of state and federal property through equitable redistribution to eligible customers (state and local governments (tax-supported entities), eligible non-profits) or public sale to maximize transparency and asset value.
- Reusing surplus property rather than buying new, saves tax dollars by extending the life of the property.

The goals of the State Agency for Surplus Property for FY19 are:

- To maximize acquisition and fair and equitable distribution of Federal/State surplus property at the least possible cost to eligible donees. Emphasis is placed on the cost-effective utilization of surplus property by state and local agencies.
- To increase participation of donees.
- To decrease cost transitioning to digital invoicing.

For additional information, please refer to Exhibit 3: AGS244 Goals and Objectives for 2019.

General Program Description

The State agency for surplus property was established in HRS Section 103D-1103. Statutorily mandated duties include the following:

In accordance with Public Law 94-519, Federal surplus property generated locally is physically inspected and requested through applications filed with the U.S. General Services Administration. Property allocated to the State is selected, transported, checked, and warehoused by agency personnel for distribution to eligible donees. A self-service system enables local donees to view and take immediate delivery of property selected. Neighbor island requests are filled, packed, and shipped via barge. Based on formal or verbal notices of State disposal, desirable items are physically inspected to determine suitability for further utilization or disposal by public sale. All property selected are transported, checked, and warehoused by agency personnel for distribution. Potential State user agencies are advised of the availability of desirable property. Items selected for re-utilization are transferred to the user agency for a nominal service and handling charge.

Composition

AGS 244: State Agency for Surplus Property (SASP)

The program coordinates the transfer of State surplus property and Federal surplus property available through the Federal Surplus Property program to eligible "donees" (state/local government, non-profit organizations that serve or promote a public purpose, qualified small minority-owned businesses, tax-exempt educational and public health institutions or organizations).

To achieve the greatest economical use of State and Federal property declared surplus, the program provides a viable source of surplus goods for re-utilization.

The SASP programs are comprised of the following:

- Federal Surplus Personal Property Donation Program

- State Property Disposal Program

Budget Ceiling

		Act 053/2018								
Prog ID	Program Title	MOF	Perm	Temp	Personal	Other Current		Motor	Current	FY 19
			Pos	Pos	Services	Expenses	Equipment	Vehicles	Leases	Appn
AGS-244	Surplus Property Management	W	5.00	0.00	\$344,688	\$ 103,561	\$ -	\$1,400,000	\$ -	\$1,848,249

		Base Budget Adjustments									
		Act 053/2018		ADD			LESS		Adjusted Base Ceiling		
Prog ID	Program Title	MOF	FY 19	CB		Other	Non-recurring				
			Appn	FY20	FY21	FY20	FY20	FY21	FY20	FY21	
AGS-244	Surplus Property Management	W	1,848,249	17,546	18,878				1,865,795	1,867,127	

For additional information, please refer to Exhibits 4A & 4B – Operating and Capital Expenditures, Report on Non-General Fund Information

Position Types

PROGRAM ID / TITLE / POSITION TYPE / POSITION TITLE	FY19
AGS244 SURPLUS PROPERTY MANAGEMENT	5.00
ADMIN SUPPORT	2.00
ACCOUNT CLERK III	1.00
OFFICE ASSISTANT IV	1.00
HEAVY TRUCK DRIVER	1.00
HEAVY TRUCK DRIVER	1.00
SPECIALIST	2.00
PROCUREMENT & SUPPLY SPCLT III	1.00
SURPLUS PROPERTY SPECIALIST	1.00

For additional information, please refer to Exhibit 5 – Surplus Organizational Chart

Initiatives and Projects

1. Surplus On-line Auction:

Surplus launched the online Public Auction to dispose of non-transferable vintage State surplus property and the Voluntarily Abandoned Property (VAP) from the Federal Transportation Security Administration (TSA) to reduce storage costs, landfill disposal costs and create a new source of revenue for the State. The new system provides a fair system that allows the public to competitively bid on items that the State has no further use.

2. Building/Shed Refurbishment:

Surplus uses the outdoor shed to house federal surplus property. Central Services has determined the Surplus outdoor shed is rusted, leaking and could pose a danger with high winds. Surplus and Central Services are working together to combine monies to reconstruct a safe, working, lockable outdoor shed.

Pursuant to Federal Regulation: Title 41/Subtitle C/Chapter 102/Subchapter B/Part 102-37/Subpart D/§102-37.245: “To safeguard surplus property in your custody, you must provide adequate protection of property in your custody, including protection against the hazards of fire, theft, vandalism, and weather.”

Central Services has estimated this refurbishment at \$400,000. They will be funding \$150,000 and the remainder will be coming out of the Surplus Reserve fund. Currently, the Reserve Fund balance is \$412,000. Per the Surplus Federal Operating Agreement, Surplus must keep one year’s worth of operating expenses in the reserve which is estimated at \$278,779. The remainder will go towards paying for the refurbishment of the outdoor shed.

3. Transition to Digital Invoicing:

Surplus successfully transitioned to a fully digital invoicing process, which realized savings on time, paper, and postage. Digital forms were efficiently completed, saved as a pdf, and emailed to donees.

Significant Issues

A number of factors dominating Federal/State program operations include the unpredictable generation of surplus property by types, quantity, and condition; new Federal legislation; changing Federal/State disposal regulations and re- utilization policies; specific donee requirements; and seasonal trends in donee participation; federal government shutdown, and the economic and its impact on the budgets of government agencies and other donees.

Budget Requests for the FB2019-21 Budget

The operating budget for Surplus (AGS244) is in HB 1432, and includes the following:

- Collective bargaining for FY20: \$17,546
- Collective bargaining for FY21: \$18,878

Thank you for the opportunity to share with you the vital work that our SPO team does, our needs and the needs of the state overall in respect to procurement transparency and integrity, inventory and surplus management.

STATE OF HAWAII
 DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
 STATE PROCUREMENT OFFICE
 POSITION ORGANIZATION CHART

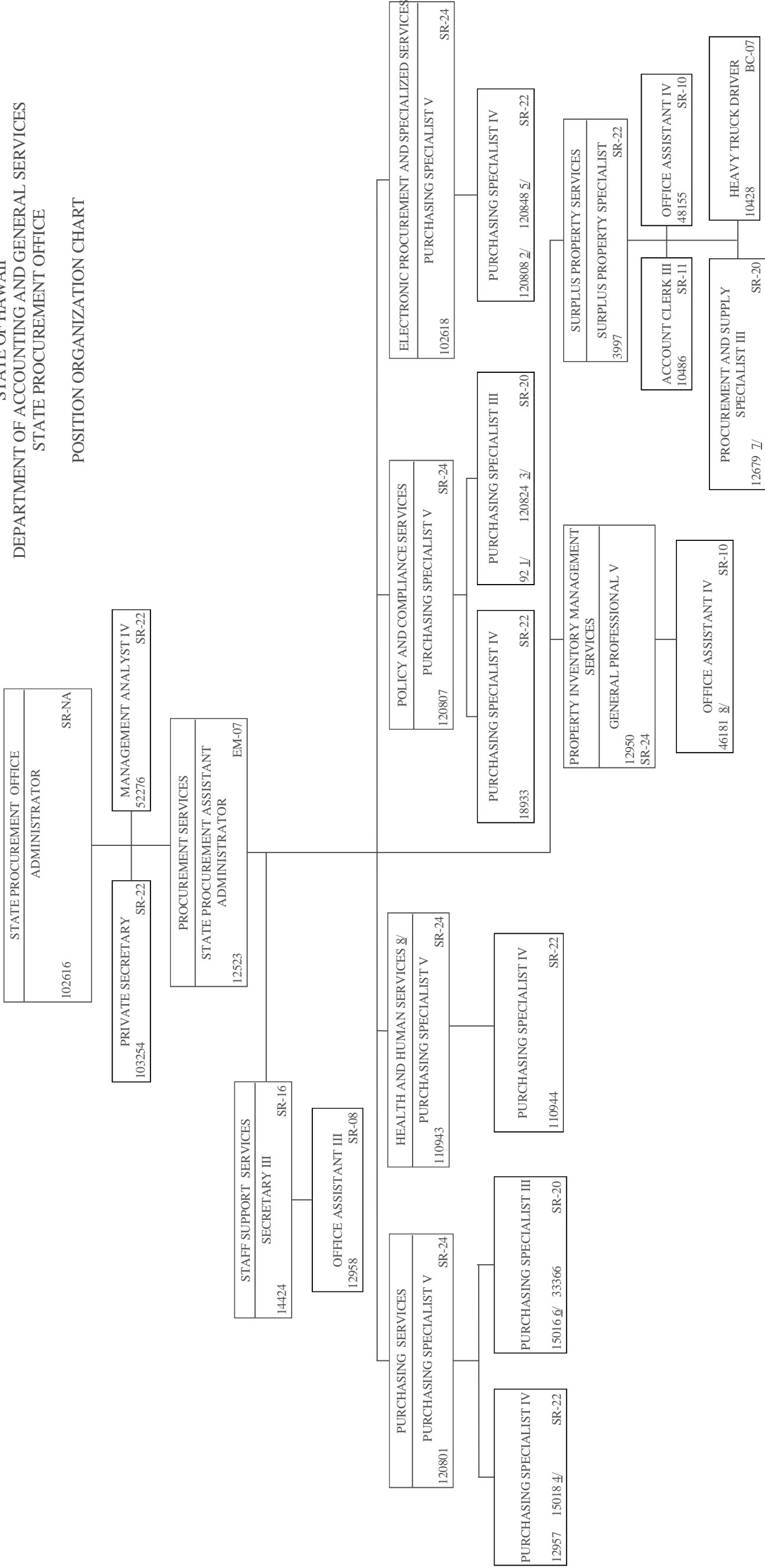


Exhibit 3

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES ANNUAL REPORT ON GOALS, OBJECTIVES AND POLICIES

January 2019

Program ID / Title: AGS 244/Surplus Property Management

Contact Person/Phone: Sarah Allen/587-4700

I. Goals

To effectively and efficiently provide customers (donees) with surplus property items, and continue to be fiscally solvent with revenues equaling or exceeding expenditures.

II. Objectives and Policies

- A. Intensifying training available to eligible and participating donees to enable interaction with the entire spectrum of program features and to improve donee probability of obtaining needed items.
- B. Maintain financial viability through increasing promotion on use of the utilization and donation programs by enhancing promotion and marketing of the surplus property program to enable Donees to benefit from the varied surplus property available to them at significantly reduced prices.
- C. Streamline processes and improve operational efficiencies and compliance with regards to the State Plan of Operation for the Federal Surplus Property Donation Program.

III. Action Plan with Timetable

- A. Intensifying training available to eligible and participating donees to enable interaction with the entire spectrum of program features and to improve donee probability of obtaining needed items.
 - 1. Past Year Accomplishments
 - a. Eligible donees require access to GSAXcess for property screening. Surplus designated customers with National Utilization Officer permission levels in GSAXcess and created new, individual donee accounts and added the users.
 - 2. Year One
 - a. Promote Surplus Property Program to all local and outer island government agency.

3. Two Years
 - a. Continue to scan business environments for promoting Surplus to potential donees.
 4. Five Years
 - a. Increase contributions to zero-waste or other sustainability initiatives. Multiple methods redistribution, resale, and disposal help divert waste from landfills and extend the useful life of assets.
- B. Maintain financial viability through increasing promotion on use of the utilization and donation programs by enhancing promotion and marketing of the surplus property program to enable Donees to benefit from the varied surplus property available to them at significantly reduced prices.
1. Past Year Accomplishments
 - a. FY 2018 - Acquisition Cost of Surplus Property Transferred to Donees is \$2.4 Million.
 - b. FY 2018 - Service & Handling fee of Surplus Property Transferred to Donees is \$229,000.
 - c. Participated in the GSA Public Auction to sell Federal non-transferable vintage surplus property.
 2. One Year
 - a. Continue to maintain and update webpage information.
 - b. Monitor and adjust the program's website to improve customer satisfaction.
 3. Two Years
 - a. Promote new internet auction platforms.
 4. Five Years
 - a. Extend the useful life of assets and generate revenue with multiple methods of disposal including counter sales, online auction, and web surplus.
 - b. Monitor and adjust the program's website to improve customer satisfaction.
- C. Streamline processes and improve operational efficiencies and compliance with regards to the State Plan of Operation for the Federal Surplus Property Donation Program.
1. Past Year Accomplishments

- a. Eliminated old items from warehouse that were not being purchased because they were broken or out-of-date.
- b. We are continuing to improve our system and have established procedures to turnover Federal surplus property within 2 years to keep our inventory current.

2. One Year

- a. Update State Plan of Operation
- b. Continue to work on supplying program information on our website.

3. Two Years

- a. Continue website updates including any new information relevant to donees.

4. Five Years

- a. Automating workflow processes for managing surplus property from acquisition through redistribution, sale, or disposal.

IV. Performance Measures

- A. Customer Satisfaction measure - Perform trend analyses on the customer base of the Surplus Property Management program to include number of participating donees and percentage of participating donees.
- B. Performance Standard measure - Perform trend analysis on distribution of surplus property to donees.
- C. Cost Effectiveness measure - Perform long term and comprehensive trend analyses annually of the financial net gain or loss of the Surplus Property Management program.

Exhibit 4A

REPORT: P61-A

OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID: AGS244
 PROGRAM STRUCTURE NO: 11030902
 PROGRAM TITLE: SURPLUS PROPERTY MANAGEMENT

PROGRAM EXPENDITURES	IN DOLLARS					IN THOUSANDS				
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25		
OPERATING COST	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*		
PERSONAL SERVICES	0.00**	0.00**	0.00**	0.00**	0.00**	0.00**	0.00**	0.00**		
OTHER CURRENT EXPENSES	174,340	344,688	362,234	363,666	364	364	364	364		
MOTOR VEHICLES	17,957	103,561	103,561	103,561	103	103	103	103		
		1,400,000	1,400,000	1,400,000	1,400	1,400	1,400	1,400		
TOTAL OPERATING COST	192,297	1,848,249	1,865,795	1,867,127	1,867	1,867	1,867	1,867		
BY MEANS OF FINANCING										
REVOLVING FUND	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*		
	**	**	**	**	**	**	**	**		
	192,297	1,848,249	1,865,795	1,867,127	1,867	1,867	1,867	1,867		
TOTAL PERM POSITIONS	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*		
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**		
TOTAL PROGRAM COST	192,297	1,848,249	1,865,795	1,867,127	1,867	1,867	1,867	1,867		

Exhibit 4B

Report on Non-General Fund Information for Submittal to the 2019 Legislature

.....
 Department: Accounting and General Services
 Prog ID(s): AGS-244
 Name of Fund: Surplus Federal Property Revolving Fund
 Legal Authority: Section 103D-1107, HRS

Contact Name: Mei Phillips
 Phone: 831-6757
 Fund type (MOF): Revolving Fund (W)
 Appropriation Acct. No. S-XX-304-M

Intended Purpose:

The objective of the program is to reutilize federal and state property declared surplus or excess. The fund is maintained in an amount adequate to defray the costs of procuring, storing, handling, and disposing of surplus property donated to the State under any federal act or State rules making surplus federal and state property available.

Source of Revenues: Service and handling fees are charged for acquired property based on the acquisition cost or fair market value of the donated or transferred property. For vehicles acquired from the federal government, a fixed fee is charged.

Current Program Activities/Allowable Expenses:

Funds are used for all costs (payroll and operating expenses) to support the program.

Purpose of Proposed Ceiling Adjustment (if applicable): Not Applicable

Variances: In FY 2015-2018, there was less federal property available and less federal vehicles available for purchase. The high ceiling is necessary to accommodate years when property and vehicles are plentiful and state and county agencies have need for used vehicles.

Financial Data							
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Appropriation Ceiling	1,798,996	1,826,464	1,836,624	1,848,249	1,848,249	1,865,795	1,867,127
Beginning Cash Balance	257,000	217,562	211,942	289,975	399,508	399,508	399,508
Revenues	905,550	620,516	261,243	304,312	1,848,249	1,848,249	1,848,249
Expenditures	944,988	626,136	183,210	194,779	1,848,249	1,848,249	1,848,249
Transfers							
List each net transfer in/out/ or projection in/out; list each account number							
Net Total Transfers	0	0	0	0	0	0	0
Ending Cash Balance	217,562	211,942	289,975	399,508	399,508	399,508	399,508
Encumbrances	1,324	24,096	2,481				
Unencumbered Cash Balance	216,238	187,846	287,494	399,508	399,508	399,508	399,508

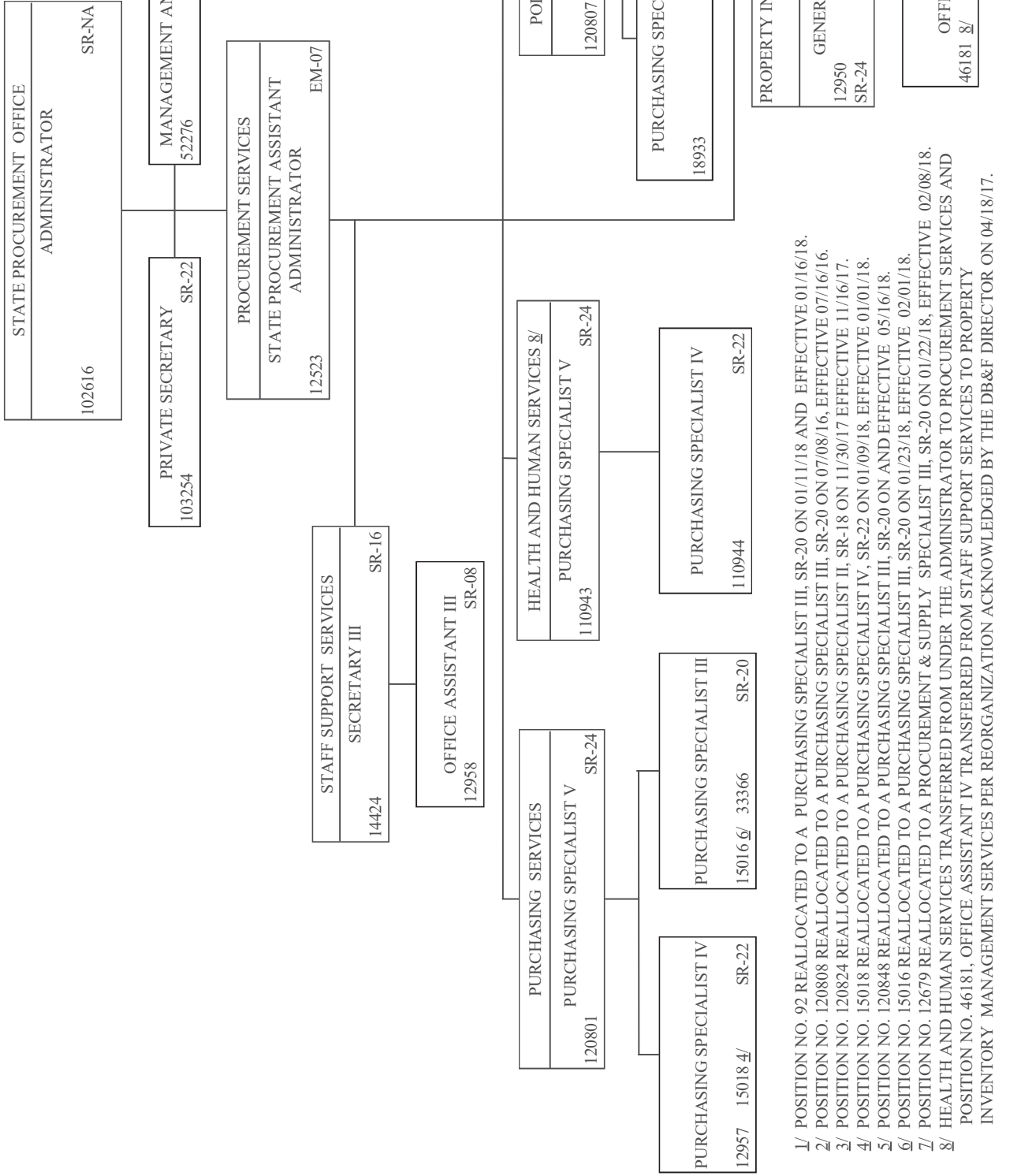
Additional Information:

Amount Req. for Bond Covenants							
Amount from Bond Proceeds							
Amount Held in CODs, Escrow Accounts, or Other Investments							

Exhibit 5

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE PROCUREMENT OFFICE

POSITION ORGANIZATION CHART



1/ POSITION NO. 92 REALLOCATED TO A PURCHASING SPECIALIST III, SR-20 ON 01/11/18 AND EFFECTIVE 01/16/18.
 2/ POSITION NO. 120808 REALLOCATED TO A PURCHASING SPECIALIST III, SR-20 ON 07/08/16, EFFECTIVE 07/16/16.
 3/ POSITION NO. 120824 REALLOCATED TO A PURCHASING SPECIALIST II, SR-18 ON 11/30/17 EFFECTIVE 11/16/17.
 4/ POSITION NO. 15018 REALLOCATED TO A PURCHASING SPECIALIST IV, SR-22 ON 01/09/18, EFFECTIVE 01/01/18.
 5/ POSITION NO. 120848 REALLOCATED TO A PURCHASING SPECIALIST III, SR-20 ON AND EFFECTIVE 05/16/18.
 6/ POSITION NO. 15016 REALLOCATED TO A PURCHASING SPECIALIST III, SR-20 ON 01/23/18, EFFECTIVE 02/01/18.
 7/ POSITION NO. 12679 REALLOCATED TO A PROCUREMENT & SUPPLY SPECIALIST III, SR-20 ON 01/22/18, EFFECTIVE 02/08/18.
 8/ HEALTH AND HUMAN SERVICES TRANSFERRED FROM UNDER THE ADMINISTRATOR TO PROCUREMENT SERVICES AND POSITION NO. 46181, OFFICE ASSISTANT IV TRANSFERRED FROM STAFF SUPPORT SERVICES TO PROPERTY INVENTORY MANAGEMENT SERVICES PER REORGANIZATION ACKNOWLEDGED BY THE DB&F DIRECTOR ON 04/18/17.

DAVID Y. IGE
GOVERNOR



JOHN S.S. KIM
CHAIRPERSON

STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
('AHA KULA HO'ĀMANA)

<http://CharterCommission.Hawaii.Gov>
1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813
Tel: (808) 586-3775 Fax: (808) 586-3776

FOR: SB 126 RELATING TO STATE BUDGET
DATE: February 22, 2019
TIME: 10:00 A.M.
COMMITTEE: Committee on Ways and Means
ROOM: Conference Room 211
FROM: Sione Thompson, Executive Director
State Public Charter School Commission

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

The State Public Charter School Commission ("Commission") appreciates the opportunity to submit this testimony in **SUPPORT of SB126**. The Commission is grateful for the continued support of this committee and the Legislature for the public charter school movement.

The Commission appreciates the committee's efforts in securing an adequate budget for both charter schools and the Commission itself through the inclusion of the budget items proposed in the Commission's executive budget requests.

At this time, the Commission is in the process of implementing its strategic plan by creating the action plans needed to meet identified goals and objectives. In future legislative sessions, the Commission plans to provide this committee and the Legislature the results of this strategic planning process which will guide the Commission's efforts in creating a more robust and thriving public charter school system which meets the needs of public charter school students and their families.

Thank you for the opportunity to provide this testimony.



LATE

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

Testimony of
Ford Fuchigami
Administrative Director, Office of the Governor

Before the
Senate Committee on Ways and Means

Friday, February 22, 2019
10:00 a.m., Room 211

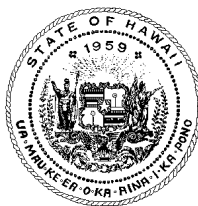
In consideration of
Senate Bill No. 126
RELATING TO THE STATE BUDGET

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and committee members:

Thank you for the opportunity to provide testimony in strong support for Senate Bill 126 Relating to the State Budget, which appropriates funds for the Executive Branch Fiscal Biennium 2019-2021 operating and capital improvement budget.

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

DAVID Y. IGE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY
919 Ala Moana Boulevard, 4th Floor
Honolulu, Hawaii 96814

NOLAN P. ESPINDA
DIRECTOR

Maria C. Cook
Deputy Director
Administration

Jodie F. Maesaka-Hirata
Deputy Director
Corrections

Renee R. Sonobe Hong
Deputy Director
Law Enforcement

No. _____

TESTIMONY ON SENATE BILL 126
RELATING TO THE STATE BUDGET.

by

Nolan P. Espinda, Director
Department of Public Safety

Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

Friday, February 22, 2019; 10:00 a.m.
State Capitol, Conference Room 211

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Department of Public Safety (PSD) supports the passage of Senate Bill 126, which appropriates operating and capital improvement project (CIP) funds for FB 2019-21. As drafted, the bill reflects the Governor's FB 2019-21 Budget submittal for the Department of Public Safety's Operating and CIP Budgets.

Thank you for the opportunity to present this testimony.

LATE

DAVID Y. IGE
GOVERNOR



DR. CHRISTINA M. KISHIMOTO
SUPERINTENDENT

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

Date: 02/22/2019

Time: 10:00 AM

Location: 211

Committee: Senate Ways and Means

Department: Education

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

Title of Bill: SB 0126 RELATING TO THE STATE BUDGET.

Purpose of Bill: Appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2019-2020 and 2020-2021.

Department's Position:

Chair Dela Cruz, Vice Chair Keith-Agaran, and committee members:

Thank you for the opportunity to testify on behalf of the Department of Education (Department) in support of Senate Bill 126 which appropriates funding for the Department's operating and capital improvement projects (CIP) budget for fiscal biennium (FB) 2019-21.

At the start of the second half of calendar year 2018, the Department began formulating a budget that we believe is reasonable and sustainable, by first realigning and reprogramming our current resources in our base operating budget. The Department then targeted strategic priority areas to advance high-impact strategies of School Design, Teacher Collaboration and Student Voice.

As a result of this early work, which later coincided with budget development instructions in Finance Memorandum No. 18-16, the Department created a budget that lays the fiscal foundation to meet our primary mission of equity, excellence and innovation for all of our public schools students.

For FB 2019-21, the Department was able to reprogram a total of \$18.8M for fiscal year (FY) 2019-2020 and \$21.6M for FY 2020-2021 of existing funds to align with our strategic priorities. The realignment and reprogramming required no new general fund requests and furthermore lowered our need for additional, new funding in key areas that could not be addressed by reprogramming. We believe that by realigning and reprogramming our existing funds, it allows for more transparency in how the Department utilizes its resources.

Regarding our CIP budget, the Department focused on significant CIP needs reflecting 21st

century instructional spaces that support educational innovation and a discovery approach to learning and teaching. Additionally, our CIP requests address Title IX in athletics to finish work in providing equitable access to athletics facilities, and to address under-resourced high schools that have no athletic facilities.

As our budget makes its way through the legislative process, we will be happy to share how it was put together to communicate the transparency of our budget development process.

We look forward to working with the Senate Committee on Ways and Means on shaping the future for quality education and to preserve our commitments to:

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

Our next decade of work will require operational, policy, financial, and community partnership support.

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

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.



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION**
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 22, 2019
10:00 a.m.
State Capitol, Room 211

**S.B. 126
RELATING TO THE DEPARTMENT OF TRANSPORTATION.**

Senate Committee on Ways and Means

The Department of Transportation (DOT) **supports** S.B. 126. This bill appropriates funds and positions for the operating and capital improvement budgets of the DOT for the fiscal biennium 2019-2021.

S.B. 126 appropriates funds and positions for the operating and capital improvement budgets of the Harbors Division under Program ID TRN301, which is for Honolulu Harbor. However, not all the operating expenditures and capital improvement projects (CIP) pertain to Honolulu Harbor. Harbors Division has operating expenditures and CIP that pertain to commercial harbors not only in Honolulu County, but also in Kauai County, Maui County, and Hawaii County.

As such, the DOT respectfully requests that operating expenditures and capital improvement projects be reallocated to their respective Program ID's, namely TRN302-Kalaehoa Barbers Point Harbor (Honolulu County), TRN311-Hilo Harbor (Hawaii County), TRN313-Kawaihae Harbor (Hawaii County), TRN331-Kahului Harbor (Maui County), TRN361-Nawiliwili Harbor (Kauai County), TRN363-Port Allen Harbor (Kauai County), and TRN395-Harbors Administration (Statewide), in addition to TRN301-Honolulu Harbor (Honolulu County).

We respectfully request your consideration of Harbors Division's operating budget allocated by Program ID's in the attached Table 1 and complete list of CIP requests by Program ID's represented in the attached Table 2.

Thank you for the opportunity to provide testimony.

TABLE 1: Harbors Division Operating Budget Allocated by Program ID

<u>FY20</u>		Harbors Requested	
TRN	MOF	Appropriation Allocation**	
301	B	20,371,905	
303	B	1,279,755	
311	B	2,285,410	
313	B	793,376	
331	B	3,241,146	
333	B	12,519	
341	B	206,158	
351	B	132,006	
361	B	2,608,331	
363	B	188,223	
395	B	92,980,358	
Totals		<u><u>124,099,187</u></u>	

<u>FY21</u>		Harbors Requested	
TRN	MOF	Appropriation Allocation**	
301	B	20,456,061	
303	B	1,282,209	
311	B	2,293,812	
313	B	793,376	
331	B	3,252,271	
333	B	12,519	
341	B	206,157	
351	B	132,006	
361	B	2,619,836	
363	B	188,222	
395	B	92,980,358	
Totals		<u><u>124,216,827</u></u>	

** Based on the Governor's FB19-21 Base Budgets + Requested SM

TABLE 2

HARBORS DIVISION CAPITAL IMPROVEMENT BUDGET ALLOCATED BY PROGRAM ID

Item No.	PROGRAM AND CAPITAL PROJECT	CAPITAL PROJECT NO.	PROGRAM ID	EXP. AGENCY	APPROPRIATIONS (\$1,000'S)				
					FISCAL YEAR 2019-2020	M O F	FISCAL YEAR 2020-2021	M O F	
1	HONOLULU HARBOR IMPROVEMENTS, OAHU PLANS, LAND ACQUISITION, DESIGN, AND CONSTRUCTION OF CAPITAL IMPROVEMENT PROGRAM PROJECTS THAT WILL PROVIDE FOR SAFER, MORE EFFICIENT USE OF EXISTING AND/OR ADDITIONAL OPERATIONAL AREAS THROUGHOUT HONOLULU HARBOR, OAHU. THIS PROJECT IS DEEMED NECESSARY TO QUALIFY FOR FEDERAL AID FINANCING AND/OR REIMBURSEMENT.	J51	TRN301	TRN					
	PLANS					4		4	
	LAND ACQUISITION					4		4	
	DESIGN					4		4	
	CONSTRUCTION					81,038		26,488	
	TOTAL FUNDING	J51	TRN301	TRN		4	B	4	B
		J51	TRN301	TRN		81,038	E	26,488	E
		J51	TRN301	TRN		4	N	4	N
		J51	TRN301	TRN		4	R	4	R
2	KALAELOA BARBERS POINT HARBOR IMPROVEMENTS, OAHU PLANS, LAND ACQUISITION, DESIGN, AND CONSTRUCTION OF CAPITAL IMPROVEMENT PROGRAM PROJECTS THAT WILL PROVIDE FOR SAFER, MORE EFFICIENT USE OF EXISTING AND/OR ADDITIONAL OPERATIONAL AREAS THROUGHOUT KALAELOA BARBERS POINT HARBOR, OAHU. THIS PROJECT IS DEEMED NECESSARY TO QUALIFY FOR FEDERAL AID FINANCING AND/OR REIMBURSEMENT.	J52	TRN303	TRN					
	PLANS					4		4	
	LAND ACQUISITION					39,988		4	
	DESIGN					4		4	
	CONSTRUCTION					4		63,988	
	TOTAL FUNDING	J52	TRN303	TRN		4	B	4	B
		J52	TRN303	TRN		39,988	E	63,988	E
		J52	TRN303	TRN		4	N	4	N
		J52	TRN303	TRN		4	R	4	R

TABLE 2

Item No.	PROGRAM AND CAPITAL PROJECT	CAPITAL PROJECT NO.	PROGRAM ID	EXP. AGENCY	APPROPRIATIONS (\$1,000'S)			
					FISCAL YEAR 2019-2020	M O F	FISCAL YEAR 2020-2021	M O F
3	HILO HARBOR IMPROVEMENTS, HAWAII	L19	TRN311	TRN				
	PLANS, LAND ACQUISITION, DESIGN, AND CONSTRUCTION OF CAPITAL IMPROVEMENT PROGRAM PROJECTS THAT WILL PROVIDE FOR SAFER, MORE EFFICIENT USE OF EXISTING AND/OR ADDITIONAL OPERATIONAL AREAS THROUGHOUT HILO HARBOR, HAWAII. THIS PROJECT IS DEEMED NECESSARY TO QUALIFY FOR FEDERAL AID FINANCING AND/OR REIMBURSEMENT.							
							4	4
					4,988			4
					4			4
					4		48,938	
	TOTAL FUNDING	L19	TRN311	TRN	4	B		4 B
		L19	TRN311	TRN	4,988	E	48,938	E
		L19	TRN311	TRN	4	N		4 N
		L19	TRN311	TRN	4	R		4 R
4	KAWAIHAE HARBOR IMPROVEMENTS, HAWAII	L20	TRN313	TRN				
	PLANS, LAND ACQUISITION, DESIGN, AND CONSTRUCTION OF CAPITAL IMPROVEMENT PROGRAM PROJECTS THAT WILL PROVIDE FOR SAFER, MORE EFFICIENT USE OF EXISTING AND/OR ADDITIONAL OPERATIONAL AREAS THROUGHOUT KAWAIHAE HARBOR, HAWAII. THIS PROJECT IS DEEMED NECESSARY TO QUALIFY FOR FEDERAL AID FINANCING AND/OR REIMBURSEMENT.							
							4	4
							4	4
							4	4
					1,988			6,988
	TOTAL FUNDING	L20	TRN313	TRN	4	B		4 B
		L20	TRN313	TRN	1,988	E	6,988	E
		L20	TRN313	TRN	4	N		4 N
		L20	TRN313	TRN	4	R		4 R

TABLE 2

Item No.	PROGRAM AND CAPITAL PROJECT	CAPITAL PROJECT NO.	PROGRAM ID	EXP. AGENCY	APPROPRIATIONS (\$1,000'S)			
					FISCAL YEAR 2019-2020	M O F	FISCAL YEAR 2020-2021	M O F
5	KAHULUI HARBOR IMPROVEMENTS, MAUI	M24	TRN331	TRN				
	PLANS, LAND ACQUISITION, DESIGN, AND CONSTRUCTION OF CAPITAL IMPROVEMENT PROGRAM PROJECTS THAT WILL PROVIDE FOR SAFER, MORE EFFICIENT USE OF EXISTING AND/OR ADDITIONAL OPERATIONAL AREAS THROUGHOUT KAHULUI HARBOR, MAUI. THIS PROJECT IS DEEMED NECESSARY TO QUALIFY FOR FEDERAL AID FINANCING AND/OR REIMBURSEMENT.							
							4	4
	LAND ACQUISITION						4	4
	DESIGN						4	4
	CONSTRUCTION				41,988		14,488	
	TOTAL FUNDING	M24	TRN331	TRN	4	B	4	B
		M24	TRN331	TRN	41,988	E	14,488	E
		M24	TRN331	TRN	4	N	4	N
		M24	TRN331	TRN	4	R	4	R
6	NAWILIWILI HARBOR IMPROVEMENTS, KAUAI	K13	TRN361	TRN				
	PLANS, LAND ACQUISITION, DESIGN, AND CONSTRUCTION OF CAPITAL IMPROVEMENT PROGRAM PROJECTS THAT WILL PROVIDE FOR SAFER, MORE EFFICIENT USE OF EXISTING AND/OR ADDITIONAL OPERATIONAL AREAS THROUGHOUT NAWILIWILI HARBOR, KAUAI. THIS PROJECT IS DEEMED NECESSARY TO QUALIFY FOR FEDERAL AID FINANCING AND/OR REIMBURSEMENT.							
							4	4
	LAND ACQUISITION						4	4
	DESIGN						4	4
	CONSTRUCTION				11,988		2,988	
	TOTAL FUNDING	K13	TRN361	TRN	4	B	4	B
		K13	TRN361	TRN	11,988	E	2,988	E
		K13	TRN361	TRN	4	N	4	N
		K13	TRN361	TRN	4	R	4	R
7	PORT ALLEN HARBOR IMPROVEMENTS, KAUAI	K14	TRN363	TRN				
	PLANS, LAND ACQUISITION, DESIGN, AND CONSTRUCTION OF CAPITAL IMPROVEMENT PROGRAM PROJECTS THAT WILL PROVIDE FOR SAFER, MORE EFFICIENT USE OF EXISTING AND/OR ADDITIONAL OPERATIONAL AREAS THROUGHOUT PORT ALLEN HARBOR, KAUAI. THIS PROJECT IS DEEMED NECESSARY TO QUALIFY FOR FEDERAL AID FINANCING AND/OR REIMBURSEMENT.							
							0	4
	LAND ACQUISITION						0	4
	DESIGN						0	4
	CONSTRUCTION						0	3,988
	TOTAL FUNDING	K14	TRN363	TRN	0	B	4	B
		K14	TRN363	TRN	0	E	3,988	E
		K14	TRN363	TRN	0	N	4	N
		K14	TRN363	TRN	0	R	4	R

TABLE 2

Item No.	PROGRAM AND CAPITAL PROJECT	CAPITAL PROJECT NO.	PROGRAM ID	EXP. AGENCY	APPROPRIATIONS (\$1,000'S)			
					FISCAL YEAR 2019-2020	M O F	FISCAL YEAR 2020-2021	M O F
8	MODERNIZATION PROGRAM - HARBORS DIVISION CIP PROJECT STAFF COSTS, STATEWIDE	I21	TRN395	TRN				
	PLANS FOR COSTS RELATED TO WAGES AND FRINGE BENEFITS FOR PERMANENT HARBOR MODERNIZATION PLAN PROJECT FUNDED STAFF POSITIONS FOR THE IMPLEMENTATION OF MODERNIZATION PROGRAM PROJECTS FOR THE DEPARTMENT OF TRANSPORTATION'S HARBORS DIVISION, STATEWIDE. PROJECTS MAY ALSO INCLUDE FUNDS FOR NON-PERMANENT CAPITAL IMPROVEMENT PROGRAM RELATED POSITIONS.							
	PLANS				2,000		2,000	
	TOTAL FUNDING	I21	TRN395	TRN	2,000	E	2,000	E
9	COMMERCIAL HARBORS ADMINISTRATION INITIATIVES, STATEWIDE	I27	TRN395	TRN				
	PLANS, LAND ACQUISITION, DESIGN, AND CONSTRUCTION FOR COSTS RELATED TO STATEWIDE IMPROVEMENTS FOR THE DEPARTMENT OF TRANSPORTATION'S HARBORS DIVISION, STATEWIDE.							
	PLANS				3		3	
	LAND ACQUISITION				3		3	
	DESIGN				3		3	
	CONSTRUCTION				14,991		14,991	
	TOTAL FUNDING	I27	TRN395	TRN	4	B	4	B
		I27	TRN395	TRN	14,992	E	14,992	E
		I27	TRN395	TRN	4	R	4	R

LATE

Statement of
Henk B. Rogers
Chairman
Pacific International Space Center for Exploration Systems (PISCES)
Before the
Committee on Ways and Means
Friday, February 22nd, 2019 @ 10:00
State Capitol, Conference Room 211

In consideration of
SB126
RELATING TO THE STATE BUDGET

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee.

Dear members of the committee I want to express my support for SB126 which establishes the operating budget for various agencies under DBEDT. In particular I am writing in support of the budget appropriation for BED128 (Office of Aerospace, which handles the operating budget for PISCES).

This bill provides PISCES with the necessary resources to continue to develop the work they have been involved with in the promotion of the Aerospace Industry, workforce development and applied research. We believe that PISCES provides significant value to the State of Hawaii and strongly support the continuation of its funding.

Thank you for this opportunity to offer comments.

Mahalo,



Henk B. Rogers
Chairman
Pacific International Space Center for Exploration Systems (PISCES)
55 Merchant Street, Suite 1700
Honolulu, HI 96813

LATE

SB-126

Submitted on: 2/21/2019 11:06:55 AM

Testimony for WAM on 2/22/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Fannie Cline	Individual	Oppose	No

Comments:

Aloha -

I oppose this bill as a resident of Palolo Valley and am very concerned about the impacts it will make on our community all to save Waikiki at the 1% chance of a major flood event. Families will be displaced not only in Palolo but Manoa Valleys. Furthermore I oppose this bill due to:

- The public, community and stakeholders were not property engaged;
- The public not have a chance to ask questions and get answers;
- The public did not have a chance to recommend better alternatives;
- Destruction of natural steams and acres of natural habitat;
- Increase in sedimentation and runoff;
- Detention basins are huge, unnatural and ugly;
- Detention basins upstream are difficult to keep clear from debris and subject to clogging;
- Detention basins, if clogged, will be breached from smaller storms;
- Detention basins when actively filled can be a safety hazard;
- These detention basins will affect view and property values around and downstream of them;
- Some of these detention basins will impact parks and schools;
- Kaimuki/Kapahulu stormwater is intercepted at the Ala Wai Canal and pumped into the aquifer near the end of the Canal;
- The 4ft solid concrete wall (as high as 4.5 feet tall) surrounding the Canal is an eyesore, will block views for residents and tourist;
- Against seizing and using private properties and lands near public schools;
- Question the accuracy of the 100-year flood model and property damage figures!!!!

Thank you for your time!

Fannie Cline



S E A C
Special Education Advisory Council
1010 Richards Street, Room 118
Honolulu, HI 96813
Phone: 586-8126 Fax: 586-8129
email: spin@doh.hawaii.gov

LATE

February 22, 2019

**Special Education
Advisory Council**

Ms. Martha Guinan, *Chair*
Ms. Dale Matsuura, *Vice Chair*
Dr. Patricia Sheehey, *Vice
Chair*
Ms. Ivalee Sinclair, *Vice Chair*

Ms. Brendelyn Ancheta
Ms. Virginia Beringer
Ms. Deborah Cheeseman
Ms. Annette Cooper
Mr. Motu Finau
Mr. Sage Goto
Ms. Lindsay Heller
Dr. Kurt Humphrey
Ms. Tina King
Ms. Bernadette Lane
Ms. Kaili Murbach
Ms. Stacey Oshio
Ms. Carrie Pisciotto
Ms. Kau'i Rezentes
Ms. Rosie Rowe
Mr. James Street
Mr. Francis Taele
Mr. Steven Vannatta
Dr. Amy Wiech
Ms. Jasmine Williams
Ms. Susan Wood

Mr. Drew Saranillio, *liaison
to the Superintendent*
Dr. Bob Campbell, *liaison to
the military community*

Amanda Kaahanui, Staff
Susan Rocco, Staff

Senator Donovan M. Dela Cruz, Chair
Committee on Ways and Means
Hawaii State Capitol
Honolulu, HI 96813

RE: S.B. 126 – RELATING TO THE STATE BUDGET

Dear Chair Dela Cruz and Members of the Committee,

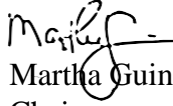
The Special Education Advisory Council (SEAC), Hawaii's State Advisory Panel under the Individuals with Disabilities Education Act (IDEA), supports S.B. 126 which establishes the base budget for the Department of Education for the fiscal biennium 2019-21.

SEAC received a briefing on the budget earlier this month from Assistant Superintendent and Chief Financial Officer Amy Kunz. We endorse the Department's alignment of the budget with strategic priorities and its efficient reprogramming of existing funds to that aim. Specifically, we support the funding of critically needed applied behavioral analysis (ABA) personnel and skilled nursing services through repurposing existing EDN 150 monies.

Furthermore, we appreciate the noticeable efforts to make the Department's budget process more transparent to families, legislators and other key stakeholders. We are hopeful that your committee will fully support the Department's biennium request to provide a safe, quality, and appropriate learning environment for all of Hawaii's public school students.

Thank you for the opportunity to provide testimony on this important budget legislation. If you have questions or concerns, please contact us.

Sincerely,


Martha Guinan
Chair


Ivalee Sinclair
Legislative Committee Chair

LATE

Testimony of *JC Watson*

Supporting Funding for the Department of Land and Natural Resources'

Watershed and Invasive Species Programs

in SB126 and HB2, HD 1 Relating to the State Budget

Senate Committee on Ways and Means

Friday, February 22, 2019, 10:00AM, Room 211

Thank you for your support of funding for watershed protection and invasive species response in Hawai'i. Please help us continue that important work by again **supporting the Department of Land and Natural Resources' budget request for watershed management, CIP fencing work, and invasive species prevention, control, research, and education programs and activities.**

As a resident of citizen of Oahu and resident of Mānoa Valley, I can first hand attest to the importance of maintaining our water supply and the need to reduce impacts caused by introduced species. I have witnessed our forests being overtaken by aggressive alien species such as feral hogs and albizia trees, and am sad to think that they will continue to degrade without intervention. The work of our state Watershed Partnerships and invasive species response teams is paramount as they directly impact the health and overall water giving aspects of the native forests that we all so desperately rely on.

The source of fresh water is not the faucet, pipe, or even the well or stream it's drawn from. The real source is a system of healthy forested watersheds, not forests overrun by invasive plants and animals, which capture rain and cloud moisture and deliver it efficiently to aquifers and surface sources for subsequent consumption in our daily lives.

Thank you for your support.

Sincerely,



Mr. JC Watson



Senate Committee on Ways and Means
Friday, February 22, 2019, 10:00AM, Room 211

Testimony of the *Coordinating Group on Alien Pest Species*
Supporting Funding for the Department of Land and Natural Resources'
Watershed and Invasive Species Programs
in SB126 Relating to the State Budget

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members,

The Coordinating Group on Alien Pest Species (CGAPS) **is in support of SB 126, Relating to the State Budget.** The aim of this measure is to make appropriations for operating and capital improvement budgets for FY 2019-2020 and 2020-2021. These appropriations will support the Department of Land and Natural Resources watershed and invasive species programs and Hawaii Department of Agriculture's Plant Quarantine Branch, all of which are vital to protecting Hawaii's natural resources. Some of the highlighted line items include:

- **Natural Area Reserves and Watershed Management (DLNR):** This funding will provide long-term protection of forested watersheds across the State.
- **Plant Quarantine Detector Dog Kennels and Training Facility (HDOA):** This funding will establish new kennels and a training facility on Oahu for the detector dog program aimed at early detection of high-risk invasive species like the Brown Treesnake and Coconut Rhinoceros Beetle and 4 technician positions to manage the new electronic manifest database.
- **Native Resources and Fire Protection Program (DLNR):** This funding will create 10 new invasive species technician positions within the Division of Forestry and Wildlife as outlined in the Hawaii Interagency Biosecurity Plan, support the construction of a coqui frog barrier fence on Maui, and direct funding to invasive species programs allocated by the HISC. This funding will also continue the multi-agency response to Rapid 'Ōhi'a Death (ROD).

We would like to call your attention to the DLNR's critical role in the response efforts to the two fungal pathogens causing ROD that continue to spread on Hawaii Island and both pathogens were confirmed on Kauai last year. Funding provided by the Legislature for ROD is critical for leveraging federal and other non-state funds for research and field work necessary to prevent, monitor, and manage the spread of the disease as well as seek means for controlling it. The total need for this work, including work on Kauai, is \$3.2 million for each FY 20 and FY 21. We ask for additional funding to continue the response on Hawaii Island and Kauai which is outlined in the ROD Strategic Response Plan (see <https://www.ctahr.hawaii.edu/dl/rod/strategicresponseplanfinal.pdf>).

We encourage the committee to support this measure. Mahalo for your consideration.

Aloha,
Chelsea Arnott
CGAPS

LATE

Senate Ways and Means Committee
February 22, 2019
SB126

Relating to Program Appropriations and Capital Improvement Projects
Testimony in support of Land and Natural Resources program operating and
Diamond Head State Monument capital improvement requests.

As a member of the Diamond Head citizen advisory committee for the past dozen years, representing the Hawaii Chapter of the American Society of Landscape Architects, I support the LNR request for \$1,000,000 to plan, design and construct Diamond Head State Monument improvements in the Kapahulu Tunnel and Battery Harlow area (p. 120, Item 6.00). Per HRS 6E-32, the Committee reviews and makes recommendations regarding the Diamond Head State Monument Plan.

I. The Plan was adopted in 1979 and amended in 2003 by the Board of Land and Natural Resources. State appropriations for rockfall mitigation and summit trail capacity improvement projects in recent years have been much appreciated. It is time now, however, given both increased need and expanded opportunity, to begin implementing the larger framework of the 2003 Diamond Head State Monument Plan, starting with the Kapahulu Tunnel – Battery Harlow area improvements.

Visitor interest in Diamond Head Crater has been increasing exponentially and strains the existing infrastructure. At the same time, the recent release of Kapahulu Tunnel for park use and removal of two large buildings on the visually-sensitive open Crater floor by temporary tenants, the Hawaii National Guard and Emergency Management Agency, make it possible to improve visitors' experience and safety through:

- a) Use of Kapahulu Tunnel, together with the existing overloaded Kahala Tunnel, to enhance visitors' park experience and improve safety as they move from outside to inside the Crater and out again;
- b) Beginning to shift visitor parking from cluttering the view across the visually sensitive floor inside the crater to a shaded area outside the Crater;
- c) Adaptive re-use of the Battery Harlow military buildings for park purposes.

2. Regarding the proposed LNR operating budget (about \$19,000,000, p. 43, Item 7), which is roughly the same as last year, I urge you to consider gradually raising it beyond inflation over the next several years. It was shocking to learn that Hawaii ranks last among U.S. states in the percentage of state spending on natural resources, state parks and recreation. Do we not value these, or just take them for granted?

Janet Gillmar, ASLA
3035 La-i Road, Honolulu, Hawaii

