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OFFICE OF THE DIRECTOR
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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Finance
Tuesday, March 2, 2021
1:00 p.m.
Via Videoconference**

**On the following measure:
H.B. 1299, RELATING TO NON-GENERAL FUNDS**

Chair Luke and Members of the Committee:

My name is Catherine Awakuni Colón, and I am the Director of the Department of Commerce and Consumer Affairs (DCCA or Department). The Department opposes this bill.

The purpose of this bill is to trigger a full accounting of various non-general-funded program objectives, performance, and results by repealing or abolishing those non-general funds. The Department's testimony focuses on part XVIII, pages 365 through 394, of this bill as it relates to the non-general funds of the DCCA.

The Department opposes this bill because: (1) funding the Department through the compliance resolution fund (CRF) has proven to be an efficient and successful financial structure for the DCCA; and (2) converting the DCCA to a general-funded agency will be detrimental to the industries, professions, and consuming public that the Department serves.

The CRF was established in 1982 (Act 60) as part of an extensive restructuring of the Department. Restructuring was implemented in reaction to a critical review by the

legislative auditor, which found, among other things, that the Department needed additional staff to handle consumer complaints. See, Report No. 82-1. The CRF has enabled the DCCA to collect the funds necessary to fulfill its statutory responsibilities, without competing with general-funded departments for much-needed appropriations, and has resulted in a more effective, efficient, and appropriately staffed agency.

The Department's financial strategy requires that revenue-generating divisions secure revenues to cover division expenses and contribute equitably to overhead costs, while ensuring that anticipated future major projects and expenditures are covered, and that each division maintains a suitable reserve to provide financial continuity of operations, in the event of an unforeseen drop in revenues. In that regard, the DCCA is self-sufficient and operates in a manner similar to a private business that must align its revenues and expenses to meet both its anticipated and unexpected needs.

This strategy has been a successful one for the DCCA and for its customers. The Department's investments in IT upgrades and hardware have allowed it to continue effectively operating remotely during last year's COVID-19 lockdown, and its online services for business registration, insurance registration, and licensee and complaints history verifications provide essential services to the State's businesses and consumers.

Converting the Department's revenue source from special to general funds provides no real benefit to the State generally or to the DCCA's customers specifically. While the Department provides critical services by protecting consumers from illegal business practices and setting quality standards for a wide spectrum of industries, other agencies like the Department of Health, the Department of Education, or the Department of Human Services consume the vast majority of general funds. It is therefore foreseeable that the DCCA would not be funded at the same levels if it were a general-funded agency.

For these reasons, the Department urges the Committee to forego repealing the Department's non-general funds as proposed in part XVIII of this measure.

Thank you for the opportunity to testify on this bill.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2021**

ON THE FOLLOWING MEASURE:

H.B. NO. 1299, RELATING TO NON-GENERAL FUNDS.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Tuesday, March 2, 2021 **TIME:** 1:00 p.m.

LOCATION: State Capitol, Via Videoconference, Room 306

TESTIFIER(S): Clare E. Connors, Attorney General, or
Randall S. Nishiyama, Deputy Attorney General

Chair Luke and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments regarding this bill which repeals, abolishes, or amends various non-general funds and accounts. The Department opposes sections 246, 247, 248, 249, 281, 301, and 302 of this bill because of their adverse impacts on the Department as further detailed below.

The Department has concerns about the following sections.

1. Section 31, at page 51, line 8, through page 54, line 2. Hawaii Green Infrastructure Special Fund. This fund contains moneys that have been pledged for the repayment of the green infrastructure revenue bonds. Pursuant to section 39-62, Hawaii Revised Statutes ("HRS"), moneys in the Hawaii Green Infrastructure Special Fund are impressed with a lien created by and used solely for the benefit of the green infrastructure bondholders. Also, the Contracts Clause found in article I, section 10, of the United States Constitution ("No State shall . . . pass any . . . Law impairing the Obligation of Contracts . . .") may prohibit any actions that impair the use of moneys pledged for the repayment of bonds for non-bond purposes.

2. Section 32, at page 54, line 3, through page 55, line 12. Hawaii Green Infrastructure Bond Fund. This fund contains moneys that have been pledged for the repayment of the green infrastructure revenue bonds. Pursuant to section 196-67(b), HRS, moneys in the Hawaii Green Infrastructure Bond Fund are impressed with a lien created by and used solely for the benefit of the green infrastructure bondholders. Also,

the Contracts Clause found in article I, section 10, of the United States Constitution ("No State shall . . . pass any . . . Law impairing the Obligation of Contracts . . .") may prohibit any actions that impair the use of moneys pledged for the repayment of bonds for non-bond purposes.

3. Section 68, at page 104, line 3, through page 105, page 9. Turtle Bay Conservation Easement Special Fund. Pursuant to section 171-172, HRS, this fund receives a portion of the transient accommodations tax revenues and uses such moneys to reimburse the state general fund for the payment of debt service on the reimbursable general obligation bonds used to acquire the conservation easement and other real property interests in Turtle Bay, Oahu. If this fund is repealed, the general fund would be responsible for the payment of debt service on the subject bonds.

4. Section 109, at page 154, line 8, through page 155, line 8. General fund budget appropriation; formulation. Section 304A-2101, HRS, requires the Legislature to appropriate general funds to the University of Hawaii based on a formula. The Department concludes for three reasons that section 304A-2101 does not require the Legislature to appropriate general funds as specified by the budget formula.

- a. First, section 304A-2101 does not make an appropriation of general funds. Appropriations are made, not in general law, but through the budget and appropriations process. Town of Milton v. Commonwealth, 416 Mass. 471, 473, 623 N.E.2d 482,484 (1993). Section 304A-1201 merely provides guidance to the Legislature regarding the general fund appropriations to the University. It still requires an appropriation by the Legislature in order to be implemented.
- b. Second, section 304A-2101 is not a mandate that requires the appropriation of moneys at the designated levels because "one Legislature may not bind a successor Legislature (or even itself) to make an appropriation." Town of Milton, at 484.

- c. Third, consistent with our reading above, we conclude that section 304A-2101 acts only as an intention by the Legislature to appropriate funds in the future.

5. Section 196, at page 270, line 16, through page 280, line 20. Funds and accounts of the Department of Hawaiian Home Lands. This section repeals the Hawaiian Home Administration Account. Moneys in this account are trust moneys pursuant to the Hawaiian Homes Commission Act, 1920 (HHCA), which invokes a fiduciary responsibility on the part of the State to care for and to use such moneys for the purposes of the HHCA. The diversion of these moneys to the general fund would violate the State's fiduciary responsibility. Consequently, these moneys cannot be transferred to the general fund.

6. Section 198, at page 284, line 19, through page 285, line 18. Establishment of special fund. This section establishes a separate special fund of the Department of Hawaiian Home Lands whenever there is a financing and secures such financing. This special fund contains moneys that have been pledged for the repayment of the Department of Hawaiian Home Lands financing. Pursuant to the provisions of the Hawaiian Homes Commission Act, 1920, and section 39-62, HRS, moneys such as these are impressed with a lien created by and used solely for the benefit of the Department of Hawaiian Home Lands bondholders. Also, the Contracts Clause found in article I, section 10, of the United States Constitution ("No State shall . . . pass any . . . Law impairing the Obligation of Contracts . . .") may prohibit any actions that impair the use of moneys pledged for the repayment of bonds for non-bond purposes.

7. Section 235, at page 341, lines 7 through 15, amends section 138-4(f), HRS, to provide that the enhanced 911 surcharge be deposited to the credit of the general fund instead of the Enhanced 911 Fund established by section 138-3, HRS. The New and Emerging Technologies 911 Improvement Act of 2008, Pub. L. No. 110-283 (federal 911 Act), provides that fees and charges imposed and collected by a state for commercial mobile services (such as the enhanced 911 surcharge fee), can only be used in support of 911 or enhanced 911 services or enhancements of such services as specified in the provision of state or local law adopting the fee or charge. Consequently,

the enhanced 911 surcharge fee must be deposited into the Wireless Enhanced 911 Special Fund and cannot be transferred to the general fund.

The Department notes that the penalty for a first-time violation of the federal 911 Act is a fine of not more than \$10,000 or imprisonment for a term not exceeding one year, or both. Further, the Federal Communications Commission has become more aggressive in its attempt to discourage the diversion of 911 funds. They have disqualified states that have raided 911 funds from receiving federal 911 grants.

8. Section 238, at page 342, line 15, through page 345, line 7, repeals the Works of Arts Special Fund, section 103-8.5, HRS. This fund was funded by general obligation bonds. Transfers of tax-exempt bond proceeds to the general fund will result in adverse tax consequences to the State.

9. Section 241, at page 346, lines 9 through 21, repeals the Enhanced 911 Fund, section 138-3, HRS. The federal 911 Act provides that fees and charges imposed and collected by a state for commercial mobile services (such as the enhanced 911 surcharge fee), can only be used in support of 911 or enhanced 911 services or enhancements of such services as specified in the provision of state or local law adopting the fee or charge. Consequently, the enhanced 911 surcharge fee must be deposited into the Wireless Enhanced 911 Special Fund and cannot be transferred to the general fund.

The Department notes that the penalty for a first-time violation of the federal 911 Act is a fine of not more than \$10,000 or imprisonment for a term not exceeding one year, or both. Further, the Federal Communications Commission has become more aggressive in its attempt to discourage the diversion of 911 funds. They have disqualified states that have raided 911 funds from receiving federal 911 grants.

10. Section 246, at page 350, line 14, through page 351, line 3, repeals the Medicaid Investigations Recovery Fund (MIRF), section 28-91.5, HRS. The Department objects to this bill's proposed repeal of the MIRF because repeal of the MIRF would cast grave doubt upon the Medicaid Fraud Control Unit's (MFCU) ability to carry out its federal mandate under 42 U.S.C. section 1396(b) and 42 C.F.R. section 1007. Furthermore, federal funding for the State's Medicaid Program could be in jeopardy

because the maintenance of a viable MFCU is a precondition to the federal Medicaid grant under 42 U.S.C. section 1396, which funds our Medicaid Programs.

The MIRF is distinct from other funds that would be impacted by this bill because the MIRF is comprised predominately of penalties and costs specifically designated to the MFCU as a by-product of federal and state civil fraud settlements. None of the money comes from assessments or fees. None of the money is designated for the *beneficiaries of any program*. All of the money deposited into the MIRF is utilized solely to enable MFCU to carry out its federal mandates.

The State general fund already receives the lion's share of civil settlements obtained by the MFCU. In addition to the penalties and costs placed in the MIRF, the Department of Human Services (DHS) receives full restitution for fraud committed against the Medicaid Program. DHS also receives its pro-rata share of either double or triple damages in most cases. As such, DHS greatly benefits through its portion of the settlements.

As for the funds placed into the MIRF, they are used to fund the MFCU's investigations and prosecutions dealing with abuse, neglect, and financial exploitation against Hawaii's elderly and disabled populations, in addition to investigating fraud committed against the Medicaid Program. There is also a 75 per cent federal match for the money in the MIRF, and that match may be in jeopardy if the MIRF is not maintained.

To subject the MFCU to the uncertainties of being funded by general funds could seriously jeopardize the MFCU, particularly if it were determined that fraud investigations and prosecutions were no longer an administrative or legislative priority. Further, without adequate funding, the MFCU's effectiveness would be adversely compromised. More importantly, without the MIRF, the State may not be able to fund the 25 per cent match to sustain the operations of the MFCU.

11. Section 247, at page 351, lines 4 through 14, repeals the Solicitation of Funds for Charitable Purposes Special Fund, section 467B-15, HRS. The Department objects to this bill's proposed repeal of the Solicitation of Funds for Charitable Purposes Special Fund.

The purpose of the Solicitation of Funds for Charitable Purposes Special Fund is to provide a source of funding for the regulatory oversight over charities and professional fund raisers operating within the State and for the dissemination of public information. This fund is also used to maintain and operate Hawaii's Internet based registration system for charities that must register pursuant to section 467B-2.1, HRS. It is funded by regulatory fees paid by all charitable organizations soliciting contributions and professional fund raisers operating within the State, with certain exceptions.

The repeal of this fund would adversely impact the execution of the Department's statutory functions and duties, unless corresponding general funding is made available to fund these efforts.

Further, the elimination of the Solicitation of Funds for Charitable Purposes Special Fund may be subject to challenge under the Hawaii Insurers Council v. Lingle, 120 Hawai'i 51, 201 P.3d 564 (2008). In that case, the Hawaii Supreme Court opined that transferring "legitimate regulatory fees" from an insurance special fund into the State's general fund violated the separation of powers doctrine because administrative fees and assessments imposed by an administrative agency can only be used for the purposes of providing services to the persons or entities paying such fees. Any other use of the fees would constitute a tax, which can only be imposed by a Legislature. The Court adopted a three-pronged test to determine whether any assessment was a regulatory fee and therefore was probably not transferable to the general fund. The test asks (1) whether a regulatory agency assesses the fee, (2) whether the agency places the money in a special fund, and (3) whether the assessment "is expended for general public purposes or [instead] used for the regulation or benefit of the parties on whom the assessment is imposed." Id. at 66, 201 P.3d at 579.

In this instance, the fees charged by the Department for the Solicitation of Funds for Charitable Purposes Special Fund are regulatory fees that are placed in special funds and expended "for the regulation or benefit of the parties on whom the assessment is imposed" under the three-pronged test. Consequently, moneys in the Solicitation of Funds for Charitable Purposes Special Fund serve a regulatory purpose and cannot be transferred to the general fund.

12. Section 248, at page 351, line 15, through page 352, line 21, repeals the Internet Crimes Against Children (ICAC) Special Fund, section 846F-4, HRS. The Department objects to the bill's proposed repeal of the ICAC Special Fund because the special fund already transfers moneys deemed to be in excess of its needs to the general fund. Pursuant to section 846F-4(c),

(c) All unexpended and unencumbered moneys remaining in the internet crimes against children special fund at the close of each fiscal year that are deemed, by the director of finance, to be in excess of the moneys necessary to carry out the purpose of this section over the following fiscal year shall lapse to the credit of the state general fund.

The purposes of the ICAC Special Fund are to identify, arrest and prosecute perpetrators, rescue children, and provide funding to train and equip partner agencies to protect children from technology-based exploitation. Without the ICAC Special Fund, the Department's ICAC Unit would be hampered in its ability to plan, fund, and execute operations to protect Hawaii's children from technology-based predators.

13. Section 249, at page 353, lines 1 through 5, amends sections 245-26(a) and 245-41(c), HRS, by substituting the words "general fund" whenever the words "department of the attorney general's tobacco enforcement special fund" or "tobacco enforcement special fund" appears, as the context requires. The Department objects to this proposal because of the integral role the Department's Tobacco Enforcement Special Fund plays in protecting the health, safety, and welfare of the people the State of Hawaii.

14. Sections 255 – 279, at page 365, line 10, through page 394, line 2, amend or repeal various special funds and accounts of the Department of Commerce and Consumer Affairs (DCCA). It appears that the purpose of the amendments and repeals is to eliminate the DCCA special funds and accounts and to have the general fund serve as the funding source and depository for the fees and charges imposed for the various DCCA functions.

This bill takes a blanket approach in transferring moneys from the various DCCA special funds and accounts to the general fund without consideration of the Hawaii Insurers Council case. See 120 Hawai'i 51, 201 P.3d 566. Under the three-prong test

used in Hawaii Insurers Council, special fund moneys derived from regulatory fees that are imposed by an administrative agency pursuant to authority delegated to the agency to be "used for the regulation or benefit of the parties upon whom the assessment is imposed," the Legislature cannot be transferred to the general fund. Id. at 66, 201 P.3d at 579. The Hawaii Supreme Court determined that this type of transfer violated the separation of powers doctrine and is unlawful. Id.

The Department believes that the wholesale repeal of the DCCA funds and accounts in this bill and deposit into the general fund without careful examination of the three-prong test may subject the proposed transfers to a valid challenge.

The Department suggests that the discrete components of the DCCA funds and accounts listed in this bill be reviewed to determine whether moneys derived from such components may be transferred to the general fund without running afoul of Hawai'i Insurers Council.

15. Section 273, at page 387, line 1, through page 388, line 18, repeals the Public Utilities Commission Special Fund, section 269-33, HRS. This special fund already transfers moneys deemed to be in excess of its needs to the general fund on June 30 of each fiscal year. Pursuant to section 269-33(d), HRS, all moneys in excess of \$1,000,000 remaining on balance in the Public Utilities Commission Special Fund on June 30 of each year lapses to the general fund.

16. Section 281, at page 395, lines 7 through 21, repeals the Cigarette Tax Stamp Administrative Special Fund, section 245-41.5, HRS. While this fund is under the jurisdiction of the Department of Taxation, the fund serves an essential role in the Department's efforts to collect all tobacco taxes due and owing to the State.

At present, the Cigarette Tax Stamp Administrative Special Fund is funded by a regulatory fee, which is authorized by section 245-26, HRS (hereinafter the cigarette tax stamp regulatory fee).

The cigarette tax stamp regulatory fee is a regulatory fee that is imposed in addition to the cigarette tax, which is paid for by those who are licensed by the State of Hawaii as wholesalers and dealers of cigarettes and who are also authorized to purchase and apply cigarette tax stamps.

Tax stamps have proven to be an effective method of collecting cigarette taxes. The application of a stamp printed, manufactured, or made by authority of the Department of Taxation when placed on the bottom of a pack of cigarettes indicates that the tax on the cigarettes has been paid. The tax stamps are an integral part of the State obtaining a full measure of cigarette taxes.

17. Section 289, at page 403, lines 15 through 21, abolishes certain funds (account codes) of the Office of Hawaiian Affairs and lapses the unencumbered balances to the general fund. Moneys in these funds are trust moneys pursuant to article XII, section 5, of the Hawaii State Constitution, and invoke a fiduciary responsibility on the part of the State to care for and to use such moneys for the purposes of the HHCA. The diversion of these moneys to the general fund would violate the State's fiduciary responsibility. Consequently, these moneys cannot be transferred to the general fund.

18. Section 301, at page 431, line 10, through page 433, line 2, repeals the Tobacco Enforcement Special Fund, section 28-15, HRS. The repeal of the Tobacco Enforcement Special Fund would have the unintended consequence of unraveling the regulatory and diligent enforcement structure that has been created to maximize the State's receipt of millions of dollars in moneys from the Tobacco Master Settlement Agreement (MSA) and cigarette tax dollars. In addition, the Department is concerned there may be an argument that elimination of the Tobacco Enforcement Special Fund and Cigarette Tax Stamp Administrative Special Fund may be subject to challenge under Hawaii Insurers Council.

Eliminating the Tobacco Enforcement Special Fund, as well as the provisions that enable funding for the Department's tobacco enforcement, and transferring the cigarette tax stamp regulatory fee for general purposes may be deemed a violation of the separation of powers doctrine pursuant to Hawaii Insurers Council. The court in Hawaii Insurers Council deemed unlawful the legislative transformation of "legitimate regulatory fees into general tax revenue" when the special fund, which was comprised of fees, was moved into the general fund. Id. at 72, 201 P.3d at 585. The court distinguished a regulatory fee from a tax by emphasizing "the revenue's ultimate use,

asking whether . . . [the fee] provides a general benefit to the public, of a sort often financed by a general tax, or whether it provides more narrow benefits to regulated companies or defrays the agency's costs of regulation." Id. at 69, 201 P.3d at 582 (citation omitted).

A significant portion of the Tobacco Enforcement Special Fund is funded by the cigarette tax stamp regulatory fee, as provided in section 245-26, HRS. The Tobacco Enforcement Special Fund, is to be used for administering, operating, monitoring, and ensuring compliance with and enforcement of:

- (1) The Master Settlement Agreement as defined in chapter 675 and any other statutes or programs relating to that agreement;
- (2) Chapter 675;
- (3) Tobacco prevention programs;
- (4) The cigarette tax stamp as defined in chapter 245 and any other statutes or programs relating to that chapter;
- (5) Chapter 245;
- (6) Chapter 486P and any other statutes or programs relating to that chapter; and
- (7) Any other requirement deemed necessary to carry out the purposes of the fund.

Section 28-15(b), HRS (underscoring added). The moneys from the cigarette tax stamp regulatory fee are used for inspections, investigation, and criminal prosecution of violations of chapter 245, HRS, related to the taxing of cigarettes and other tobacco products, and civil enforcement of chapter 486P, HRS, and chapter 675, HRS.

Accordingly, the cigarette tax stamp regulatory fee is a legitimate fee because it is a permissible exercise of the police power to regulate particular businesses or activities, in this case cigarette and other tobacco product businesses. Id., at 65, 201 P.3d at 578 (citation omitted).

If the Tobacco Enforcement Special Fund and the provisions enabling funding of the Department's tobacco enforcement are eliminated, the moneys collected from the cigarette tax stamp regulatory fee will not be used to regulate cigarette/tobacco businesses and therefore may no longer be considered a fee pursuant to Hawaii Insurers Council. If these "fees" are redirected to the general fund or other funds that

serve general purposes, this act may be deemed a violation of the separation of powers doctrine.

Elimination of the Tobacco Enforcement Special Fund may jeopardize Hawaii's receipt of MSA funds because without funds, the State will not be able to diligently enforce the Tobacco Liability Act (chapter 675, HRS) and, consequently, to comply with the terms of the MSA. Persistent, diligent enforcement of the MSA is essential to the State's continued receipt of MSA moneys. Failure to do so may result in Hawaii losing a significant portion of its annual MSA payment. The tobacco industry has rigorously challenged the states' diligent enforcement of the MSA as evidenced by its successful challenge to Pennsylvania's diligent compliance. In 2013, Pennsylvania was one of six states found to be non-diligent in the most recent completed MSA arbitration and lost over \$116 million of its expected annual MSA payment. Hawaii's risk would also be in the millions of dollars if found to be non-diligent.

The total revenues received by the State due to aggressive tobacco enforcement in fiscal year 2019-2020 totaled \$ 137,753,683 (\$ 102,444,639 in cigarette tax stamp collections and \$ 35,309,044 in MSA payments). The Department believes this represents a significant return on the moneys invested in the program. The undermining of this robust program via the diversion of funds provided for in this bill degrades the public benefit gained from successful regulation of cigarette and tobacco businesses.

19. Section 302, at page 433, line 3, through page 434, line 19, repeals the Hawaii Tobacco Settlement Special Fund, section 328L-2, HRS. While the Hawaii Tobacco Settlement Special Fund is under the jurisdiction of the Department of Health, it plays an integral role in funding the Department's tobacco enforcement efforts.

The Hawaii Tobacco Settlement Special Fund allocates to various State purposes the tobacco settlement moneys received by the State from the major tobacco manufacturers under the MSA.

Under the distribution of the tobacco settlement moneys, as set forth in section 328L-2(a), HRS, the Department receives \$350,000 to be used for tobacco enforcement actions funded through the Tobacco Enforcement Special Fund. The repeal of the

Hawaii Tobacco Settlement Special Fund would cause the Department to lose this funding to pursue cigarette law violations.

Thank you for the opportunity to present this testimony.

DAVID Y. IGE
GOVERNOR



STATE OF HAWAII
**CRIME VICTIM COMPENSATION
COMMISSION**

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TESTIMONY ON HB 1299
RELATING TO NON-GENERAL FUNDS
by
Pamela Ferguson-Brey, Executive Director
Crime Victim Compensation Commission

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Tuesday, March 2, 2021; 1:00 PM
Via Videoconference

Good afternoon Chair Luke, Vice Chair Cullen, and Members of the House Committee on Finance. Thank you for providing the Crime Victim Compensation Commission (the "Commission") with the opportunity to testify in strong opposition to House Bill 1299. This bill abolishes the Commission by eliminating its funding mechanism, the crime victim compensation special fund, and by transferring any unencumbered funds from the special fund to the general fund. Repealing the statute that established the Commission's special fund and depositing the revenues into the general fund will result in the Commission's closure. If the Commission is abolished the safety net that the Commission provides to victims of violent crime will vanish.

The Hawai'i State Legislature established the Crime Victim Compensation Commission in 1967 as a safety net for violent crime victims. The Commission assists victims of violent crimes with medical costs, counseling costs, lost wages, and funeral and burial expenses not covered by other sources. Many victims would not be able to receive rehabilitation services, counseling services, or bury a loved one without compensation awarded by the Commission. The Commission was only the third organization its kind in the country when it was established; today, all 50 states have a compensation program.

In 1998, the legislature established the Commission's special fund and created a compensation fee to act as the primary source of funding for the Commission and to eliminate the need for general funds. No state general funds have been appropriated for victim compensation since FY 2003, and the Commission has been funded solely from non-tax revenue, primarily the compensation fee, and matching federal Victims of Crime Act (VOCA) funds.

While the legislature created the compensation fee to act as the funding source for the Commission, over the years falling revenue collections caused by the failure of judges to order the compensation fee in all eligible cases has resulted in significant compensation fee revenue shortfalls for the Commission. Concerns about compensation fee revenue shortfalls brought about by judges failing to order the compensation fee in all eligible cases and the resulting negative impact on the financial stability of the Commission have been the subject of the Commission's budget testimony and annual report every year. Compensation fee collection shortfalls over the years have effectively deprived the Commission of the funding reserve it needs to survive the pandemic. Additionally, the current pandemic-related court closures have severely further limited the Judiciary's compensation fee collections.

The Commission has done everything possible to reduce its expenses to the bone. Only half of the Commission's compensation positions are currently filled. Benefits for crime victims and their survivors have been limited and reduced. Additionally, the Commission has, for some time, routinely asked medical providers to accept reduced payments from the Commission as payments in full for that providers' services for uninsured crime victims.

The Commission has submitted a budget request this session to supplement its special fund with general funds in the amount of \$676,222 to continue operations during the first year of fiscal biennium 2021-2023. Using general funds to run operations during fiscal year 2022 will allow the Commission to build up the special fund with non-tax revenue, especially compensation fees. The Commission has reached out to the Judiciary to request that the compensation fee be ordered in all eligible cases to ensure the Commission's future viability and self-sufficiency.

Repealing the Commission's special fund will also jeopardize the Commission's ability to receive federal funds through the US Department of Justice, Office for Victims of Crime, Victims of Crime Act (VOCA) annual compensation grant. The Commission receives an annual VOCA compensation grant that matches 60% of every dollar spent for direct victim compensation. The Commission's federal funds accounted for 40% of victim compensation payments made during fiscal year 2020 while the payments from the Commission's special fund accounted for 60% of victim payments. If there are no funds available to pay victims from the Commission's special fund, there will be no matching federal grant award and, ultimately, no funds available to assist victims of violent crimes. The safety net that the Commission provides to victims of violent crime will vanish and Hawai'i will be the only state that does not have a compensation program to assist victims of violent crimes.

Thank you for providing the Commission with the opportunity to testify in strong opposition to House Bill 1299.



The Judiciary, State of Hawai'i

Testimony to the Thirty-First Legislature, 2021 Regular Session

House Committee on Finance

Representative Sylvia Luke, Chair

Representative Ty J.K. Cullen, Vice Chair

Tuesday, March 2, 2021, 1:00 P.M. (Agenda #3)

State Capitol, Conference Room 308

VIA VIDEOCONFERENCE

by

Rodney A. Maile

Administrative Director of the Courts

Bill No. and Title: House Bill No. 1299, Relating to Non-General Funds

Purpose: Repeals various non-general funds of the department of agriculture; department of business, economic development, and tourism; department of land and natural resources; department of education; university of Hawaii; department of Hawaiian home lands; judiciary; department of human services; department of labor and industrial relations; department of accounting and general services; department of the attorney general; department of budget and finance; department of human resources development; office of the governor; department of commerce and consumer affairs; department of taxation; department of public safety; and office of Hawaiian affairs. Transfers unencumbered balances to the credit of the general fund.

Judiciary's Position:

The Judiciary respectfully, but strongly, opposes Part X, Sections 200 through 207 of this measure pertaining to the repeal of seven special funds managed by the Judiciary. This measure's impact on these funds will have a devastating impact in virtually every aspect of the justice system, for lawyers and non-lawyers alike, other governmental agencies, the media and public, and the Judiciary. This measure will also negatively impact children in homes of divorcing parents, safety in homes where domestic violence is occurring or may occur, safety of probation officers and those in the community as supervision of probationers is impacted, and the tens of thousands unable to afford a lawyer to assist in tragic legal issues facing their families. It will also have a detrimental effect on almost every aspect of Judiciary court and administrative operations, and could lead to the loss of data and phone service and an inability to maintain key hardware, software, and other



technological services. Namely, these seven special funds that are impacted by the following sections of this bill include:

- Section 200: Parent Education Special Fund
- Section 201: Indigent Legal Assistance Fund
- Section 202: Driver Education and Training Fund
- Section 203: Spouse and Child Abuse Special Account
- Section 204: Judiciary Computer System Special Fund
- Section 205: Probation Services Special Fund
- Section 206: Amending HRS §§286G-3(d), 353B-6, 580-10(e), 586-4(f), 586-11(b), 607-4(a), 607-5(a), and 706-648(4); and
- Section 207: First Judicial Circuit Fund.

I. Section 200: HRS §607-5.6(d) - Parent Education Special Fund

The Parent Education Special Fund is utilized to contract and pay for professional services and supplies for the Kids First Program in each Circuit.

The Kids First Program is a mandatory program that educates and seeks to mitigate the impacts of divorce and separation on children. The purpose of this program is to promote peaceful co-parenting and effective family relationships and communication through education and other services to families involved in the Family Court system.

The program works with parents to educate them on the impact of divorce, separation, paternity, and other issues that the family unit is facing. The program contracts experienced therapists who explain the impact of these issues on parents, their children, and their family. The program also educates and provides resources that parents can utilize to help them.

Additionally, the program works with the children who are being impacted. The purpose of engaging with these children is to help them understand that they are not at fault for the issues that their parents are experiencing and to provide healthy ways to cope with their feelings. This is accomplished through extensive training of facilitators and volunteers who then utilize strategies that include; (1) ice breaker activities that enable children to feel comfortable and express their feelings, (2) identification of signs of risk and safety, and (3) providing an environment in which children participate in group activities and experience peers in similar situations. Relative to divorce, the program's goal is to teach and ensure that children understand that divorce is not their fault; that parents divorce each other, not their children; that other families go through divorce and separation; and that healthy ways are available to cope and identify feelings associated with divorce.



The program has remained committed to families experiencing these situations even during the COVID-19 pandemic. The Kids First Program developed an online course so that the program could continue to service those referred and continue educating and being a resource for families. Although the online course has allowed families to move forward, it cannot be a substitute for the therapeutic value of the in-person program where both parents and children benefit from the in-person teaching, group activities, and interaction that is one of the strength of this program.

In the last three years, the Kids First Program collectively serviced 18,871 parents and children statewide. If the Parent Education Special Fund is repealed pursuant to Section 200 of this bill, the State risks the following impacts:

- Severe reduction of resources to train staff and Judges on trends and subject matter relating to divorce. The result will be less trained and knowledgeable individuals working with these families.
- Loss of resources to teach and educate parents and children.
- Loss of experienced licensed psychologists who have developed the program's education curriculum.
- The loss of a program that provides emotional support and early education to children experiencing divorce and separation who experience fear, guilt, and blame which is damaging to a child's development.

Without the Parent Education Special Fund, the sustainability of the statewide Kids First Program will be in jeopardy and will negatively impact children and families who experience divorce, separation, and other issues that affect the dynamic of Hawai'i's families.

II. Section 201: HRS §607-5.7(f) - Indigent Legal Assistance Fund

ILAF was created by the Legislature by Act 305, SLH1996 for the purpose of providing essential funding for civil legal service organizations who serve limited-income/indigent persons in Hawaii. ILAF addresses a real need for a reliable source of funding for civil legal service organizations which provide these services to low-income persons. For most providers, the amount of ILAF funds received is insufficient to fully fund these organizations and other funds must be secured. However, this has become somewhat difficult now since other governmental funding sources and private donations have been severely reduced due to COVID-10, which makes it even more critical that ILAF not be repealed. The loss of ILAF civil legal services funding pursuant to Section 201 of this bill would just further exacerbate and be another blow to indigent people and their access to civil legal services, which are higher than ever, due to these economic conditions.

The legal needs of indigent persons are varied and include addressing critical legal issues such as landlord/tenant, housing, financial situations, family law, and elder law. Act 305, codified as Hawai'i Revised Statutes (HRS) § 607-5.7, assesses a filing fee surcharge on select civil cases (no governmental filings are collected). These surcharges are deposited into ILAF and are



administered by the administrative director of the courts through a contract with the Hawai'i Justice Foundation. The Hawai'i Justice Foundation assists the Judiciary with an annual application process which solicits, receives, and screens applications; determines eligible civil legal service organizations; calculates pro rata amounts to be distributed; and ensures accountability by civil legal service providers awarded ILAF monies.

Funds are expended promptly under the statutory guidelines. Currently, for FY 2021, the Judiciary has determined the annual distribution amount as \$1,000,000 (not including central service and fund administrator fees) to be distributed to the ten civil legal service providers deemed qualified to receive ILAF monies. The distribution is based on the amount of surcharges collected for civil filings and the need to maintain a fund balance which ensures sufficient funds to cover contractual amounts due to the civil legal service providers.

It should be noted that the Hawai'i Justice Foundation will also be providing additional testimony with further pertinent information on this special fund.

III. Section 202: HRS §286G-2 - Driver Education and Training Fund

The Driver Education and Training Fund is intended to fund the Judiciary's Driver Education Training Program in its entirety.

The repeal of the Driver Education and Training Fund pursuant to Section 202 of this bill, would eliminate the statewide Division of Driver Education, resulting in the following significant impacts:

- Individuals convicted of serious traffic crimes—such as Operating a Vehicle Under the Influence of an Intoxicant (OVUII), excessive speeding, and failing to properly restrain a child—would be unable to complete their required education classes to fulfill their legal obligations.
- Community safety statewide would be jeopardized as there will be no driver education program consisting of nationally certified instructors to teach prevention and skills to offenders.
- \$4 million in Federal funding for the Hawai'i Highway Safety Program (HHSP) will be jeopardized, and without it the HHSP itself may be dissolved.

Without this program, roads across the state will be less safe.

Those convicted of violating the following laws are required to complete courses as part of their sentencing obligations:

- HRS 291E-61 Operating A Vehicle Under the Influence of an Intoxicant (OVUII) - First time offenders must complete a 14-hour rehabilitation, education, and counseling program taught by Driver Education staff who are certified annually. Between January



2018 and September 2020, 5,833 offenders completed this course to satisfy legal requirements.

- HRS 291-11.5 Child Passenger Restraint Law - A four hour class taught by specifically certified Driver Education staff personnel is required for persons found guilty of transporting a child without first properly restraining the child in a safety or booster seat. Between January 2018 and September 2020, 1,895 individuals have completed this course to satisfy their legal requirements.
- HRS 291-11.6 Mandatory Use of Seat Belts, HRS 291C-102 Speeding, and HRS 291C-105 Excessive Speeding – Certified Driver Education staff teach a six-hour Defensive Driving Program and a Car Fit program to educate senior drivers.

Repealing this fund would also have potential serious consequences for the State by jeopardizing \$4,000,000 in federal funding for HHSP. The Division of Driver Education's classes and employee salaries (35 authorized positions) paid out of this fund provide the in-kind match required for \$4,000,000 of federal funding for the HHSP for FY 2021. Further, loss of this fund could result in the dissolution of the HHSP as the program is dependent on this federal funding. The HHSP funds the following programs:

- Highway Safety Council that the Legislature setup to create Vision Zero which focuses on developing an action plan to reduce traffic fatalities to zero
- Driving While Intoxicated (DWI) Court
- Judicial Education, Judges training
- Community Coalition groups that receive funding from the HHSP

In recent months, the division has made efforts to reduce expenditures -- 7 of the 35 authorized positions have remained vacant to save on payroll, and the Honolulu and the Maui offices relocated to state-owned buildings to decrease rental costs.

Due to declining revenues that have been significantly impacted by the COVID-19 pandemic, and continually increasing payroll requirements per collective bargaining agreements, this special fund is not carrying any excess monies. A certain level of cash balance must be maintained because a substantive portion of the special fund's revenues are not available until the last quarter of the fiscal year. DCCA deposits the motor vehicle insurance underwriter fees into the special fund only once annually in April or May of each fiscal year. Therefore, transferring the Driver Education and Training Fund balance to the general fund may lead to the termination of the fund and thereby jeopardize the operation of the Driver Education program and impact the safety of the people in Hawai'i.

In summary, repealing the Driver Education and Training Fund would eliminate the statewide Division of Driver Education and will significantly impact the safety of the people of Hawai'i.



IV. Section 203: HRS §601-3.6 - Spouse and Child Abuse Special Account

Spouse and Child Abuse Special Account (SCASA) funds are used to address spouse and child abuse statewide, with special attention directed towards domestic violence (DV) issues.

The State risks the following impacts if the SCASA is repealed pursuant to Section 203 of this bill:

- Increased threat to community safety with significantly reduced domestic violence intervention training (DVI) to keep DV offenders accountable and compliant with legal obligations.
- Lack of DV training for Judges, Probation Officers (POs), Court Officers, and community partners, which will result in less skilled supervision of DV offenders and cases.
- Over \$150K in federal funds will be in jeopardy that directly service survivors, victims, families, adolescents and offenders.

The Judiciary will be unable to effectively address DV and unable to support the collaborations needed for coordinated community response to DV.

The number of referrals for DVI has risen in recent years and during COVID-19, and is expected to rise further; currently, 800 trials are pending in the First Circuit for abuse of household or family member. Additionally, Act 19 (2020) broadened the offenses in HRS 709-906 to increase offender accountability, which increases the need for DVI. Without the SCASA, the contracted agencies will not be able to provide services to the number of defendants court ordered to complete DVI—putting children, families, and the community at risk for further harm.

Number of Clients Served by the SCASA:

	FY 2018	FY 2019	FY 2020
DV Offenders referred	482	640	663
DV Survivors including children exposed to DV	4,602	4,501	4,133
Parents and Children receiving supervised visitation or safe exchanges	520	473	577

- DV Offender services: The average length to complete a DVI program for an offender is about 8 - 9 months. Behavior change is a process and it takes time to address the underlying distorted beliefs about power and control, relationships, and gender that lead to the coercive and abusive behavior. Two agencies are contracted by the Judiciary to provide DVI to offenders.
- DV Survivor services: The average length of services for a DV survivor depends on the specific services. A call to a hotline (average of 43% of DV survivors counted



above) may take minutes while group counseling and/or advocacy can be ongoing. Three agencies were contracted to provide services to DV survivors during the fiscal years noted. However, due to budget cuts, two agencies are now providing services to DV survivors in FY 2021.

- Supervised Visitation and Safe Exchange: The number includes parents and children who are in need of supervised visitation and/or safe exchange because DV is/has been a concern. One agency is contracted by the Judiciary to provide this specific service.

About 80% of the SCASA supports funding to agencies for direct services to survivors of DV as well as children exposed to DV. These contracts are funded by general funds and SCASA. In FY 2020, the general fund portion of the contracts were reduced by 25 to 30%. Reductions impacted the Purchase of Service contracts for DV services statewide— and services to address DV will be further impacted if SCASA is eliminated.

Repealing the SCASA pursuant to Section 203 of this bill would also jeopardize over \$150K in federal funds; the SCASA provides 25% and 10% matches for the annual STOP VAWA5 and the Access and Visitation federal grants, respectively. These grants provides opportunities to stay up-to-date on best practices in addressing DV through the civil and criminal courts as well as probation by supporting ongoing training in various DV related issues such as custody and visitation, the misuse of technology, and evidence-based practices. It also supports private/public collaborations to improve Hawai'i's response to DV such as the annual DV 101 trainings and improving the standards for DV intervention programs. Furthermore, these grants support the specialized supervised visitation and safe exchange for families where DV is a concern, and child welfare is not involved.

V. Section 204: HRS §601-3.7 - Judiciary Computer System Special Fund

The Judiciary's - and the justice system's - daily operations rely on information technology infrastructure. The Judiciary Computer System Special Fund (CSSF) provides the critical resources for this infrastructure. Abolishing the CSSF pursuant to Section 204 of this bill would devastate the operations of the Judiciary, private litigators and staff, members of the public who have matters before the courts or have some interest in matters before the courts (e.g., media), and law enforcement and other government agencies. It would result in a system with dramatically reduced public access; significant inefficiencies including timing of delivery and review of time-sensitive matters (such as TRO filings); and reduced resiliency, flexibility, and continuity during crises such as the COVID-19 pandemic.

The CSSF funds several Judiciary initiatives and core services, including the Judiciary Information Management System (JIMS), which is a modernized case management system at the heart of statewide Judiciary operations. JIMS is the central repository of the Judiciary official case records for appellate cases, traffic cases, criminal cases and non-family court civil cases. JIMS has provided invaluable services to the general public, attorneys, government agencies and law enforcement, especially during the challenging times of COVID-19. The pandemic has



highlighted the importance of online services such as eFiling, emailed notices of filings, and electronic documents and case records.

The CSSF is the primary source of funding to cover JIMS operating costs (55% of CSSF annual expenditure budget) and personnel (23%). Operating costs include the necessary license costs and hardware maintenance costs which are crucial to the Judiciary's case management system. Even if the Judiciary were to delay enhancements that are necessary to implement annual legislative updates, the Judiciary would be forced to turn off key systems without the baseline systems funded by the CSSF. New project implementation, such as the Family Court Civil Project which is already underway, would also cease. Without the necessary funding to cover the bare minimum of the operating costs, the Judiciary would be unable to continue to operate JIMS, and unable to make necessary changes arising from legislation.

Although the budget ceiling is set at \$6.60M, the program has been managing for several years well under that ceiling due to declining special fund collections. FY 2020 expenditures were managed at \$4.5M to match collected revenues while continuing to support all the current systems as well as the ongoing development of the current Family Court Civil Project. **Terminating this fund would result in dramatic changes to the Judiciary's efforts to completely move from antiquated mainframe technology to modern, sustainable systems, and require continued payments for the mainframe. Without the ability to continue to operate JIMS, critical services to the general public and partner government agencies would be deeply affected.**

For example, JIMS allows the general public to review their cases online via eCourt Kokua without physically entering courthouses or calling for assistance and to purchase public documents online individually or through a subscription. JIMS currently counts 3,452 document subscribers. In addition, in 2020, JIMS processed 47,770 eTraffic transactions totaling almost \$4.7M through eTraffic which allows traffic citations to be paid online. The large number of users illustrates the growing public demand for online services. Self-represented litigants (SRLs) can register to eFile documents on their case through the Judiciary Electronic Filing and Service System (JEFS), and also can sign up for eReminder to get electronic reminders of their upcoming case hearings. JIMS currently has 4,263 registered SRLs. **Also, in response to the COVID-19 pandemic, JIMS developed Document Drop-Off to provide the public a safe and convenient alternative to submit documents to the court without personal interaction by making it possible to submit an electronic copy of a document to the reviewing court. From April to December 2020, 4,482 documents were submitted via the Document Drop-Off.**

JIMS allows private and government attorneys, as well as their staff, to electronically file documents in new and existing cases. Through JEFS (external portal to the JIMS case management system), they have access to case dockets, documents, schedule, and case milestones. JEFS users receive electronic notice of filings via emails. JEFS provides the capability to electronically file during non-office hours up until midnight, seven days per week including holidays. Currently, 4,263 attorneys and 2,230 firm staff are registered in JEFS. As of January 2021, JIMS has 609,488 active cases, with 43,906 new cases created in 2020. Electronic filing has been a significant step forward in modernizing the practice of law in the state of



Hawai'i. Hawai'i Bar applications can also be completed and submitted online through JEFS. To date 3,009 bar applicants have registered in JEFS.

JIMS supports the automated delivery of electronic traffic warrants from Judiciary to law enforcement within 24 hours in eBench Warrants, which provides 24/7 access to traffic warrants for law enforcement statewide. JIMS also provides electronic data exchanges with public safety to support custodies' court appearances. These electronic exchanges have improved the timeliness and accuracy of law enforcement duties. For example, JIMS provides electronic data exchanges of: (1) arrests, convictions and commitments with the Hawai'i Criminal Justice Data Center that has a statutory requirement to provide a complete criminal history; (2) stoppers to revoke and reinstate driver licenses with the City and County of Honolulu driver's licensing system; and (30 traffic violations to meet the Commercial Driver's License requirements with the Department of Transportation.

Moreover, eliminating the current CSSF balance would result in the Judiciary not being able to use software which is licensed, stopping operations if equipment failed and there is no maintenance or avenue for timely replacement, and delays without the expert help needed to resolve IT problems that arise.

In addition to the above, without the CSSF:

- Data services for the 24 smaller Judiciary courts and offices would be eliminated, and the entire Judiciary would not have phone services.
- Failure of core network devices could disable individual segments from multiple segments of the network and stop computer services at up to 35 court locations statewide.
- There would be no maintenance of key hardware, software and services for JIMS which would cause JIMS to fail. CSSF also funds nine JIMS staff, who are responsible for the day-to-day operations, management, maintenance, and enhancement of JIMS. Without maintenance and these staff, JIMS could not operate and the courts could not operate since there are virtually no operations that do not involve the use of JIMS.
- CSSF also funds the Judiciary's Webmaster, who is responsible for maintaining our website by monitoring its performance, functionality, and managing content. This position is vital to the community, which seeks an increasing amount of information and services online. In fact, government is expected to serve its stakeholders in this way and to limit that capability in the future would be detrimental to accessing justice. A suboptimal Judiciary website will affect government agencies, attorneys, self-represented litigants, and those involved in resolving disputes requiring court involvement, as well as the general public who may want to do such things as pay traffic fines, obtain court forms, or find out how to file documents such as TROs.



The following are samples of these and other initiatives supported by the CSSF:

Judiciary Wide Area Network services for 24 smaller offices	Judiciary
Maintenance for core network devices	Judiciary
Telephone system VOIP and voice mail	Judiciary
Core Switch Maintenance	Judiciary
Security Scan software	Judiciary
NeoGov for Human Resources recruitment	HR
Oracle Database Software for JIMS	JIMS
F5 Load balancers that regulates access to JEFS and eCourtKokua	JIMS
Oracle GL support	JIMS
IBM FileNet	JIMS
Kofax Software	JIMS
Production Support software TOAD 7 licenses	JIMS
Documentation library CONFLUENCE 500-Users	JIMS
Infrastructure Services	JIMS
Oracle Database server maintenance (4)	JIMS
Jury system	JIMS
Document Management support Kofax/Itxt	JIMS
JIMS Backup System	JIMS
FY21 SW Maintenance UFTE 3 Licenses	JIMS
Requirements Software	JIMS

VI. Section 205: HRS §706-649 - Probation Services Special Fund

The Probation Services Special Fund provides the means for statewide evidence-based training and certification for Probation Officers (POs), which enables them to work with offenders to target criminogenic factors and effectuate prosocial thinking and change. The training covers motivational interviewing, cognitive behavior techniques, and collaborative casework, as well as national trends and best practices. It also funds required training for all POs to become certified in using the risk assessment tool. This training and certification are absolutely vital to POs' effectiveness and to the safety of the POs, office staff, and clients—during field visits, home visits, and in-office visits. This Fund also funds maintenance costs for the statewide Adult Probation case management system and the statewide risk assessment and case planning system. The assessments captured in this database include sex offenders, domestic violence offenders, and high-risk drug offenders, and provide management of risk classification and case planning for offenders.

Abolishing the Probation Services Special Fund pursuant to Section 205 of this bill would lead to the following devastating impacts:



- Reduced resources for supervision and activities of POs of over 18,000 offenders statewide.
- Loss of six positions that assist with the supervision of offenders which will impact the workload of the remaining staff, and likely result in overworked staff that could affect public safety.
- Jeopardized training and certification of POs statewide on risk assessments and evidence-based components, which could result in less skilled and trained POs and a negative impact on public safety.
- Jeopardized safety of POs due to the lack of training and certification.
- Possible non-compliance with Federal Interstate Compact rules.

Six positions are typically funded by the Probation Services Special Fund: two PO positions, three Social Service Assistant positions, and one clerical position. All of these positions support offender supervision statewide. Notably, four of the six positions have been left vacant to save costs to the fund. Additional efforts to reduce costs to the fund include using general funds to cover the costs of the systems maintenance noted above. However, these cost-saving measures are not sustainable long-term.

Additionally, removing the Interstate Compact Application Fee as a revenue source for the Probation Services Special Fund will cause serious repercussions for the State of Hawai'i. The Interstate Compact for Adult Offender Supervision is a compact agreement between all 50 states, including District of Columbia, Puerto Rico, and the US Virgin Islands. The compact was established to control the movement of offenders on probation and parole leaving and entering the State of Hawai'i. The compact is subject to federal rules that are supported by HRS§ 353B-1 through 353B-6. Compact states face sanctioning for non-compliance with Federal Interstate Compact rules. Sanctioning includes remedial training, large monetary fines, legal action in Federal Court, and suspension of the compact. States are subject to annual National audits. The interstate coordinator monitors the tracking system to ensure that the state stays in compliance.

Payments of the Interstate Compact Application Fee are placed in the Probation Services Special Fund to support the Interstate Compact Offender Tracking System (ICOTS) coordinator position. This position is vital to the compliance of the federal rules. The position manages and maintains the statewide ICOTS. In addition, the position is responsible to respond to state inquiries, track offenders leaving the state and entering the State of Hawai'i, and monitoring the interstate activities of probation and parole officers. This position was recently vacated as the incumbent retired. Due to the declining revenue in the fund, a decision was made to temporarily suspend hiring until the fund can be replenished. Due to COVID-19 and travel restrictions from Compact states, there has been a reduction in the number of interstate compact transfer cases. This reduction, however, is only temporary because as travel becomes more accessible, there will be an increase in the number of interstate and intrastate transfer cases. This increase will compel the need to fill the coordinator position. Currently, the State of Hawai'i has 404 probation and parole offenders that fall under the federal rules of the compact.



In short, this special fund is already having difficulty fully supporting activities that protect and advance public safety. Repealing this special fund will have significant, long-lasting effects on public safety.

VII. Section 206: Amending HRS §§286G-3(d), 353B-6, 580-10(e), 586-4(f), 586-11(b), 607-4(a), 607-5(a), and 706-648(4)

As the Judiciary opposes the repeal of its special funds reflected in HB1299, it accordingly opposes the diversion of collections associated with these funds to the general fund. The HRS Sections referenced in Section 206 of HB1299 that relate to collections were intended to support and sustain the respective special funds as there was a clear nexus between the fund objectives/goals and the fees/fines imposed on its users or recipients. However, Section 206 of HB1299 proposes to divert the collections to the general fund instead, with no additional general fund assistance to the Judiciary to address long-standing critical operational needs that have been fulfilled by the special funds.

VIII. Section 207: First Judicial Circuit Fund, Account Code S-317-J

The First Judicial Circuit Fund, account code S-317-J, referenced in Section 207 of House Bill 1299, is an account established and managed by the Department of Accounting and General Services (DAGS). DAGS uses this account to allocate all of First Circuit special funds to the Judiciary through its appropriation warrants. After DAGS issues the appropriation warrants, the First Circuit then transfers the funds from account code S-317-J to the other special fund appropriation codes, in order to establish the appropriation ceiling for the special funds that include the Driver Education Special Fund, Probation Services Special Fund, Spouse and Child Abuse Special Account, and Parent Education Special Fund. The account balance in account code S-317-J is depleted after the allocation to each of the First Circuit special funds, and only serves as a temporary “holding” account and is not intended to sustain an ongoing balance. Therefore, repealing this fund will impact DAGS’ process for the distribution of special fund appropriations to the Judiciary.

Thank you for the opportunity to testify on this measure.



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Testimony of
Gwen Yamamoto Lau
Executive Director
before the
HOUSE COMMITTEE ON FINANCE

Tuesday, March 2, 2021
1:00 P.M.
State Capitol, Conference Room No. 306 & Videoconference

In consideration of
HOUSE BILL NO. 1299
RELATING TO STATE FUNDS

Chair Luke, Vice Chair Cullen, and Members of the Finance Committee:

Thank you for the opportunity to testify and provide comments on House Bill 1299, relating to State Funds. This bill proposes to repeal various non-general funds and transfer balances to the general fund. The Hawaii Green Infrastructure Authority (“HGIA”) respectfully **opposes** this bill.

With the state’s current fiscal crisis, as per this measure, it is the state’s fiscal responsibility to identify sources of capital that may be tapped to augment the budget shortfall and minimize, to the extent possible, disruption in services and programs for our taxpayers and communities. I applaud the legislature’s leadership and fiscal stewardship, and would like to highlight the unique circumstances of HGIA’s funds, to provide the Legislature pertinent and important information, including possible risks, to include in its evaluation and decision-making.

In 2014, on behalf of the ratepayers of the Hawaiian Electric Companies (“HECO”), the state issued a Green Energy Market Securitization (“GEMS”) Bond. This bond is neither an obligation of the State of Hawaii nor is it being repaid by taxpayer funds. It is the sole obligation of HECO ratepayers and is being repaid by the Green Infrastructure Fee (“GIF”) assessed and collected monthly by HECO. On a monthly basis, HECO wires the GIF collected to the GEMS Bond Trustee’s account (368). Per the Bond Indenture Documents, the Bond Trustee utilizes the funds deposited to make the required semi-annual principal and interest payments to the bondholders.

The GEMS bond was issued to capitalize the GEMS financing program administered by HGIA (367, 370 and 395). The GEMS bond was designated as a “Green Bond” with State representations and warranties that the proceeds shall be used specifically to fund a green infrastructure loan program (the “Hawaii Green Infrastructure Loan Program”) for the financing of environmentally beneficial projects. Additionally, the State further pledged, as follows:

...“the State will not take or permit any action that impairs the value of the Green Infrastructure Property under the Financing Order, or reduce, alter, or impair the Green Infrastructure Fee that is imposed, charged, collected, or remitted for the benefit of the Bondholders and any Financing Parties, until all principal, interest, and redemption premium, if any, in respect of the Bonds, all Financing Costs, and all amounts to be paid to a Financing Party under an Ancillary Agreement are paid or performed in full or unless adequate provision has been made by law for the protection of Bondholders and other Financing Parties.”

Bondholders have a number of remedies in the event of default, including acceleration of maturity and prepayment of the bond in full, which has a current principal balance of \$92.4 million.

For those reasons stated above, HGIA’s bond fund should not be repealed with balances transferred to the general fund as it must be maintained by the bond Trustee, U.S. Bank. Similarly, HGIA’s program funds should be maintained in a special fund, restricted per bond covenants, for the Hawaii Green Infrastructure Loan Program.

Thank you for this opportunity to testify and provide comments on HB 1299.



HAWAII

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CULTURE and the ARTS

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**TESTIMONY OF THE STATE FOUNDATION ON CULTURE AND THE ARTS
TO THE HOUSE COMMITTEE ON FINANCE
Tuesday, March 2, 2021, 1:00 p.m. CR 308
H.B. 1299
RELATING TO NON-GENERAL FUNDS**

Chair Sylvia Luke and members of the Committee, I am Jonathan Johnson, Executive Director of the State Foundation on Culture and the Arts (SFCA), and grateful for the opportunity to testify **OPPOSING** H.B. 1299.

The Works of Art Special Fund, outlined in section 103-8.5 HRS, comprises one percent of all State fund appropriations for capital improvements (CIP) for construction cost element. The percent-for-art law was created in 1967 based on the intrinsic relationship between art and architecture, where art is included as an essential part of the architectural plan, providing access and education to the people of Hawaii. Hawaii was the first state in the nation to adopt a percent-for-art law where 1% of the construction appropriation is set aside for art in State buildings.

Transferring funds from Works of Art Special Funds (S-319, S-359, S-366, S-400) would have a negative impact on the State's finances. Generally, the State's CIP projects are funded using tax-exempt GO bonds. The Internal Revenue Service does not allow such bonds to be used for operating expenses, therefore transferring the unencumbered balances to the General Fund would not qualify. Based on our discussions with the Office of the Attorney General and Department of Budget and Finance, violations of this provision may subject the State to adverse tax consequences, such as the loss of the Federal tax exemption on the bonds. Additionally, if the State lost the tax-exempt status on bonds that were already issued, it could subject the State to lawsuits from investors whose interest income from the bonds has become taxable. An additional negative impact would be the likelihood of the State's bond rating being adversely affected and higher interest rates (resulting in higher interest expense) on taxable bonds. Additionally, diversion of funds contributed by the Department of Transportation would compromise the future funding by the Federal Aviation Administration.

Purpose of Account: The Works of Art Special Fund is necessary for program operations and payroll for 18 FTE staff. Expenditures for S-319 Works of Art Special Fund are restricted for use according to Chapter 103-8.5 Hawaii Revised Statutes including the acquisition, interpretation, conservation and transportation of works of art.

Abolishing Works of Art Special Funds as listed in H.B. 1299 would eliminate 77% of the State Foundation on Culture and the Arts' annual budget forcing the agency to cease much of its current operations and programs, all of which are reflected in our [2020 Annual Report](#). The State Foundation on Culture and the Arts is an excellent steward of the Works of Art Special Fund which is closely monitored through agency policy and strategic plan, audit, Board of Commissioners, fiscal reporting and oversight by DAGS Administrative Services office. The elimination of 103-8.5 throughout Chapter 9 and abolishing the Works of Art Special Fund (S-319-M), eliminates the State's ability to support culture and arts state-wide in a meaningful way, including outreach to underserved areas and vulnerable communities that may not otherwise have access to the arts.

If the goal of H.B. 1299 is to eliminate section 103-8.5, HRS along with its restricted use, it would not constitute savings to the State, as the State would assume a significant increase in general fund appropriation to support the operations of the art museum and associated projects and programs, as well as \$1,350,777 for 18 FTE positions and associated collective bargaining costs that are funded through the Works of Art Special Fund.

Works of Art Special Funds identified in H.B. 1299

Fund	Fund Name	Amount
S-319-M	Works of Art Special Fund	\$8,953,391.65
S-359-M	State Foundation on Culture and the Arts	\$363.00
S-366-M	Works of Art Special Fund	\$250,000.00
S-400-M	No.1 Capitol Dist Bldg Access Impr, Oahu-I	\$0.00

Fund: S-319-M Fund Name: Works of Art Special Fund Amount: \$8,953,391.65

Purpose of Account: The unencumbered cash balance of S-319 Works of Art Special Fund is a necessary reserve to continue program operations and payroll for 18 FTE staff. This account is active.

Source of Revenue: Per 103-8.5 HRS, There is created a works of art special fund, into which shall be transferred one per cent of all state fund appropriations for capital improvements designated for the construction cost element; provided that this transfer shall apply only to capital improvement appropriations that are designated for the construction or renovation of state buildings. The three-year average annual revenue to the fund of \$4,783,253 does not reflect the current status of the fund. Revenue to the fund fluctuates year to year due to a variety of factors. Income revenue for S-319 for FY 21 July 1-December 2020 was only \$15,520.

Fund: S-359-M Fund Name: State Foundation on Culture and the Arts Amount: \$363.00

Purpose of Account: State Capitol Monument Master Plan. The Hawaii Capital Special District Master Plan provides the Department of Accounting and General Services (DAGS) Planning Branch and State Foundation of Culture and Arts (SFCA) with a policy tool to manage the art assets in the capital. The project balance remains in this account.

Source of Revenue: Works of Art Special Fund transfer from S-319 to S-359.

Fund: S-366-M Fund Name: State Foundation on Culture and the Arts Amount: \$250,000.00

Purpose of Account: Per Act 281 2013, appropriated special funds to install Permanent Works of Art to honor United States Senator Daniel K. Inouye. On March 25, 2020 the SFCA board approved the commissioning of artist Sean K.L. Browne to create a monument to Daniel K. Inouye. Funds are necessary to initiate the project contract.

Source of Revenue: Works of Art Special Fund transfer from S-319 to S-366.

Fund: S-400-M Fund Name: No.1 Capitol Dist Bldg Access Impr, Oahu-I Amount: \$0.00

Purpose of Account: Account was created improvements project at the No. 1 Capitol District Building.

Source of Revenue: Not active.

While we recognize the financial challenges faced by the State due to the pandemic, we are aware that transferring the balances of the Works of Art Special Fund to the State’s General Fund would ultimately jeopardize the State’s finances in addition to imposing dire financial consequences to a vulnerable sector in our community.

Thank you for the opportunity to submit written testimony on this matter.

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
TESTIMONY OF
THE ENHANCED 911 BOARD
TO THE HOUSE COMMITTEE ON FINANCE
HOUSE BILL 1298 RELATING TO STATE FUNDS
HOUSE BILL 1299 RELATING TO NON-GENERAL FUNDS

Aloha Chair Luke and members of the Committee,

Under the federal and New and Emerging Technologies 911 Improvement Act of 2008, P. L. No. 110-283 ("911 Act"), 911 fees are "obligated or expended only in support of 911 and enhanced 911 services, or enhancements of such services, as specified in the provision of State or local law adopting the fee or charge." Consequently, the federal 911 Act precludes any diversion of the Fund to other purposes not authorized by the state statute or regulation to establish those fees, such as a transfer to the General Fund. The penalty for a first-time violation of the federal 911 Act is a fine of not more than \$10,000 or imprisonment for a term not exceeding one year, or both.

It must be noted that the federal government has become more aggressive in its attempts to discourage the diversion of 911 funds. They have disqualified states that have raided 911 funds from receiving Federal 911 grants. See *Next Generation 9-1-1 Advancement Act of 2012, Public Law 112-96, 126 Stat. 240*. Also, an anti-911 fee diversion provision has been included in HR 113 (COVID Relief Legislation).

The transfer of E911 Funds, which are derived from surcharges, and not tax revenues, is also likely to be considered a violation of the Hawaii Constitution. The Hawaii Supreme Court held that the Legislature does not have the power to transfer moneys from special funds to the General Fund when those moneys in the special funds are derived from regulatory fees and not general tax revenues. See *Hawaii Insurers Council v. Lingle*, 120 Hawaii 51, 201 P.3d 564 (2008).

The unencumbered balance of \$17.7 million listed in H.B. 1298 under the Enhanced 911 Board is not "excess funds." This balance represents funds earmarked for the County Public Safety Answering Points' transition to Next Generation 911 (NG911). In April 2020, the Board engaged an NG911 Consultant to develop a state NG911 Plan for all the counties in the State of Hawaii. The consultant's initial cost estimate for implementing the NG911 system amounts to approximately \$20 million over four years. H.B. 1298 and H.B. 1299 propose to transfer the unencumbered balance in the Enhanced 911 Fund (the Fund) to the General Fund. This transfer will delay or cancel the implementation of this emerging technology to the detriment of the State of Hawaii. A fully operational NG911 system enables the public to send texts, photos, videos, location accuracy, and other data to 911 centers, all of which will significantly improve emergency response times and save lives and property.

Our residents who contribute monthly surcharge fees into the Enhanced 911 Fund expect their fees to be used to maintain and improve the E911 system and not diverted to the General Fund for unrelated matters.

For the above reasons, the Enhanced 911 Board **strongly opposes** H.B. 1298 and H.B. 1299.



Hawai'i Convention Center
1801 Kalākāua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourism-authority.org

David Y. Ige
Governor

John De Fries
President and Chief Executive Officer

Statement of
JOHN DE FRIES

Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON FINANCE

Tuesday, March 2, 2021
1:00 PM
State Capitol, Conference Room #306
via videoconference

In consideration of
HOUSE BILL NO. 1299
RELATING TO NON-GENERAL FUNDS

Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance: the Hawai'i Tourism Authority (HTA) **opposes** House Bill 1299, which repeals various non-general funds of various state departments and transfers unencumbered balances to the credit of the general fund.

HTA has substantial work ahead in supporting the economic recovery from the COVID-19 pandemic through the revitalization of the visitor industry. Since April 26, 2020 HTA has not received funding from the Transient Accommodations Tax (TAT) after the governor suspended disbursements in his Sixth Supplementary Emergency Proclamation for COVID-19. No additional funds are anticipated through the end of fiscal year 2021.

The consequence of the suspension of TAT funds resulted in a reduction of HTA's FY20 budget from \$86.7 million to \$40.9 million in FY21. That's a 53% reduction or \$45.8 million year-over-year. In addition, ahead of the governor's official directive, HTA implemented a hiring freeze, which resulted in six vacant positions, amounting to a 19% vacancy rate.

HTA's statutory annual allocation of \$79 million to the Tourism Special Fund (TSF) and \$16.5 million to the Convention Center Enterprise Special Fund (CCESF) are essential to support HTA in its mission to strategically manage Hawai'i tourism in a sustainable manner consistent with economic goals, cultural values, preservation of natural resources, community desires and visitor industry needs.

Four strategic pillars guide HTA's work and represent a comprehensive approach toward the goal of a balanced visitor industry – one in which brand marketing strengthens tourism's contributions to Hawai'i's economy, diverse communities, indigenous culture, and unparalleled natural beauty. The guiding principle that connects the four pillars is *Mālama Hawai'i* or to care for our island home. In the immediate term, that means implementing plans for tourism's recovery, and in the long term, that means innovation and transformation toward regenerative tourism.

This work across the four pillars means that for every dollar the state invests in HTA through the TSF and CCESF, the state receives back \$21.68 to support the myriad of needs the Legislature responds to each year. Our successful return on investment, in partnership with the visitor industry, is tied to the ability to be flexible in the budget and fluid in the activities – proactively and reactively deploying funds, including carryover funds at varying levels – at the appropriate time in anticipation of market conditions and needs.

The current pandemic is an example of this necessary flexibility. Understanding the markets' conditions, HTA significantly deferred spending in FY21 with plans to use those funds to saturate branding activities in FY22, in anticipation of a full relaunch of tourism. Our capability to do so and pivot direction would be significantly constrained if operating through the state's general fund without the ability to prior year's funds.

HTA's Board of Directors have significant oversight over the HTA budget. In developing the budget, we undergo a very detailed and thorough process that ultimately requires HTA Board approval. At HTA's January 2021 Board of Directors meeting, a new Budgetary Review Investigative Committee was formed that will also be playing a significant role in HTA budget matters. Staff reports budgetary and financial information to the board on a monthly basis and there is close collaboration with the respective tourism subject matter committees of the Legislature.

Visitor arrivals to the state are critical to reducing Hawai'i's unemployment rate of 9.3%, the highest in the country according to the January State Employment and Unemployment Summary report issued by the U.S. Bureau of Labor Statistics. Every 48 visitors to the state represent one job supported by the tourism sector. Competition for visitors post-COVID-19 will be even more fierce than ever before with every tourism destination competing for the same high-value avid travelers that Hawai'i is targeting. DBEDT is forecasting 5.5 million visitors in 2021 and 8.3 million in 2022. According to the Council on Revenue's projections presented on January 7, 2021, TAT generated is estimated to be \$198 million in FY21, \$378 million in FY22, and \$458 million in FY23.

Furthermore, the CCESF is integral to supporting the Meetings, Conventions and Incentives (MCI) market and is an important component of tourism's benefits to Hawai'i. In 2019, the MCI market spent \$904.7 million in Hawai'i. The Hawaii Convention Center (HCC), in 2019, held 238 events, directly generated \$396.9 million in revenue for the state, and had an ROI of \$17.26 per dollar expended. At the end of 2019, the HCC had 237,017 tentative room nights in the pipeline with 88,537 room nights closed. Our MCI contract partners are in the process of executing contracts that may bring thousands of people and millions of dollars to Hawai'i, and additionally provide

March 2, 2021

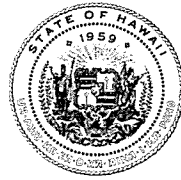
Page 3

much needed stability and job security for Hawai'i's residents. Therefore, it is important to have the ability to continue these efforts to engage with potential clients to lay the foundation for the future of Hawai'i's economy.

The bill as presently drafted would eliminate the CCESF established by HRS 201B-8 and is deleted on pages 58-60 would impede HTA's ability to drive the above stated benefits and the state's economic recovery. In addition, the abolishment of the appropriation codes on lines 15-18 on page 63 would effectively eliminate the TSF, Tourism Emergency Special Fund (TESF) and the Protocol Fund – Hawai'i Tourism Authority all of which are integral to the success of the HTA and by extension the State of Hawai'i.

It is for these reasons that HTA **opposes** HB1299 and requests that the CCESF and appropriation codes applicable to HTA be removed from the bill. Thank you for the opportunity to testify and we are available should the committee have any questions.

DAVID Y. IGE
GOVERNOR
STATE OF HAWAII



WILLIAM J. AILA, JR.
CHAIRMAN
HAWAIIAN HOMES COMMISSION

JOSH GREEN
LT. GOVERNOR
STATE OF HAWAII

TYLER I. GOMES
DEPUTY TO THE CHAIRMAN

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

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF WILLIAM J. AILA, JR, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON FINANCE
HEARING ON MARCH 2, 2021 AT 1:00PM VIA VIDEOCONFERENCE

HB 1299, RELATING TO NON-GENERAL FUNDS

March 2, 2021

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

The Department of Hawaiian Home Lands (DHHL) submits testimony in opposition to Part IX of this bill that repeals various non-general funds of DHHL, specifically the Hawaiian Home Administration Account and the DHHL Revenue Bond Special Fund and transfers unencumbered balances to the credit of the general fund.

The proposed repeal of the Hawaiian Home Administration Account and the DHHL Revenue Bond Special Fund would violate §4 and §5(f) of the Hawaii Admissions Act and Article XII of the State Constitution as revenues from available lands may only be used in carrying out the provisions of the Hawaiian Homes Commission Act. Attached is testimony from the State Attorney General Office and a letter from the U.S. Attorney General Office that affirms this premise.

Thank you for your consideration of our testimony.



TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-SIXTH LEGISLATURE, 2011

ON THE FOLLOWING MEASURE:

S.B. NO. 120, S.D. 1, RELATING TO STATE FUNDS.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Wednesday, April 5, 2011 TIME: 4:30 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): David M. Louie, Attorney General, or
Diane K. Taira, Deputy Attorney General

Chair Oshiro and Members of the Committee:

We supplement our earlier submitted testimony to address the legal concerns presented by section 38 of this measure.

Section 38 provides for the "transfer from the Hawaiian home administration account fund to the general fund the sum of \$3,000,000 or so much thereof as may be necessary for fiscal year 2010-2011."

If passed, this provision would violate article XII, section 1, Constitution of the State of Hawaii ("State Constitution"), which provides that "[t]he proceeds and income from Hawaiian home lands shall be used only in accordance with the terms and spirit of [the Hawaiian Homes Commission Act]." Inasmuch as the Hawaiian home administration account is comprised of proceeds and income from Hawaiian home lands, the proposed transfer of funds would be a constitutional violation.

Section 38 would also violate article XII, section 3, of the State Constitution, for two reasons. First, it provides that the Hawaiian home-loan fund "shall not be reduced or impaired by any . . . amendment, whether made in the constitution or in the manner required for state legislation." Section 213(f)(3), Hawaiian Homes Commission Act, provides that any

amount in the Hawaiian home administration account (the account from which this measure would seek to transfer funds) "which is in excess of the amount approved by the legislature or made available for the fiscal period may be transferred to the Hawaiian home operating fund." This measure, if passed, would impair the Hawaiian Home-loan fund, violating article XIII, section 3.

Further, this measure would violate the provision of article XII, section 3, which states that "all proceeds and income from the 'available lands,' as defined by [the Hawaiian Homes Commission Act], shall be used only in carrying out the provisions of such Act." The moneys in the Hawaiian home administration account are proceeds from available lands. The proposed transfer of moneys from this fund would therefore violate our State Constitution for this additional reason.

For the foregoing reasons, we recommend that section 38 of this measure be deleted.

Congress of the United States
House of Representatives
Washington, D. C.

September 30, 1968

Dear Friend:

Thank you for bringing to my attention your concern regarding H.R. 11133, introduced by Congressman Walter Baring of Nevada, a copy of which I attach for your information. As you can readily see, I did not introduce this bill.

Furthermore, this bill has been killed at my request, and is not a matter pending before this Congress.

Gross distortion and misrepresentation by certain opponents of progress in Hawaii continue despite all efforts to explain what the bill proposed.

H.R. 11133 did not in any way alter, amend, or change the provisions of the Hawaii Statehood Act with regard to the Hawaiian Homes lands or the Hawaiian Homestead Act. I defy anyone to show otherwise!

I attach a copy of the bill, and hope that you will read it and check out my statement. Nothing in this bill refers to the Hawaiian Homestead Act which is Section 4 of the Hawaii Statehood Act. All H.R. 11133 sought to amend was Section 5(f) of the Hawaii Statehood Act and similar clauses in the Statehood Acts for Arizona and New Mexico so that the people of these States would have the same sovereign rights as the rest of the 47 States of the Union with respect to the lands given to them by the Federal Government.

The Hawaiian Homestead Act was part of the Organic Act, and was totally incorporated in the Hawaii Statehood Act, without change. Only a direct and specific Act of Congress, amending Section 4 of the Statehood Act, could change the law with respect to the Hawaiian homes lands. H.R. 11133 did not refer, affect, or in any way change Section 4!

Even if H.R. 11133 had become law, (and it will not), any misuse of these special Hawaiian homeslands would have constituted a breach of Trust and the Attorney General of the United States would have the power to bring suit against the State for

violation of the Act. I attach a copy of a letter from the Attorney General categorically stating this to be true.

Some people in Hawaii have engaged in a "scare" campaign designed to discredit our State elected officials. These persons have said that H.R. 11133 would have removed the power of the Attorney General to act in case the State violated the law with respect to lands of the Hawaiian Homes Commission. You can judge for yourself who is telling you the truth, by reading the letter of the Attorney General as well as the Bill itself.

You may rest assured that as your elected representative here in the Congress of the United States that I would do nothing ever to jeopardize or threaten in any way the lands and income reserved to the Hawaiian homesteaders.

I appreciate your concern and hope that you will feel free to write to me at all times should there continue to be any further questions about this matter or any other matter in which you are interested.

Aloha,



PATSY T. MINK
Member of Congress

O
P
Y

OFFICE OF THE DEPUTY ATTORNEY GENERAL

WASHINGTON, D. C. 20530

March 14, 1968

Honorable Patsy T. Mink
House of Representatives
Washington, D. C. 20515

Dear Mrs. Mink:

Thank you for the opportunity to respond to the two questions which are of concern to some of your constituents as reflected in their communications to you concerning H.R. 11133, legislation to amend the Enabling Acts of New Mexico, Arizona, and Hawaii. You ask whether the bill amends the Hawaiian Homes Commission Act and whether, after enactment, the Attorney General would still have authority to institute suit for a breach of trust.

As for the first, let me assure you that this legislation does not amend the Hawaiian Homes Commission Act.

With respect to your second question, many states were, in their Enabling Acts, vested with title to lands previously owned by the United States. These lands were given to the states in trust for certain purposes. In the cases of only New Mexico, Arizona and Hawaii do the Enabling Acts contain express provisions concerning suits to be brought by the United States for the breach of any of these trusts imposed upon the use or disposition of the lands or proceeds and rents derived from them. H.R. 11133 was introduced at the request of the Attorney General to eliminate the specific provisions in these three Enabling Acts.

As suggested in the Attorney General's letter to the Speaker, it is his view that no present national interest requires or justifies the continued supervision by a federal officer of the actions of state officers with respect to the trust property. However, you may assure your constituents that in our judgment after enactment of this legislation the Attorney General will be in the same position with respect to his ability to enforce the trust conditions in these three states as he is in all other states. By this I mean that the Attorney General has, and may exercise, inherent authority to enforce the trust provisions and needs no specific legislative authority to do so.

I sincerely hope this information will clear up any questions you or your constituents may have, and welcome your continued support.

If I can be of any further assistance, please let me know.

Sincerely,

/s/ Warren Christopher

WARREN CHRISTOPHER
Deputy Attorney General

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair;
and Members of the House Committee on Finance

From: Isaac W. Choy, Director
Department of Taxation

Date: March 2, 2021
Time: 1:00 P.M.
Place: Via Video Conference, State Capitol

Re: H.B. 1299, Relating to Non-General Funds

The Department of Taxation (Department) offers the following comments on H.B. 1299 for your consideration.

As it relates to the Department's special funds, H.B. 1299 repeals the Tax Administration Special Fund (TASF) established under Hawaii Revised Statutes section 235-20.5 and the Cigarette Tax Stamp Administrative Special Fund (CTSASF) established under HRS section 245-41.5. This measure is effective on July 1, 2021.

Tax Administration Special Fund

There are three types of revenue that go into the TASF: (1) fees collected for comfort rulings and research credit certifications; (2) revenue collected by the Special Enforcement Section (SES); and (3) fines collected for transient accommodations tax advertising violations. The bulk of the revenue deposited into the TASF comes from the revenue collected by SES. Under HRS section 235-20.5(2), any amount in excess of \$2 million collected by SES is deposited into the general fund. Funds deposited into the TASF may be expended on: (1) issuing various types of ruling to taxpayers; (2) issuing research credit certifications; (3) SES operational costs; (4) SES support staff positions; and (5) various taxpayer education costs.

As stated above, the TASF is unique in that, on an annual basis, any amount in excess of \$2 million is already deposited into the general fund. The TASF balance reflects the difference between amount expended from the TASF and the maximum amount of revenue that may be retained under the statute.

The main function of the TASF, in terms of the Department's operations, is that funds all SES operations, including support staff. This funding has been critical as SES is responsible for

enforcing general excise and transient accommodations tax in the vacation rental industry.

The Department's main concern, regarding the TASF, is to provide sufficient funding for SES operations, including payroll and other related expenses. If this measure is to become law, the Department respectfully requests that a general fund appropriation be provided to fund SES operations. By funding SES operations, it can continue its work in the areas of vacation rental and cash economy enforcement.

Cigarette Tax Stamp Administration Special Fund

The only source of revenue that goes into the CTSASF is a portion of the stamp fee collected under HRS section 245-26. The total stamp fee is 1.7 percent of the denominated value of each stamp sold; of which 0.2 percent goes into the CTSASF. Funds deposited into the CTSASF may be expended on: (1) the cost of providing the stamps and administering stamp tax provisions; and (2) other costs deemed necessary effectuate the purposes of HRS chapter 245.

Funds deposited into the CTSASF are used to pay for cost of: (1) printing the cigarette tax stamps; (2) services provided by a financial institution in administering the cigarette tax stamp program authorized under HRS section 245-24 (including collection of payments and delivery); the State Central Services Fee required under HRS section 36-27; and the Special Fund Reimbursement for Departmental Administrative expenses required under HRS section 36-30.

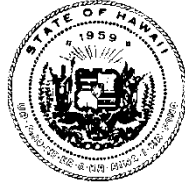
The Department's main concern, regarding the CTSASF, is to have sufficient funds to pay for the costs associated with the administration of the cigarette stamp tax listed above. If this measure is to become law, the Department respectfully requests that a general fund appropriation be provided to fund the cost of administering the cigarette stamp tax. Without this funding, the Department will not be able to administer the tax.

Implementation of H.B. 1299

The Department notes that implementing a repeal of all special funds will require significant development and testing that will span several months. In addition, these changes will require coordination with the Department of Accounting and General Services and the Department of Budget and Finance as these Departments rely on the financial revenue report produced by the Department to perform their respective functions.

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

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

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
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

March 2, 2021 at 1:00 p.m.
State Capitol, Room 308

In consideration of
H.B. 1299
RELATING TO NON-GENERAL FUNDS.

The HHFDC **offers the following comments and requested amendment** to Section 40 of H.B. 1299, which would abolish the Housing Relief and Resiliency Program (S-383-B), and transfer any unencumbered balances to the credit of the General Fund, effective July 1, 2021.

The Housing Relief and Resiliency Program received funds from the State's Emergency and Budget Reserve Fund for which the source of funding was the State of Hawaii allotment of the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted on March 27, 2020, as Public Law 116-136. These federal monies are restricted to provisions of the CARES Act and cannot be transferred to the General Fund.

The remaining fund balances are needed to fund disbursements for salaries, legal fees, and compliance audit in connection to this program. The compliance audit of the funds will be performed by external auditors by June 30, 2021 and payment for audit services is expected to be disbursed by July 31, 2021. Therefore, we respectfully request that Section 40 be amended so that the Housing Relief and Resiliency Program fund, S-383-B, is not abolished on July 1, 2021.

Thank you for the opportunity to testify.



NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

An Authority of the State of Hawaii attached to the Department of Business, Economic Development & Tourism



Written Statement of
Gregory P. Barbour
Executive Director
Natural Energy Laboratory of Hawaii Authority
before the

HOUSE COMMITTEE ON FINANCE

Tuesday, March 2, 2021
1:00 pm
State Capitol, Conference Room 308

in consideration of
HB 1299
RELATING TO NON-GENERAL FUNDS.

The Natural Energy Laboratory of Hawaii Authority (NELHA) is opposed to H.B. 1299 which eliminates the enabling language for the NELHA special fund in Chapter 227D HRS.

NELHA is a self-sufficient agency that receives no general funds for our operations. Revenue is obtained from the rental of land and the sale of seawater to the various businesses in the 900-acre Hawaii Ocean Science and Technology Park in Kailua-Kona which administered by NELHA. It would be very problematic for NELHA to maintain its current operations without a special fund account.

The Office of the Auditor issued a report titled "Review of the Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Business, Economic Development and Tourism" in January 2020 (No. 20-01). Their review of the NELHA Special Fund states on

page 32 “This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.”

Thank you for the opportunity to offer these comments.

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

TO THE
HOUSE COMMITTEE ON
FINANCE

March 2, 2021
1:00 p.m.

Chair Luke and Members of the Committee:

MEASURE: H.B. No. 1299

TITLE: RELATING TO STATE FUNDS.

DESCRIPTION: Repeals various non-general funds of the department of agriculture; department of business, economic development, and tourism; department of land and natural resources; department of education; university of Hawaii; department of Hawaiian home lands; judiciary; department of human services; department of labor and industrial relations; department of accounting and general services; department of the attorney general; department of budget and finance; department of human resources development; office of the governor; department commerce and consumer affairs; department of taxation; department of public safety; and office of Hawaiian affairs. Transfers unencumbered balances to the credit of the general fund.

POSITION:

The Public Utilities Commission (“Commission”) opposes this measure and offers the following comments for consideration.

COMMENTS:

The Commission opposes this measure, which would repeal various non-general funds, including the Public Utilities Commission Special Fund (“PUC Special Fund”). The PUC Special Fund is the primary source of funding for the Division of Commerce and Consumer Affairs’ Public Utilities Commission and Division of Consumer Advocacy (“Consumer Advocate”) programs.

Funding the Commission and Consumer Advocate through a special fund supports the independence of these organizations and is the predominant mode of funding for similar programs in other states. Eliminating the PUC Special Fund would require significant operational changes and hinder the State's ability to pursue its energy goals.

For these reasons and others, the Commission opposes this measure and respectfully requests that, should this measure proceed, all changes to the PUC Special Fund be removed from the bill.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR

JOSH GREEN
LIEUTENANT GOVERNOR



ANNE E. PERREIRA-EUSTAQUIO
DIRECTOR

JOANN A. VIDINHAR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.labor.hawaii.gov

March 2, 2021

To: The Honorable Sylvia Luke, Chair,
The Honorable Ty J.K. Cullen, Vice Chair, and
Members of the House Committee on Finance

Date: Tuesday, March 2, 2021
Time: 1:00 p.m.
Place: Conference Room 308, State Capitol

From: Anne Perreira-Eustaquio, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 1299 RELATING TO NON-GENERAL FUNDS

Chair Luke, Vice Chair Cullen, and Members of the Committee,

Thank you for the opportunity to comment on this measure that provides a full accounting of non-general funds including those under the DLIR. The department offers the following comments pertaining to PART XII:

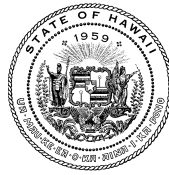
Sections 215-217 & 222: the department prefers that the amount and fund remain for the purposes of 383-127, Hawaii Revised Statutes (HRS).

Section 221: the department prefers that \$200,000 remain in the fund for the purposes of 371-12.5, Hawaii Revised Statutes (HRS).

Section 218: the department notes that the current balance in the fund is \$4,550,860 for the purposes of 383-128, HRS. However, the RUDDER program will provide up to \$3,000,000 to employers for training and retention incentives. Further, this account is used to pay for the agreement with the U.S.DOL regarding its collection and could raise a conformity issue if it is abolished.

Section 225: the department prefers that \$200,000 remain in subsection (2) S-351-L, the amount of \$1,550,860 remain in subsection (5) S-316-L remain, and subsection (7) S-313-L remain intact.

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



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

House Committee on Finance

Tuesday, March 2, 2021
1:00 p.m.
Via Videoconference
Hawaii State Capitol, Room 306

House Bill 1299, Relating to Non-general Funds

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Board of Education ("Board") opposes HB1299, which would repeal several non-general funds, including several Department of Education and Hawaii State Public Library System special funds and fees.

The Board supports proposed legislation that preserves funding and resources for student learning at the classroom level and addresses funding needs for the public library system, and the Board is concerned that this measure would result in the opposite effect.

Many of the funds and fees that this measure would repeal support schools and the classroom level and are important to fulfilling the Department of Education and Hawaii State Public Library System's respective missions.

Thank you for this opportunity to testify on behalf of the Board.

A handwritten signature in black ink that reads "Catherine Payne".

Very truly yours,

Catherine Payne
Chairperson, Board of Education
Chairperson, 2021 Legislative Ad Hoc Committee

DAVID Y. IGE
GOVERNOR

CURT T. OTAGURO
COMPTROLLER



ROSS I. YAMASAKI
CHAIRMAN, STADIUM AUTHORITY

SCOTT L. CHAN
MANAGER

RYAN G. ANDREWS
DEPUTY MANAGER

An Agency of the State of Hawaii

TESTIMONY
OF
SCOTT L. CHAN, MANAGER
ALOHA STADIUM
STADIUM AUTHORITY
TO THE
HOUSE COMMITTEE
ON
FINANCE

MARCH 2, 2021, 1:00 P.M.
CONFERENCE ROOM 306

H.B. 1299

RELATING TO NON-GENERAL FUNDS

Chair Luke, Vice Chair Cullen, and members of the Committee, thank you for the opportunity to submit this testimony opposing HB 1299, specifically as it relates to repealing Section 109-3 Stadium special fund and further directs all moneys received to be deposited to the general fund.

We believe it is important to share several critical and integral points regarding the Stadium Authority's current financial condition, its operational limitations, and the resultant need to request an emergency appropriation to complete the current fiscal year 2021, as well as provide working capital to begin the following fiscal year.

Impact of HB 1299 on the Stadium Special Fund:

Given that the operation of the Aloha Stadium is 100% special funded, the impact of repealing the stadium special fund (SF) would be financially devastating and immediately shut down the Aloha Stadium from continuing its operations. It would have a devastating negative effect from both a financial standpoint and from a continuity of services standpoint. **The Stadium Special Fund is NOT a supplementary fund** of the Stadium Authority. It is the primary and only source of funds that financially supports the operations of the Aloha Stadium that includes Personal Services and Other Current Expenses.

The Stadium's financial model is structured such that the stadium SF supports 36.50 FTE personnel and related other current expenses. Without a SF in which to deposit revenues, there is impact to the program on both a short-term and long-term basis by also affecting the development and operation of

the stadium development district. By virtue of being 100% special funded, the stadium's operational model is inherently structured as a revenue driven commercial enterprise, incentivized to generate revenue or face insolvency. Going any other direction would be counterproductive to an incentivized-commercial enterprise model that it has been successfully operating under for over 45 years.

The operation of the Stadium Authority is most effective and efficient when structured and operated as a commercial enterprise model. This is a very important factor in ensuring that staff assertively pursue and capitalize on revenue generating opportunities to maximize revenue that will ensure long-term solvency of its operation.

It is important to note that the Stadium Authority has already moved forward with the planning process to build a new stadium and development of a sports and entertainment district. Continued operations of the current program will ensure a seamless and smoother transition to the district.

Finally, operating over the past 12 months in a COVID-19 environment has forced severe constraints, restrictions, and limitations on stadium operations that have significantly limited both the quantity and size of events and as a result, has severely and negatively impacted the Authority's ability to generate revenue to sustain its operation. These restrictive adjustments have devastated the Stadium's financial cashflow and have forced the Stadium Authority to seek a \$1,500,000 emergency appropriation (HB879 & SB1033, SD1) to continue to fund its already scaled down operation. In addition to the E/A, a biennium budget request has been submitted in the amount of \$2.587M for year one of the biennium (FY 2022). A repeal of the Stadium Special Fund would go counter-productive to all of the plans that have been developed to date.

We truly understand the state's financial predicament and respect the Legislature's requirement to balance the state budget; however, we believe it is important and imperative to share how HB 1299 will have a significant negative impact and repercussions on all that has been developed to date and all that is necessary to move forward.

Thank you for the opportunity to share with the legislature, the negative impact of HB 1299. We appreciate your ongoing support and guidance over the years and for the opportunity to provide this testimony in opposition of HB 1299.


OFFICE OF HAWAIIAN AFFAIRS
‘Ōlelo Hō‘ike ‘Aha Kau Kānāwai
Legislative Testimony

HB1299
RELATING TO NON-GENERAL FUNDS
Ke Kōmike Hale o ka ‘Oihana ‘Imi Kālā
House Committee on Finance

Malaki 2, 2021

1:00 p.m.

Lumi 308

The Office of Hawaiian Affairs (OHA) **OPPOSES** HB1299, which would, among other things, seek to abolish three (3) non-general funds associated with OHA and transfer the entire unencumbered balance of these funds to the credit of the state’s general fund. As these three non-general funds contain monies set aside or derived from Native Hawaiian trust funds, OHA opposes this measure as an infringement on the constitutional and statutory authority of the OHA Board of Trustees to exclusively manage Native Hawaiian trust funds for the betterment of conditions of Native Hawaiians.

As background, the Hawai‘i Admission Act and the Hawai‘i State Constitution established the Public Land Trust for the betterment of the conditions of native Hawaiians and for the general public. The Public Land Trust comprises over one million acres of former government and crown lands of the Kingdom of Hawai‘i, seized as part of the Kingdom’s unlawful overthrow without compensation to, or consent by, the Hawaiian people.

Article XII, section 6 of the Hawai‘i State Constitution entrusts the OHA Board of Trustees with the responsibility to manage and administer Public Land Trust funds set aside for Native Hawaiians. In furtherance of this responsibility, state law grants the OHA Board of Trustees the power to “manage, invest, and administer the proceeds from the sale or other disposition of lands, natural resources, minerals, and income derived from whatever sources” for Native Hawaiians and to “collect, receive, deposit, withdraw, and invest money and property” for OHA. Hawai‘i Revised Statutes §10-5(1), (3). Although OHA reports on its non-general funds to the state Legislature, this reporting does not alter the status of these monies as Native Hawaiian trust funds or diminish the exclusive authority of the OHA Board of Trustees over these monies. These monies are Native Hawaiian trust funds and should not lapse to the credit of the general fund.

Given the underlying character of the OHA non-general funds identified in this measure and the exclusive authority of the OHA Board of Trustees over the monies in these funds, **OHA respectfully requests that the Committee delete Part XXI of this measure in its entirety.**

Mahalo nui for the opportunity to testify on this measure.

HB-1299

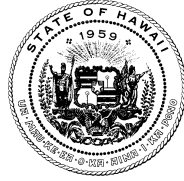
Submitted on: 3/1/2021 11:21:51 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kristin Davidson	Hawaii State Judiciary	Support	No

Comments:

I am a Judiciary team member available to support our testifier (Rodney Maile) in the event there are any questions on HB1298 and HB1299.



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

HOUSE COMMITTEE ON FINANCE
Tuesday, March 2, 2021
1:00 pm
Via Video Conference, State Capitol Room 306

By Stacey A. Aldrich
State Librarian

H.B. 1299 RELATING TO NON-GENERAL FUNDS

To: Chair Sylvia Luke
Vice Chair Ty Cullen
Members of the House Committee on Finance

The Hawaii State Public Library System (HSPLS) **strongly opposes** House Bill 1299, relating to non-general funds, which repeals various non-general funds and accounts and transfers unencumbered balances to the general fund.

The Library Fee for Enhanced Services Program is established pursuant to HRS section 312-21 to allow HSPLS to charge fees for additional services provided at public libraries. The types of fees include DVD rentals, community meeting room rentals, passport processing, test proctoring, and photocopying.

Expenses related to providing additional services cannot not be absorbed by HSPLS' general fund appropriation as our proposed budget has been substantially reduced. Revenue from this special fund has also helped to supplement statewide purchases of books and library materials, as the Library Special Fund does not generate enough funds to support all 51 public library branches.

Below are revenues collected by the Library Fee for Enhanced Services Program Special Fund for the last two fiscal years and the first half of FY2021:

<u>FY2019</u>	<u>FY2020</u>	<u>FY2021 (7/1/20 – 12/31/20)</u>
\$913,274.90	\$737,460.53	\$59,279.88

Additionally, each year, we strive to start off a fiscal year with approximately \$1 - \$1.5 million in the special fund to ensure that there is no gap in funding at the start of the next fiscal year, as well as to help offset any impacts that might affect revenue collection during the fiscal year. The carryover also ensured that there would always be a minimum level for collection expenses.

Despite all of the revenue generating fees and services assessed by HSPLS, special fund revenues have not been able to independently support the collection needs of our 51 branch libraries statewide. Furthermore, the cost of purchasing materials has substantially increased due to the number of different formats now being purchased and much higher pricing for leased digital content. To provide some context on the budget that we have for collections, the Sacramento Public Library which serves approximately the same population as HSPLS, has a budget of \$6 million for the purchase of books and library materials, and they have only 28 library branches.

At the start of the pandemic, HSPLS recognized the significant economic loss of revenue to the State, and the impact on our community and public libraries. HSPLS knew that we would not be able to generate significant amounts of revenue in the next few years, and therefore, the amount in our special funds would be our *only* source of funding to purchase new books and library materials. The special funds would need to be spent judiciously and last for a few years until pandemic restrictions were lifted and the economy has recovered.

With the recent elimination of funding for vacancies and other budget restrictions, there are little to no alternatives to ensure adequate funding for the purchase of books and library materials except for our special fund savings. Sweeping HSPLS special fund balances would critically hamper our ability to serve our communities at a time when they depend on our resources and services the most.

If H.B. 1299 were to be adopted as is, there will also be a reduction in additional services communities have relied on HSPLS to provide. Neighbor Island and rural communities will be impacted the most as public libraries are the only locations with free or low-cost services available to the general public. Also, as a reminder, this special fund revenue supplements statewide purchases of books and library materials due to insufficient general funds and the Library Special Fund revenue.

Without the Library Fee for Enhanced Services Program Special Fund revenues, it will be very difficult for HSPLS to meet its mission. It would also mean that during a time when our families and communities are trying to recover economically, they will not have access to new, updated and free resources that support their children's education, literacy, learning readiness, and family reading and information needs.

Thank you for the opportunity to provide comments on this measure and the Committee's continued support of the Hawaii State Public Library System.

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

WRITTEN TESTIMONY
OF
CURT T. OTAGURO, STATE COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
COMMITTEE ON FINANCE

TUESDAY, MARCH 2, 2021, 1:00 P.M.
CONFERENCE ROOM 306 VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 1299

RELATING TO NON-GENERAL FUNDS.

Chair Luke, Vice Chair Cullen, and members of the Committee, thank you for the opportunity to testify on H.B. 1299.

The Department of Accounting and General Services (DAGS) supports this measure and will appreciate working with the legislature to collaborate and eliminate excess funding that will not severely impact primary missions. The DAGS ability to respond quickly to rush requests may be impacted depending on the volume of work being done by reduced staffing levels and defunded vacancies.

During these fiscally challenging times, the DAGS endorses all efforts to streamline government operations and become a more efficient and lean organization. To achieve success, it will require everyone to work together collaboratively. Our team will continue to find more efficient methods to satisfy program missions while eliminating outdated procedures and tasks.

Thank you for the opportunity to submit testimony on this matter.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
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 CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1299**

**March 2, 2021
1:00 p.m.
Via Videoconference**

RELATING TO NON-GENERAL FUNDS

The Department of Budget and Finance (B&F) has serious concerns with House Bill (H.B.) No. 1299, Relating to Non-General Funds.

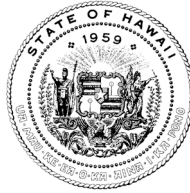
H.B. No. 1299 proposes to repeal various non-general funds and accounts, re-direct non-general fund revenues to the general fund and transfer unencumbered balances to the general fund. This bill is intended to trigger a full accounting of various non-general funded program objectives, performance, and results by repealing or abolishing those non-general funds.

As a matter of general policy, B&F does not support the establishment or continuance of any special or revolving fund which does not meet the requirements of Section 37-52.3 or Section 37-52.4, HRS, respectively. Special and revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining.

However, B&F cautions that blanket repealing or amending a significant number of non-general funds and accounts could result in unintended consequences. B&F believes a thorough review is needed before such actions are taken to ensure that critical programs are appropriately funded.

B&F defers to the respective departments for comment on the impact of the proposed elimination of their specific funds and its impact on non-general funded programs.

Thank you for your consideration of our comments.



OFFICE OF ENTERPRISE TECHNOLOGY SERVICES

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

Written Testimony of
DOUGLAS MURDOCK
Chief Information Officer
Enterprise Technology Services

Before the

HOUSE COMMITTEE ON FINANCE
TUESDAY, MARCH 2, 2021

HOUSE BILL 1299
RELATING TO NON-GENERAL FUNDS

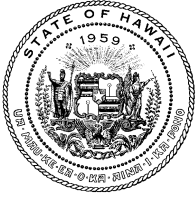
Dear Chair Luke, Vice Chair Cullen, and members of the committee:

The Office of Enterprise Technology Services (ETS) **opposes** this bill, which repeals the shared services technology special fund under HRS Section 27-43 and the Access Hawaii Committee (AHC) fund under HRS Section 27G-6.

ETS respectfully requests that the shared services technology special fund under HRS Section 27-43 is not repealed. Pursuant to HRS Section 27-43(C) moneys in the fund shall be used to fund the operations of the Chief Information Officer and the Information Technology Steering Committee. Currently, this fund is used to pay the salaries and benefits for seven executive level staff members: Chief Information Officer, Cyber Security Manager, Enterprise Program Manager, Business Architect, Senior Communications Manager, Cyber Security Engineer, Web Architect. All positions are currently filled. Funding for these positions would need to be replaced by general funds.

ETS also respectfully requests that the fund for the purpose of supporting the Access Hawaii Committee (AHC), HRS Section 27G-6, is not repealed. Repealing funds and the account would eliminate sole funding for the portal manager position which is instrumental in enabling the AHC to carry out myriad duties for its mandated oversight of the State of Hawaii Portal program and portal vendor, including the provision of over 160 e-government services to the public. The fund is 100% collected from contractually mandated fees from the portal contract vendor, which draws on revenues for e-government services paid directly by constituents, organizations, and government entities.

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



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

DAVID Y. IGE
GOVERNOR OF HAWAII

ELIZABETH A. CHAR, M.D.
DIRECTOR OF HEALTH

SERAFIN COLMENARES, JR., Ph.D., M.P.H.
ADMINISTRATOR

1177 Alakea St., #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 www.shpda.org

House Committee on Finance

HB 1299, Relating to Non-General Funds

Testimony of Serafin Colmenares, Jr. SHPDA Administrator

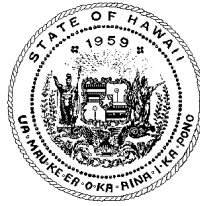
Tuesday, March 2, 2021
1:00 p.m., Videoconference

1 **Agency's Position:** The State Health Planning and Development Agency (SHPDA) is
2 providing comments to House Bill 1299.

3 House Bill 1299 repeals various non-general funds of the department of health,
4 including the State Health Planning and Development Special Fund. SHPDA's special fund
5 comes from Certificate of Need (CON) application fees and is being used to assist in offsetting
6 program expenses of the agency. The annual special fund ceiling supports not only current
7 operating expenditures of the agency but also special projects such as conducting studies and
8 preparing reports on emerging health issues in line with the agency's health planning activities
9 and in support of the CON process. It is also being proposed to be used to partially support
10 personnel expenditures due to reductions in the agency's general funds. The repeal of
11 SHPDA's special fund will not allow SHPDA to collect CON fees and will thus completely cut
12 off its source of revenue. This would adversely affect the continued operations of the agency
13 and the performance of its statutory functions.

14 Thank you for this opportunity to testify.

DAVID Y. IGE
GOVERNOR



STATE OF HAWAII
**CRIME VICTIM COMPENSATION
COMMISSION**

1164 Bishop Street, Suite 1530
Honolulu, Hawaii 96813
Telephone: 808 587-1143
Fax: 808 587-1146

MARTHA ROSS
Chair

CLIFTON Y.S. CHOY
Commissioner

SANDRA JOY EASTLACK
Commissioner

PAMELA FERGUSON-BREY
Executive Director

TESTIMONY ON HB 1299
RELATING TO STATE FUNDS
by

Randi U. Barretto, SAVIN Governance Committee Chairperson
Crime Victim Compensation Commission

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Tuesday, March 2, 2021; 1:00 PM
Via Teleconference

Good morning/afternoon Chair Luke, Vice Chair Cullen, and Members of the House Committee on Finance. House Bill (HB) 1299, proposes to trigger a full accounting of various non-general funded program objectives, performance, and results by repealing or abolishing non-general funds, including the Statewide Automated Victim Information and Notification (SAVIN) Special Fund. Thank you for the opportunity to provide testimony **opposing** this measure.

The SAVIN Governance Committee (SGC) was created to establish guidelines and standards for planning, managing, and operating a successful SAVIN Program. The SGC works closely with the Department of Public Safety to increase public safety by ensuring that victims are given timely and accurate information that both enhances their ability to protect themselves and ensures they are able to fully participate in the criminal justice process if they so choose.

HRS §353-136(d) requires that the Statewide Automated Victim Information and Notification (SAVIN) Special Fund be used only for the SAVIN program, including operating expenses and salary of the SAVIN Coordinator. The SAVIN system must be monitored 24/7 to ensure there are no system outages or missed notifications.

Additionally, victims often contact the SAVIN program for more information and connection to support services, indicating notification alone does not address all victims' needs. Without continuous funding for SAVIN services, system monitoring, immediate response to issues, and follow-up with victims' inquiries would all be negatively impacted and likely result in additional harm to victims.

Thank you for providing me, on behalf of the SAVIN Governance Committee, the opportunity to testify in opposition to House Bill 1299.



DISABILITY AND COMMUNICATION ACCESS BOARD

1010 Richards Street, Room 118 • Honolulu, Hawaii 96813
Ph. (808) 586-8121 (V) • Fax (808) 586-8129

March 2, 2021

TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE

House Bill 1299 – Relating to Non-General Funds

The Disability and Communication Access Board (DCAB) supports the intent of House Bill 1299 Relating to Non-General Funds except as it pertains to the repeal of DCAB's special fund. DCAB's special fund covers the costs of the 7.80 FTE staff positions that conduct fee based plan reviews of all plans and specifications for new construction and alteration of State and county buildings, facilities and sites per §103-50, Hawaii Revised Statutes.

In addition to supporting the 7.80 FTE positions that generate revenue from fees charged for construction plan reviews, DCAB's special fund supports DCAB's overall operations and the Disabled Persons Parking Program.

If the Committee's decision is to repeal DCAB's special fund, we request the transfer of the 7.80 FTE positions and \$302,274 per fiscal year for DCAB's FB21-23 general fund allocation to offset the reduction to \$170,898 for the continuance of revenue generating plan reviews by the 7.80 FTE staff positions and other core functions of DCAB.

A further impact of the repeal is the opportunity to establish, under separate legislation, an account within DCAB's special fund from an added \$1.00 to the annual motor vehicle registration fee. Any excess funds would be deposited to the State's General Fund. This would be a sustainable funding source to support the Disabled Persons Parking Program instead of continuing to rely on general funds.

DCAB will cooperate with the Legislature as it navigates the State through the current fiscal crisis.

Thank you for the opportunity to provide testimony on this important matter.

Respectfully submitted,

KIRBY SHAW
Executive Director

HB-1299

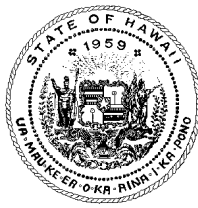
Submitted on: 3/1/2021 12:32:40 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dorothy Letts	Judiciary State of Hawaii	Oppose	No

Comments:

I am a Judiciary team member available to support our testifier (Rod Maile) in the event there are questions on HB1299



STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY
919 Ala Moana Boulevard, 4th Floor
Honolulu, Hawaii 96814

MAX N. OTANI
DIRECTOR

Maria C. Cook
Deputy Director
Administration

Tommy Johnson
Deputy Director
Corrections

Jordan Lowe
Deputy Director
Law Enforcement

No. _____

TESTIMONY ON HOUSE BILL 1299
RELATING TO NON-GENERAL FUNDS.

by
Max N. Otani, Director

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Tuesday, March 02, 2021; 1:00 a.m.
State Capitol, Conference Room 308
Via Videoconference

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

The Department of Public Safety (PSD) offers comments in opposition to House Bill (HB) 1299. The measure proposes to repeal various non-general funds of Executive Branch departments, including those of PSD. Although PSD recognizes the current difficult financial position of the State, we believe the wholesale elimination of non-general funds will cause long-term harm to the State and Hawaii's people by: 1) violating the terms of federal matching grants, causing penalties to be exacted upon the State; 2) cancelling essential public services; and 3) making it impossible to reactivate essential public programs or to qualify for future revenue enhancing programs due to non-compliance with grant agreements.

In Part XX, the section relating to the Department of Public Safety, three (3) non-general funds are designated for repeal, with the revenue sources to be deposited, instead, to the General Fund. The Department respectfully requests the Committee's consideration to reject the repeal of these special funds for the following reasons:

Crime Victim Compensation Special Fund

This special fund account was established pursuant to Act 206, Session Laws of Hawaii (SLH) 1998, as the primary source of funding for the Crime Victim Compensation Commission. HB1299 would abolish this special fund and deposit all funds received pursuant to Section 354D-12(b)(1) and amounts received pursuant to Sections 351-35, 351-62.6, 351-63, 706-605, and 853-1 to the General Fund.

The Crime Victim Compensation Special Fund provides important services to victims of violent crime and their survivors, including, assisting crime victims with medical and counseling costs, lost wages, and funeral and burial expenses. The Special Fund is used for the salaries of Legislatively authorized staff positions, compensation payments, operating expenses, and collection of fees. The Commission also receives funds granted by the federal Victim of Crimes Act (VOCA), which provides the State a 60% reimbursement of compensation payments to victims.

The closure of the Judiciary during the COVID-19 pandemic has severely reduced the amount of fees collected, negatively impacting the Commission in its ability to fulfill its mandate of providing services to victims. The CVCC has substantially reduced its expenses and for the first time, has initiated a budget request for General Funds to supplement the Special Fund this session in order to continue operations in the first year of the 2021-2023 fiscal biennium. Repealing the Special Fund would mean the Commission will need to increase the amount of its General Funds request or cease operations. The State would also forego the 60% VOCA reimbursement if the Special Fund no longer exists.

Federal Reimbursement Maximization Special Fund (FRMSF)

The State Criminal Alien Assistance Program (SCAAP) which is the source of the revenue for the FRMSF can only be used for Corrections program purposes. HB 1299 would repeal HRS §353C-7(b), the statute that details the

allowable uses of this Special Fund, meaning proceeds from the SCAAP would be directly deposited to the General Fund. Inasmuch as FRMSF funds are used as the State match for federal grants that support crime reduction purposes, PSD would have to rely on General Funds to provide the State match for ongoing grants and likely sharply reduce the Department's grant-seeking ability to pursue federal grants that would serve to bolster Hawaii's correctional programs in the future.

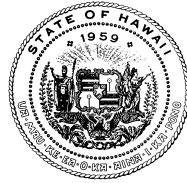
Automated Victim Information and Notification System Special Fund

HRS §353-136(d) requires that the Statewide Automated Victim Information and Notification (SAVIN) Special Fund be used only for the SAVIN program, including, operating expenses and the salary of the SAVIN Coordinator. The Coordinator monitors the automated 24/7 SAVIN system, interfaces with other victim service providers and community partners, and staffs the SAVIN Governance Committee, all of which function to ensure victims of crime are promptly notified of changes in their perpetrator's custody. The maintenance of the automated SAVIN information system and victim information initiatives are also cost factors.

PSD notes that the SAVIN program has suffered in the past when there were gaps in the staff Coordinator position. The Department has deemed the position to be of such importance for the continuing provision of victim services that PSD's current budget request seeks to make the position permanent.

If HB 1299 is enacted as written, the SAVIN Special Fund would be eliminated and the nationally-recognized victim notification program, built up over a number of years, will be severely disrupted, leading to breakdowns in the information flow and the increased unease of crime victims. Without a dedicated and constant funding source, the SAVIN program would have to request General Funds to fulfill the program's important purposes.

Thank you for the opportunity to present this testimony.



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

Testimony COMMENTING on HB1299
RELATING TO NON-GENERAL FUNDS.

REP. SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: March 2, 2021

Room Number: N/A

- 1 **Department Testimony:** The Department of Health (DOH) provides recommendations on
2 select special funds that balance a collective response to the current fiscal crisis and continuity of
3 critical public health programs.
- 4 S-14-301 Emergency Medical Services Special Fund: Strike from this measure and discuss as
5 part of comprehensive EMS reform under separate cover.
- 6 S-18-302 Newborn Metabolic Screening Special Fund: Strike from this measure due to the
7 nature of deposits, expenditures, and operational continuity. In the future, a revolving fund may
8 be considered.
- 9 S-18-304 Hawaii Birth Defects Special Fund: Strike from this measure due to negative cash
10 balance.
- 11 S-17-305 Community Health Center Special Fund: Transfer no more than \$10M of current
12 balance to general fund for next fiscal year only.

- 1 S-17-306 Child & Adolescent Mental Health: Strike from this measure due to the nature of
2 deposits, expenditures, and operational continuity. Consider an additional minimum \$2.2M
3 deposit to this special fund due to its underfunding.
- 4 S-18_307 Drug Demand Reduction Assessments Sp Fd: Transfer no more than \$242,000 to the
5 general fund for next fiscal year only.
- 6 S-18-309 State Health Planning and Development Special Fund: Recommend striking from this
7 measures since the unencumbered balance needed to back up annual special fund ceiling used to
8 offset operating expenditures, special projects and personnel costs. Further discussion on
9 possibility of transferring a portion to general fund for next fiscal year only.
- 10 S-18-310 Office of Health Care Assurance Spl Fnd: Strike from this measure due to the nature of
11 deposits, expenditures, and operational continuity.
- 12 S-14-311 Trauma System Special Fund: Strike from this measure and discuss as part of
13 comprehensive EMS reform under separate cover.
- 14 S-14-313 Deposit Beverage Container Deposit Sp Fd: Review offline and under separate cover.
15 DOH expresses serious concerns due to need for cash flow to reimburse redemption centers
16 when collections are expected to increase due to poor economic conditions.
- 17 S-18-314 Neurotrauma Special Fund: Transfer no more than \$400,000 to the general fund for
18 next fiscal year only.

1 S-19-315 Environmental Health Administration: Convert position dollar-for-dollar from special
2 fund to general fund.

3 S-20-318 Communicable Disease & Pub Health Nursing: Repeal.

4 S-18-319 Electronic Device Recycling Fund: Discuss offline to further review the involvement
5 of state agencies in this function.

6 S-18-321 Domestic Violence & Sexual Assault Sp Fd: Strike from this measure and consider
7 transfer of funding for the Sex Abuse Treatment Center.

8 S-18-322 Noise, Radiation, & Indoor Air Quality SF: Convert cash balance dollar-for-dollar
9 from special fund to general fund and consider repeal. Insufficient funding will decrease the
10 department's ability to protect human health and the environment from hazardous sources of
11 radiation and excessive noise in the community, and ensure indoor health through proper design,
12 installation, and maintenance of air conditioning and ventilation systems statewide.

13 S-18-323 Asbestos & Lead Abatement Special Fund: Convert positions dollar-for-dollar from
14 special fund to general fund and consider repeal. Insufficient funding will negatively impact
15 operations including the ability to ensure hazard management of asbestos and lead-based paint in
16 school, commercial, industrial, and public buildings as well as accredit training providers and
17 certify all individuals involved in hazard abatement, inspection, and design statewide.

18 S-18-369 Early Intervention Special Fund: Strike from this measure due to the nature of deposits,
19 expenditures, and operational continuity.

1 S-18-332 Health Resources Administration: Follow up necessary for more comprehensive
2 review.

3 S-20-333 Exec Ofc on Aging Adm Claim Special Fd: Strike from this measure due to federal
4 funds drawdown.

5 S-18-334 Disability & Comm Access Board: The Disability and Communication Access Board
6 (DCAB) requests a minimum starting cash balance of \$3,300,000 to assure continuity of State
7 and county building, facility, and site construction plan reviews to comply with the Americans
8 with Disabilities Act Accessibility Guidelines and Federal Fair Housing Amendments Act. The
9 minimum cash balance offsets the reduction in general funds allocated to DCAB that impacts the
10 overall DCAB program, and most heavily the Disabled Persons Parking Program for more than
11 100,000 Hawaii residents with disabilities to obtain a disabled parking permit.

12 S-15-335 Hawaii Tobacco Settlement Special Fund: Review debt service expenditure and other
13 components offline.

14 S-18-336 Wastewater Treatment Certi Board Spl Fnd: Propose dollar-for-dollar conversion from
15 special funds to general funds in the program base budget. Further review involvement of state
16 agencies in this function offline.

17 S-18-337 Hawaii Organ & Tissue Education Spcl Fund: Follow up research required due to the
18 voluntary donation source of funding.

19 S-19-338 Vital Statistics Improvement Spcl Fd: Strike from this measure due to the nature of
20 deposits, expenditures, and operational continuity.

1 S-16-340 Environmental Hth Pgm Enhance/Educate Fd: Follow up discussion required. Funding
2 is critical to prevent, mitigate, or stop potential and actual disease outbreaks including the current
3 pandemic. Program staff confront violators of COVID-19 proclamations, HRS, and HAR to
4 reduce the risk to the public of being infected with communicable diseases such as COVID-19,
5 provide enforcement with and assists the Disease Outbreak Control Division in enforcing HAR
6 to obtain contact tracing and other pertinent information needed to halt or mitigate disease
7 outbreaks, protect the public from foodborne and waterborne diseases at restaurants and public
8 swimming pools and even tattooing.

9 S-20-345 Medical Cannabis Registry Special Fund: Strike from this measure due to the nature of
10 deposits, expenditures, and operational continuity.

11 S-17-346 Mental Health & Substance Abuse Spcl Fd: Extend current ceiling of \$23M for fiscal
12 biennium.

13 S-20-347 Dev Disability Medicaid Waiver Adm Claim Fd: Strike from this measure due to
14 federal funds draw down.

15 S-18-348 Environmental Management Special Fund: Propose dollar-for-dollar conversation of
16 positions from special fund to general fund and to sustain certain functions at the state level.
17 Further review involvement of state agencies in certain function offline. Insufficient resources
18 will impact the State's update and implementation of the Integrated Solid Waste Management
19 Plan and promotion of recycling and source reduction. The department will continue to work

1 with the Legislature on the amount of the special fund cash balance that would need to be
2 converted to general funds.

3 S-17-349 Clean Air Special Fund: Strike from this measure to comply with federal law.

4 S-17-364 Medical Marijuana Registry Special Fund: Strike from this measure due to the nature
5 of deposits, expenditures, and operational continuity. Review all medical cannabis funds more
6 comprehensively.

7 S-16-369 Home Visitation Program: Repeal due to zero cash balance and lack of use for
8 approximately ten years.

9 S-18-374 Civil Monetary Penalty Special Fund: Strike from this measure to comply with federal
10 law.

11 S-18-388 Dietitian Licensure Special Fund: Repeal and transfer cash balance to the general fund.

12 S-17-397 Medical Marijuana Registry & Reg Spec Fd: Strike from this measure due to the nature
13 of deposits, expenditures, and operational continuity. Review all medical cannabis funds more
14 comprehensively.

15 Thank you for the opportunity to testify.

16

DAVID Y. IGE
GOVERNOR



RYKER WADA
DIRECTOR
ANDREW T. GARRETT
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES
DEVELOPMENT**

235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

**TESTIMONY TO THE
HOUSE COMMITTEE ON FINANCE**

For Hearing on Tuesday, March 2, 2021
1:00 p.m., Conference Room 306

BY

RYKER WADA
DIRECTOR

**House Bill No. 1299
Relating to Non-General Funds**

CHAIR LUKE, VICE CHAIR CULLEN AND MEMBERS OF THE HOUSE COMMITTEE ON FINANCE:

The purpose of House Bill No. 1299 is to trigger a full accounting of various non-general funded program objectives, performance, and results by repealing or abolishing those non-general funds.

The Department of Human Resources Development (DHRD) stands in strong **OPPOSITION** to this bill as it relates to the Human Resources Development Special Fund. The purpose of this fund is to support the department's entrepreneurial initiatives, training activities, and programs. Revenues come from fees assessed for services provided under entrepreneurial initiatives, participant fees for in-service training programs, and moneys directed to the department from other sources such as gifts, grants, and awards.

Most of the fund's revenues come from fees assessed for services under entrepreneurial initiatives. This includes claims management fees to administer workers' compensation claims for the Charter Schools (pursuant to Section 302D-27, Hawaii Revised Statute) and the Hawaii Public Housing Authority (HPHA); and administrative fees for the administration of the Premium Conversion Plan and Island Flex Flexible Spending Accounts Plan for employees of the Hawaii Health Systems Corporation (HHSC), the Judiciary, and Office of Hawaiian Affairs (OHA). Fees assessed for services are based on annual memorandum of agreements with the HPHA, HHSC, Judiciary, and OHA that can be terminated by either party at any time. Only the fee

assessed to administer workers' compensation claims for the Charter Schools is set by statute. Because special funds must demonstrate the capacity to be financially self-sustaining, the fund's cash balance must be sufficient to cover current operational costs, anticipated future needs, and delays and/or loss in revenue stream when State agencies encounter budget restrictions/shortfalls. This occurred in the past and resulted in one to three-year delays in revenue collection.

DHRD's Employee Claims Division, which administers the State's centralized, self-insured worker's compensation program, is dependent upon the special fund for its operating expenses (office supplies, equipment leases, repair/maintenance costs, subscriptions for reference material, training, etc.). The division has been working to build sufficient reserves to purchase a new workers' compensation claims management system that includes digital and paperless claims management features. Cost for the system is estimated at \$700,000, with annual maintenance starting at about \$40,000. Reserves are also required for IT consultant services if ETS is not able to provide the technical support to implement the new system. If the special fund is repealed, then a general fund appropriation will be required.

DHRD's Employee Assistance Office (EAO) is responsible for the development and administration of statewide employee benefit programs, which include pre-tax benefit programs (e.g., flexible spending accounts plan, premium conversion plan), REACH (Resource for Employee Assistance and Counseling Help) program, and Incentive and Service Awards program. The special fund is used for open enrollment activities and administrative rule changes, subscriptions to assist staff in administering cafeteria plans, REACH contract, and the Governor's awards. To address the challenges of ensuring the State's pre-tax benefit programs are compliant with applicable rules, regulations, and tax codes, the EAO planned to use the special fund to procure the services of a benefits/tax consultant.

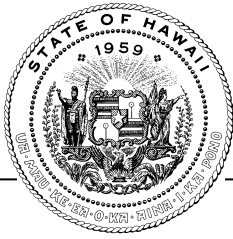
Repealing the special fund will adversely impact the department's ability to ensure our benefit plans are compliant and expose the State to the risk of penalties and/or disqualification of the benefit plan. If employees are not able to participate in pre-tax benefit programs, then they will not be able to reduce their gross taxable wages. As a result, both the employees and State (as the employer) will have to pay more in social security taxes. In FY 2020, the increase to the State would have been \$9.8 million. Repeal of the special fund will also result in the suspension of the REACH program, which provides confidential, short-term counseling services to employees of the Executive branch who may be experiencing personal problems that are

affecting their job performance. This would be a huge loss, as the program has proved to be extremely valuable for the State, especially in dealing with crisis situations.

DHRD's Training Office is responsible for administering the State human resources development and training program. The special fund is used to provide leadership and team building training for employees in the Executive branch, procure services to add closed-captioning to training material we create, and training for staff to keep on top of system updates and trends. If the special fund is repealed, the Training Office will not have the ability to address unforeseen situations that arise in support of the training program, provide curriculum in areas where it lacks specific expertise, and purchase assessments that are necessary for classes it facilitates.

Lastly, we'd like to point out that Section 23-12, Hawaii Revised Statutes, requires the State Auditor to review all existing special, revolving, and trust funds every five years. In its review of the department's Human Resources Special Fund (Report No. 17-09), the Auditor determined that the fund met criteria and should be continued. We humbly ask that the Legislature allow the Human Resources Special Fund to continue. 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.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

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Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
HOUSE COMMITTEE ON FINANCE

Tuesday, March 2, 2021
1:00 PM
State Capitol, Conference Room 308 via videoconference

In consideration of
HB 1299
RELATING TO NON-GENERAL FUNDS.

Chair Luke, Vice Chair Cullen and Members of the Committee, the Hawaii State Energy Office (HSEO) **offers comments** on HB 1299, which repeals various non-general funds and transfers unencumbered balances to the credit of the general fund, including the HSEO's Energy Security Special Fund (ESSF).

The ESSF was established by Act 208, Session Laws of Hawaii 2008 to provide additional resources for the energy initiatives to carry out Hawaii's long-term energy strategy in order to secure a sustainable energy future for Hawaii. HSEO, the State's primary government entity for supporting the clean energy initiative, must continue to be supported by the ESSF to address key areas of its mission – to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient clean energy economy.

The ESSF cash balance as of January 31, 2021, is \$3,546,686. HSEO estimates that the ESSF unrequired cash balance as of January 31, 2021, is approximately \$2,363,487. The Executive Biennium Budget proposes an expenditure ceiling for the ESSF to address HSEO priorities: to provide funds to leverage federal grant funding, which is needed to support a subgrant award from the Federal Emergency Management Agency in support of energy security and resiliency; to continue the electric vehicle (EV)

charging system rebate program created by Act 142, Session Laws of Hawaii 2019; to continue paying Special Fund Assessments; and to convert ten General-Funded positions to Special Funds.

The Executive Biennium Budget also includes reductions in General Funds for two HSEO positions (\$114,840 in FY22 / \$229,680 in FY23) and Other Current Expenses (\$113,210 in FY22 and FY23). These reductions create an even greater need for special funds to allow HSEO to contract for technical assistance to support its analysis and planning to actively develop and inform policies to achieve energy efficiency, energy resiliency, and clean transportation goals and to provide working capital for reimbursable federal funding opportunities.

Repealing the ESSF would adversely impact priorities in the Executive Biennium Budget, including a potential loss of \$600,000 in federal funding for hazard mitigation, and constrain HSEO's ability to conduct programs and activities to guide Hawaii's transition to a resilient, clean energy economy.

Thank you for the opportunity to testify.

HB-1299

Submitted on: 3/1/2021 12:45:38 PM

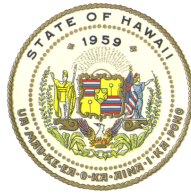
Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Terri Gearon	Judiciary	Oppose	No

Comments:

I am attending this hearing to support Rodney Maile, Administrative Director of the Courts, in the event there are questions.

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
FINANCE**

**Tuesday, March 2, 2021
1:00 PM**

State Capitol, Via Videoconference, Conference Room 306

**In consideration of
HOUSE BILL 1299
RELATING TO NON-GENERAL FUNDS**

House Bill 1299 (HB1299) proposes to repeal various non-general funds and transfer unencumbered balances to the credit of the general fund. **The Department of Land and Natural Resources (Department) opposes this measure for the reasons stated below.**

Hawaii Historic Preservation Special Fund (Bill SECTION 41)

Purpose: The Constitution of the State of Hawaii recognizes the value of conserving and developing the historic and cultural property within the State for the public good. The legislature declares that the historic and cultural heritage of the State is among its important assets and that the rapid social and economic developments of contemporary society threaten to destroy the remaining vestiges of this heritage. The legislature further declares that it is in the public interest to engage in a comprehensive program of historic preservation at all levels of government to promote the use and conservation of such property for the education, inspiration, pleasure, and enrichment of its citizens. The legislature further declares that it shall be the public policy of this State to provide leadership in preserving, restoring, and maintaining historic and cultural property, to ensure the administration of such historic and cultural property in a spirit of stewardship and trusteeship for future generations, and to conduct activities, plans, and programs in a manner consistent with the preservation and enhancement of historic and cultural property.

Impact of Action to Repeal/Abolish: The repeal of the Hawaii Historic Preservation (HHP) Special Fund would have a severe impact on the State Historic Preservation Division's (SHPD) daily operations. In Fiscal Year 2020, the HHP Special Fund paid out \$92,418 in operating or other current expenditures, including \$28,108 in telephone, Wi-Fi connectivity and mobile phones for field work, rental of land and buildings, \$12,027, rentals of copy machines for all units, \$10,857.

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

These expenditures represented approximately 18% SHPD's operating budget. In addition, revenue from various permit, submittal and report review fees are the primary source of income for the fund. This fluctuates greatly with the economic environment at the time. Therefore, having a special fund account as a depository for the receipt of review fees and other fines is imperative for the Division's fiscal stability and provides for a timely response to paying its operating and program expenditures. Looking forward with the Hawaii Cultural Resource Information System (HICRIS) now in operation, the State Historic Preservation Division (SHPD) will be adding another \$40,000 annually in the form of a technical services and maintenance expenditures to support the IT functionality of the HICRIS system. This system now administers all requests for review under HRS, 6E and section 106 of the National Historic Preservation Act of 1966 as amended, or approximately 2500 annually. Therefore, it is incumbent upon SHPD to ensure that HICRIS is fully functional and that the special fund balance is sufficient to meet all of its obligations.

The abolition of the fund and the HRS, 6E program would be a move against the legislature's declaration that the historic and cultural heritage of the State is among its important assets and that the rapid social and economic developments of contemporary society threaten to destroy the remaining vestiges of this heritage. It would further be viewed as disregarding the intent of the legislature's declaration that it is in the public interest to engage in a comprehensive program of historic preservation at all levels of government to promote the use and conservation of such property for the education, inspiration, pleasure, and enrichment of its citizens. Furthermore, the legislature has made it clear that it shall be the public policy of this State to provide leadership in preserving, restoring, and maintaining historic and cultural property, to ensure the administration of such historic and cultural property in a spirit of stewardship and trusteeship for future generations, and to conduct activities, plans, and programs in a manner consistent with the preservation and enhancement of historic and cultural property. Therefore, the abolition of the HRS, 6E program would be detrimental to the public interest by disregarding the importance of the State's historic and cultural heritage by the leadership and mechanism for preserving, restoring, and maintaining historic and cultural properties. SHPD requires a special fund for use as a depository of fees and fines and as a mechanism to account for and pay operating and program expenditures. This fund is part of the fiscal system that allows SHPD to pay its operating and program expenditures incurred by fulfilling the HRS, 6E, mandate.

Special Land and Development Fund (Bill SECTION 42)

Purpose: Pay for the planning, development, management, operations, or maintenance of all lands (including submerged lands) under the control and management of the Board of Land and Natural Resources (BLNR), including but not limited to staff position. See also, Attachment 20210209 HB1298 and HB1299 SLDF LAND.

Impact of Action to Repeal/Abolish: Without a comparable general fund appropriation to substitute for the annual special fund budget, all programs, projects, and staff as described in Attachment 20210209 HB1298 and HB1299 SLDF LAND will be eliminated. A RIF process will be necessary.

Turtle Bay Conservation Easement Special Fund (Bill SECTION 48)

Purpose: Reimburse the general fund for debt service paid on the Turtle Bay reimbursable general obligation bonds.

Impact of Action to Repeal/Abolish: Retires the previously legislated method for paying debt service on the Turtle Bay reimbursable general obligation bonds. Allows an additional annual distribution of \$1.5 million in Transient Accommodations Tax (TAT) to the general fund. Continues to burden the Legacy Land Conservation Program with processing grant applications and grant awards to be approved by the Board of Land and Natural Resources for payment into the general fund.

Whatever existing cash balance remains in the special fund when the bonds are fully amortized will be transferred to the tourism special fund. The department proposes adding language that specifies payment of debt service directly from the general fund, without the need for a grant application and grant award issued via the Legacy Land Conservation Program and the Board of Land and Natural Resources, which is an unnecessary and time-consuming process with a defined outcome.

Land Conservation Fund (Bill SECTION 50)

Purpose: (1) The acquisition of interests or rights in land having value as a resource to the State; (2) The payment of any debt service on state financial instruments relating to the acquisition of interests or rights in land having value as a resource to the State; (3) Annual administration costs for the fund, not to exceed five per cent of annual fund revenues of the previous year; and (4) Costs related to the operation, maintenance, and management of lands acquired by way of this fund that are necessary to protect, maintain, or restore resources at risk on these lands, or that provide for greater public access and enjoyment of these lands; provided that the costs related to the operation, maintenance, and management of lands acquired by way of this fund do not exceed five per cent of annual fund revenues of the previous year.

Impact of Action to Repeal/Abolish: Upends and reshapes the funding scheme for the Legacy Land Conservation Program such that all revenues obtained from program operations would go into the general fund and all program operating budgets would be appropriated from general funds.

The Department is concerned that the proposed changes would adversely impact program finances and impede our ability to complete time-sensitive conservation transactions.

Land Conservation Fund (Bill SECTION 51)

Purpose: Expend grant funds for deposit into the Turtle Bay Conservation Easement Special Fund.

Impact of Action to Repeal/Abolish: Retires the Land Conservation Fund as a conduit for grants to pay for debt service on the Turtle Bay reimbursable general obligation bonds. Continues to burden the Legacy Land Conservation Program with processing debt service grant applications and grant awards to be approved by the Board of Land and Natural Resources for payment into the general fund.

The Department proposes deleting all the provisions of this Section, as the action proposed in Section 48 would more favorably streamline the process for paying bond debt service.

Forest Stewardship Fund (Bill SECTION 54)

Purpose: This fund was established by Act 327, SLH 1991, that developed the forest stewardship program and provides support to private landowners to manage, protect, and restore important watersheds, timber resources, fish and wildlife habitats, isolated populations of rare and endangered plants, and other native vegetation. Act 144, SLH 1999 allowed for revenues created from the sale of forest products from the forest reserve system to be deposited into the forest stewardship fund, codified under Section 195F-4, HRS (also referenced in Section 183-16, HRS); the Act also identified what those collected moneys revenues could be used for. The Forest Stewardship special fund is now primarily used to support the management of the forest reserve system and sustain forest product revenues.

Impact of Action to Repeal/Abolish: The Forest Stewardship special fund is now primarily used to support the management of the forest reserve system and sustain forest product revenues. As revenue from forest production is extractive, it often requires reinvestment to sustain the product (replanting trees, collecting seeds for production, maintaining remote access to sites, mitigating environmental impacts). Without access to the revenues generated to reinvest in the product, the forest reserve system would not be able to continue to support use of natural resources for this purpose, due to funding limitations and long-term environmental impacts to the forest. There are no funds above the authorized spending ceiling for this account and all authorized funds have been allocated for FY21.

The forest reserve system is the Department's largest, active management landholding representing over 680,000 acres of watershed forests responsible for sustaining Hawaii's freshwater supply and protecting and managing the natural and cultural resources found in the reserves. The Department is charged with gathering and compiling information on the forests in the State, protecting forests and forest reserves important for water, reforesting degraded lands, and investing in forest product development. The Forest Stewardship Special Fund only provides a fraction of the needs for the management of the forest reserve system and the forest stewardship program, but the revenue generated from the sale of forest products, user fees, land use agreements are all invested back into the forest reserve system to continue supporting forests, their resources, and sustainably managing the products they provide. The Forest Reserve Special Fund allows the Department to continue investing in forest product revenue opportunities and is the only fund the department has for the purposes of sustaining the management of the forests of Hawaii and the forest reserve system in particular.

Boating Special Fund (Bill SECTION 58)

Purpose: HRS §248-8 establishes the Boating Special Fund. Funding is derived from fees collected for the use of the state small harbors, commercial activities occurring in state waters, property leases, vessel registration fees, federal funds, fuel tax revenue, and other fees associated with the boating and ocean recreation program. The purpose of the fund is to fund the State small boat harbor and coastal area programs.

Impact of Action to Repeal/Abolish: The Division will not be able to meet its basic operating expenses, will not be able to fill vacancies, will not be able to assist with funding the Division of Conservation and Resources Enforcement's (DOCARE) positions, and will not be able to engage in repairs and maintenance (R&M) which will result in facilities having to be shut down and services being reduced or eliminated.

Abolishing the boating program will effectively result in all small boat harbor facilities closing. Also, there will be no funding for the coastal areas program, which will result in all recreational and commercial activities being unpermitted and unregulated, leading to an increase in conflicts between user groups.

Beach Restoration Special Fund (Bill SECTION 67)

Purpose: The Beach Restoration Special Fund (BRSF) was created in 1999 via Act 84. The purpose of the Act was to combat the loss of our beached by establishing a revenue source for beach restoration projects.

Impact of Action to Repeal/Abolish: If the State desires to continue to perform beach restoration projects at Waikiki and Kaanapali Beaches, as well as protect and improve beaches elsewhere, the fund should not be repealed. The Office of Conservation and coastal Lands (OCCL) had been scheduled to receive \$600K from the TAT annually. The funds were planned to be used to support beach improvements, mainly at Waikiki which is one of the world's most popular tourist attractions. These funds are generally matched with private funds (e.g., Waikiki Beach Special Improvement District Association (WBSIDA)). We are also programming funds to match a federal grant, along with City and County of Honolulu, for beach resiliency efforts including one in the works at Punaluu and Haleiwa Beach Parks. In short, OCCL leverages funds to pay for and conduct larger beach restoration projects through partnerships. The OCCL is also involved in a major partnership with the Kaanapali Operators Association (KOA) to conduct an \$11M beach restoration project at Kaanapali Beach. Although the source of the funds are not BRSFs, such projects must be staffed by experts that in the field of coastal geology that are supported by BRSFs.

TAT funds administered through the BRSF were used to support one full time in-house coastal geologist via U.H. Sea Grant. As mentioned above, these positions are critical to help OCCL oversee all beach restoration projects, such as at Waikiki and Kaanapali, and they are critical to OCCL's efforts to manage the plethora of coastal erosion emergencies that are prevalent throughout the State, as well as sea level rise adaptation guidance. We have another contract with U.H Sea Grant to support ¼ of a Sea Grant position to help with climate change initiatives, beach management, coastal policy, and other matters related to coastal lands and beaches. Because OCCL is a small office, our partnership with Sea Grant and the UH Coastal Geology Group has allowed us to carry forth all our beach management and climate adaptation efforts. With these extra resources, OCCL has even been able to keep many of our beaches clear of encroaching vegetation.

If the Legislature did not pass Act 84 and Act 161 (SLH 2013) and fund the Department on beach restoration and preservation, our coastal areas, and beaches (including Waikiki) would be in much worse condition. Unless the Legislature has a plan to maintain these functions through another means, eliminating this fund/program would revert us back to a day when the beaches were taken

for granted, seawalls flourished, and important visitor destination beaches eroded. OCCL would no longer be able to engage in partnerships and leverage funds for beach restoration projects and would not be able to provide professional services to the coastal community regarding coastal erosion mitigation, as well as guidance on climate change adaptation efforts such as sea level rise adaptation. Large government strides in the overall improvement of coastal lands and resources would be seriously jeopardized.

Water Resource Management Fund (Bill SECTION 69)

Purpose: Provides supplemental financial assistance to Commission on Water Resource Management (Commission) in order to carry out the mandates of the State Water Code to protect Hawai'i's water resources and provide for maximum beneficial use of water for present and future generations. The Water Resource Management Fund is intended to cover expenses related to: (1) Data collection and monitoring programs and activities concerning water resource quantity, quality, protection and management; (2) Resource assessment and research programs and activities concerning water conservation and investigation of alternative sources of water; (3) Public outreach and preparation and dissemination of information to the public concerning activities authorized under the State Water Code; (4) Long-range planning, including the development and updating of the Hawaii Water Plan; (5) Contested case-related expenses and other protection, management, operational or maintenance function authorized and deemed necessary by the Commission on Water Resource Management.

Impact of Action to Repeal/Abolish: Repealing this fund would eliminate a supplemental funding source from the Commission and would reduce its ability to pay for contracts and agreements related to (1) Data collection and monitoring programs and activities concerning water resource quantity, quality, protection and management; (2) Resource assessment and research programs and activities concerning water conservation and investigation of alternative sources of water; (3) Public outreach and preparation and dissemination of information to the public concerning activities authorized under the State Water Code; (4) Long-range planning, including the development and updating of the Hawaii Water Plan; and (5) Contested case-related expenses and other protection, management, operational or maintenance function authorized and deemed necessary by the Commission on Water Resource Management.

Revenue sources previously deposited into S-326 would go to the general fund and may not be appropriated for Commission purposes as specified in the authorizing statute. The Commission's ability to leverage federal and other funding opportunities with cost-share funding from S-326 will no longer exist.

In the immediate term, the Commission will lose funding in S-326 slated to pay for five pending contested case hearings filed by: (1) Ho'opulapula Na Wai O Puna and James Torio, (2) Wailuku Water Company, LLC., (3) John and Linda Hayama, Structural Systems Hawaii, Inc., and HH Constructions, Inc., (4) Ahonui Homestead Association, Department of Hawaiian Homelands, and Mahina Poepoe, and (5) Protect Mokule'ia Hui, which are expected to begin in FY21.

While no Commission programs would be abolished since this program is also funded through general funds, program activities would be considered impacted.

Dam and Reservoir Safety Special Fund (Bill SECTION 70)

Purpose: Provide funding to reduce the risk of flooding to public safety and property from the failure of dams.

Impact of Action to Repeal/Abolish: Repealing the fund would result in the following: Inability to retain existing staff (7 personnel); Inability to fund proposed Program Review conversions (1.75 FTE); Increase risk of dam failures; Increase risk to flooding; Decrease flooding public awareness; Inability to conduct inspections; Inability to review permit applications; Inability to adequately monitor dams; Inability to conduct training / awareness; Inability to conduct emergency actions.

Abolishing the fund would increase the risk of dam failures; increase the risk to flooding; decrease flooding public awareness; jeopardize Federal Flood Insurance; jeopardize Federal backed Mortgages; jeopardize Federal Disaster Funds.

Dam and Reservoir Safety Special Fund was established by the Legislature in response to the 2006 Kaloko Dam breach to provide dedicated funding to support dam safety activities to protect public safety from high hazard dams.

State Parks Special Fund (Bill SECTION 71)

Purpose: The State Parks Special Fund (SPSF) was established under HRS Chapter 184 and all proceeds collected by the State Parks programs involving park user fees, leases or concession agreements, the sale of any article purchased from the department to benefit the state parks programs, or any gifts or contributions. The statutory mandate on expending the monies is for the following purposes: (1) Permanent and temporary staff positions (now funded by general funds); (2) Planning and development of state parks programs; (3) Construction, repairs, replacement, additions, and extensions of state parks facilities; (4) Operation and maintenance costs of state parks and state parks programs; and (5) Administrative costs of the division of State Parks. Additionally, within the State Parks Special Fund, there is a Diamond Head State Monument sub-account, into which shall be deposited fifty-five per cent of all proceeds collected from the admission fees charged at the Diamond Head State Monument, which will be used for repair, maintenance, and operating costs incurred.

Impacts of Action to Repeal/Abolish: One of the impacts that has been averted is that the Legislature converted 48 positions from special to general funds in FY20. This is a significant change in MOF which supported 48 staff positions. State Parks has a set of relatively fixed costs associated with operating the Hawaii State Parks System that include but are not limited to: vehicle fuel and oil, electricity, water, sewer, refuse collection, comfort station and portable toilet pumping and service, other utilities, hazard tree trimming and removal, janitorial supplies, rental of equipment, safety equipment, office and computer supplies and equipment, travel parking costs, travel per diem and helicopter cost for overnight work in remote wilderness parks. The fluctuating costs that occur are associated with repair and maintenance of park infrastructure and facilities (non-CIP) due to deferred maintenance and vandalism, and the repair of equipment and vehicles (State Parks has an aging fleet of vehicles purchased through State surplus). The revenue that is generated from fees and deposited into the special fund allows for the increased spending flexibility to address these variable and unbudgeted costs. In addition, to advance Hawaii's State Parks System with enhanced management and improvements, the anticipated revenue coupled with a ceiling increase would allow State Parks to plan for and address a variety of innovative and

value-added park and management improvements. The elimination of S-312 would have an impact on how State Parks negotiates leases, concessions, and other contracted means of collecting current and future revenue. There may be a need to re-define the public and private partnerships to transfer greater management costs to the vendor in lieu of fee collection, if this is legally tenable or practical due to private sector skill and interest, union contracts and procurement requirements, etc. As revenue would not be available to offset current and projected deficiencies associated with general fund reductions to operational fund allocations, State Parks management will be as its been for decades – underfunded to address such actions as: deferred R&M, expand service and maintenance to underserviced park units and infrastructure, campgrounds, comfort stations and adding waste management units in areas where there are no comfort stations due to lack of utilities but increased demand (vault toilets), trails, roadways, and raw acreage currently underserviced.

In 1993, revenue was being deposited into the SPSF, and in the ensuing 28 years, each fiscal year there was greater reliance on the SPSF to offset a series of reductions in the general fund for operating costs. 1994 was the start of the general fund reductions which continued until 2007. In 2008, there was a partial increase, and then once again was reduced to an all-time low of 4 million in 2011, 2012 and 2013. In 1992, the State Park general fund budget was 8 million dollars, and by 2019 it was 5 million. In 2019 State Parks, after funding a Legal Fellow strictly for this purpose, initiated an Administrative Rule process to raise a variety of fees. The anticipated revenue, based on 2019 visitor patronage, would have enabled State Parks to be fiscally self-sufficient in covering operating costs – absent any new economic disruption such as another pandemic or disaster. Because of COVID-19 and due to the slow economic recovery – even with increased fees, revenue collection is far below 2019 amounts. If or when the pandemic is eliminated, and tourism stabilizes, it is the goal of State Parks to have general funds stabilize the salary cost of the Division, with a baseline general fund appropriation to cover core reoccurring costs, such as utilities, fuel, sewage pumping, rubbish removal etc. The now increased fees deposited into the special fund are intended to allow State Parks to achieve greater operational self-sufficiency for all other operational costs relating to managing and maintaining a State Park System.

Sport Fish Special Fund (Bill SECTION 72)

Purpose: Expenditures from the sport fish special fund shall be limited to programs and activities to implement Title 12, Subtitle 5, including the provision of state funds to match federal grants under the Federal Aid in Sport Fish Restoration Act, for acquisition of the use, development, or maintenance of trails and accessways into public fishing areas, fishery management areas, marine life conservation districts, or private lands where public sport fishing is authorized, and for research programs and activities concerning sport fish conservation and management. Research programs and activities conducted by personnel of the department or through grants-in-aid to or contracts with the University of Hawaii or other qualified organizations or individuals. The proceeds of the sport fish special fund shall not be used as security for or pledged to the payment of principal or interest on, any bonds or instruments of indebtedness. The department may use moneys in the sport fish special fund for the importation into, and the management, preservation, propagation, enforcement, and protection of sport fishes in, the State; provided that the department, prior to authorizing expenditures or expending funds from the sport fish special fund, first shall attempt to use those funds to maximize the State's participation to secure federal funds under the Federal Aid in Sport Fish Restoration Act as amended. It should be noted the State is required to have (and does have) legislation that prevents diversion of fishing license fees from the control of

the state's fisheries agency. The use of license fee "is limited to functions required to manage the agency and the fish resources for which the agency has authority under state law."

Impact of Action to Repeal/Abolish: Diversion of any amount from the Sportfish Special Fund would cause the State to be ineligible to receive funding from the Sport Fish Restoration Program, resulting in a loss of more than \$3 million per year in federal funds. Loss of these federal monies will end over a dozen major long-term sport fisheries projects impacting the salaries of over 50 state civil service and contract staff and more importantly the recreational opportunities of tens of thousands of Hawaii's fishing public.

Commercial Fisheries Special Fund (Bill SECTION 73)

Purpose: This fund shall be used for programs and activities for projects concerning aquatic life used for commercial purposes such as developing and conducting resource monitoring programs, conducting studies to determine the sustainable use of aquatic life and developing recommendations for acceptable levels of use, research programs and activities concerning the conservation and management of aquatic life for commercial purposes, programs and activities concerning the importation and management, preservation, propagation, enforcement, and protection of aquatic life used for commercial purposes, and payroll for personnel of the department or the awarding of grants-in-aid to or contracts with the University of Hawaii or other qualified organizations or individuals to develop or implement the programs and activities for the conservation and management of aquatic life for commercial purposes.

Impact of Action to Repeal/Abolish: The impact of the fund being eliminated would be the only funding source of two permanent civil service licensing staff and the match and partial funding of 10 contractual staff collecting and collating data from shoreline fishing mainly on the neighbor islands. In addition, funds are used for support of the online commercial fisheries licensing system, supplies and equipment for the commercial fishing licensing and statistical units, enforcement needs and special research or management studies on commercial and important fish species.

Natural Area Reserve Fund (Bill SECTION 74)

Purpose: Implement the purposes of chapter 195-9, Hawaii Revised Statutes, including the identification, establishment, and management of natural area reserves, the acquisition of private lands for new natural area reserves, the operation of the heritage program, and the provision of matching funds for the natural area partnership program.

Impact of Action to Repeal/Abolish: The Department is collecting revenues from visitor parking fees at the 'Ahihi Kina'u Natural Area Reserve. Pursuant to HAR 13-209-5.6 (c) these fees are deposited into the Natural Area Reserve Special Fund. An extensive community planning and consultation process recommended the fees to manage the Reserve which is the third most popular outdoor site on Maui and overwhelmed by human use and subsequent impacts. During the public hearings on the fees, it was communicated that the funding would be deposited in S-342 to directly fund the management of this and other natural area reserves. Abolishing the Natural Area Reserve Fund would diminish NARS funding, and erode community trust about use of fees going forward. It also would discourage DLNR from pursuing other innovative funding options to raise revenues.

HB 1299 does not propose to abolish the programs supported by S-342, which are now largely supported by the general fund. However, it would weaken the programs by reducing funds available, and remove a mechanism for managing revenues generated from resource use.

Conservation and Resources Enforcement Special Fund (Bill SECTION 76)

Purpose: Fund was established to deposit grants, awards, donations, gifts, transfers or monies derived from public or private sources for purposes of enforcing the provisions of Title 12, Chapters 6D, 6E, and 6K. DOCARE's allotment of TAT funds are limited to funding the administration and enforcement of rules in areas where visitors use the natural and recreational resources. They include areas such as State Ocean waters, State parks, small boat harbors, and state beaches and shorelines. Repealing funds would limit enforcement in these focused areas and require work to be combined with other competing priorities.

Impact of Action to Repeal/Abolish: Increased reliance on the General Fund to support focused enforcement in these areas. Will offset enforcement priorities due to lack of funding.

Bureau of Conveyances Special Fund (Bill SECTIONS 61-63, 78)

Purpose: To support the mission of the Bureau of Conveyances (BOC) which is to serve and protect the public by providing for an accurate, timely, and permanent system of recording, maintaining, preserving and secure accessibility to all documents dealing with real property, Uniform Commercial Code (UCC) forms and maps for the State of Hawaii. This will include but is not limited to the planning, design, construction and acquisition of equipment, furnishings, software, and addition of permanent and temporary staffing necessary for the daily operations, administration and continued improvement of the Bureau of Conveyances recording office.

Impact of Action to Repeal/Abolish: Repealing the fund/account currently established for the Bureau of Conveyances will adversely impact the BOC's ability to fulfill its mission, serve the public and the strong potential for lasting, adverse effects on the critical \$40B+ real estate economic driver for the State of Hawaii. Besides supporting the daily operations and staffing, BOC's special fund has allowed for the pursuit of long overdue projects focused on maintaining, archiving, and preserving the vital land title records and maps that are recorded with the BOC. While the BOC is currently in the midst of two of these critical projects which will enhance the services provided to the public (digitization of all records and the implementation of a new land records management system), there is still much work to be completed including establishing a critical disaster recovery plan as well as the restoration and preservation of the records in BOC's care which maintain great historical and cultural value to the State of Hawaii.

Aside from the obvious adverse impact of not being able to undertake any given project due to insufficient funding, there can also be unintended impacts with a potential increase in the overall cost of certain requirements due to limited funds creating multiple and fragmented scopes of work to complete the entire project that may have to be handled by multiple vendors. Vendors cannot leverage economies of scale and also need to add costs to assess prior work and adjust what they provide which will likely end up with suboptimal results. Today with our special fund/account, the Bureau of Conveyances has been able to procure projects with a more complete and logical scope so there is no vendor duplication of effort (additional cost) while maintaining high quality and productive results.

Water and Land Development (Bill SECTION 80)

Purpose: Operating special fund for geothermal/mineral resource management responsibilities and address public safety related to rockfalls or slope movements on lands under DLNR jurisdiction.

Impact of Action to Repeal/Abolish: Program will be unable to perform geothermal/ mineral resource management responsibilities to protect public safety and ensure the viability of the resource for future generations, and address public safety related to rockfalls or slope movement on lands under the Department’s jurisdiction. Inability to fund proposed Program Review conversions (1.50 FTE). Inability to retain existing staff (3 personnel).

Reduced public safety due to geothermal development or rockfall/slope movements on/from the Department’s lands; reduced protection of geothermal resource viability for future generations; increased risk of hazards due to lack of oversight.

Special funds for positions and operating expenses were approved by the Legislature (2007 and 2012 sessions)

Na Ala Hele Program (Bill SECTION 80)

Purpose: This fund was administratively established to account for the collection of the Highway Fuel Tax collected under Chapter 243, Hawaii Revised Statutes (HRS), Contributions, Fees, etc., to implement the Hawaii Statewide Trail and Access Program (Na Ala Hele).

Impact of Action to Repeal/Abolish: Deductions or removal of these funds would create a salary shortfall for personnel with no other sources to cover their salary.

Loss of three positions outright funded entirely from LNR 804-B, and revenue shortfall of \$108,000 for other A-funded positions.

This fund is critical for managing revenue generated from commercial use of trails, and provides critical operating capital for the program, as all state general funds allocated to the program are used for personnel and personnel shortfall, leaving only federal funds for operating. The federal funds have stringent restrictions that make their use for day-to-day operations extremely limited.

Public Land Trust Inventory & Info System (Bill SECTION 80)

To finance the development of a comprehensive public land trust information system to inventory and maintain information about the lands of the public land trust.

Impact of Action to Repeal/Abolish: None. Authorized by Act 54, SLH 2011, and valid for two fiscal years ending June 30, 2013.

Prevention of Natural Disasters (Bill SECTION 80)

Purpose: Operating special fund for LNR 810 program for expenses related to flood control and dam safety activities.

Impact of Action to Repeal/Abolish: Repealing the fund would result in the following: increase risk of dam failures; increase risk to flooding; decrease flooding public awareness; jeopardize Federal Flood Insurance; jeopardize Federal backed Mortgages; jeopardize Federal Disaster Fund eligibility.

Abolishing the fund would increase risk of dam failures; increase risk to flooding; decrease flooding public awareness; jeopardize Federal Flood Insurance; jeopardize Federal backed Mortgages; jeopardize Federal Disaster Funds

Funding for positions and operating expenses were converted from MOF A to MOF B by Legislative adjustment (2009 session)

Ecosystem Protection and Restoration (Bill SECTION 80)

Purpose: To support a special funded position mistakenly transferred into the LNR401 Program which does not have a special fund.

Impact of Action to Repeal/Abolish: Lost of monies collected mainly from the sales of commercial marine licenses to support activities and programs for commercial fishermen.

Less funds for activities and programs to support commercial fishermen.

Commercial Fisheries Special Fund (S-313) was transferred into this account to support a special funded position mistakenly moved into LNR401 which does not have a special fund account. After the special funded position was transferred back to LNR153 the remaining balance should have been returned to S-313.

CB Cost items, BU 14 (Bill SECTION 80)

Purpose: Fund was established to appropriate to collective bargaining statewide the funds necessary for fiscal biennium 2017 - 2019 all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit (14).

Impact of Action to Repeal/Abolish: None.

IUCN – SLDF (Bill SECTION 80)

Purpose: This fund was established pursuant to Act 122, SLH 2014 for IUCN - SLDF.

Impact of Action to Repeal/Abolish: None. No further charges of this fund are anticipated, and the balance may be used for other purposes.

County Lifeguard Services Special Fund (Bill SECTION 80)

Purpose: To contract with the counties for lifeguard services at designated state beach parks.

Impact of Action to Repeal/Abolish: None. Authorized by Act 181, SLH 2018, valid for two fiscal years ending June 30, 2020.

Thank you for the opportunity to comment on this measure.

THE SPECIAL LAND AND DEVELOPMENT FUND (SLDF) IS AN ESSENTIAL
FUNDING SOURCE FOR DEPARTMENT OF LAND AND NATURAL RESOURCES
THE SLDF MUST NOT BE ELIMINATED

The Department of Land and Natural Resources (Department) does not believe it would be fair or equitable to tap or otherwise take from the Department's Special Land and Development Fund (SLDF), considering the scope of the Department core mission and responsibilities, and the fact that the Department only receives about 1.1% of the entire State operating budget. The SLDF is supported by income derived through the management and utilization of public lands. Therefore, in lieu of general fund support and accomplished through the efforts of dedicated Department staff, the SLDF serves as the budgetary nucleus of the Department, supporting a number of its key staff and programs that are crucial to the Department's operations. In the event the SLDF is eliminated, the effect would extend far beyond the programs and staff directly funded by the SLDF. The impact would extend to other Department programs, impeding their ability to operate effectively. In short, the loss of the SLDF as a funding source will effectively preclude the Department from fulfilling its public trust obligations under Article XI of the Hawaii State Constitution.

The Department and Board of Land and Natural Resources are responsible for managing approximately 1.3 million acres of public lands comprising sensitive natural, cultural and recreational resources. The Department's responsibilities include managing and maintaining the State's coastal lands and waters, water resources, conservation and forestry lands, historical sites, small boat harbors, parks, and recreational facilities; performing public safety duties (e.g., flood and rockfall prevention); issuing and managing leases of public lands (agriculture, pasture, commercial, industrial, and resort leases); maintaining unencumbered public lands; and enforcing the Department's rules/regulations. The SLDF is the only source of funding for the Land Division and the Office of Conservation and Coastal Lands (OCCL) and is also a critical and essential funding source for the various other divisions and offices within the Department to deal with emergency response to natural catastrophes such as fire, rockfall, flood or earthquake, chronic statewide coastal erosion, and hazard investigation and mitigation and funding for conservation projects on all state lands. The SLDF has also become an important source of State match for federally funded endangered species and invasive species initiatives that otherwise would not go forward.

Historically, the Department has carried out its responsibilities with very limited resources, accounting for only 1.1% of the State's operating budget.¹ Furthermore, the Department has been successful in achieving operational self-sufficiency, relying on a mere 0.8% of the State's general fund budget. In consideration of the Department's austere fiscal management and self-sufficiency, further reductions the Department's budget would have a punitive detrimental effect on its ability to satisfy its public trust obligations.

To properly perform these fiduciary duties, the Board determined that the Department should utilize a portion of the lands it manages to generate revenues to support the Department's operations and management of public lands/programs which is deposited into the SLDF, HRS Section 171-19. The SLDF

¹ The Department's total operating budget in FY 2020 is \$171,330,918, of which \$65,240,556 are general funds. The total State operating budget is \$15,474,634,533.

is funded with revenues from leases or permits for use of State lands for commercial, industrial, resort, geothermal and other renewable energy projects, together with agricultural and pasture uses.

As noted above, the SLDF pays for 100% of the operating budget (i.e., salaries, fringes and program costs) for the Land Division and OCCL, and also provides funding for personnel costs and programming for the Commission on Water Resource Management (CWRM), the Dam Safety program, the geothermal program, a land maintenance crew, State Parks, the Division of Forestry and Wildlife, and staffing costs for the IT office, Chair's office and Fiscal Office. In other words, the SLDF is a critical funding source for personnel and essential programs for the Department.

In addition to the 56 positions in the SLDF, 33 other positions are funded by LNR 101 (24 wholly, 9 partially: LNRs 141/810/404/906).

LNR 101 Position Matrix (LAND DIVISION)			
NUM	POSITION TITLE	POSITION NUMBER	APPRN SYMBOL
Land Division Administration			
1	Administrator	027440	\$-316
2	Assistant Administrator	002738	\$-316
3	Administrative Specialist	120669	\$-316
4	Special Projects Coordinator	111576	\$-316
5	Project Development Specialist	118343	\$-317
6	Project Development Specialist	041674	\$-316
7	Project Development Specialist - Water Leasing	122161	\$-316
8	Planner V	034333	\$-316
9	Special Projects & Development Specialist	112505	\$-316
Central Processing Office			
10	Compliance Specialist	111036	\$-316
11	Asst. Compliance Specialist	110304	\$-316
12	Asst. Compliance Specialist	113187	\$-316
13	Office Assistant III	038636	\$-316
Support Branch			
14	Supervising Land Agent	013178	\$-316
15	Project Development Specialist	111435	\$-316
Land Acquisition/Disposition Services			
16	Land Agent V	048238	\$-316
17	Land Agent IV	008804	\$-316
Appraisal Services			
18	Appraisal & Real Estate Specialist	009632	\$-316
19	Real Estate Specialist	110287	\$-316
Abstract Services			
20	State Abstractor	110285	\$-316
21	Abstractor VII	110286	\$-316
Oahu District Branch (ODLO = 5)			
22	Oahu District Land Agent	012077	\$-316
23	Oahu Land Agent IV	027722	\$-316
24	Oahu Land Agent IV	041671	\$-316
25	Shoreline Disposition Specialist	121586	\$-316
26	Secretary I	027788	\$-316
Maui District Branch (MDLO = 5)			
27	Maui District Land Agent	027729	\$-316
28	Maui Land Agent IV	002724	\$-316
29	Maui Land Agent IV	122500	\$-316
30	Documentation Specialist	113186	\$-316
31	Secretary I	006628	\$-316
Kauai District Branch (KDLO = 4)			
32	Kauai District Land Agent	002723	\$-316
33	Kauai Land Agent IV	041672	\$-316
34	Kauai Land Agent IV	116637	\$-316
35	Secretary I	002734	\$-316
Hawaii District Branch (HDLO = 6)			
36	Hawaii District Land Agent	050976	\$-316
37	Hawaii Land Agent IV	117776	\$-316
38	Hawaii Land Agent IV	117777	\$-316
39	Hawaii Land Agent IV	121037	\$-316
40	Office Assistant III	027731	\$-316
41	Secretary I	002732	\$-316

LNR 101 Position Matrix (NON-LAND)			
NUM	POSITION TITLE	POSITION NUMBER	APPRN SYMBOL
Office of Conservation & Coastal Lands			
1	Administrator	039428	\$-316
2	Planner VI	026435	\$-316
3	Planner VI	039429	\$-316
4	Office Asst. IV	033056	\$-316
5	Planner V	026433	\$-316
6	Planner V	118782	\$-316
7	Coastal Lands Program Specialist	121527	\$-316
Division of Forestry & Wildlife			
8	Program Specialist V	118345	\$-317
Engineering Division			
Hilo			
9	Geothermal Compliance Specialist	050981	\$-316
Land Maintenance Crew - Halawa Baseyard			
10	Land Maintenance and Repair Supervisor I	052363	\$-316
11	Equipment Operator III	052358	\$-316
12	General Laborer	052359	\$-316
13	General Laborer	052362	\$-316
14	Equipment Operator II	052361	\$-316
15	Tractor Operator	052360	\$-316

Positions funded by LNR 101			
Engineering Division			
Oahu			
1	Engineer VI	010162	LNR810/323
2	Engineer Technician	011271	LNR810/323
3	Engineer V	052373	LNR810/323
4	Engineer V	052368	LNR810/323
5	Engineer V	118292	LNR810/323
6	Engineer V	118293	LNR810/323
7	Engineer V	118324	LNR810/323
8	Office Assistant III	119210	LNR810/323
9	Geologist II	119308	LNR141/303
10	Engineer V	119309	LNR141/303
11	Secretary II	120715	LNR141/303
12	Mineral Resources Specialist	120856	LNR141/303
Commission of Water Resource Mgmt			
13	State Drought and Water Conservation Coordinator	113074	LNR404/354
14	Hydrologist and Legislative Analyst	103132	LNR404/354
15	Hydrologist	103128	LNR404/354
16	Engineering Aid IV	121536	LNR404/354
17	Planner IV	122127	LNR404/354
18	Planner IV	122716	LNR404/354
Office of the Chairperson			
19	Communication and Video Conference Assistant	121500	LNR906/308
20	Temp. Senior Communications Manager	117517	LNR906/308
21	SPL Project and Cultural Resources Manager	121310	LNR906/308
22	ADA Specialist (50%)	116420	LNR906/308
Administrative Services Office			
23	Accountant IV (25%)	117632	LNR906/308
24	Accountant IV (14.2%)	121067	LNR906/308
25	Accountant Clerk IV (33.3%)	121362	LNR906/308
26	Accountant Clerk IV (14.3%)	116451	LNR906/308
27	Accountant Clerk IV (8.3%)	120343	LNR906/308
28	Accountant IV	122036	LNR906/308
Personnel Office			
29	Human Resources Specialist (14.3%)	127661	LNR906/308
Information Technology Services Office			
30	State Lands Information Systems Manager	111074	LNR906/308
31	Applications/Systems Analyst	120503	LNR906/308
32	Information Technology Specialist IV (14.3%)	048167	LNR906/308
33	IT Specialist (25%)	121036	LNR906/308

About 50 Percent out of 80+ funded positions are not in LAND 89

In addition to the fixed personnel and operating expenses, the SLDF must retain additional funds in reserve to address unexpected public health and safety issues that arise on State lands. For example, the Department has executed a second contract with a private operator for the interim operation and maintenance of the east Kauai irrigation system. The irrigation system is a part of the old plantation system that is partially located on State land, placing it under the Department's jurisdiction. The East Kauai Waters Users Cooperative previously operated the system to provide water for agricultural purposes, but ultimately relinquished the system due to prohibitive management costs. Furthermore, the State Department of Agriculture has refused to assume management of the system despite its use for agricultural purposes due to a lack of the resources. Ultimately, the Department is responsible for maintaining the system at its own cost despite it being outside the Department's core mission in order to address public health and safety issues. It is important to consider that just in the last year since COVID-19 began impacting the State, there were two major rain events on Kauai, causing significant flooding. Additionally, the Department has used SLDF funds in the past to conduct clearings of certain river mouths on Kauai for health and safety reasons, which was a County responsibility, and contracted to remove unauthorized encroachments from a State beach reserve at Nomilo, Kauai.

The Department also intends to use SLDF monies to further key development projects to generate consistent future income to support Department programs, as well as promoting economic recovery for the State. The Department has four parcels in the vicinity of the UH West Oahu rail station, including the parcel adjacent to the rail station. The parcel adjacent to the rail station is intended for mixed use development, while planned uses of the other parcels include light industrial and affordable housing. The Department is also developing a proposed industrial and business park at Pulehunui in central Maui. The project is intended to support light industrial uses as well as limited commercial uses to support the light industrial operations. The Department's project is part of the greater State effort to develop the area. Other State projects intended for the region include the Department of Public Safety's Maui Regional Public Safety Complex and the Department of Hawaiian Home Lands' Pulehunui North and South developments to include commercial and agricultural uses. The SLDF is intended to fund completion of the entitlement process for both projects, including planning and consulting services, as well as potentially providing partial funding for the development of infrastructure.

Finally, Land Division procured an architect to plan the refurbishment of an existing commercial building on State land in Hilo to use as the new Hawaii District Land Office. The current office space available to the Hawaii District staff in the State Office Building in Hilo is inadequate for its needs. The number of Hawaii District personnel has expanded to currently have the most staff members of any district land office. The existing office space is shared with three other divisions of the Department and the combined workstation and file storage needs of the four divisions exceed the capacity of the space. Land Division approached the Department of Accounting and General Services to inquire as to whether additional space in a State facility was available, and the response was negative. The hotel/resort, commercial and industrial leases the Hawaii District manages on Banyan Drive and in the Kanoelehua Industrial Area all go to support the SLDF. Also, of all the Land Division districts, Hawaii District is responsible for the management of the largest unencumbered land area. Providing the Hawaii District staff with an office of appropriate size will facilitate the management of existing leases and issuance of new ones. Plans and specifications for renovation of an existing structure have been substantially completed, so deferral or abandonment of the project would result in no return on those expenditures.

Additionally, the lack of needed additional space would impact the Hawaii District's ability to effectively resolve priority issues facing the division.

HRS §171-19 requires maintenance of a balance of at least an amount sufficient to pay for the next fiscal year (FY 2022). To ensure that the division is able to fulfill all planned and unexpected obligations, we prefer to retain a cash balance of at least \$30 million at any given time. However, in the current economic climate, there is a need and desire of even more than the minimum \$30.0 million cash on hand.

Unencumbered cash balance =	\$30 million
Operating costs JAN–JUN 2021 =	(\$7) million
CIP ² =	(\$3) million
Operating costs/transfers FY 2022 =	(\$15) million
Operating costs/transfers FY 2023 =	(\$15) million
TOTAL RESERVE NEEDED	<u>\$40 million</u>

No TAT Allocation for Parks, OCCL and DOCARE in FY2021

In 2019, the TAT Allocation was as follows:

<u>Amount of Transfers</u>	<u>Less 5% SFA</u>	<u>Amount of Transfer</u>	OCCL	PARKS	DOCARE
\$3,000,000	\$150,000	<u>\$2,850,000:</u>	<u>\$570,000</u>	<u>\$1,900,000</u>	<u>\$380,000</u>

In 2020, the TAT allocation was as follows:

<u>Amount of Transfers</u>	<u>Less 5% SFA</u>	<u>Amount of Transfer</u>	OCCL	PARKS
\$2,500,000	\$125,000	<u>\$2,375,000:</u>	<u>\$475,000</u>	<u>\$1,900,000</u>

The SLDF did not receive any TAT revenues in 2021 and does not expect to receive any TAT revenues in the near term. Planned programs that would be impacted would be the following:

Pursuant to Section 237D-6.5, HRS, as amended by Act 161, 2013 Session Laws of Hawaii, the amount of \$3,000,000³ shall be appropriated to the Department, but this past year, due to the pandemic and travel restrictions, the Department was not allocated TAT revenues that would and could have been used⁴ for the following:

- The protection, preservation, and enhancement of natural resources important to the visitor industry;
- Planning, construction, and repair of facilities; and
- Operation and maintenance costs of public lands connected with enhancing the visitor experience.

² Proposed \$3mil. CIP for the Hawaii District Land Office. In addition, within the next fiscal year or two, it is anticipated another \$2.0 million may be needed for a project at Shangri La.

³ The \$3 million appropriated is subject to the Administration’s allotment and release of funds process. In FY19, only \$3.0 million was allotted and released. In FY20, \$2.5 was allotted and received. The Department was informed not to expect any TAT in FY21, or very little, because tourism has been shut down or severely curtailed.

⁴ Expenditures of TAT revenues are subject a mutual agreement of the Board of Land and Natural Resources and the Board of Directors of HTA in accordance with the Hawaii Tourism Authority Strategic Plan.

The SLDF was being used as a convenient vehicle to split the transfer of the TAT revenues between State Parks, the Division of Conservation and Resources Enforcement (DOCARE) and OCCL. Any take or restriction on TAT revenues would result in a reduction or elimination of the following program funding.

STATE PARKS

State Parks was supposed to be allocated \$1.9 million of the TAT funds.

- In the past, approximately \$1.5 million has been applied to offset cost of lifeguard contracts - with 1 million being used for Makena State Park lifeguard service.
- In the past, \$500k was applied towards equipment repairs and acquisition, materials associated with the maintenance, light construction and repair, services and operation of park units statewide.

State Parks had plans to repurpose TAT funds to offset the general fund reductions and loss of special fund income. State Parks currently lacks adequate funding to continue County lifeguard contracts.

OCCL

OCCL had been scheduled to receive \$570K from the TAT annually. The funds were planned to be used to support beach improvements, mainly at Waikiki which is one of the world's most popular tourist attractions. These funds are generally matched with private funds (e.g., Waikiki Beach Special Improvement District Association (WBSIDA)). OCCL is also programming funds to match a federal grant, along with City and County of Honolulu, for beach resiliency efforts including one in the works at Punaluu and Haleiwa Beach Parks. In short, OCCL leverages funds to pay for and conduct larger beach restoration projects through partnerships. It should also be mentioned that OCCL has an existing legislative authorization which originally amounted to around \$10M for Waikiki Beach Improvements. \$1.5m of that appropriation was slated to come from the Beach Restoration Special Fund (BRSF), but those funds were removed from the appropriation last session. The OCCL is also involved in a major partnership with the Kaanapali Operators Association (KOA) to conduct an \$11M beach restoration project at Kaanapali Beach. Although the source of the funds is not BRSFs, such projects must be staffed by experts that in the field of coastal geology that are supported by BRSFs.

TAT funds administered through the BRSF are used to support one full time in-house coastal geologist via U.H. Sea Grant. These positions are critical to help OCCL oversee all beach restoration projects, such as at Waikiki and Kaanapali, and they are critical to OCCL's efforts to manage the plethora of coastal erosion emergencies that are prevalent throughout the State, as well as sea level rise adaptation guidance. OCCL has another contract with UH Sea Grant to support ¼ of a Sea Grant position to help with climate change initiatives, beach management, coastal policy, and other matters related to coastal lands and beaches. Because OCCL is a small office, its partnership with Sea Grant has allowed it to carry forth all its beach management and climate adaptation efforts. With these extra resources, OCCL has even been able to keep many of our beaches clear of encroaching vegetation.

If the Legislature did not pass Act 161 (SLH 2013) and fund the Department with TAT, OCCL's beach restoration and coastal lands management functions would be severely diminished or defunct. OCCL would no longer be able to engage in partnerships for beach restoration projects and would not be able

to provide professional services to the coastal community regarding coastal erosion mitigation, as well as guidance on climate change adaptation efforts such as sea level rise adaptation. Large government strides in the overall improvement of coastal lands and resources would be seriously jeopardized.

DOCARE

DOCARE was supposed to receive \$380,000 annually. No TAT revenues were allotted in FY2021.

DOCARE is a relatively small agency charged with upholding Federal and State laws, administrative rules, and county ordinances that serve to protect Hawaii's unique and limited natural, cultural, and historic resources, many of which are used by visitors to the State. DOCARE's jurisdiction encompasses nearly 1.3 million acres of state lands and 3 million acres of ocean and coastal waters as well as 750 miles of coastline. It also includes protecting the public's safety when using the natural and cultural resources under the Department's jurisdiction including state parks, historic sites such as the Iolani Palace, forest reserves, the Na Ala Hele trail system, aquatic life and its sanctuaries, state ocean waters, including ocean recreation management areas (such as Waikiki ocean waters), game management areas, public hunting areas and natural area reserves.

DOCARE used the TAT funds for:

- Overtime work focused in areas of visitor use including but not limited to State parks, beaches, ocean waters and the Na Ala Hele Trail system. A reduction in TAT funding may decrease overall safety of individuals and their property in these areas. The reduced law enforcement visibility may signal an increase in criminal activities in these areas of high visitor traffic.
- Records management initiatives and systems used to gather and compile officer activity data, incident reports, ability to extract statistical data for reporting purposes and community interaction tools such as the Tip411 smartphone application.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawaii
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TESTIMONY OF THE DEPARTMENT OF AGRICULTURE
BEFORE THE HOUSE COMMITTEE ON FINANCE

MARCH 2, 2021
1:00 P.M.
CONFERENCE ROOM 306

HOUSE BILL NO. 1299
RELATING TO NON-GENERAL FUNDS

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to present testimony on House Bill 1299. This bill repeals various non-general funds of the department of agriculture and other departments and transfers their unencumbered balances to the credit of the general fund. The Department of Agriculture (the "Department") respectfully opposes this bill and offers comments on those portions of the bill that relate to its programs.

Administration

The Agricultural Development and Food Security Special Fund (S-319) supports personnel in the department administration with agricultural planning and the operational expenditures for the Board of Agriculture. This fund also supports agricultural workforce training projects, economic development projects for commodities, and unexpected expenditures not provided by general funds. The ability of the department to adhere to its mission of protecting prime agricultural lands for production, maintaining the agricultural sector of Hawaii's economy in a strong and competitive condition by providing policies, subsidies, information, and increasing food security to achieve appropriate rates of growth will be reduced or discontinued.



Agricultural Loan Division

The agricultural loan revolving fund is used to fund loans under the agricultural loan program. Principal collected from loans are deposited into the account and relent to future applicants. The program has been experiencing strong demand and for FY20 approved 26 loans totaling \$4.62 million and for FY21 (YTD) approved 12 loans totaling \$2.21 million. The program has nearly exhausted its budgetary expenditure ceiling for the current fiscal year. The program provides economic development throughout the State and has served as a safety net for farms and ranches during natural and economic emergencies. For calendar year 2020, the program provided 19 emergency loans totaling \$1.34 million including 18 COVID-19 loans.

The aquaculture loan revolving fund is used to fund loans made under the aquaculture loan program. Principal collected from loans are deposited into the account and used to fund future applicants. Aquaculture including algae is in the top 10 agricultural commodities produced in the state and increased from \$66.7 million to \$80.6 million between 2018 and 2019. Continued development of the industry will require access to affordable capital.

The Hawaii water infrastructure special fund is used to fund water infrastructure loans and to pay for all of the expenses of the program. The relatively new water infrastructure loan program is critical in providing potable water, safe dams and reservoirs and affordable irrigation water to develop agricultural regions. The program has not been fully effective due to a lack of a permanent budgetary expenditure ceiling.

The program has effectively managed these funds and has been able to accomplish its mission of economic development without the need for any general funds to cover its operational costs. Having its own funds allows it to provide economic development and serve as safety net for the agriculture, ranching and aquaculture industries even during times when general funds are scarce such as the current fiscal crunch. Elimination of the funds will require that funding for all the programs come from the State's general fund.

Agricultural Development Division

The Agricultural Development and Food Security Special Fund, S-321 is the key funding source to our core statistical reporting and marketing functions. If this funding source is abolished, it will inflict severe, debilitating, and lasting impacts on primary program functions. Statistical reports on production acreage, harvested amounts, yields, utilization, value of sales, and factor inputs of important crops (particularly food crops) are heavily dependent on this funding source. Critical marketing and promotion efforts to expand the demand in local consumption of locally produced food are equally dependent on this funding source. Repealing this fund would remove the funding for activities to encourage residents and tourists to “EAT LOCAL”, which would be totally reliant on general funded support.

The Seal of Quality Special Fund, S-308 was established to cost share the administrative expenses with local producers/companies participating in the program that identifies premium Hawaii-grown and Hawaii-made products. It is the only statewide branding program for products whose content and manufacture must originate in Hawaii. The member-funded program is expended for promotional activities in support of their Hawaii-grown and Hawaii-made products. This arrangement is beneficial to the State and is most effective when the participating producers/companies has an investment of money and effort in the program’s results. Since deposits are derived from program application fees, sales of labels, and other collaterals from local producers/companies, it normally increases in periods of economic expansion and diminishes in periods of recession. Funds are normally expended to inspect quality standard and enforce program compliance (in partnership with QAD), produce educational materials, and to conduct marketing and related promotion activities. Repealing this special fund would remove the member-funded source of funding for the program, which would be totally reliant on general funded support.

Animal Industry Division

The Animal Quarantine Special fund, S-318-A is used to operate the Rabies Quarantine Branch and Animal Quarantine program. All expenditures for the branch are paid from this fund that generates revenue from fees to import of dogs, cats, and other carnivores into the state. No general fund support is received.

The Animal Quarantine program is the sole agent preventing rabies, alien pests of carnivores and their associated diseases from entering the State through import regulation, quarantine and inspection of animal entries for alien pests. The branch is an essential component of the state's biosecurity to prevent the introduction and establishment of rabies, pests and associated diseases that have severe negative impacts on the economy, animal, and public health. With the high number of animals entering the state each year and the threat from emerging diseases globally, it is essential to maintain the Animal Quarantine Special fund.

The Animal Industry Special fund. S-306-A was created to utilize money from the lease of underutilized Division property, to be deposited to fund operational costs of the Animal Industry Division. Property has not been leased so the funds current balance is \$0.00. However, the Department is desiring to generate fees from the Animal Disease Control Branch and State Veterinary Laboratory activities that will be deposited into this fund. Legislation is in process to accomplish this. This fund will then assist the Veterinary Laboratory to improve and expand capabilities.

The Aquaculture Development Program (ADP) relies heavily on S-328 (Aquaculture Development Program Special Fund) to support and facilitate activities necessary to grow aquaculture as a viable segment of the State's diversified agriculture initiative. Past performance shows that ADP has been successful in this regard. As per the Economic Research Organization at the University of Hawaii (UHERO) January 21, 2021 report titled, "Reviving Agriculture to Diversify Hawaii's Economy", it was stated that, when discussing the diversified agriculture landscape, "the star performer has been aquaculture, where the real value of output increased by more than 400 percent

between 1990 and 2017.” Current USDA 2019 statistics show a record industry value that continues the trend noted by UHERO. The loss of the S-328 will severely impact ADP’s ability to operate effectively and could cause stagnation in this growing and important agriculture sector.

Plant Industry Division

The Agricultural Development and Food Security Special Fund (S-333) supports critical personnel services for legal guidance for the pesticides program due to the high level of public concern for health and safety of pesticides application, enforcement, and product information. The fund also supports organic production research, economic development and outreach, import replacement projects, and critical short-term relief for farmers due to COVID and climate related disasters. The ability of the department to adhere to its mission of increasing food security and the protection of agricultural resources and the environment will be reduced or discontinued.

The elimination of the Pest Inspection, Quarantine, and Eradication Fund (S-304) would result in dramatic negative impacts to the State’s agricultural industries as well as public safety and wellbeing. This fund currently provides the compensation of 46 staff salaries in the Plant Quarantine Branch (PQB) who are tasked with enforcing the requirements of Hawaii Revised Statutes Chapter 150A. The special fund also finances essential operational expenditures such as utilities, fuel, equipment and supplies. The loss of those positions would result in massive delays in the import and export of agricultural commodities because of the lack of personnel to conduct inspections. This effect will ripple through the economy as wholesalers, retailers, and the general public will experience delays in obtaining needed agricultural commodities such as live plants, fresh produce or live seafood, among other things. These perishable commodities will deteriorate awaiting entry into the commerce stream, resulting in waste and food safety concerns among consumers. There would be little to no staff available to conduct activities to prevent the entry of, or rapidly respond to invasive species. Additionally, there would be significant delays in the ability to certify plant nurseries who export clean

nursery stock to the U.S. mainland, preventing their ability to do so unless the expenditures are funded by the general fund.

Agricultural Resource Management Division

Agricultural Development and Food Security Special Fund (S-335-A) expenses are used to operate, maintain, and improve infrastructure for the Agricultural Resource Management Division and includes salaries and other operational expenses such as, dam safety fees, irrigation infrastructure maintenance contracts, utilities, vehicle purchases, repair, and maintenance, consultant and construction contracts, equipment, supplies, etc. Through the appropriation, the special fund allows the program the flexibility to respond to unexpected expenses like infrastructure emergencies, flexible hiring salaries for new hires for Unit 13, and unpredictable repairs and maintenance to the division's facilities.

Section 15: §166-10 Agricultural Park Special Fund (S-317)

This fund still meets the objectives for which the fund was created. Fund income is generated from lease and revocable permit rents to the department. Fund expenses are used solely to operate, maintain, and improve infrastructure for the Agricultural Park Program and include salaries and other operational expenses such as utilities, vehicle purchases, repair, and maintenance, appraisal contracts, equipment, supplies, etc. Through the ceiling, the special fund allows the program the flexibility to respond to unexpected expenses like appraisals for lots unexpectedly vacated during the year, flexible hiring salaries for new hires for Unit 13, and unpredictable repairs and maintenance to agricultural park's infrastructure.

Section 16: §166E-7 Non-Agricultural Park Lands Special Fund (S-305)

This fund still meets the objectives for which the fund was created. Fund income is generated from lease and revocable permit rents to the department. Fund expenses are used solely to operate, maintain, and improve infrastructure for the Non-Agricultural Park Program and include salaries and other operational expenses such as utilities, vehicle purchases, repair, and maintenance, appraisal contracts, equipment, supplies,

etc. Through the ceiling, the special fund allows the program the flexibility to respond to unexpected expenses like appraisals for lots unexpectedly vacated during the year, flexible hiring salaries for new hires for Unit 13, and unpredictable repairs and maintenance to non-agricultural park's infrastructure.

Quality Assurance Division

The Agricultural Development and Food Security Special Fund, S-352 supports the Commodities Branch program operations and staff salaries and fringe benefits. Program staff supported by this fund include two Agricultural Commodities Marketing Specialists (Position Nos. 122961 & 122556). These personnel have statewide regulatory enforcement functions under HRS Chapters 145 & 147. Duties include inspection and certification of agricultural commodity condition and grade standards; monitor labeling and advertising requirements; certify import and export requirements; issue licenses to dealers of farm products; and conduct good agricultural practices audits. The special fund is needed to continue and reinforce the Commodities Branch inspection and certification functions.

The S-309-A special fund supports the Measurement Standards Branch operations and staff salaries and fringe benefits. Staff supported by this fund include a Program Manager (Position #122022) and three Measurement Standards Inspectors (Position #122945 for Oahu; Position #122947 for Maui; Position #122946 for Hilo). These personnel have statewide regulatory enforcement functions under HRS Chapter 486. Duties include performing a wide range of inspections and testing of all commercially used weighing and measuring devices, certifying that all scales, petroleum pumps, taximeters and other measuring devices used in retail transactions are accurate and properly registered in the State; perform inspection of packaging, labeling, and pricing for conformance to specifications, tolerances, quality and quantity content. The special fund is needed to continue the statewide administration and inspection functions of Measurement Standards Branch.

S-330-A Measurement Standards – This fund is not active and can be abolished.

S-315-A Milk Control Special Fund was established by HRS 157-29 in 1998 to support the Milk Control Program operations and one staff (Milk Control Specialist, Position #35692). Program function is to regulate and supervise the production of milk in a milk shed, transportation, processing, storage distribution, and delivery of milk, establishments of quotas and the setting of minimum prices to be paid to producers by producer-distributors and distributors. Revenue sources are provided by dairy producers and processors who are assessed a fee based on a percentage of the value of milk produced. The revenues generated in the fund are used to pay for all program costs such as salaries, fringe benefits, administrative overhead, utilities, equipment, supplies, vehicles, travel expenses. The special fund is needed to ensure the continued administration and enforcement of the Milk Control Act.

S-322-A Hemp Special Fund supports the Department of Agriculture regulatory functions which was initially intended to account for revenues and expenditures related to administration and operation of the Industrial Hemp Pilot Program. Revenue sources include industrial hemp applications and license fees from producers. Act 14 SLH 2020 ended the pilot program and assigned the department new regulatory duties regarding hemp: monitoring the import, export, and in state transport of live hemp seed, hemp flower, and leafy materials, and providing inspection and enforcement of the buffer zone requirements of the act. The special fund is needed to allow the department to utilize the hemp pilot program funds for hemp regulation, and allows fines and fees collected by hemp enforcement to fund the department's hemp regulatory duties. A senate bill (SB 1027) is currently amending this fund to allow the Department of Agriculture to use the existing special fund to perform its new regulatory duties relating to hemp.

S-329-A Quality and Price Assurance -- This fund is not active and can be abolished.

Agribusiness Development Corporation

The ADC acknowledges that the State is suffering a heavy blow due to the COVID-19 pandemic, which requires the Legislature to make tough decisions. Eliminating the Agricultural development and food security special fund will also put ADC in a bind and reduce our ability to effectively develop, fund, and manage programs. Without these funds the ADC will need to ration services such as security and maintenance, which may lead to costly unintended consequences. Expanding agricultural production requires an investment of time and most importantly money. The ADC reinvests the funds it receives from the Agricultural development and food security special funds back into the land and infrastructure, which benefits our farmers and the State of Hawaii. These funds are also critical to make up for any shortfalls due to unanticipated costs. Agriculture is a tough business and we cannot afford to lose these funds. For these reasons, we respectfully request that you remove Section 6 of this bill in its entirety

Thank you for the opportunity to testify.



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

Date: 03/02/2021

Time: 01:00 PM

Location: 308 Via Videoconference

Committee: House Finance

Department: Education

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

Title of Bill: HB 1299 RELATING TO NON-GENERAL FUNDS.

Purpose of Bill: Repeals various non-general funds of the department of agriculture; department of business, economic development, and tourism; department of land and natural resources; department of education; university of Hawaii; department of Hawaiian home lands; judiciary; department of human services; department of labor and industrial relations; department of accounting and general services; department of the attorney general; department of budget and finance; department of human resources development; office of the governor; department commerce and consumer affairs; department of taxation; department of public safety; and office of Hawaiian affairs. Transfers unencumbered balances to the credit of the general fund.

Department's Position:

The Hawaii State Department of Education (Department) is opposed to this bill and any other bill which reduces predictable and reliable funding to support public schools.

As currently written, this bill proposes to eliminate from the Department, eleven Special Funds that were established to protect critical support services for public education. These Special Funds provide a small but stable and predictable source of funding for valuable school supports and programs. Diverting and eliminating these funds will compound the devastating effects of existing and proposed General Fund reductions.

A big part of sustaining Special Funds is to ensure its longevity and stability by exercising prudence. These funds are not intended to be exhausted entirely every year. Preserving and carrying over ending balances provides stability for the fund and the beneficiaries of the program. Healthy ending balances help to maintain predictability in resources during good and

bad times.

Deleting these funds or diverting the deposits that support these funds will only lead to greater demands on an already shrinking General Fund resource.

This bill makes permanent reductions in the Department's resources to address a crisis that appears to be subsiding and does not provide any long-term alternatives to covering costs supported by these funds leaving the Department and schools to fend for themselves or to eliminate programs. Such sweeping reductions, diversions, or eliminations of these Special Funds would seem premature given that more federal relief is expected to come soon.

In addition, transferring fees not established in statute into the general fund may be in conflict with the precedent of *Lingle v. Hawaii Insurance Council*, creating tens of thousands of potential injured parties.

The Department would humbly suggest that the Legislative State Auditor's report 20-08 be used as a starting point to address the bill's purpose as stated in Section 1.

Specifically,

PART V: DEPARTMENT OF EDUCATION

SCHOOL FOOD SERVICE FUND:

Section 81. Proposes to amend §302A-405 (S304) School Cafeterias; funds; expenditures by eliminating all deposits into the School Food Service Special Fund.

Code of Federal Regulations (CFR) Title 7 CFR 210.14 states, "Resource Management. (a) Nonprofit school food service. School food authorities shall remain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, except that, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings." Noncompliance with CFR 210.14 would jeopardize the Department's federal meal reimbursement revenues, which are about \$60 million annually and which cover about 50% of the cost of the food service program.

Especially in light of significant current and anticipated budget reductions and projected deficits in the food service program, all funds are required to support the school lunch program. Removal of these funds would negatively impact Special Fund collections for food services (in the form of meal payments), which are used to fund basic operations to provide required food services.

The bill eliminates the special school lunch fund and does not specify where money received from the sale of the meals, federal funds, and any other proceeds would be kept.

Additionally, this account was not identified in Auditor's Report No. 20-08 as an account from which funds can be transferred to the General Fund.**

SCHOOL LEVEL AG & INDUSTRIAL PURSUITS FUND:

Sections 82 - amends §302A-420 (S301) Profits to Pupils. Diverting any school profits to the General Fund.

Section 97 abolishes (1) Regular instruction - high school (S-301-E); and (2) E-reg instruction - industrial pursuits (S-301-E), and the unencumbered balances shall lapse to the credit of the General Fund.

Schools will no longer have use of funds for purchasing equipment and materials. Abolishing this account would eliminate resources to maintain a dedicated vehicle used to support students in their development of agricultural and industrial skills. This would foreclose on career and technical education opportunities as envisioned in SB 2263 that advanced during Session 2020 until the pandemic halted that bills progress.

ADULT EDUCATION FUNDS:

Section 83 - §302A-435 (S-322 and S302) Financing Adult and Community Education Program. Diverts funds to the General Fund.

Especially in light of significant current and anticipated budget reductions, all funds are required for related supplies and books, administrative costs and all other expenses including classroom instructor costs for the Adult and Community Education Program, especially as operations resume. These funds become even more critical to address the needs of students to pursue skills and programs for economic stability, which benefits the State budget recovery efforts.

In addition to the anticipated budget reduction, the COVID-19 pandemic has significantly reduced enrollment and revenues. At the same time, it has required an investment in distance learning resources to address enrollment and provide equity in access to students.

These funds will also be needed for workforce readiness partnerships that build skills and opportunities for employing adult education students, and will speed up the State's economic recovery efforts. This may include expanded technical support staff to assist and maintain devices for instructors and participants, an expanded instructor pool to address smaller online class sizes, and support staff for outreach and counseling of online participants.

The impact on the adult education program will be significant, if funds can no longer be used. When the community schools for adults were reorganized in 2013, State General Funds were significantly reduced. At that time, the Legislature and the Department allowed the adult schools to generate revenue to cover operational costs by allowing the collection of enrollment fees. The funds support the administration of the high school equivalency testing program, office operations, and other expenses not covered by federal funds or provided for through the State budget.

The charge of a nominal enrollment fee of \$20 encourages students to become vested in the cost of their education which can lead to increased employment opportunities, reduction in public assistance, and positive long-term outcomes for adults that correlate with a positive impact on many socio-economic issues affecting Hawaii.

This fund may include acquisition of devices for participants and instructors, and related supports, such as Internet access and software.

USE OF SCHOOL FACILITIES FUND:

Section 84 amends §302A-1148 (S-325) Use of School Facilities and diverts fees and charges collected to the General Fund. Section 96 amends §302A-1151.1(b) and 302A-1151.2, by substituting the words "school facilities account" wherever the words "school facilities subaccount" appears.

Especially in light of significant current and anticipated budget reductions, all funds are required for payment of custodial services, replacement of custodial and janitorial supplies, and the repair, maintenance, and replacement of equipment used.

Schools use these funds to cover costs related to the general maintenance of school facilities that are used by the community. If these funds are removed, alternative sources of funds would need to be found in order to allow for the continued use of facilities by the community.

Fees may not be sufficient to cover all costs related to facility maintenance in every circumstance of community use of school facilities. It would be a great hindrance to a school's ability to cover these costs if funds were placed under the time restrictions of General Funds.

Schools will still require funding to address the costs associated with community use of school facilities. Without this dedicated source of funding, schools will have to find alternative sources to allow for the continued use of school facilities by the community or eliminate any community use of the facilities.

Section 85 amends §302A-1151.6 (S-325) Parking; control by department. The amendments in this section would eliminate revenue deposits into the Special Fund (S-325) from any parking fees collected by the department and diverts these deposits to the General Fund. This bill would only allow deposits of parking fees collected by schools.

Disallowing deposits collected by the Department would reduce the funds ability to help pay for school facilities services such as custodial and janitorial supplies, maintenance, and any replacement of equipment used. Any costs that can not be covered by the fund would be passed on to the schools or to the Office of Facilities and Operations which would unduly strain the already limited General Fund resources. Diverting parking fees collected by the Department would be a disincentive to hold community meetings at school facilities where it is convenient for parents, teachers, students and other concerned members of the school community. The Department would be forced to seek private locations, which would charge higher usage and parking fees.

OUT-OF-SCHOOL TIME INSTRUCTIONAL PROGRAMS:

Section 86 amends §302A-1310 (S-323) Out-of-school time instructional programs; funds, expenditures by diverting tuition and other fees away from this account and into the General Fund.

Tuition is collected by the schools in accordance with HAR Chapter 30. These monies should remain with the schools and be used for the purpose intended; the monies should not be subject to administrative expenses or directed to the General Fund.

Schools are currently in the midst of planning for summer school and are relying on these funds in their school accounts for program planning and implementation, which includes the hiring of summer school staff. Without the ability to use the funds in this account, many schools will have to cancel their summer school program offerings this year. To be able to offer summer school or inter-session programs in the future to provide needed support to their students and families, schools will have to secure alternative sources of funding, which will jeopardize other educational priorities.

Especially in light of significant current and anticipated budget reductions, all funds are required

for summer school and inter-session program support especially as schools return to pre-COVID-19 operations. This account was not identified in Auditor's Report No. 20-08 as an account from which funds can be transferred to the General Fund.**

Section 291 and 292 subjects the fund to a 5 per cent central services fee or a pro rata share of the administrative expense. The additional assessments would reduce resources that would go to support students and school operations. A deduction of five percent from any of the Department's Special Funds will impact schools and their ability to provide the necessary services to their students. After-school and out-of-school programs will need to either: pass on the assessment to student's families; ask schools to redirect their General Funds to offset the loss of revenues; and/or, cut back on support staff or programs that nurture and assist students who are in need of these programs to keep them safe, focused, and academically challenged. Finally, the Department is unclear as to what central services expenses are being incurred to support the programs these funds support. To a large extent these programs (Summer School, School Food Service, and A+) incurs their own administrative expenses mainly to reduce any central service expenses.

HAWAII 3R'S FUND:

Section 87 amends §302-1502.4 Hawaii 3R's school improvement fund by disallowing transfers from the Hawaii School-Level Minor Repair & Maintenance Special Fund account (S-327), which would reduce potential support for a partnership developed by the late Senator Daniel K. Inouye designed to assist schools with small-in-scope projects to improve school campuses.

PRIVATE TRADE, VOCATIONAL, AND TECHNICAL SCHOOL LICENSURE FUND:

Section 90 repeals §302A-425.5 (S-333) Private trade, vocational, and technical school licensure Special Fund. Section 95 replaces "private trade, vocational, and technical school licensure Special Fund" with "General Fund."

Especially in light of significant current and anticipated budget reductions, all funds are required to fund activities related to the licensure requirements established under section 302A-425, including funding for permanent staff position and administrative and operational costs. Revenues from the current licensing fee ensure the program's sustainability, including funding for a half-time staff position and operational costs. If funding is eliminated or diverted to the General Fund, there would no longer be a means to manage the program, the purpose of which is to protect consumers from false, deceptive, misleading, and unfair practices, and to ensure adequate educational quality. If the program is abolished as a result of the elimination of funding, there would no longer be oversight for schools teaching post-secondary training in a trade, occupation, or vocation.

Additionally, this account was not identified in Auditor's Report No. 20-08 as an account from which funds can be transferred to the General Fund.**

FELIX STIPEND PROGRAM FUND:

Section 91 repeals §302A-707 (S-305) Felix stipend program Special Fund.

Repealing this Special Fund would hurt the Department's effort to improve special education services. Future funding of special education stipends would need to be reduced, especially in light of reductions to the Department's budget. A lack of trained special education teachers may place the State back in jeopardy of lawsuits, which would further necessitate use of these funds.

CURRICULAR MATERIALS FEES FUND - A.K.A. the REIMBURSEMENT FOR LOST

TEXTBOOKS & EQUIPMENT FUND:

Section 92 repeals §302A-1130.6 (S-330) Curricular materials fees special account.

Repealing this account would result in schools having to use other sources of funds to replace damaged, lost, or destroyed equipment, textbooks, library books, and supplies. With the current economic turmoil, funds will be difficult to locate without hindering other educational priorities. Schools will still require funding to address the costs associated with replacing damaged, lost, or destroyed equipment, textbooks, library books, and supplies that are essential to ensure continued learning and progression by students.

SCHOOL LEVEL MINOR REPAIRS AND MAINTENANCE SPECIAL FUND:

Section 93 repeals §302A-1504.5 (S-327) School level minor repairs and maintenance Special Fund.

Repealing this fund along with the amendments proposed in Section 293 would eliminate a dedicated vehicle for support, other than from the State, for the schools to address minor repairs and maintenance.

Section 293 amends §235-102.5 Income check-off authorized by removing section (b) which allows taxpayers the option of designating a portion of their tax returns to help school level minor repairs and maintenance (S-327-E).

DRIVER EDUCATION FUND:

The amendments in Sections 202, 206, 256 and 264 will devastate the driver education program (S-350). Section 264 amends §431:10C-115 Drivers education fund underwriters fee by diverting fees collected to the General Fund and eliminates transfer of funds to the department to administer the driver education program for high school students and the traffic safety education program pursuant to §302A-417. Sections 202, 206 eliminates the Driver education and training fund which support the program. Section 256 eliminates the allowance of using the Special Fund to pay for the traffic safety education specialist position.

These amendments will eliminate the after-school driver education programs offered at 40 high schools, affecting between 2,000 and 4,000 students and parents, respectively, and nearly 100 part-time driver education instructors. The Department will no longer be able to support mandatory driver education for teen drivers 18 years and younger, and the financial hardship will fall on parents - public driver education courses cost \$10/person, as compared to private school courses which cost \$500+/person.

Other traffic safety programs will also suffer reductions or elimination if funding is diverted away, including the Project Grad program which has been successful in keeping recent high school graduates from endangering themselves and others in traffic related incidents. The traffic safety education specialist is the point person for various efforts and campaigns conducted in partnership with the State Department of Transportation, county transportation departments, county police departments, and community stakeholders to promote traffic safety. The elimination of funding for this position would result in direct impacts on the ability of the Department to implement these and other traffic safety programs, which have been successful in keeping students safe from endangering themselves and others in traffic-related incidents.

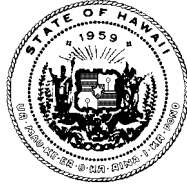
**In May 2020, the Hawaii State Auditor released a report (Report No. 20-08) regarding excess special and revolving fund balances that could potentially be transferred to the General Fund. The report found about \$483.6 million of potential funds statewide from 57 special and revolving

funds that could be transferred, of which only three funds and about \$645,000 were from the Department.

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

The Hawai'i State Department of Education is committed to delivering on our promises to students, providing an equitable, excellent, and innovative learning environment in every school to engage and elevate our communities. 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.

DAVID Y. IGE
GOVERNOR



CATHY BETTS
DIRECTOR

JOSEPH CAMPOS II
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 1, 2021

TO: The Honorable Representative Sylvia Luke, Chair
House Committee on Finance

FROM: Cathy Betts, Director

SUBJECT: **HB1299 – RELATING TO NON-GENERAL FUNDS.**

Hearing: March 2, 2021, 1:00 p.m.
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS), understands the intent of the measure, agrees in part and respectfully opposes parts of Part IX, and provides comments.

PURPOSE: Repeals various non-general funds of the department of agriculture; department of business, economic development, and tourism; department of land and natural resources; department of education; university of Hawaii; department of Hawaiian home lands; judiciary; department of human services; department of labor and industrial relations; department of accounting and general services; department of the attorney general; department of budget and finance; department of human resources development; office of the governor; department commerce and consumer affairs; department of taxation; department of public safety; and office of Hawaiian affairs. Transfers unencumbered balances to the credit of the general fund.

DHS respectfully requests that the Legislature not repeal or sweep the identified special fund balances and to preserve the special funds which are critically important to providing essential benefits and services to Hawaii residents.

DHS opposes **SECTION 208** that proposes to repeal the **Spouse and Child Abuse Special Fund** (SCASF). In 1994, the Seventeenth Legislature of the State of Hawaii, established the Spouse and Child Abuse Special Account (SCASA or SCASF). Act 232, Session Laws of Hawaii (SLH) 1994, specified "the proceeds of the account shall be reserved for use by the department of human services for staff programs and grants or purchases of service . . . that support or provide spouse or child abuse intervention or prevention as authorized by law." The funds originally came from fees for marriage licenses and over the years different source of funds were added.

Currently SCASF, per section 346-7.5(b), Hawaii Revised Statutes (HRS), is funded by certain fees from vital records per sections 338-14.5 and 572-5, HRS, income tax remittances allocated per section 235-102.5, HRS, federal reimbursements received through Title IV-E of the Social Security Act received in the following fiscal year from which the Title IV-E funds were expended, interest and investment earnings, grants, donations, and contributions from private or public sources.

DHS has encumbered all SCASF funds for SFY 2021. For State Fiscal Year 2021, planned expenditures are for the following services:

PLANNED EXPENDITURES for SFY 2021	
1. Family Wrap Hawaii – EPIC `Ohana, Inc.	\$ 238,340
2. Sex Trafficking Services to Minors – Susannah Wesley Community Center	\$ 179,006
3. Institute on Violence, Abuse, and Trauma Training Statewide	\$40,000
4. Hawaii State Citizen’s Review Panel	\$20,000
5. CWS Management Leadership Team	\$30,000
6. DAGS Special Fund Assessment	\$34,000
7. DV Training and DV Fatality Review	\$5,000
8. Hawaii Interagency State Youth Network of Care (HISYNC)	\$30,000
9. Intra-Familial Sex Abuse Treatment Services - Oahu	\$120,000
Total Planned Expenditures	\$696,346

Maintaining the vital records, tax remittances, and other earnings and donations is needed to continue these necessary services and other planned programming.

In 2018, Congress passed the Family First Prevention Services Act (FFPSA) establishing a new Title IV-E funding model for time-limited prevention services for mental health, substance abuse, and in-home parent skill-based programs for children or youth who are candidates for foster care, pregnant or parenting youth in foster care, and the parents or kin caregivers of those children and youth. FFPSA is aimed to transform the child welfare system into a preventive rather than reactive model where families feel supported rather than policed.

As part of the new funding model, FFPSA may reimburse up to 50% of state or non-federal funds expended on evidenced based programming.

In December 2020, Hawaii submitted its Family First Hawaii (FFH) Prevention Services Plan for federal review and approval, and DHS CWS is currently awaiting a response. The proposed budget for FFH is approximately \$4,935,000 annually.

DHS CWS received the FFPSA transition grant and the funding certainty grant to begin partial implementation of its FFH Prevention Plan. The FFPSA transition grant is a one-time payment and the estimated allotment is \$1,955,441. The funding certainty grant provides coverage to states who experience a defined reduction in Title IV-E funding as compared to the amounts authorized under the Title IV-E waiver terms and conditions for FY2019 and covers two years after the end of the Title IV-E Waiver.¹

Although DHS would be able to implement parts of its FFH plan with these funds, these transition and certainty funds are not-ongoing, and it is imperative that DHS have a robust and sustainable source of non-federal funds to properly resource the FFH plan and maximize federal reimbursements. Successful implementation of the FFH plan intends to decrease the number of children who will experience abuse or neglect and enter foster care. A well-funded FFH program will have a positive impact on the community for years to come.

¹ Hawaii implemented its Title IV-E waiver program on January 1, 2015; nationally, the Title IV-E waiver program ended on September 30, 2019.

Currently, the FFPSA implementation date is October 1, 2021, and the State will need to expend non-federal funds to claim federal reimbursement. In administration measures, SB1137/HB983 and the executive budget HB200, DHS is requesting the SCASF ceiling be raised to \$5,000,000 based on 4th quarter Title IV-E expenditures of approximately \$5,000,000. This ceiling should cover the projected first year costs of FFH services of \$4,935,000.

In 2019, the Legislature passed the administration measure adding federal Title IV-E reimbursements received after the end of the state fiscal year as a source of revenue for SCASF. Per Act 84, SLH 2019, the statutory ceiling of SCASF is set in statute at \$3,000,000; however, we have not been able to retain that amount as the requested budget adjustment was not included in Act 9, SLH 2020.²

As the pandemic health and economic conditions continue, we anticipate the families and children will continue to experience financial, housing instability, substance abuse, and other stressors that often contribute to child abuse and neglect in Hawaii. This SCASF funding stream is critical to existing intervention and prevention services, and to Hawai'i's implementation of FFH prevention services under the FFPSA, which will take pressure off of the need for additional general fund appropriations and will maximize available federal reimbursements.

Repealing the SCASF will require general fund appropriations at a time when general funds are short and will jeopardize DHS' ability to successfully provide required prevention and intervention services aimed at addressing and reducing impacts of spouse abuse, child abuse, and neglect.

DHS opposes **SECTION 209** that proposes to repeal the **Interim Assistance Reimbursement (IAR) Special Fund**, section 346-57.5, HRS. At this time, All IAR funds for SFY 2021 have been encumbered.

In 2015, Act 196, SLH 2015, established the IAR special fund into which federal reimbursements are deposited and used to provide support to the General Assistance (GA)

² This year per SB1137 and HB983 we are proposing that the statute be amended to raise the SCASF fund ceiling to \$5 million; a similar request is also included in the executive budget.

program. The GA program provides financial assistance to disabled adults who are unable to work 30 hours per week and who do not have minor dependents.

Codified at section 346-57.5, HRS, the IAR special fund has a \$3,000,000 ceiling, excess funds lapse to the general fund. The intent of the special fund is to avoid the need for emergency appropriations when caseloads rise during economic downturns. The IAR special fund's balance is not used to determine the amount of GA assistance payments.

However, the financial crisis resulting from the COVID-19 pandemic is of a magnitude far greater than the previous great recession that prompted the establishment of the IAR special fund and the \$3,000,000 ceiling.

Due to the pandemic and economic consequences, all DHS financial programs have experienced significant caseload increases. The GA program caseload is **30%** higher than it was in February 2020; as of December 2020, there were 6,765 GA recipients. Importantly, the IAR worked as it was intended as the GA program drew for the first time on IAR special funds for SFY2020 and SFY2021, as follows:

Expenditure Date	Amount
06/30/2020	\$202,223
12/14/2020	\$2,325,000
01/28/2021	\$675,000

Using available IAR funds, DHS was able to maintain monthly benefits for these individuals at \$388 until March 1, 2021, when the monthly benefit was reduced due to the overall program shortfall.

However, as mentioned above the magnitude and duration of the pandemic conditions, requires DHS to make a request for an emergency appropriation for \$5.4 million for SFY 2021.³ We also include in the biennium budget, budget increases of \$5.4 million for each fiscal year of the biennium. Significantly, we considered the \$3,000,000 in the IAR in the requested budget increase of \$5.4 million for the next two fiscal years; if the IAR is repealed, we will require an increase of \$8.4 million for each fiscal year of the biennium.

³ SB1137 is pending before Senate Ways & Means, 3/2/2021, at 9:30.

Lastly, given the uncertainty of the pandemic's duration and Hawaii's economic recovery, we respectfully request the Legislature consider raising the IAR ceiling or authorize the Director to use available funds during program revenue short falls, until such time as the Legislature may address the funding shortfall.

Repeal of the IAR special fund would negatively impact general fund recipients in times of severe economic down turns.

DHS opposes **SECTIONS 210-213**, that would repeal the **Nursing Facility Sustainability Program and the Hospital Sustainability programs** on July 1, 2021, instead of the current sunset date of December 31, 2021. Currently, HB474 (Hospital Sustainability) and HB311 (Nursing Facility Sustainability)⁴ reauthorize and extend the hospital and nursing facility programs respectively through December of 2023. If both HB1298 and HB1299 pass as written, and the reauthorization bills pass, it may likely create confusion regarding these programs that bring significant federal matching funds to the State to support contributing nursing facilities, hospitals and the Medicaid program.

Since the pandemic's health and economic impacts began, as of February 22, 2021, Hawaii now has 405,598 Medicaid enrollees, an increase of more than **23%** since March 4, 2020. Repeal of these programs would likely lead to eventual reductions in benefits and services at a time when Hawaii's residents need access to health care services, and the health care system and Medicaid program need additional federal revenue.

Unencumbered balances in either the Hospital and Nursing Facility Special Program funds cannot be used for any other purpose, per 346F-4 and 346G-4, HRS. As fees are deposited throughout the year, the balances of these special funds fluctuate.

DHS also opposes the proposals to terminate the exemptions from the central services assessments as provided by section 36-27(a)(31) hospital sustainability program special fund from December 31, 2021 to July 1, 2021, and section 36-27(a)(32) nursing sustainability program special fund from December 31, 2021 to July 1, 2021.

⁴ HB474 and HB311 are nearly the same as administration measures HB976 and HB977.

Similarly, DHS opposes the measure's proposals to terminate the exemptions of the administrative expenses assessment as provided by section 36-30(a)(26) nursing facility sustainability program special fund from December 31, 2021 to July 1, 2021, and section 36-30(a)(28) hospital sustainability program special fund from December 31, 2021 to July 1, 2021.

The exemptions from these special fund assessments allow the State to maximize the available federal match funds; to eliminate these exemptions would reduce funding that supports nursing facilities, hospitals that serve Medicaid recipients, and the Medicaid program.

The Hospital and Nursing Facility Sustainability Programs Special funds are critical to support hospitals and nursing facilities to maintain access to care for Medicaid recipients as well as to the operations of MQD. Repeal of these programs would have dramatic and negative impact on MQD's ability to leverage federal funds as both of the special funds allow MQD to leverage tens of millions of additional federal funds into the state and reduce the MQD general fund need.

DHS responds to the proposal in **SECTION 214** to abolish the following funds as follows:

- (1) General Support for health care payments (S-302-K) – DHS agrees this fund may be abolished and the approximate remaining balance of \$14,355.00 may lapse to the general fund;
- (2) Health care payments (S-303-K) – DHS agrees this fund may be abolished and understands there is currently no balance in this fund;
- (3) General assistance payments (S-317-K); balance \$1,350,871.74 - DHS understands that this account is a duplicate and holds Interim Assistance Reimbursement funds. We respectfully request that the balance in S-19-317 be transferred to S-20-382 the Interim Assistance Reimbursement (IAR) special fund and not lapse to the general fund. Transferring this balance to the IAR special fund is aligned with budget considerations DHS used for proposed biennium budget increases for the GA program. Once the funds are transferred, General assistance payments S-317-K may be abolished.

- (4) Financial assistance for housing (S-339-K) – the Hawaii Public Housing Authority has oversight of this fund and will prepare its own testimony; and
- (5) Child care grant program (S-353-K) – this fund was established to receive and disperse Coronavirus Relief Funds appropriated to DHS through Act 9, SLH 2020. The fund balance was already returned to the general fund as required by Act 9, SLH 2020. DHS requests to retain this fund to receive additional federal COVID-19 stimulus funds.

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

HB-1299

Submitted on: 3/1/2021 2:31:21 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

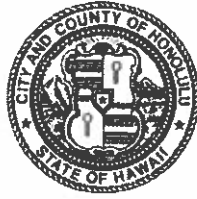
Submitted By	Organization	Testifier Position	Present at Hearing
Kevin G. Thornton	Judiciary	Oppose	No

Comments:

I am a Judiciary team member available to support our testifier (Rodney Maile) in the event there are any questions on HB1298 and HB1299.

POLICE DEPARTMENT
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813
TELEPHONE: (808) 529-3111 · INTERNET: www.honolulu.org



RICK BLANGIARDI
MAYOR

SUSAN BALLARD
CHIEF

JOHN D. MCCARTHY
AARON TAKASAKI-YOUNG
DEPUTY CHIEFS

OUR REFERENCE AF-AS

March 2, 2021

The Honorable Sylvia Luke, Chair
and Members
Committee on Finance
House of Representatives
Hawaii State Capitol, Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Luke and Members:

SUBJECT: House Bill No. 1299, Relating to Non-General Funds

I am Aaron Farias, Captain of the Communications Division of the Honolulu Police Department (HPD), City and County of Honolulu.

The HPD opposes House Bill No. 1299, Relating to Non-General Funds.

The HPD is the primary Public Safety Answering Point for the island of Oahu. All 911 calls we receive are routed for service by first responders from the police, fire, and emergency services departments for the City and County of Honolulu. The special fund for Enhanced 911 and Wireless Enhanced 911 supports the public safety communication services for the four counties of our state. This bill would transfer funds from the Enhanced 911 and Wireless Enhanced 911 to the general fund.

The HPD strongly urges you to oppose House Bill No. 1298.

Thank you for the opportunity to testify.

APPROVED:


Susan Ballard
Chief of Police

Sincerely,


Aaron Farias, Captain
Communications Division



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON FINANCE

Tuesday, March 2, 2021
1:00 PM
State Capitol, Conference Room 308

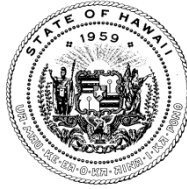
In consideration of
HB 1298
RELATING TO STATE FUNDS.
and
HB 1299
RELATING TO NON-GENERAL FUNDS.

Chair Luke, Vice Chair Cullen and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) would like to offer its comments on HB1298 and HB1299, which repeals various non-general funds and/or transfers the unencumbered balances to the General Fund.

DBEDT affirms its commitment to work with the Committee to come to an amicable agreement on the various DBEDT programs' unencumbered cash balances that can be reverted to the General Fund and repeal of certain special funds.

Thank you for the opportunity to comment.

DAVID Y. IGE
GOVERNOR



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

March 2, 2021

1:00 P.M.

State Capitol, Room 308, Via Videoconference

H.B. 1299
RELATING TO NON-GENERAL FUNDS

House Committee on Finance

The Department of Transportation (DOT) **strongly opposes** this bill, which repeals and abolishes various non-general funds from multiple departments and transfers unencumbered balances to the credit of the State General Fund.

DOT specifically strongly opposes Part XXII of this bill, which would abolish unspecified accounts and transfer unencumbered funds of the DOT. The abolition of department special funds will greatly impair and cause detrimental impacts to DOT's operations, programs, and projects. Moreover, DOT would not be able to fulfill its core functions and mission. Taking of DOT funds will also hinder DOT's ability to qualify for and be eligible to receive federal funding from U.S. Department of Transportation. Any loss of federal funding to leverage DOT's already limited resources at this current time will threaten our State's future prosperity as it will hinder the economic recovery from the challenges posed by this ongoing pandemic.

The DOT- Harbors Division respectfully offers the following comments:

HB 1299 proposes to trigger a full accounting of various non-general funded program objectives, performance, and results by repealing or abolishing those non-general funds. The bill proposed that accounts with unencumbered balances shall lapse to the credit of the general fund.

During November 2020, the DOTH presented to the financial/bond markets its financial position, financial performance (actual and future projections), and management of the harbors special fund. Fitch Ratings, Inc. and Moody's Investors Service, Inc. credit rating agencies based their ratings of our 2020 revenue bonds, accordingly. The Harbor Special Fund contains moneys that have been pledged for the repayment of harbor revenue bonds. Pursuant to section 39-62, HRS, moneys in the Harbor Special Fund are pledged/secured with a lien created for and used solely for the benefit of harbor revenue bondholders, i.e., the repayment of the revenue bonds.

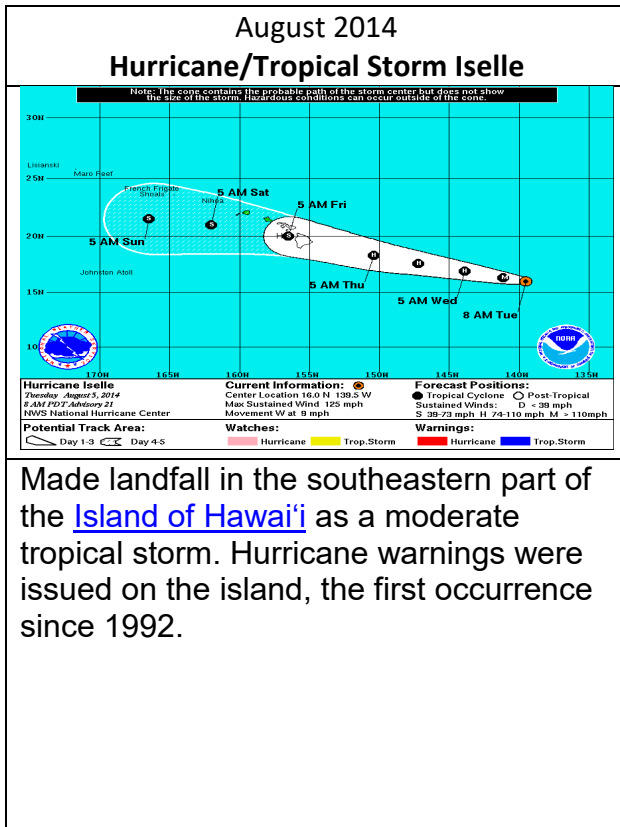
The harbor special fund provides DOTH the means to repay all its revenue bond debt, including the 2020 revenue bonds. The retail and institutional markets (local banks included) relied on the DOTH's actual and future projected financial performance as stated in the DOTH's 2020 Official Statement (2020 OS). Investors purchased bonds based on the representation by the DOTH in the 2020 OS that DOTH, and not the general fund, is responsible to repay its revenue bond debt obligation; the harbors special fund is the DOTH's only means to repay all its revenue bond debt. A significant factor the DOTH represented to the retail and institutional markets was its liquidity also referred to as the DOTH's unencumbered balances. Moody's and Fitch rating agencies assigned a credit rating to the DOTH revenue bonds as investment grade bonds.

If the DOTH's unencumbered special fund balances are transferred to the general fund, the transfer will impair DOTH's performance to fulfill its promises to repay amounts borrowed from bond holders under the November 2020 20-year bond contract (bond covenants) up to \$266.5 million and up to \$97.1 Million owed for bonds issued in 2013 and in 2016. The transfer may be considered a breach of contract and would result in the immediate demand for payment of all outstanding revenue bond amounts, plus any accrued interest up to that date. The transfer of existing special funds into the general fund needs to be analyzed and a determination be made as to its constitutionality. The Contracts Clause found in Article I of the United States Constitution ("No State shall . . . pass any . . . Law impairing the Obligation of Contracts . . . ") may prohibit any actions that impair the use of moneys pledged for the repayment of bonds for non-bond purposes.

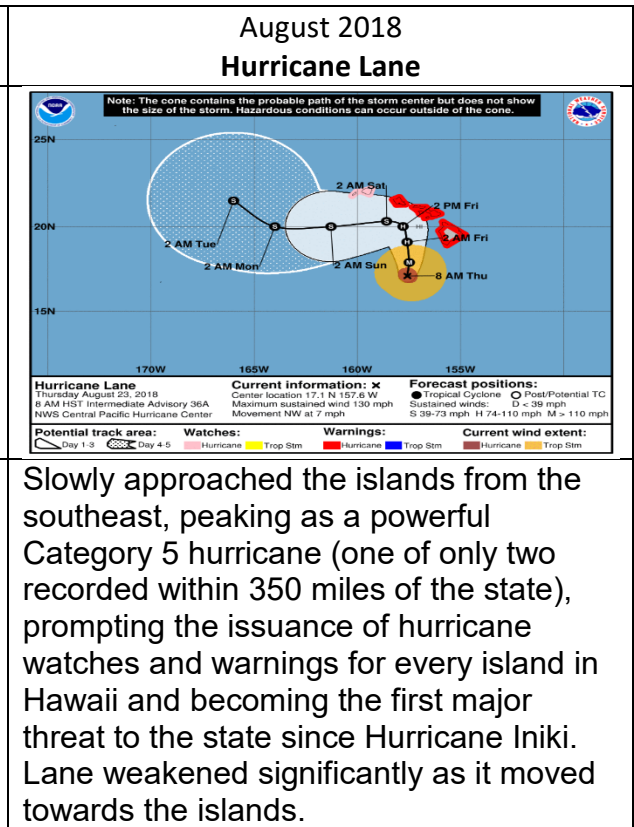
We comment and share a practical concern. No one, except a few, predicted that a pandemic would dramatically impact tourism, a major economic engine. According to the Hawaii Tourism Authority, in 2020, visitor arrivals by air service decreased sharply from U.S. West (-71.6% to 1,306,388), U.S. East (-70.3% to 676,061), Japan (-81.1% to 297,243), Canada (-70.2% to 161,201), and All Other International Markets (-80.4% to 245,510). Congress came to the aid of the airports and airlines by providing Federal funds and Federal programs to assist with their recovery efforts, but Congress did not provide any assistance to the harbor ports. Therefore, the DOTH asks, in the event of a disaster, say a category 2-4 hurricane, that damages the harbor system, will there be State general funds enough to fund the repairs that DOTH will be required to undertake for its ten commercial harbors?

As you know, 80% of the goods used or consumed by the State's residents and visitors are imported, of which 98.6% of those imports pass through DOTH's facilities. The State relies on just-in-time cargo arrivals resulting in a limited quantities in-State of supplies that are normally used on a day-to-day basis. Not having goods imported because the State/DOTH may not have the financial capacity to quickly repair/restore damage to DOTH piers and resume cargo operations, will have a significant if not terrible impact to the community.

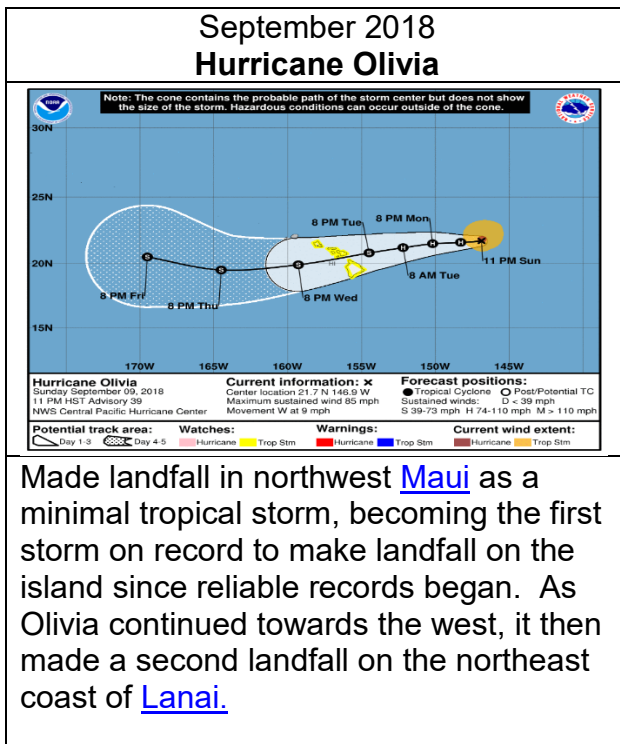
In understanding the risks, the following past hurricane events have increased in proximity to the State, and arguably, intensity made worse with climate change.



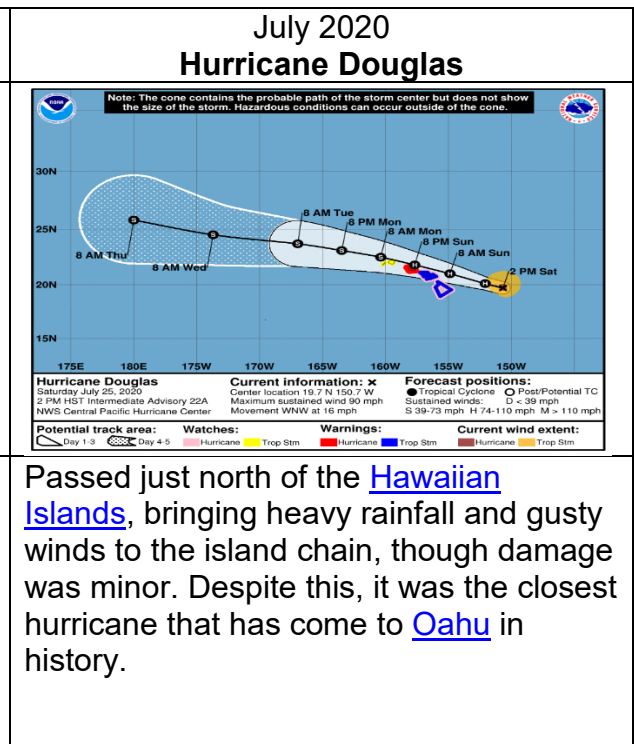
Made landfall in the southeastern part of the [Island of Hawai'i](#) as a moderate tropical storm. Hurricane warnings were issued on the island, the first occurrence since 1992.



Slowly approached the islands from the southeast, peaking as a powerful Category 5 hurricane (one of only two recorded within 350 miles of the state), prompting the issuance of hurricane watches and warnings for every island in Hawaii and becoming the first major threat to the state since Hurricane Iniki. Lane weakened significantly as it moved towards the islands.



Made landfall in northwest [Maui](#) as a minimal tropical storm, becoming the first storm on record to make landfall on the island since reliable records began. As Olivia continued towards the west, it then made a second landfall on the northeast coast of [Lanai](#).



Passed just north of the [Hawaiian Islands](#), bringing heavy rainfall and gusty winds to the island chain, though damage was minor. Despite this, it was the closest hurricane that has come to [Oahu](#) in history.

The harbors currently forecasts its FY 21 expenditures to be about \$110 million [includes personnel and O&M (\$61 million), debt (\$34 million), payments to other agencies (\$15 million, etc.)] to sustain and to operate the necessary facilities to support the lifeline to the State. Because material to repair the harbors are

imported, for discussion purposes, repairs could be weeks to years or longer in order to return to normal. In addition, repair funds can range from an estimated \$10 million to \$100 million or more to conduct needed repairs in order to resume operations. For example, the cost of constructing the Hilo Harbor Pier (excluding cargo yard) was \$46.69 million for 602 linear feet of pier. The \$350 million Kapalama Container Terminal, Waterside project (construction only) is to build 3,169 linear feet of pier. One example of the cost of a Special Maintenance to repair substructures at Honolulu Harbor is \$1.26 million. The amount needed for Special Maintenance depends on the extent of damage, time to repair, and complexity of repairs.

The DOTH understands that the State is in a pandemic that is impacting the economy and the State's general fund budget. During the Pandemic, the DOTH has been operating and supporting the lifeline of the State. However, because we are all in this together, the above comments are offered to assist in a debate and discussion.

The DOT also has concerns about the impact on other departments' special funds that will impact DOT operations:

- In Part X, The Judiciary driver education and training funds (Section 202 on page 290) is repealed.
- In Part VIII, the Department of Health's EMS and trauma funds (EMS funds in Section 172 on page 245; trauma funds in Section 169 on page 236) are repealed.

If the Judiciary driver education and training fund is eliminated, Judiciary has advised the DOT that the program will probably be shut down. If that happens, the DOT Highway safety programs will not have a state match and Hawaii will lose federal funding.

DOT is concerned that elimination of the state's EMS and trauma funds will affect traffic safety.

Thank you for the opportunity to provide testimony.

HB1299

I am writing in opposition of HB1299 on behalf of the Waipahu Community School for Adults (WCSA) and our students.

The state funds we receive help to fund many classes like English Language classes, High School Equivalency and Basic Skill Improvement classes. The majority of our population at the Waipahu Community School for Adults are those who are looking to better their lives.

We at the WCSA have a deep passion for helping at risk youth and adults who are ready to change their lives. Our goal by providing these classes is to help our students be positive contributors to society by reducing crime and cycles of poverty.

Currently, the Hawaii Adult Schools receive a very limited amount of State General Funds to cover the operational costs of campuses on every island in the State. The fees we collect help to fund classes when State General Funds fall short or are reduced.

Our fees also help to cover basic office operational costs such as equipment maintenance, telephone, test materials, and supplies for general office and classroom operations. The amount collected maybe minimal but it is essential for the schools to be able to successfully provide services for all students.

Thank you for allowing this time to provide testimony in opposition of House Bill 1299.

Sincerely,

Kevin Ginoza,

Vice Principal, Waipahu Community School for Adults- Wahiawa Campus

TESTIMONY ON HOUSE BILL 1299
RELATING TO NON-GENERAL FUNDS
FINANCE COMMITTEE

BY

DAVLYNN RACADIO
SUPERVISING EMERGENCY SERVICES DISPATCHER

MARCH 2, 2021

Chair Luke, Vice Chair Cullen and Members of the Committee on Finance:

My name is Davlynn Racadio and I am a Supervising Emergency Services Dispatcher for the County of Maui. I am grateful to be allowed to submit testimony in **strong opposition** of HB 1299.

The State of Hawaii Enhanced 9-1-1 Board collects the 9-1-1 surcharges from the various cell phone companies and uses the 9-1-1 funds to support our 9-1-1 Centers throughout the State of Hawaii. While this bill is supposed to streamline our government agencies and gather a full accounting of various non-general funded programs, the ultimate outcome is to abolish the 9-1-1 Board and the 9-1-1 surcharges will be diverted to the General Fund.

If this should occur, that means if the Public Safety Answering Points (PSAPs) experiences an equipment failure and needs it to be replaced immediately, the PSAPs would need to request a loan from the General Fund to repair 9-1-1 equipment that services the communities that you were elected to protect. The best way for me to describe this need is if or when your family members call 9-1-1 for help, do you want those calls to go unanswered due to the fact that their equipment is not working and they are waiting for a loan approval from the General Fund? It could happen if this bill is passed.

It would be in the best interest of our State to leave the State of Hawaii Enhanced 9-1-1 Board intact and continue in serving the PSAPs of the Hawaii.

Thank you for allowing me to give my testimony in **strong opposition** of HB 1299.

Davlynn Racadio

Maui Police Department Communications

Davlynn.Racadio@mpd.net

808-244-6338

Mitchell D. Roth
Mayor

Lee E. Lord
Managing Director



Robert R.K. Perreira
Acting Fire Chief

County of Hawai'i
HAWAI'I FIRE DEPARTMENT
25 Aupuni Street • Suite 2501 • Hilo, Hawai'i 96720
(808) 932-2900 • Fax (808) 932-2928

March 1, 2021

Representative Sylvia Luke, Chairperson
Committee on Finance
415 South Beretania Street, Room 325
Honolulu, HI 96813

RE: HOUSE BILL 1299 Relating to Non-General Funds
HEARING DATE: March 2, 2021
TIME: 12:00 noon

Dear Representative Luke:

The Hawai'i Fire Department is opposing House Bill 1299, which repeals various non-general funds from various departments and transfers of unencumbered balances to the credit of the general fund.

The Department of Accounting and General Services is the E911 Special Fund which is utilized to provide funding to support the necessary infrastructure for all of the State Public Safety Answering Points (PSAP) otherwise known as the Emergency Dispatch Centers. Without these funds the counties would be responsible for these costs. For the County of Hawai'i, this translates to an excess of \$1 million annually that we do not have.

With all due respect, the Hawai'i Fire Department strongly requests that this committee does not approve this legislation. Thank you for allowing us to provide testimony related to House Bill 1299.

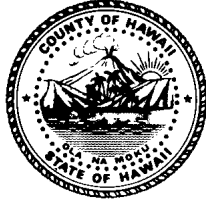
Sincerely,

A handwritten signature in black ink, appearing to read "R.K. Perreira".

Robert R.K. Perreira
Acting Fire Chief



Mitchell D. Roth
Mayor



Paul K. Ferreira
Police Chief

Kenneth Bugado, Jr.
Deputy Police Chief

County of Hawai`i

POLICE DEPARTMENT

349 Kapi`olani Street • Hilo, Hawai`i 96720-3998
(808) 935-3311 • Fax (808) 961-8865

March 1, 2021

The Honorable Sylvia Luke
Chair and Members
Committee on Finance
State Capitol
415 South Beretania Street, Conference Room 306
Honolulu, Hawai`i 96813

RE : HOUSE BILL 1299, RELATING TO NON-GENERAL FUNDS
HEARING DATE : MARCH 2, 2021
TIME : 1:00 P.M.

Dear Representative Luke and Members:

The Hawai`i Police Department **strongly opposes** House Bill 1299, Relating to Non-General Funds, seeking to repeal various non-general funds to include the Department of Accounting and General Services; specifically, the Enhanced 911 Fund and transfers unencumbered balances to the credit of the general fund.

In 2004, the Wireless Enhanced 911(E911) Fund was established exclusively for the purposes of ensuring adequate cost recovery for the deployment of Phase I and Phase II Wireless E911 services in the State of Hawai`i. Due to the ever-changing enhancements in wireless technologies and expanding consumer base, ensuring the deployment of Phase I and Phase II Wireless E911 services in the State was an on-going project for all of the Public Safety Answering Points (PSAPs).

In 2011, recognizing that the State of Hawai`i was only one of six states that did not have a single entity that coordinates all E911 services and that the efficient management of 911 Emergency Networks saves lives and dramatically reduces the liability of government entities and agencies. Furthermore, the technologies involved in providing E911 services converged to a point that systems required to provide such service are blended and E911 systems are evolving to accept other forms of communications such as text, video, etc. Therefore, in the interest of the safety of the public and visitors to Hawai`i, in 2011 legislation was proposed to address the need for a single state entity to administer E911 services for the State of Hawai`i.

As a result Act 168/SLH 2011, was passed, creating the current E911 Board, with the purpose of establishing a special dedicated E911 Fund outside the State Treasury whereby moneys in the fund shall

The Honorable Sylvia Luke
Chair and Members
Committee on Finance
RE : HOUSE BILL 1299, RELATING TO NON-GENERAL FUNDS
March 1, 2021
Page 2

be expended exclusively by the Board for the purposes of ensuring adequate funding for the Public Safety Answering Points (PSAPs) to deploy and sustain E911 service, developing and funding future E911 technologies, and funding expenses of administering the fund.

As communication devices continue to be introduced to the public that implements the convergence of communications and information technology services over one device (e.g., Smart-phones), the need for improvement to the E911 network cannot be overstated. The Public Safety Answering Points (PSAPs) are already facing the rapidly emerging technology and are required by public law to answer E911 calls being delivered by several different modes of communications such as analog phone, digital voice, Voice over IP (VoIP), text messaging, streaming video messaging, etc. All of these technologies are required to access the E911 network to enable callers to call 911 for emergency assistance.

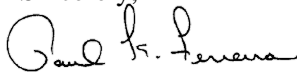
The raid of the E911 fund, as proposed by HB 1299, will result in the PSAPs inability to support current emergency needs for public safety as funds will not be available to maintain our current systems and to support necessary upgrades due to ever-changing technology. Additionally, that the raid of the funds will thwart the PSAPs ability to procure new equipment to meet Next Generation 911 (NG911) deployment plans that support wireless technologies over the next 5 years.

We are aware that E911 Board has adopted a strategic 5-year spending plan in support of program activities currently underway or planned by all of the PSAPs throughout the State of Hawai'i, to maintain and enhance their current E911 infrastructure. The plan calls for the use of the E911 funds up to the appropriations cap of \$9 million dollars for the current fiscal year. The transfer of any funds from the E911 fund will jeopardize the availability of monies to support these activities.

It is our understanding that in the Legislature in 2010, proposed similar legislation to divert monies from the E911 Fund into the General Fund and was advised by the Office of the Attorney General that such action could result in Federal sanctions being imposed upon the State of Hawai'i.

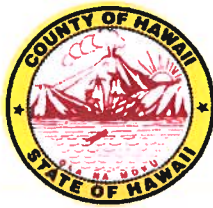
For these reasons, we urge this committee to **oppose** this legislation. Thank you for allowing the Hawai'i Police Department to testify on H.B. No. 1299.

Sincerely,



PAUL K. FERREIRA
POLICE CHIEF

Mitchell D. Roth
Mayor



Lee E. Lord
Managing Director

Robert H. Command
Deputy Managing Director

County of Hawai'i
Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6553
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March 1, 2021

Chair, Rep. Sylvia Luke
Vice-Chair, Rep. Ty J. K. Cullen
House Committee on Finance
Hawai'i State Legislature
415 S. Beretania St.
Honolulu, HI 96813

Subject: H.B. 1299
RELATING TO NON GENERAL FUNDS
Hearing Date: Tuesday, March 2, 2021
Time/Place of Hearing: Videoconference at 1:00 p.m.


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

The County of Hawai'i would like to offer comments on House Bill 1299 which repeals various non-general funds from specific departments and transfers unencumbered balances to credit the general fund.

In light of the financial challenges presented by the COVID 19 pandemic, the County of Hawai'i respects the legislature's determination to review the performance of non general funds and recapture balances to bolster the state's budget. However, we are very concerned that the comprehensive scope of the bill will significantly impact our ability to deliver emergency services by reducing or eliminating funding that has been used to support our Emergency Dispatch Centers. We urge the Committee on Finance to consider amendments that would ensure that funding for these critical services is not jeopardized.

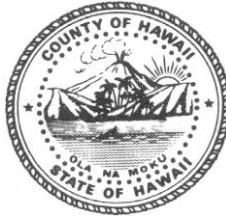
We stand in support of testimony submitted by the Hawai'i County Police Department on HB 1299 and humbly ask for your committee's consideration of our comments. Please feel free to contact me for any additional information.

Mahalo


Mitchell D. Roth
Mayor
County of Hawai'i

KELDEN B.A. WALTJEN
PROSECUTING ATTORNEY

STEPHEN L. FRYE
FIRST DEPUTY
PROSECUTING ATTORNEY



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74-675 KEALAKEHE PARKWAY
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64-1067 MAMALAHOA HIGHWAY, C-3
KAMUELA, HAWAII 96743
PH: (808) 887-3017
FAX: (808) 887-3016

OFFICE OF THE PROSECUTING ATTORNEY

TESTIMONY IN OPPOSITION OF HOUSE BILL 1299

A BILL RELATING TO NON-GENERAL FUNDS

COMMITTEE ON FINANCE

Representative Sylvia Luke, Chair

Representative Ty Cullen, Vice Chair

Tuesday, March 2, 2021 at 1:00 p.m.

State Capitol, Via Videoconference & Conference Room 306

Honorable Chair Luke, Vice-Chair Cullen and Members of the Committee on Finance. The Office of the Prosecuting Attorney, County of Hawai'i submits the following testimony in opposition of House Bill No. 1299.

We are writing in opposition of this bill specifically how it affects the funds allocated to the Crime Victim Compensation Commission (CVCC). As written, this bill will cease the operations of CVCC. This bill transfers the special fund into the general fund thus eliminating the mechanism in which the Crime Victim Compensation Commission is funded. Per statute "any balance remaining in the fund at the end of any fiscal year shall be carried forward for the next fiscal year". By repealing the statute that established the Commission's special fund and depositing the revenues into the general fund, this bill will result in the Commission's closure.

CVCC is a vital resource for victims of crime by providing financial assistance to victims. They step in and step up when no one else can or will. The Crime Victim Compensation Commission was established in 1967 to provide financial assistance to victims of violent crimes – money to help pay out of pocket medical and counseling expenses, lost wages, and funeral expenses. The partnership of our Victims Assistance Unit and CVCC has literally helped countless victims. To lose this resource would be devastating to victims and our community.

In 1998 a special fund was created to act as a funding source for the Commission. This is the primary source of income for the Commission as they receive no state general funds. Additional funds are received through the Victims of Crime Act. This federal grant, however requires a match fund, a match they would not be able to meet without the special funds.

Without the Crime Victim Compensation Commission, Hawai'i would be the only state in the nation that does not have a compensation program.

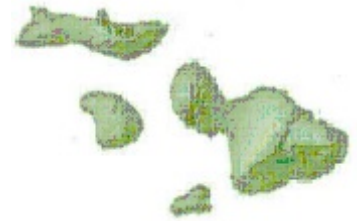
The Office of the Prosecuting Attorney, County of Hawai'i oppose the passage of House Bill No. 1299. Thank you for the opportunity to testify on this matter.

MICHAEL P. VICTORINO
Mayor

ANDREW H. MARTIN
Prosecuting Attorney

MICHAEL S. KAGAMI
First Deputy Prosecuting Attorney

ROBERT D. RIVERA
Second Deputy Prosecuting Attorney



DEPARTMENT OF THE PROSECUTING ATTORNEY
COUNTY OF MAUI
150 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
PHONE (808) 270-7777 • FAX (808) 270-7625

TESTIMONY
ON
H.B. 1299
RELATING TO NON-GENERAL FUNDS

March 1, 2021

The Honorable Sylvia Luke
Chair
The Honorable Ty J. K. Cullen
Vice Chair
and Members of the Committee on Finance

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

The Department of the Prosecuting Attorney, County of Maui respectfully submits the following comments concerning H.B. 1299, Relating to Non-General Funds. Specifically, we would like to express our opposition to H.B. 1299 in its current form. We would also like to make it clear that our opposition is based solely upon the bill's proposal to eliminate the Criminal Injuries Compensation Special Fund ("the Fund") and transfer all future revenue to the State general fund.

It is our understanding that the Crime Victim Compensation Commission ("the Commission") is currently funded via the Fund, has seen its normal revenue stream reduced due to the COVID-19 pandemic, and will likely need to shut down if this amount is transferred to the general fund. In our view, the Commission plays an important role in assisting the victims of violent crimes with medical costs, counseling costs, lost wages, and funeral and burial expenses that are not covered by other sources. Its shut down will be an immense loss for the victims we encounter on a daily basis, many of whom have sudden expenses that are the direct result of criminal activity and who have no extra income to deal with these unexpected expenses.

Moreover, the bill also proposes that all future revenue (which would include the Crime Victim Compensation Fee assessed after a defendant is convicted of qualifying criminal offenses) should be deposited into the State general fund, with the director of the Department of Public Safety drafting a bill each year to request funding for crime victim compensation. In our view, this funding should be maintained in a separate special fund that is, for practical purposes, earmarked solely for crime victims and related administrative functions. While the funding may

be useful in other areas, especially during the current pandemic, we would respectfully note that current funding needs to remain as stable as possible because crime will continue to occur, and victims of crime will continue to need assistance, regardless of the surrounding circumstances.

For these reasons, the Department of the Prosecuting Attorney, County of Maui requests that H.B. 1299 be deferred or, in the alternative, amended based upon our comments above. Please feel free to contact our office at (808) 270-7777 if you have any questions or inquiries.

Thank you very much for the opportunity to provide testimony on this bill.



POLICE DEPARTMENT

COUNTY OF MAUI



MICHAEL P. VICTORINO
MAYOR

OUR REFERENCE
YOUR REFERENCE

55 MAHALANI STREET
WAILUKU, HAWAII 96793
(808) 244-6400
FAX (808) 244-6411

TIVOLI S. FAAUMU
CHIEF OF POLICE

DEAN M. RICKARD
DEPUTY CHIEF OF POLICE

March 1, 2021

The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair
Committee on Finance
31st State Legislature 2021
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

RE: HOUSE BILL 1299 RELATING TO NON-GENERAL FUNDS

Dear Chair Luke and Committee Members:

The Maui Police Department OPPOSES the passage of HB 1299, which transfers all unencumbered balances of non-general funds, to include Department of Public Safety, to the general fund and also abolishes our State 911 Board.

Like other communications centers around the state, our 911 Emergency Dispatch Center depends on available funding to pay for equipment and software critical to emergency services. These resources include mapping, phones, recorders, radio sites and repeaters, and other basic and advanced technology that are required to properly operate. Diverting these reserved funds to the general fund will negatively impact the ability to acquire essential support and maintenance and ultimately affect functions needed for public safety.

Eliminating the 911 Board will take away the ability from having a governing body that is best versed and qualified to determine the specific needs of our 911 Emergency Dispatch Centers and properly administer these funds. Thank you very much for the opportunity to testify.

Sincerely,


TIVOLI S. FAAUMU
Chief of Police



CATHOLIC CHARITIES HAWAII

COMMENTS on HB 1299: Relating to Non-General Funds

TO: House Committee on Finance
FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i
Hearing: Tuesday, 3/2/21; 1:00 pm; via videoconference

Chair Luke, Vice Chair Cullen, and Members, Committee on Finance:

Thank you for the opportunity to provide **Comments on HB 1299**, which repeals non-general funds from many state departments and transfers unencumbered balances to the general fund. I am Rob Van Tassell, with Catholic Charities Hawai'i. **We urge your Committee to remove the following special funds from this bill:**

- **DOH: Special Fund for the Department of Health's Child and Adolescent Mental Health Division (CAMHD)**
- **DHS: Interim Assistance Reimbursement Special Fund**
- **DHS: Spouse and Child Abuse Special Fund**

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, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. We operate 2 programs which will be severely impacted and may have to be closed if the CAMHD special fund is abolished.

The Department of Health's Child and Adolescent Mental Health Division Special Fund provides critical services to children and adolescents across the State of Hawai'i. Catholic Charities Hawaii's Community Based Residential II (CBR) program helps boys ages 12-17 who have sexual behavior problems and usually mental health issues as well. We are the only program of this kind in the state. If CAMHD was not able to pay the 60% bed capacity, we would not be able to run the program because we could not afford to keep staff and pay for the home we rent without that "base pay". These children are referred to us because they are unable to be maintained in their homes or in foster homes because of their behavior. Where would they go without specialized services like we provide? Might they become homeless or incarcerated? Programs like ours at CCH give youth a second chance to live their lives as stable adults.

Our Intensive Clinical Services program (ICS) works with youth ages 3 to 20 who are at risk for out of home placement due to mental health and behavioral issues. They are funded directly through Medicaid reimbursements that CAMHD gets and passes along to us. If they were unable to continue to get their Medicaid reimbursements, they would be unable to pay us and this level of services would be eliminated unless they found another way to pay for it.

Please read the story on page 2 which shows how these programs can give a kid a second chance at life and a stable future as he battles to overcome sexual, physical, and emotional abuse.



Catholic Charities Hawai'i is very worried that losing this special fund could cause the CAMHD mental health system to collapse. **The ICS level of care which CAMHD refers to as "Intensive In-Home" receives the highest number of referrals of all levels of care in their system.** Without funding, all of the youth at that level of care would be without services. **There are no alternatives right now in Hawaii.** Similarly, there are few alternatives for the CBR level of care and we frequently have a waitlist for CBR services. Programs for children and youth at other agencies are similarly threatened if the CAMHD special fund is abolished.

We are also very concerned about the following 2 special funds at the Department of Human Services and the negative impacts on those most vulnerable in our society.

- **Interim Assistance Reimbursement Special Fund**– This special fund is used primarily to support State funded financial assistance payments for the General Assistance (GA) welfare benefit. The intent of this special fund is to avoid the need for emergency appropriations when caseloads rise during economic downturns. However, the current financial crisis resulting from the COVID-19 pandemic is of a magnitude far greater than the previous recession that prompted the IAR special fund's establishment.
- **Spouse and Child Abuse Special Fund**– This special fund is used by DHS to support staff programs, grants, and contracts that support and provide spouse or child abuse intervention or prevention programs. In the upcoming State Fiscal Year (2021-2022), the funds will be critical to assist DHS in implementing its Family First Prevention Services Act Plan. The Family First Prevention Service Act fiscal model is a reimbursement model, which requires the State to expend non-federal funds on eligible activities to seek federal reimbursement. If the Spouse and Child Abuse Special Fund is eliminated, DHS may have difficulty in upfronting these costs.

Story of a 9 year old helped by CCH's CAMHD funded program:

Imagine a youth around age 9, struggling to find himself in the world while battling the echoes of his own sexual, physical, and emotional abuse. The frontline of defense is his ICS therapists, who have grown to be not only his most outspoken advocates, but also his most stable caregiving figures. When he first entered into ICS services four years ago, his behaviors were erratic and aggressive at best, and actively abusive toward others at worst, and it was his ICS therapists that assisted the neglected, innocent part of himself to come to the forefront. It required hours of conflict with them over the years, fighting his worst impulses, leading to the current state that he is in now. Progress was not always in a positive direction. Last year, he was hospitalized due to a medical condition that robbed him of his eyesight and placed him in a coma for a month. This youth was without his ICS allies for around half a year. Believing in his resiliency, his therapists patiently awaited his return to their care, to continue growing into a healthy young child. At the present time, he is able to return to school, is out of shelters, and medically and psychologically stable. Nevertheless, the last dregs of his past continue to come out of the shadows through his behaviors, which only his ICS therapists fully understand, allowing them to compassionately and adeptly attend to, and assist him with these impulses. His therapists continue to struggle alongside him to transcend the circumstances he was born into. **This is a service only the State can provide and a responsibility his therapists have committed to.**

We urge you to remove CAMHD's special fund and these 2 DHS special funds from this bill.

Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.

HB-1299

Submitted on: 2/26/2021 6:13:12 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Reid Takano	Hawaii Athletic Trainers' Association (HATA)	Oppose	No

Comments:

Dr. Madam Chair and members of the Finance Committee,

My name is Reid Takano, I am the President of the Hawai'i Athletic Trainers' Association and an athletic trainer at the Kamehameha Schools – Kapā•lama Campus. I am writing testimony in opposition to HB1298 & HB 1299, relating to State Funds & relating to Non General Funds. Since 2010, the Department of Health's Neurotrauma Special Fund has provided funds to support high school athletics by providing computerized neuropsychological test and concussion education for students, parents, coaches, faculty & staff, officials and athletic trainers throughout the state. Concussion awareness has increased since the inception of HCAMP in 2010 which has led to an increase in the number of reported concussions. In 2010 there were a reported 424 concussions and at the peak in 2013 there were 1262 concussions reported by the Hawaii Concussion Awareness & Management Program. These funds have enabled HCAMP to create online concussion education program which has reduce the need for in person presentations which has and will be a tremendous help during this pandemic. Currently these funds support HCAMP annual Concussion Summit which provides the latest concussion assessments and management for Hawaii's health care providers. Some of the presenters have authored leading research in the field of mild Traumatic Brain Injury (mTBI). Without these funds HCAMP may not be able to provide Hawaii's health care providers with the most up to date mTBI research and clinical applications. Therefore, I am in opposition to HB1298, line 119, account # S-18-314, Neurotrauma Special Fund & HB1299 relating to the Neurotrauma Special Fund.

HB-1299

Submitted on: 2/27/2021 11:44:04 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Louise Tatekawa	Hawaii Athletic Trainers Association	Oppose	No

Comments:

Dr. Madam Chair and members of the Finance Committee,

My name is Louise Tatekawa, I am the Governmental Affairs Committee Chair for the Hawaii Athletic Trainers Association. I am writing testimony in opposition to HB1298 & HB 1299, relating to State Funds & relating to Non General Funds. Since 2010, the Department of Health's Neurotrauma Special Fund has provided funds to support high school athletics by providing computerized neuropsychological test and concussion education for students, parents, coaches, faculty & staff, officials and athletic trainers throughout the state. Concussion awareness has increased since the inception of HCAMP in 2010 which has led to an increase in the number of reported concussions. In 2010 there were a reported 424 concussions and at the peak in 2013 there were 1262 concussions reported by the Hawaii Concussion Awareness & Management Program. These funds have enabled HCAMP to create online concussion education program which has reduce the need for in person presentations which has and will be a tremendous help during this pandemic.

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Without these funds HCAMP may not be able to provide Hawaii's health care providers with the most up to date mTBI research and clinical applications. Therefore, I am in opposition to HB1298, line 119, account # S-18-314, Neurotrauma Special Fund & HB1299 relating to the Neurotrauma Special Fund.

TESTIMONY OF THOMAS D. FARRELL Regarding
HB 1298, Relating to State Funds
and HB 1299, Relating to Non-General Funds
Committee on Finance
Rep. Sylvia Luke, Chair/Rep. Ty Cullen, Vice Chair
Tuesday, March 2, 2021 1:00 p.m.
(via videoteleconference)

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

As the second largest family law firm in Hawaii, we have a special interest in fiscal legislation that impacts the thousands of our fellow citizens who interact with the Family Court and their access to justice there.

Our position on HB 1298 and HB 1299 are that they are “not ready for prime time” and should not emerge from your committee.

We are acutely aware of the financial crisis engendered by the COVID-19 pandemic. There were times last year that I wondered if my law firm would be here in 2021, and we know of many individuals and families who have suffered tremendous economic and other losses, with a concurrent effect on state revenues. We also understand that you have difficult choices to make.

Collectively, HB 1298 and HB1299 constitute a repeal and abolition of every special fund and a transfer of their unencumbered balances to the general fund. It is a money grab, pure and simple. If you abolish the funds, you abolish the authority to levy the user fees, penalties, or other taxes that generate the revenue now sitting in the coffers of these funds. So, while you may grab the money that is there now, this is a one-time event. When the revenue source is abolished, the programs that they support will cease to operate, and you may expect that the various departments will come back to you next year asking that you fund the restoration of these programs from the general fund.

Let me speak to three of the special funds that are proposed to be abolished, and which are of particular importance to those of your constituents who find themselves in family court. Let me add, that my law firm has no particular economic incentive to advocate for family court. The abolition of the three special funds I will highlight will have absolutely no adverse economic impact on Farrell & Perrault.

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also handling national security cases involving revocation or denial of security clearances

700 Bishop Street, Suite 2000, Honolulu, Hawaii 96813
Telephone 808.535.8468 ♦ Fax 808.585.9568 ♦ on the web at: www.farrell-hawaii.com

Testimony of Thomas D. Farrell
HB 1298 and HB 1299
March 2, 2021
page 2

ILAF: As a matter of conscience, this law firm has maintained a strong commitment to pro bono, donating both time and money. Therefore, the most important on our list is the Indigent Legal Assistance Fund (ILAF). NO STATE REVENUES support this fund. It is funded by the interest on lawyer trust accounts. The proceeds are allocated by a board subject to a statutory formula, and provide financial support to Volunteer Legal Services Hawaii, the Legal Aid Society, and various other pro bono organizations. The state general fund will not get a nickel by eliminating ILAF. Absent the ILAF statute, our position is that the legal owner of the interest on our client trust account is this law firm, or perhaps our clients ---not the State of Hawaii.

Judiciary Computer Special Fund: Most cases filed in all courts impose a \$50 tack-on to the filing fee which is currently paying for the creation of the Judiciary Electronic Filing System. JEFS has been on a multi-year implementation schedule, with Family Court at the end of the line. If memory serves me, JEFS will finally reach Family Court in 2022. The current system of filing paper pleadings at the clerk's office and delivering or mailing them to opposing counsel is inefficient, time-consuming and expensive. Of course, we pass on the costs to our clients. My complaint is that the users of Family Court have been paying a \$50 tack-on to their filing fee for many years, and are finally about to see some return on it. If you take that money, god knows when we'll get JEFS extended to Family Court.

Parent Education Special Fund: There is also a \$50 tack-on to the filing fee in divorce and paternity cases, which supports a mandatory educational program for the parents and children involved in custody cases. Among its objectives is to help children cope with the anxiety engendered by custody litigation and to try to teach parents about the effects of custody litigation on children and how to peacefully co-parent. While I am personally a little cynical on whether the participants in these programs really learn anything, they are prevalent throughout the United States and represent "best practices" for family courts. That said, the more that parents fight, the more money we lawyers make. So if you want to get rid of the Parent Education Special Fund, so be it. Its only the kids that will suffer.

Frankly, HB 1298 and HB 1299 are examples of "sounds like a great idea" legislation that falls flat when you get into the details. It has long been my belief that the oath of office that all legislators take should be augmented by this line from the Hippocratic Oath: "First, do no harm." While particular funds may have outlived their usefulness, the mass murder of all special funds is a terrible idea that will create financial chaos and which---if you give it sanction---you will soon come to regret.

Trever Asam
Board President

Angela Kuo Min
Executive Director



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TESTIMONY IN SUPPORT OF H.B.1299
RELATING TO NON-GENERAL FUNDS
COMMITTEE ON FINANCE – VIA VIDEOCONFERENCE, CONF. RM. 306
MARCH 2, 2021 AT 1:00 P.M.
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

CHAIR LUKE, VICE CHAIR CULLEN, AND MEMBERS OF THE COMMITTEE ON FINANCE:

Volunteer Legal Services Hawaii (“Volunteer Legal”) submits its testimony in support of H.B. 1299 – Relating to Non-General Funds, specifically the importance and need for the Indigent Legal Assistance Fund (“ILAF”) for the organization. Funding through ILAF is very vital and has been a consistent source Volunteer Legal has relied on over the years; with the more recent years providing approximately 8-10% of Volunteer Legal’s annual budget. More than ever before, ILAF funds are crucial to the survival of Volunteer Legal and Hawaii legal non-profits. Please allow ILAF funds to Hawaii legal non-profits to continue to carry on its missions and work in the community.

With the ongoing pandemic, demand for legal services by those disenfranchised in Hawaii’s community is rapidly increasing. In 2020, Volunteer Legal provided free legal services to over 2,000 Hawaii residents in various areas of law including: family law, estate planning, bankruptcy, landlord-tenant, collections, and veterans’ benefits. We value the 3,000+ hours donated by Hawaii lawyers at a value of over \$771,000. Since COVID-19, Volunteer Legal has made necessary adjustments to maintain delivery of legal services including telephone and remote appointments with volunteer attorneys. Our online legal portal, Hawaii Online Pro Bono, alone has seen over a 250% increase in questions answered since pre-COVID-19 times. Without Volunteer Legal, these individuals would have been easily overwhelmed by the legal system. Instead, Volunteer Legal was able to provide these individuals with the support and counsel they needed to effectively address their legal needs.

However, Volunteer Legal faces a funding crisis as the demand for our legal services increase. Volunteer Legal anticipates a deficit of over 25% for 2021 and likely more in the following year. ILAF has always been a consistent source of funding that Volunteer Legal has relied on each year. Without ILAF, Volunteer Legal would not be able to continue to deliver on its mission of providing pro bono legal service to those in need in our community. Please allow ILAF to continue provide funding to the Hawaii legal non-profits. Thank you for this opportunity to provide this testimony.

Sincerely,



Angela Kuo Min
Executive Director

February 27, 2021

Re: HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **oppose** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund. The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State, especially on rural Molokai where I reside. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State.

During this 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

I realize that there are many fiscal needs facing the state in many areas in addition to health; however, as stated above, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

Sincerely,

Judith Mikami



HB1299 Special Fund for Government Agencies

COMMITTEE ON FINANCE:

- Rep Sylvia Luke, Chair; Rep. Ty Cullen, Vice Chair
- Tuesday, Mar. 2 2021: 1:00: Videoconference

HSAC Opposes HB1299:

ALOHA CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization of over 30 substance use disorder and co-occurring mental health disorder treatment and prevention agencies.

The Reductions would be hurtful for many health services, especially for the behavioral health services as funded through Department of Health and MedQuest.

- Given the devastation of the COVID-19 pandemic plaguing this country, it is crucial that Hawai'i is prepared to address the disastrous exacerbation of the expected 4th wave of mental health and substance use crisis. States, local governments, and other organizations and institution must authorize the funding that is needed in order to build comprehensive systems that are both effective and sustainable.

We appreciate the opportunity to provide testimony and are available for questions.

HB-1299

Submitted on: 2/27/2021 7:07:06 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Julianna Moefu-Kaleopa	Action with Aloha LLC	Support	No

Comments:

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **opposes** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

FROM: Robert J. LeClair, Executive Director, Hawaii Justice Foundation (HJF)

DATED: February 28, 2021

TO: Representative Sylvia Like, Finance Committee Chair
Members, House Committee on Finance

HEARING DATE, TIME, AND LOCATION:

March 2, 2021, 1:00 p.m. Room 306, Hawaii State Capitol

RE: **HB 1298 (Item 178), HB 1299 (Section 201)**

Testimony in Strong Support that the Indigent Legal Assistance Fund (ILAF) Special Fund Not Be Included in HB 1298 or 1299

The Indigent Legal Assistance Fund (ILAF) was created by the Legislature in 1996 to provide funds for essential legal services for Hawaii's limited-income people and has operated successfully for twenty-five years. No general funds are involved in the process, and all the funding is generated from surcharges on selected court case filings (no government case filings are surcharged.) Legal needs of the limited-income involve help with critical legal issues such as landlord & tenant, housing, financial situations, family law, and elder law. **For FY 2019-20, which are the latest figures available for a year, the total number of cases handled under the Indigent Legal Assistance Fund (ILAF) program exceed 10,000. These cases range from full representation in complex cases to providing legal information or making appropriate referrals for assistance.** All cases meet the statutory requirements of ILAF, including poverty income guidelines and/or type of case (i.e., elderly or disabled.) The current process ensures that all funds collected under program will be used only for the intended purposes. Placing the collected funds in the general fund subjects these funds to possible expenditures of less than the collected amounts or for purposes other than the designated use, thus jeopardizing the effectiveness of the ILAF Program. It is thus requested that ILAF not be included in the provisions of HB 1298 or HB 1299.

From the inception of ILAF in 1996, the Hawaii Justice Foundation (HJF) has served as Fund Administrator. HJF handles the extensive and careful application process from the various legal service providers (currently ten are participating). ILAF distributions are handled on a statutory pro rata basis that arises from prior year expenditures by the applicants for providing qualified legal services. HJF also handles review of the quarterly invoices and review of the requisite quarterly and annual reports. Every two

years, in cooperation of HJF and the Judiciary, an extensive report is filed with the Legislature. ILAF is a Special Fund that receives surcharges collected on selected types of civil cases filed in Hawaii's various state courts (no governmental cases are surcharged.) These surcharges are then distributed to qualifying organizations that provide direct civil legal services to those in Hawaii whose income does not exceed 125% of federal poverty guidelines or who are eligible for free services under the Older Americans Act or Developmentally Disabled Act. HJF knows from lengthy first-hand experience that ILAF is an excellent program that operates smoothly and provides essential services for Hawaii's lower-income people.

HB 1298 (Item #178 of the Bill). The ILAF Special Fund balance is not "inactive" or "excess." HB 1298 lists many non-general funds including the ILAF Special Fund and states that the sum of \$176,104.70 (Item #178 of HB 1298) is in excess of the requirements of the ILAF fund and should thus be captured by Budget and Finance for the general fund. This is not a correct characterization of the operation of the ILAF Special Fund. Each year, funds are collected from surcharges on select types of cases filed (no governmental filings are surcharged). All funds collected for that year are then awarded to qualifying legal service providers for the following year, paid out on a quarterly basis. To capture \$176,104.70 from the ILAF Special Fund would cripple much of the funds available for distribution in FY21-22.

HB 1299 (Section 201 of the Bill). It is requested that the ILAF Special Fund be removed from inclusion in HB 1299 (Section 201 of the Bill.) HB1299 proposes possible sweeping changes to various special funds, and states:

"The purpose of this Act is to trigger a full accounting of various non-general funded program objectives, performance, and results by repealing or abolishing those non-general funds."

The ILAF Special Fund should not be repealed or abolished, since every two years the Legislature has been provided with a complete accounting of the activities, results, and success of ILAF and the Program has proven to be both effective and essential. The ILAF Program has procedural safeguards to ensure accuracy, accountability, and fairness of distribution among the qualifying organizations. All legal service providers receiving funds under ILAF are strictly monitored by HJF to ensure compliance with all statutory requirements. ILAF is an active, vibrant fund meeting essential legal needs of Hawaii's many limited-income people.

Placing ILAF under Budget and Finance could result in ILAF funds being used for purposes other than providing needed low-income legal services, and stable funding is essential for qualifying ILAF providers. Currently the ILAF Special Funds are statutorily mandated to be used for the purposes of qualified legal services. There is a very real risk that placing the funds in the general fund could result in uses of these funds for purposes other than outlined in the ILAF statute. Such a situation would reduce the stability of use of the funds collected, making financial planning even more difficult for the participating ILAF organizations.

Current conditions faced by legal service providers make the ILAF Program even more essential. Low-income legal service providers are currently facing extreme financial hardships. COVID-19 has eliminated the traditional private fundraising opportunities of dinners and other fundraising events. No Legislative funding under Grants-In-Aid was provided in 2020, and none is expected in 2021. Operational details under COVID-19 conditions have created additional expenditures by the legal service providers to deliver essential services. ILAF funds are one of the few stable financial sources available to providers. Anything that jeopardizes ILAF funding should be avoided.

Summary and Conclusion. It is certainly understandable and commendable that the Legislature wishes to ensure that all non-general funds are active and are used for their intended purposes, rather than languishing in a dormant condition. These concerns do not apply to the ILAF Special Fund. The ILAF process has operated smoothly and successfully for twenty-five years, and qualifying organizations know they will receive their fair pro rata share under the Program. More than 10,000 cases were handled under ILAF in FY19-20, helping more than 10,000 of Hawaii's people. Additional details on the Program are of course available from HJF upon request. It is respectfully requested that ILAF be allowed to continue in its present form for the benefit of all involved.



Mothers Against Drunk Driving HAWAII
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February 28, 2021

To: Representative Sylvia Luke, Chair – House Committee on Finance;
Representative Ty J.K. Cullen, Vice Chair; and members of the committee

From: Theresa Paulette, Victim Services - MADD Hawaii

Re: House Bill 1299 – Relating to Non-General Funds

MADD Hawaii is testifying in strong opposition of House Bill 1299 *Relating to Non-General Funds*.

No one believes they will be a victim of a violent crime. When someone suffers a violent crime they're suddenly thrust into shock, pain, trauma, and grief. Within a short time they're also faced with the stress of how they will pay for the unexpected expenses...medical, lost wages, funeral, burial, counseling, and more. They are distraught and concerned about the impact on themselves, their families, and their children. Victims are from various socio-economic backgrounds, some even homeless. In the case of impaired driving victims, when they reach out to MADD they are relieved to learn that if they don't have insurance or if the expenses aren't covered by insurance we will assist them in applying to the Crime Victim Compensation Commission for financial help. A welcome – and essential - safety net in their time of need.

COVID has not only impacted the state financially but a majority of its citizens. Violent crime has continued during COVID, and some types (domestic violence) may have increased. There have been approximately as many highway fatalities in 2020 as in the year before. During this downturn in the economy, the Crime Victim Compensation Commission is needed as much, or more, than ever. Victims of violent crime cannot be forgotten in these most difficult times.

MADD urges the committee to oppose HB 1299 as it applies to Hawaii's Crime Victim Compensation Commission..

Thank you for the opportunity to testify.

LĀNA`I COMMUNITY HEALTH CENTER

P. O. Box 630142
Lāna`i City, HI 96763-0142



Phone: 808-565-6919
Fax: 808-565-9111
dshaw@lanaicommunityhealthcenter.org

The Community is our Patient -- men, women, children, uninsured, insured!

February 28, 2021

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **opposes** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai`i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai`i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai`i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce

E Ola nō Lāna`i

LIFE, HEALTH, and WELL-BEING FOR LĀNA`I

services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

A handwritten signature in black ink, appearing to read 'D M V Shaw', with a stylized flourish at the end.

D M V Shaw, PhD, MPH, MBA, FACMPE
Executive Director

Center for Hawaiian Sovereignty Studies
46-255 Kahuhipa St. Suite 1205
Kane'ohe, HI 96744
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Kenneth R. Conklin, Ph.D. Executive Director
e-mail Ken_Conklin@yahoo.com
Unity, Equality, Aloha for all



To: House Committee on Finance
For hearing Tuesday, March 2, 2021

Re:

HB1297,HD1 RELATING TO STATE FINANCES
HB1298 RELATING TO STATE FUNDS
HB1299 RELATING TO NON-GENERAL FUNDS

CONSOLIDATED TESTIMONY IN SUPPORT OF HB1297, HB1298,
HB1299 AND THE UNDERLYING CONCEPTS THEY IMPLEMENT. SPECIAL
ATTENTION TO OHA

Mahalo nui loa to Sylvia Luke, Chair of the House Committee on Finance, for conceptualizing and authoring these bills regarding "special funds" and for bringing them forward to a hearing. Thanks to her also for clipping a notch in the ear of a sacred cow which we desperately need to milk.

The basic principle embedded in these bills is that unencumbered money remaining in special funds should lapse and be returned to the general fund. As coaches and teachers might say about muscle tone and skills: USE IT OR LOSE IT.

Other basic principles are that money held by government agencies comes from taxpayer dollars combined with fees and revenues earned by property owned by the government on behalf of all our people; and that money is fungible and may be spent only for the specific purposes authorized by the legislature -- purposes which the legislature always has a right to change as changing circumstances may call for.

There's nothing new about "raiding" the special funds. Two favorite funds for raiding over many years have been the Hurricane Relief Fund and the Highway Fund (much to the displeasure of motorists and the double-happiness of car repair shops).

At this time of financial crisis caused by the COVID-19 virus, people and businesses have great need for government assistance; even while government has great loss of revenue. Hence the need for big-time raiding of cash hoarded by numerous special funds.

There is one government agency that has a HUGE cash stash of hundreds of millions of dollars accumulated during four decades by hoarding government money that should have been spent providing help to needy beneficiaries. That Daddy Warbucks among Hawaii's special funds is OHA -- the Office of Hawaiian Affairs. According to their annual report, as of July 1, 2020 OHA had \$666,000,000 of assets, mostly in stocks, bonds, and real estate -- by now probably

much more. That money has been sucked out of Hawaii's economy and buried like pirate's treasure. The auditor assigned to draw a map to the treasure's location has had his pen taken away by the pirate.

No other Hawaii government agency has ever hoarded so much money as OHA. You, the state Legislature, can and should go grab as much of it as necessary to help our desperately needy families and businesses, instead of dreaming up new taxation schemes that will hurt us even more. While we are desperate for money for basic needs like food and rent, OHA has bills in the legislature, and a history of many lawsuits against the State, demanding more, MORE money to make the cash stash bigger and BIGGER. And what do they plan to do with all that money? For more than two decades they have spent tens of millions of dollars lobbying Congress and the Department of Interior to pass legislation or proclaim a regulation to establish a federally recognized tribal "Nation of Hawaii"; and, alternatively, they have paid authors and outside "experts" on "international law" to describe strategies for ripping the 50th star off the flag to make a "Nation of Hawaii" truly sovereign and independent. Either way, OHA leaders and employees have made clear their intention to simply turn over OHA's cash stash to the Hawaiian nation; and then turn out the lights at OHA while raising a banner saying "Mission Accomplished!" Not even a Mahalo to the oppressor colonizer United States or its subsidiary puppet regime, the "Fake State of Hawaii."

So how has Chairwoman Sylvia Luke clipped a notch in the ear of a sacred cow? Two of these bills, HB1298, HB1299, actually mention the name of that sacred cow -- OHA -- and name specific programs inside OHA whose funds should lapse and be returned to the general fund. It's only a notch in the ear, not a piece of the tail or a chunk of offal. But there's a famous proverb from Chapter 64 of the Tao Te Ching by Lao Tse, or sometimes said to have been stated by Confucius: A journey of a thousand miles begins with a single step.

HB1298 and HB1299 introduced in the House Committee on Finance show that the Legislature might finally muster the courage to fight

back against the bully OHA -- the bills are a portent that OHA is losing the mandate of heaven.

OHA propagandists like to say that either the Statehood Admissions Act of 1959, section 5(f); or the Hawaii Constitution Article XII Section 6; require that 20% of ceded land revenues must be paid to OHA. That is false. Section 5(f) of the Admissions Act lists 5 purposes for which ceded land revenue can be spent and identifies one of them as "for the betterment of native Hawaiians AS DEFINED IN THE HAWAIIAN HOMES COMMISSION ACT OF 1920" [i.e., Hawaiians with at least 50% native blood quantum -- a clear reference to supporting what is now known as DHHL and clearly not a reference to what is now known as OHA whose beneficiaries are identified according to the "one drop" rule].

There is a long history of contentious negotiation, legislation, and litigation over the amount of money owed to OHA under the rule specifying 20% of ceded land revenue.

The requirement to pay OHA 20% of ceded land revenue is statutory law enacted as Act 273, Session laws of 1980. It is not in the Statehood Admissions Act nor in the State Constitution. Therefore, this law can be amended by the legislature at any time to reduce the percentage; or the law can be rescinded entirely.

At this time of severe budget crisis, Act 273, Session laws of 1980 should be rescinded. OHA should be funded in the same manner as any other branch of the State government; i.e., by an appropriation included in the annual or biennial State budget, including a line-item listing of the purposes for which the money may be spent. Then there would be no further conflict or litigation over how to calculate the 20%.

Furthermore, the 20% rule violates one of the fundamental principles of legislative control over budgeting; namely, that specific amounts of government money are appropriated by the legislature for specific

purposes, and administrative agencies are not allowed to re-allocate money among those purposes or to different purposes altogether. Lapsing unencumbered money back to the general fund is one way the legislature can exercise its authority to designate the purpose for appropriated money to be spent. Raiding special funds in the middle of a budget cycle is another way of doing this. But under the 20% rule money is simply handed over to OHA with no designated purposes and no accountability for results. Rescinding the 20% rule is an important way to free the legislature to exercise its power to lapse or to raid.

Act 273 (1980) says "twenty per cent of all funds derived from the public land trust ... shall be expended by the office of Hawaiian affairs ... for the purposes of this chapter." Act 273 does not say the funds may be invested in an investment portfolio, it says the funds SHALL BE EXPENDED to provide services. "Shall" means it is mandatory, which is very different from "May" which is merely permissive. Yet OHA seems to think it can grab tens of millions of dollars every year which it then invests or uses for political purposes such as lobbying for the Akaka bill or building a racial registry for "nationbuilding", but OHA fails to provide more than sporadic and inadequate funding for purposes which OHA should be supporting.

According to its 2020 Annual Report, OHA has \$666 Million in assets -- a Beastly number. No other agency of the state government is allowed to squirrel away huge amounts of wealth as a permanent cash stash. At its current level of expenditures OHA has enough money in its slush fund to pay all its current expenditures for more than a decade. Stop feeding this beast! And feel free to raid it. Indeed, the legislature has a moral obligation to make use of hundreds of millions of dollars lying fallow, to avoid raising taxes on suffering citizens.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: ADMINISTRATION, MISCELLANEOUS, Abolish Non-General Funds

BILL NUMBER: HB 1299

INTRODUCED BY: LUKE

EXECUTIVE SUMMARY: Repeals various non-general funds of the department of agriculture; department of business, economic development, and tourism; department of land and natural resources; department of education; university of Hawaii; department of Hawaiian home lands; judiciary; department of human services; department of labor and industrial relations; department of accounting and general services; department of the attorney general; department of budget and finance; department of human resources development; office of the governor; department of commerce and consumer affairs; department of taxation; department of public safety; and office of Hawaiian affairs. Transfers unencumbered balances to the credit of the general fund.

SYNOPSIS: This 436-page bill repeals hundreds of non-general funds and lapses any unencumbered balances to the general fund.

Makes conforming changes.

EFFECTIVE DATE: 7/1/2021.

STAFF COMMENTS:

The 1989 Tax Review Commission noted that use of special fund financing is a “departure from Hawaii’s sound fiscal policies and should be avoided.” It also noted that special funds are appropriate where the revenues to the funds maintain some direct connection between a public service and the beneficiary of that service. The Commission found that special funds which merely set aside general funds cannot be justified as such actions restrict budget flexibility, create inefficiencies, and lessen accountability. It recommended that such programs can be given priority under the normal budget process without having to resort to this type of financing.

Repeal of special funds enhances transparency and accountability in the budgeting process.

Digested 2/27/2021



Hawaii COPD Coalition
700 Richards St., Suite 2410
Honolulu, HI 96813
Valerie@hawaiicopd.org
(808)699-9839

February 28, 2021

Honorable Chairs Representative Sylvia Luke
Honorable Vice-Chair Representative Ty J K Cullen
Members of the Finance Committee

RE: **Strong Opposition to HB1299**

Dear Representative Luke, Representativ Cullen, Members of the Finance Committee,

This measure is extremely critical to the health of the people of our state, especially our keiki. **Please vote in favor of in opposition to HB1299, to the extent it will repeal the tobacco prevention and control trust fund.**

I am Executive Director of the Hawaii COPD Coalition and serve over 45,000 Hawaii adults diagnosed with COPD in Hawaii (with an estimated equal number still undiagnosed). Chronic Obstructive Pulmonary Disease or COPD is an umbrella of diseases which include emphysema, chronic bronchitis and chronic asthma. Since 2007, I have worked in Hawaii, nationally and internationally with countless people who have had their lungs and lives horribly affected by tobacco and nicotine. Many of these people have become disabled and unable to perform jobs and hobbies they enjoyed, spending a lot more time and resources with healthcare providers than they or any of us would like.

The Trust Fund's exclusive purpose is to reduce cigarette smoking and tobacco use among youth and adults through education, prevention, and helping people quit smoking and tobacco. This includes the statewide Hawai'i Tobacco Quitline, which provides free and confidential counseling and support services to help become tobacco free. It also includes prevention work across the state on the dangers or tobacco, including e-cigarettes and electronic smoking devices. Also included is community cessation services on all islands except Ni'ihau to help smokers quit.

The Hawaii COPD Coalition collaborated with Longs Drugs and was a grantee of this trust fund for 2007-2012. Through the grant funding, we were able to conduct free lung testing (spirometry) to help let people in the community throughout the state know how well or poorly their lungs were working and offered help for all people interested in quitting tobacco. We presented information about our program at several national conferences, including the American College of Chest Physicians and American Thoracic Society. Through these efforts, our organization was able to greatly increase awareness of Chronic Obstructive Pulmonary Disease (COPD) and other health problems connected with tobacco use.

There is still work to be done: Hawai'i is in the midst of a youth vaping epidemic, with **one in three high school students and one in five middle school students report "current use" of e-cigarettes.** Tobacco prevention and control funding has proven its worth to the state and is NOT the place to cut, as it is critical to saving lives and reducing healthcare costs.

The legislators are doubtless aware that COVID-19 is a very infectious disease that primarily attacks the lungs. A Stanford study showed that teens and young adults had a **five to seven times** greater chance of being diagnosed with COVID-19 than those who did not use e-cigarettes! [Vaping linked to COVID-19 risk in teens and](#)

[young adults | News Center | Stanford Medicine https://med.stanford.edu/new/all-new/2020/08/vaping-linked-to-vocid-19-risk-in-teens-and-young-adults.html](https://med.stanford.edu/new/all-new/2020/08/vaping-linked-to-vocid-19-risk-in-teens-and-young-adults.html).

This Tobacco Prevention and Control Trust Fund was wisely designed to serve our state forever, to protect its people from tobacco and all its harms. The work continues and so must the Tobacco Prevention and Control Trust Fund. **Please vote to oppose HB1299, to the extent it will repeal the Tobacco Prevention and Control Trust Fund.**

Very truly yours,

Valerie Chang

Valerie Chang
Executive Director



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

March 2, 2021

TO: Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair
Members of the House Committee on Finance

FROM: Christy MacPherson, Director, PHOCUSED

SUBJECT: Testimony: Relating to Non-General Funds

Hearing: March 2, 2021 at 1:00 pm
Via videoconference

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance.

PHOCUSED is a nonpartisan project of Hawai'i Appleseed Center for Law and Economic Justice and comprises health and human service organizations and the people they serve across the State of Hawai'i. We have been collaborating on advocacy pertaining to critical procurement and service delivery issues that directly impact our providers.

Thank you for the opportunity to provide testimony **in opposition** to HB1299 with recommendation of amendments if the bill is passed.

PHOCUSED has concerns about this bill for the following reason:

- The departments stated in the bill provide critical services that rely on Non-General Funds, especially during the recovery from the COVID-19 pandemic. Therefore, these funds should not be transferred to the State's General Fund.

Should HB1299 be passed, PHOCUSED recommends that language be inserted into the bill that clarifies a deliberate process with a tiered proposal of what will be done with the Non-General Funds if they are transferred to the General Fund.

Thank you for the opportunity to submit testimony on this issue.

PHOCUSED IS A PROJECT OF HAWAII APPLESEED

733 BISHOP STREET, SUITE 1180 • HONOLULU, HI 96813 • (808) 587-7605 • PHOCUSED.ORG

3/1/2021

RE: HB1298 and HB1299

Dr. Madam Chair and members of the Finance Committee,

My name is Kristie Tokushige, I am the athletic trainer at Kalaheo High School. I am writing testimony in opposition to HB1298 & HB 1299, relating to State Funds & relating to Non General Funds. Since 2010, the Department of Health's Neurotrauma Special Fund has provided funds to support high school athletics by providing computerized neuropsychological test and concussion education for students, parents, coaches, faculty & staff, officials and athletic trainers throughout the state. Concussion awareness has increased since the inception of HCAMP in 2010 which has led to an increase in the number of reported concussions. In 2010 there were a reported 424 concussions and at the peak in 2013 there were 1262 concussions reported by the Hawaii Concussion Awareness & Management Program. These funds have enabled HCAMP to create online concussion education program which has reduce the need for in person presentations which has and will be a tremendous help during this pandemic. Currently these funds support HCAMP annual Concussion Summit which provides the latest concussion assessments and management for Hawaii's health care providers. Some of the presenters have authored leading research in the field of mild Traumatic Brain Injury (mTBI).

Without these funds HCAMP may not be able to provide Hawaii's health care providers with the most up to date mTBI research and clinical applications. Therefore, I am in opposition to HB1298, line 119, account # S-18-314, Neurotrauma Special Fund & HB1299 relating to the Neurotrauma Special Fund.

I have been the Athletic Trainer at Kalaheo High School since 1997 and this concussion program has helped me tremendously. It helps to bring concussion awareness to the students, parents, teachers, coaches and administrators. Before the HCAMP, it was difficult at times to get the parents and students on-board with my concussion assessment. Having HCAMP and its references, parents and students have a better understanding of concussions; as there is an entity where they can do their own research vs just "taking my word" on the subject matter. Funding for HCAMP is vital to the high school in Hawaii and ultimately for the well-being of the students of Hawaii.

If you have any further questions or concerns, I will gladly speak to you on this matter.

Sincerely,
Kristie Tokushige, MS, ATC
Athletic Trainer/Asst. Athletic Director
Kalaheo High School
730 Iliaina St.
Kailua, HI 96734
(808)305-0283

HB-1299

Submitted on: 3/1/2021 9:09:08 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Rantz	Hawaii State Rural Health Association	Oppose	No

Comments:

The Hawaii State Rural Health Association respectfully opposes HB 1299 (Relating to Non-General Funds). This testimony addresses Section 111 of the bill which proposes to eliminate the physician workforce assessment fund and transfer the money to the general fund. Hawaii continues to face physician shortages, especially on the neighbor islands. All residents in Hawaii should be able to receive culturally appropriate and timely healthcare where they reside. Thank you for the opportunity to provide this testimony.



March 2, 2021 at 1:00 pm
Via Videoconference

House Committee on Finance

To: Chair Sylvia Luke
Vice Chair Ty J.K. Cullen

From: Hilton Raethel,
President and CEO
Healthcare Association of Hawaii

Re: **Testimony in Opposition**
HB 1299, Relating to Non-General Funds

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the healthcare continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities, and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

Thank you for the opportunity to provide testimony in **opposition** to Sections 210, 211 and 212 of this measure, which seeks to repeal various special funds, including the hospital and nursing facility sustainability special funds. Those special funds are legitimate uses of the special fund structure and moneys paid into those special funds—which come entirely from private sources—must be deposited into a special fund in order to properly account for and utilize these funds.

The sustainability program special funds are essential to the financial sustainability of our healthcare providers and, most importantly, are used to maximize federal dollars while using no state funds. We have been working closely with Med-QUEST to increase the assessed fees on hospitals to help them cover the budget shortfall they are facing in the next biennium. If the special funds were eliminated, we would not be able to support front-line, essential workers in hospitals and nursing homes; ensure access to critical healthcare for nearly 400,000 Hawaii residents enrolled in Medicaid; and support the state's budget by maximizing federal funding coming into the state.

If the sustainability programs are not reauthorized beyond June 30, 2021, Sections 210, 211, and 212 of this measure would create a loss situation for healthcare providers, underserved residents, and the state budget and we strongly urge the committee to strike those sections in order to save and support the critical hospital and nursing facility sustainability programs.

Thank you for the opportunity to provide our concerns.

HOUSE OF REPRESENTATIVES
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2021

COMMITTEE ON FINANCE

Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

HEARING: Tuesday March 2, 2021
1:00 p.m.
VIA VIDEOCONFERENCE
HB 1299: Relating to Non-General Funds

TO THE HONORABLE SYLVIA LUKE, CHAIR AND THE HONORABLE TY J.K.
CULLEN, VICE CHAIR AND MEMBERS OF THE COMMITTEE

My name is Tracey Wiltgen, and I am writing to oppose HB 1299 and request that the Indigent Legal Assistance Funds (ILAF) not be transferred to the general funds. ILAF provides critical financial support for the Mediation Center of the Pacific (MCP) and the other civil legal service providers, enabling us to assist thousands of people in the indigent population each year. The need for mediation and legal services to assist the indigent, has continued to grow over the years, thus requiring additional funding to support those growing needs. It is therefore important that ILAF remain available to support our work and not be transferred to general funds where it could be used for other purposes. I ask your support in maintaining the ILAF funds for the work of the civil legal service providers, and not transfer it to the general funds.

Due to the Coronavirus pandemic and the accompanying economic downturn, the civil legal service providers, including MCP, have seen the demand for services grow even more. In 2020, MCP served 7,656 people during the year, an increase of 469 people from the prior year. 2,763 cases were managed, an increase of 845 cases from the prior year, including opening 1,793 new cases. A total of 681 cases were mediated, involving 3,729 hours of mediation, and requiring over 1,000 more case management hours from the prior year. Approximately 30% of the individuals in those cases were in the indigent population. The ILAF funds awarded to MCP, were used to provide services to those individuals.

The number of indigents needing services has continued to increase in 2021. If the ILAF funds awarded to MCP were reduced because funds were moved to the general funds, we would not be able to continue serving the members of the indigent population who need our services. Equally significant, due to the pandemic, other funding sources that MCP and other civil legal services typically rely on to support the provision of services to the indigent, has been reduced or eliminated altogether. Therefore, ILAF has become an even more important resource for providing legal and mediation services to people in the indigent population.

I respectfully request that you and the members of the committee not move ILAF to the general funds so that it remains available to MCP and the other civil legal service providers.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tracey S. Wiltgen', with a small dot above the final letter.

Tracey S. Wiltgen
Executive Director
The Mediation Center of the Pacific, Inc.

HB-1299

Submitted on: 3/1/2021 9:40:09 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Rantz	Hilo Medical Center Foundation	Oppose	No

Comments:

The Hilo Medical Center Foundation respectfully opposes HB 1299 (Relating to Non-General Funds). This testimony addresses Section 111 of the bill which proposes to eliminate the physician workforce assessment fund and transfer the money to the general fund. Hawaii continues to face physician shortages, especially on the neighbor islands; Hawaii Island now has over a 50% shortage of providers. Our County lost 33 physicians in the first 6 months of 2020; now is not the time to cut this vital resource when it is needed now more than ever before.

All residents in Hawaii should be able to receive culturally appropriate and timely healthcare where they reside. Thank you for the opportunity to provide this testimony.

Appellate Section Hawaii State Bar Association

Hearing on H.B. No. 1299, Relating to Non-General Funds
March 2, 2021 at 1:00 p.m.

House Committee on Finance
Honorable Sylvia Luke, Chair
Honorable Ty J.K. Cullen, Vice Chair

Dear Chair, Vice Chair, and Members of the Committee:

On behalf of our colleagues in the Hawaii State Bar Association's Appellate Section,¹ we write in **strong opposition** to H.B. 1299. Members of the section are appellate practitioners, and we have a keen interest in the proper functioning of the State appellate courts and the State Judiciary as a whole.

H.B. 1299 proposes to eliminate special funds for—among others—the Judiciary. This legislation will have a devastating impact on court functions. The programs supported by the Judiciary's special funds serve critical roles in the administration of justice and require steady, dedicated sources of financial support. Without these programs, our community will be less safe.

We would highlight the Computer System Special Fund. As appellate practitioners, the members of Appellate Section rely heavily on the Judiciary's electronic case management system. The proper functioning of that system—which covers civil and criminal trial cases also—is the cornerstone for modern and effective judicial administration. It significantly reduces the cost of litigation and thus improves the community's access to justice. In addition, electronic case management expands the public's ability to access court files and understand how the Judiciary operates. Eliminating the Computer System Special Fund jeopardizes those important public benefits.

Thank you for the opportunity to testify in **strong opposition** to H.B. 1299.

Deirdre Marie-Iha, Section Chair

¹ The views and opinions expressed here are those of the HSBA's Appellate Section. The HSBA Board has not reviewed or approved the substance of the testimony submitted.

Dr. Madam Chair and members of the Finance Committee,

My name is Cynthia Shimoda, I am the athletic trainer at Moanalua High School. I am writing testimony in opposition to HB1298 & HB 1299, relating to State Funds & relating to Non General Funds. The Hawaii Concussion Management Program(HCAMP) uses the Department of Health's Neurotrauma Special Fund for the healthcare and safety of all Hawaii's students. Concussion awareness has increased since the inception of HCAMP in 2010 which has led to an increase in the number of reported concussions. These funds have enabled HCAMP to create online concussion education program which has reduce the need for in person presentations, and computerized neuropsychological tests, which has and will be a tremendous help during this pandemic. Currently these funds support HCAMP annual Concussion Summit which provides the latest concussion assessments and management for Hawaii's health care providers, coaches and parents.

Taking these funds will ultimately put Hawaii's students in danger, and the State in negligence (if schools can no longer provide these tests due to lack of funds). Without these funds HCAMP may not be able to provide Hawaii's health care providers with the most up to date Traumatic Brain injury research and clinical applications. Therefore, I am in opposition to HB1298, line 119, account # S-18-314, Neurotrauma Special Fund & HB1299 relating to the Neurotrauma Special Fund.

Mahalo,
Cynthia Shimoda, ATC
Moanalua High School, Athletic Department
2825 Ala Ilima St
Honolulu, HI 96819
808-305-1147

HAWAII COUNTY BAR ASSOCIATION

Michelle S.K. Oishi
President

Jeffrey W. Ng
Vice-President

Shaunda A.K. Liu
Secretary

Sherilyn K. Tavares
Treasurer

P.O. Box 585
Hilo, Hawaii 96721
HCBA@hsba.org

Board Members:

Laura J. Knudsen
James "Jimi" H. Kunimura
Jennifer D.K. Ng
Jill D. Raznov

February 28, 2021

Via <https://www.capitol.hawaii.gov/submittestimonyss.aspx>

Representative Sylvia Luke, Chair
Representative Ty Cullen, Vice Chair
House Committee on Finance
Conference Room 308
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

RE: HB 1298 RELATING TO STATE FUNDS
HB 1299 RELATING TO NON-GENERAL FUNDS
Hearing Date: Tuesday, March 2, 2021 at 1:00 p.m.
Letter in Opposition to the Reallocation of Judiciary Funds

Dear Representative Luke, Representative Cullen and Committee Members:

The Hawaii County Bar Association ("HCBA") is comprised of over one-hundred eighty attorneys who are either based on Hawaii Island, or are interested in issues pertaining to Hawaii Island. The HCBA respectfully submits this letter in opposition to HB 1298 and HB 1299 as it pertains to Judiciary matters and urges this Committee to support full funding for our Judiciary.

During times of economic crisis and hardship, difficult decisions must be made to allocate limited funds for the benefit of our entire state. While all government offices and services are important, the Judiciary's function within our community is critical to the health and welfare of us all. The reallocation of funding for items 175-181 in HB 1298, and the repeal of the related funds in HB 1299, if passed, would redirect funds that affect our entire community, and would result in a dire and immediate impact on the most vulnerable.

In HB 1298, Item 175 would reallocate the Judiciary Computer System Special Fund, which is currently earmarked for the addition of the Family Courts to the current electronic filing system. The Family Courts are the only courts not part of the Judiciary Electronic Filing System ("JEFS"). The JEFS system has streamlined the court filing system by increasing efficiency and reducing costs for users. In these times of social-distancing, electronic filing has the additional benefit of allowing litigants to file from their homes or offices, thereby reducing congestion in our courthouses.

HB 1298 Item 177 reallocates the “Driver education and training fund,” a fund that is essential to keeping our roads safe. Ensuring that young drivers are properly educated and skilled and re-training unsafe drivers protects all of us. Diverting funds away from these programs must not be contemplated.

HB 1298 Items 178 and 180 would remove resources for the “Indigent legal assistance fund” and the “Probation services special fund.” Indigent legal services are constitutionally mandated, and the reallocation of these funds may affect our State’s ability to comply with these mandates. Reducing probation services funds would affect the Judiciary’s ability to monitor and assist offenders. The repeal of these funds would take away funds that are vital to rehabilitation and the prevention of recidivism.

HB items 179 (“Parent education special fund”) and 181 (“Spouse and child abuse special fund”) are necessary to protect and assist children and families in our community. Especially in these difficult times, services that are designed to keep children safe must be maintained. Any reduction in these funding sources affects vulnerable families in their time of need.

We submit to you that any reduction in the Judiciary budget would profoundly affect its ability to fulfill its constitutionally and statutorily mandated mission. Thank you for your time and attention to this matter.

Very truly yours,

A handwritten signature in cursive script that reads "Michelle S.K. Oishi".

Michelle S.K. Oishi, Esq.
President
Hawaii County Bar Association



Written Statement of
Len Higashi
Acting Executive Director
Hawaii Technology Development Corporation
before the
House Committee On Finance
Tuesday, March 2, 2021
1:00 p.m.
Videoconference

In consideration of
HB1299
RELATING TO NON-GENERAL FUNDS.

Chair Luke, Vice Chair Cullen, and Members of the Committee.

The Hawaii Technology Development Corporation (HTDC) offers **comments** on HB1299 that repeals various non-general funds of various state departments and transfers unencumbered balances to the credit of the general fund.

HTDC opposes the repeal of the §206M-15.5 Technology special fund. The technology special fund is an integral part of HTDC's operations. Furthermore, auditor's report no. 20-01 states "This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established". The fund is used to take in revenue from projects, events, activities, leases and sponsorships. While HTDC receives a general fund appropriation from the State, we often require some co-payment from our various stakeholders to receive services to ensure commitment by the recipient and to maximize our effectiveness. This model has served HTDC very well in maintaining programs that are relevant and needed by our target constituents. We also use the special fund to take in revenue and spend as cash-match requirements for our federal programs. The special funds provide operating capital to assist with cash flow management for our federal fund reimbursements. Income collected from federally funded activities must be spent on cash match or must be deducted from the award. Annually, HTDC brings in more federal dollars for our programs through grants and contracts than the general fund appropriation we receive. The special fund is critical in maintaining that high level of performance. The bill also includes related amendment to remove mention of technology special fund in sections §206M-17 Revenue bond fund accounts, §206M-45 Special facility revenue bonds, 206M-8(j), 206M-44(a). HTDC suggests that these amendments are not needed if the technology special fund is kept.

The bill repeals the HRS 206M-15.3 Research and Development Special Fund. The account was last used to award grants in FY19. If the legislature intends to appropriate funds for the program, HTDC believes the program could be appropriated with general funds. HTDC does not object to its repeal.

The bill repeals the HRS 206M-15.6 Hawai'i Technology Revolving Loan Fund. The account has not been funded since inception in 2000. The fund concept has merit, but if there is no intention by the legislature to appropriate funds into the account, HTDC does not object to its repeal.

The bill abolishes Innovation grants fund (S-365-B) which was used to award Personal Protective Equipment grants using CARES Act funds. HTDC agrees the fund should be abolished.

The bill abolishes Hydrogen investment capital special fund (S-308-B) related to HRS §206M-63 which was used to make investments by the Hawaii Strategic Development Corporation before it merged into HTDC. HTDC manages the Hawai'i Center for Advanced Transportation Technologies (HCATT) which has successfully demonstrated various hydrogen projects and could potentially leverage the fund. The fund concept has merit, but if there is no intention by the legislature to appropriate funds into the account, HTDC does not object to its repeal.

Thank you for the opportunity to offer these comments.



NORTH SHORE
COMMUNITY
LAND TRUST

March 2, 2021

House Committee on Finance
March 2, 2021
Conference Room 308

RE: Testimony HB 1298 & 1299

The North Shore Community Land Trust was created to protect, steward, and enhance the natural landscapes, cultural heritage, and the rural character of ahupua'a from Kahahuku to Kaena. We appreciate the opportunity to offer testimony on HB 1298 & 1299.

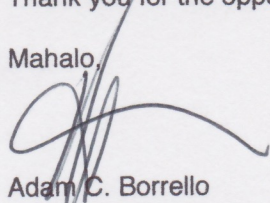
Since our founding in 1997 the Legacy Land Conservation Program has been instrumental in securing the funding necessary to execute several conservation easements that will protect over 4,000 acres of land in our mission area in perpetuity. These lands help to preserve a lifestyle and offer valued recreational, agricultural, and cultural opportunities for residents statewide. Often times the opportunity to preserve land is temporal and accordingly we must have reasonable funds available to acquire available properties. Available federal funding through the Land and Water Conservation Fund often times require matching funds from local/state government making the Legacy Land Funds a critical piece of the puzzle. Without these vital funding sources NSCLT could not have found the success we have to date.

Due the vital importance of Legacy Land Conservation program the NSCLT strongly opposes House Bills 1298 and 1299. Base levels of funding for the Legacy Land Conservation Program of \$5.1 million annually (staff/operating and land acquisition capital/grants) should continue in order to capitalize on \$900 million of federal conservation funding made available by the 2020 Great American Outdoors Act, and secure federal funding for important Hawai'i projects such as Nā Wai 'Eha on Maui. A designated special fund like the Legacy Land Conservation Fund qualifies the State for 75% match of federal funds – eliminating the funds would reduce federal matches to 50%.

NSCLT shares the position of our valued partner Trust for Public Land that any appropriation out of the Legacy Land Conservation Fund should a one-time transfer and should not leave the fund under the necessary base level funding to ensure the viability and continued success of this important program. Furthermore, we agree that the funds appropriated should support existing staff and operational costs of DLNR and not be appropriated to the general fund or other departments.

Thank you for the opportunity to comment on SB 1092 and SB 1091.

Mahalo,



Adam C. Borrello
Executive Director

P.O. Box 1179, Hale'iwa, HI 96712 – www.northshoreland.org

HB-1299

Submitted on: 3/1/2021 11:00:53 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Pat Anbe	Waipahu Community School for Adults	Oppose	No

Comments:

I am writing in opposition of HB1299 on behalf of the Waipahu Community School for Adults and our students.

Currently, the Hawaii Adult Schools receiver a very limited amount of State General Funds to cover the operational costs of campuses on every island in the State. We do not have a predictable amount of students from term to term as our students leave and come back to class for various reason, such as employment and personal needs. The fees we collect help to fund classes when State General Funds fall short. Already this year, we were hit with a budget cut from our normal State budget and had utilize other resources to continue our operations. As we predict opportunities for employment and upskilling begin to grow in the coming months, so will our enrollment. We will need the funds we have collected over many years to help us duing this time of transition.

We at the adult school are tasked with a very important mission of helping our students with gainful employment. We are a mandatory of fhe Workforce Innovation and Opportuniites Act (WIOA) and Adult Education and Family Literacy Act (AEFLA), The money we have collected over time allows us to create unique and innovative educational opportunities for our students to enter or reenter the workforce.

Aside from the classes we create and offer, the fees we collect also help to cover the cost of basic office operational costs such as equipment maintenance, telephone, test materials, and supplies for general office and classroom operations. The amount collected maybe minimal but it is essential for the schools to be able to successfully provide services for all students.

Thank you for allowing this time to provide testimony in opposition of House Bill 1299.

Sincerely,

Pat Anbe,

Principal, Waipahu Community School for Adults

Executive Director
Cindy Shimomi-Saito

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Lindsay Norcross Mist

Nadine Tenn Salle, M.D.

Joshua A. Wisch

Date: March 2, 2021

To: Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
House Committee on Finance

From: Cindy Shimomi-Saito, Executive Director
The Sex Abuse Treatment Center
A Program of Kapi'olani Medical Center for Women & Children

RE: Testimony in Strong Opposition of HB 1299, Relating to Non-General Funds

Hearing: Tuesday, March 2, 2021, Via videoconference

Good afternoon Chair Luke, Vice Chair Cullen, and Members of the House Committee on Finance,

The Sex Abuse Treatment Center (SATC) is in strong opposition of HB 1299 which repeals various non-general funds and transfers the unencumbered balances as of December 31, 2020 to the General Fund. Within the list of special funds that would be eliminated are two that are very important to the well-being of sexual assault survivors.

First, the Criminal Injuries Compensation Special Fund supports the Crime Victim Compensation Commission (CVCC) which serves as a vital safety net for victims of violent crime. The CVCC is a vital part of the recovery of many victims for it serves to mitigate the physical, mental, and financial impacts of the crimes endured. Often, the most vulnerable victims benefit from the CVCC, enabling access to care to reduce the long-term impact of trauma on health and future functioning. Last year alone, the CVCC supported 279 clinical service hours at the SATC which equates to approximately 9% of direct service therapy hours provided; the assistance was provided to those who did not have access to health insurance, or who were unable to cover insurance co-payments. The assistance provided by the CVCC supported the safety and psychological care instrumental to recovery.

Because the CVCC is in part funded by perpetrators of crime, its value is more than just a financial one, as it ensures that perpetrators are held accountable in some form. The financial assistance provided to victims by perpetrators through the CVCC infers that their victimization is taken seriously by the legal system. This inference is powerful, especially since many survivors never experience justice through the legal system.

Second, the Domestic Violence (DV) and Sexual Assault (SA) Special Fund has been used to support projects that further the efforts of prevention education in these areas. This fund for example, has enabled the Hawai'i Theater for Youth (HTY) to creatively educate on healthy relationships, consent, and respect in a relevant manner that resonates with youth. In addition, funds have been used to support the University of Hawai'i's PAU Violence program which provides needed assistance to student victims of sexual assault and domestic violence. As areas of needed attention are identified, the DV/SA Special Fund has played a significant role in addressing these needs.

The SATC respectfully asks that you do not pass HB 1299 as it would take away the funding mechanism for these two critical special funds. This would mean the elimination of the CVCC and the safety net that the Commission provides to victims of violent crime. And this would mean the elimination of the DV/SA fund and its ability to respond to identified service needs for victims of sexual assault and domestic violence. The numbers of victims in these areas continue to rise; elimination of such resources would be disastrous.

Thank you for the opportunity to provide testimony.



**American
Heart
Association.**

American Heart Association testimony in strong **OPPOSITION to HB1299, Related to State Funds**

The American Heart Association, the nation's oldest and largest voluntary organization dedicated to fighting heart disease and stroke, urges Hawaii state legislators to **oppose HB1299** that would dismantle state special funds aimed at improving and preserving community health to the general fund.

Chairman of the Board

Glen Kaneshige

President

Michael Lui, MD

Board Members

Rick Bruno, MD, FACEP

Jackie De Luz

Brandt Farias

Jason Fujita

Mimi Harris

Zia Khan, MD

Brandon Kurisu

Arnold Martines

Michael Rembis, FACHE

Andrew S. Rosen

Timothy Slottow

Jennifer Walker

HB1299 would threaten continued funding to community programs aimed at preventing and controlling chronic diseases such as stroke, heart disease, diabetes, and risk factors that drive those diseases including lack of public awareness of, and response to stroke, and tobacco use and addiction. These diseases and risk factors combine for healthcare costs to the state and its taxpayers many times greater than the sum of the funds invested through these preventative health special funds.

For instance, of the approximately 480,000 Americans who die from smoking each year, 35% of those deaths are from cardiovascular disease. Cardiovascular disease is the leading cause of death in Hawaii; cardiovascular disease and stroke are responsible for almost 4,000 deaths per year. Over 18,000 hospitalizations every year in Hawaii result from cardiovascular disease, accounting for about 22 percent of all Hawaii hospital costs. However, approximately 80 percent of heart disease and stroke cases could be prevented. According to the Hawaii Department of Health, tobacco prevention and control programs have a strong return on investment - for every \$1 spent on tobacco prevention, Hawaii saves \$6.64 in direct healthcare costs. According to the Department of Health, programs funded through the State Tobacco Prevention and Control Special Fund have saved Hawaii over \$1 billion in healthcare costs since 2001. Tobacco use is still the leading cause of preventable death and disease - in Hawaii, it claims 1,400 lives and costs the state \$526 million in direct healthcare expenses annually. Beyond the financial benefits, countless lives have been saved from the harms of tobacco.

Serving Hawaii since 1948

Our Mission:

"To be a relentless force for a world of longer, healthier lives."

Another special fund having a great impact in improving health for Hawaii's people is the State Neurotrauma Special Fund. The State Neurotrauma Special Fund, over the last five years, has been helping Hawaii acute stroke care hospitals and local EMS agencies to make great strides to improve stroke care statewide. Through a collaborative effort, representatives of Hawaii stroke care hospitals, state and county EMS agencies, the American Heart Association and the Department of Health are employing the American Heart Association's Get With The Guidelines patient quality care tool to collect and share stroke patient data with the goal of raising the level of stroke patient care in all hospitals statewide. Neurotrauma Special Fund allocations are helping Hawaii's smaller rural hospitals participate in that data registry and exchange by covering the annual registration fee for the tool.

For more information on the AHA's educational or research programs, visit www.heart.org or contact your nearest AHA office.

As a result, since 2010 Hawaii hospitals have risen from the bottom percentage nationally in treating stroke patients in under one hour or less from time of arrival, to on average being one of the highest-ranking states in quick treatment times, no matter where care is provided in the state. In 2010, stroke patients received clot-dissolving medication in under 60 minutes upon arrival at a hospital only 31% of the

time. By 2019, through their collaborative data-driven effort, Hawaii hospitals improved the “door to needle” time for stroke patient to on average 92%, exceeding the national average of 84%. The window of treatment using clot-dissolving medication is limited to 6 hours from the onset of stroke, with better health outcomes usually occurring the earlier the treatment is administered. Studies of the effectiveness of tPA have shown that for every 100 patients treated with tPA within 90 minutes of symptom onset, 28 patients will be less disabled than if they had not received the medication. Because of this reduction in chronic disability, the cost savings for tPA treatment is estimated as \$45,000 per treated patient.

Also, guided by the data, Stroke Coalition members also worked to establish new City and County of Honolulu EMS stroke patient transport guidelines which has shaved an average of approximately 84 minutes off treatment times for the most severe stroke patients with large vessel occlusions (LVO) on Oahu. Almost 2 million brain cells are lost each minute that blood flow to the brain is restricted, so 84 minutes translates to roughly 168,000,000 brain cells being saved in the most severe stroke patients. Patient outcome data is still being compiled for study, but it is expected that this effort is translating to improved health outcomes for those most severe stroke patients.

Neurotrauma Special Fund dollars have also been used to purchase and install RAPID CT perfusion software at six Hawaii hospitals along with training of frontline staff at these hospitals. The hospitals are Wahiawa General Hospital, Hilo Medical Center, Kona Community Hospital, Kauai Veterans Memorial Hospital, Adventist Castle Medical Center, and Kuakini Medical Center. The grant includes initial installation fees and licensing fees for the first three years, after which participating hospitals will be expected to pay for ongoing fees to maintain licensing for the RAPID software. The RAPID software is being used to help provide access to treatment for LVO stroke patients by allowing physicians at smaller hospitals, often without the support of a neurologist at their facilities, to share brain scans with the Queen’s Medical Center (QMC), Hawaii’s only comprehensive stroke center. QMC neurologists then quickly review the scans to determine and advise whether the stroke patient would benefit from quick medical transfer to QMC for mechanical removal of the blood clot. Medical transport from neighbor islands can often result in air ambulance costs of at least \$40,000, so the RAPID software is not only reducing delays in transfer of patients who need to be treated with mechanical thrombectomy, but also helping to screen and limit unnecessary transfer of patients who might not benefit from receiving the more advanced treatment at QMC.

While legislators’ intention may be to replace these important funding sources through grants or allocations from the state’s general fund, doing that would inadvertently still have a negative impact on the lifesaving programs they feed. For example, programs funded through the State Tobacco Prevention and Control Special Fund are managed through a contract with the Hawaii Community Foundation which through investment of those funds greatly increases their value, something that the legislature cannot do. The Foundation may approve 4-year grants to a community program to enable them to build and establish sustained, quality programs, and to attract quality employees to implement those programs.

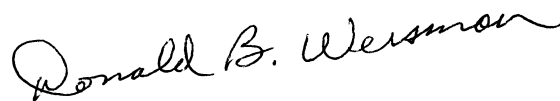
The state legislature's two-year budget cycle would not allow for that sustainability, and funding directly through the legislature would result in a gap in services as programs would have to wait until the end of the legislative session at the earliest to make the vital funds available, and then face further delay to access those funds as the state's procurement process can often take an additional year or longer to release funds.

Many of the programs funded through these special funds also help to address health disparities that fuel broader ethnic and socioeconomic disparities within Hawaii. The American Heart Association is committed to ending structural racism which are the basis of many of these health disparities. The dismantling of Hawaii's health-related special funds could inadvertently add to the structural racism issues that are at the root of the state's health disparities.

Disease prevention is key to the sustainability of Hawaii's Pre-Paid Healthcare law, as well as for the sustainability of the federal Affordable Care Act. As the costs of healthcare continues to sharply rise for largely preventable chronic diseases and the risks factors that drive them, our healthcare system will be challenged to remain viable or affordable to those most greatly affected.

Benjamin Franklin's famous adage "An ounce of prevention is worth a pound of cure," has never been truer than during the current pandemic. The American Heart Association urges Hawaii legislators to rethink plans to dismantle these important health special funds, to seek to fill state budget funding needs through other revenue sources, and to continue the state's commitment to the health of Hawaii's people.

Respectfully submitted,

A handwritten signature in black ink that reads "Donald B. Weisman". The signature is written in a cursive style with a horizontal line above the name.

Donald B. Weisman
Government Relations/Communications Director



March 1, 2021

The Honorable Representative Sylvia Luke, Chair
The Honorable Representative Ty Cullen, Vice Chair
House Committee on Finance
Hawai'i State Legislature

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ph: 808.791.0729
126 Queen St., Ste. 306
Honolulu, Hawaii 96813
www.hilt.org

Re: **HB1298 and HB1299, Hearing on Tue. Mar. 1, 2021 at 1:00pm**

Dear Chair Luke, Vice Chair Cullen & Committee Members,

Hawaiian Islands Land Trust, d/b/a Hawai'i Land Trust ("HILT") is Hawai'i's islands-wide land trust that is both a Hawai'i 501(c)3 nonprofit, and a nationally accredited land trust. Our mission is to protect and steward the lands that sustain Hawai'i, and to perpetuate Hawaiian values by connecting people to 'āina. HILT is actively working with willing landowners, government, and private sector partners to protect over 5,500 acres of coastlines, forests, and lands that grow healthy food for local families throughout Hawai'i through the acquisition of conservation easements and fee ownership and stewardship of lands in partnership with community. HILT also owns and stewards seven preserves totaling 2,033 acres of coastal and cultural landscapes where in a year of hardship, we were able to hire 47 temporary conservation workers during the COVID-19 pandemic, getting Federal funds into local households and provide open space reprieve for over 26,000 individuals.

We appreciate the opportunity to provide testimony in strong opposition to HB1298 and HB1299 as it could negatively impact on our ability to serve our communities and State.

HILT opposes HB1298 and HB1299 as it proposes to halt all deposits into the State's Legacy Land Conservation Fund for two fiscal years. Although the purpose of the bill indicates that the intent of the bill is to re-deposit funds into the Legacy Land Conservation Fund, the current draft of the bill does not have any reposit provision. Instead, the bill as written, effectively suspends conveyance tax deposits into Legacy Land Conservation Fund, and uses that conveyance tax allocation to issue general obligation bonds for unspecified purposes.

Base levels of funding for the Legacy Land Conservation Program of \$5.1 million annually (staff/operating and land acquisition capital/grants) should continue in order to capitalize on \$900 million of federal conservation funding made available by the 2020 Great American Outdoors Act, and secure federal funding for important Hawai'i projects.

The following HILT projects will be greatly compromised without FY22 and FY23 State Legacy Land Conservation Fund appropriations:

Mālama Moka'e's coastal lands at Hāna, Maui (34 acres): a conservation acquisition project that will protect local community stewardship and access to an indigenous food source and ensure the permanent protection of this open space resource sung about by the late Pekelo Cosma. In partnership with Ke Ao Hāli'i, local 501(c)(3), the County of Maui's Open Space Fund has earmarked the matching funds for this project and State funds are needed for a successful



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close of this fourth and final phase of the community's landscape conservation effort to protect the entire coastline from Hamoa Beach to Waioka Pond.

Māhukona Navigational & Cultural Complex at Kohala, Hawai'i (642 acres):

land that was once slated as another resort development along the Kohala coastline, to an opportunity for us to protect the lands and waters that have and continue to teach generations of navigators the living cultural practice of non-instrumental navigation. HILT is working in partnership with Nā Kālai Wa'a, local 501(c)(3), and the greater Kohala and Hawai'i Island community to protect the home of over 175 cultural sites including Ko'a Heiau Holomoana and community access and stewardship to lands that have and can continue to serve as a hub for educational and cultural resiliency and opportunities for climate change mitigation. Māhukona ranked the #1 priority project in 2020 for the County of Hawai'i's open space program to provide matching funds for, alongside Federal and private funding partners—we hope the State Legacy Land Conservation Program can be a part of this incredible community effort.

As HILT steps into its 10-year anniversary in 2021, we are humbled and equally emboldened in how our mission directly provides reprieve and addresses the environmental and community resiliency issues our Hawai'i families face statewide. As we grow our strength in connection and storytelling, we hope we were able to communicate the **importance and security that the State of Hawai'i's Legacy Land Conservation Fund holds for a resilient future for Hawai'i.**

Mahalo nui loa for your public service and for the opportunity to submit testimony. We look forward to working collaboratively to protect our most special places in Hawai'i. Please do not hesitate to reach out as we would love to have you and your 'ohana out on the land with us.

Mālama pono,

Shae Kamakaala
Director of 'Āina Protection, shae@hilt.org, 808-940-0639

Enclosure



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

COMMITTEE ON FINANCE

March 2, 2021

1:00 p.m.

Via Videoconference

Testimony in Opposition to House Bill 1299 RELATING TO NON-GENERAL FUNDS.

Repeals various non-general funds of the department of agriculture; department of business, economic development, and tourism; department of land and natural resources; department of education; university of Hawaii; department of Hawaiian home lands; judiciary; department of human services; department of labor and industrial relations; department of accounting and general services; department of the attorney general; department of budget and finance; department of human resources development; office of the governor; department commerce and consumer affairs; department of taxation; department of public safety; and office of Hawaiian affairs. Transfers unencumbered balances to the credit of the general fund.

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 **opposing H.B. 1299**.

This measure amends Hawaii Revised Statutes Section 323F by repealing the state treasury special fund created for the Corporation and for the regions. This would mean that HHSC and its regions would no longer have the ability to expend the funds that it generates from patient care services. These funds are critical to HHSC's ability to operate as the general fund appropriation has historically funded only 15-20% of HHSC's operating budget, with the rest being funded by HHSC's own cash collections from the provision of patient services. Without the ability to utilize these funds, HHSC would be unable to procure the medical supplies and services needed to safely provide healthcare services to the communities that it serves.

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

3675 KILAUEA AVENUE • HONOLULU, HAWAII 96816 • PHONE: (808) 733-4020 • FAX: (808) 733-4028

Tuesday, March 2, 2021; 1:00 pm

Via Video Conference

House Committee on Finance

To: Representative Sylvia Luke, Chair
Representative Ty Cullen, Vice Chair

From: Jen Chahanovich
President & CEO

**Re: Testimony in Opposition to HB 1299
Relating to State Funds**

My name is Jen Chahanovich and I am the chief executive officer of Wilcox Medical Center. Founded in 1938, Wilcox Medical Center is a not-for-profit hospital dedicated to providing the Kaua'i community with accessible, quality health care. Wilcox is the largest medical facility on Kaua'i and has been recognized as one of the nation's best small hospitals. With more than 200 physicians on staff, Wilcox Medical Center offers island residents and visitors expert diagnosis and treatment for more than 22 specialties. It is a state-of-the-art acute care facility with a full suite of services including emergency, OB/GYN, pediatrics, cardiology, gastroenterology, ophthalmology, pulmonology, nephrology, orthopedics, neurology, internal medicine, trauma, family practice, radiology, urology, otolaryngology and general surgery.

HPH writes in opposition to HB 1299 which repeals various non-general funds of the department of health, including the trauma system special fund.

While we are sensitive to the challenging budget circumstances the State is confronting, we are compelled to write in opposition to HB 1299 which would adversely impact the trauma system special fund and the hospitals' abilities to provide care to patients suffering from traumatic injuries. The trauma special fund was created in order to provide funds to support the continuing development and operation of a comprehensive statewide trauma system to ensure the availability of care for trauma patients. A reduction in the amount of funds available to support trauma care will have a significant negative impact on hospitals' abilities to provide care for patients whose injuries require immediate attention and intervention to prevent further complications or death.

Hawaii's trauma system is a cooperative network of nine trauma centers (including Tripler Medical Center), critical access hospitals and aeromedical services. The funding and development of the state trauma system allows the health care systems of the state to overcome its unique geographical challenges and to coordinate services, resources and transports across our unique island chain to serve the community. The trauma centers of this state collaborate closely to overcome its unique geographical challenges, spanning nearly 300 miles, with

individual counties separated by miles of open water and isolated by over 2000 miles from the mainland. The trauma centers and aeromedical partners work collaboratively to expedite transfers and deliver efficient care to Hawai'i's community, and the loss of trauma funds would be a great disservice to the community of Hawai'i. The State trauma funds have been used collectively by Hawai'i's hospitals and individual health care systems to create a unified, collaborative state system which affords an injured individual the highest probability of survival and return to their pre-injury quality of life.

As the largest medical facility on Kauai, Wilcox plays a crucial role in providing high quality health care for the entire island of Kaua'i. At Wilcox these funds help subsidize trauma program costs. The trauma funds do not cover the entire trauma program costs which are necessary to ensure quality and ideally reduce the number of trauma cases. As the only trauma center on the island of Kauai, Wilcox is a vital link in providing prompt assessment, resuscitation, emergency surgery, and stabilization as well as arranging for transfer to a facility that has additional resources not available on Kaua'i if necessary. In 2020, Wilcox treated 417 trauma patients; in 2019, 437 trauma patients were treated, and in 2018, 341 trauma patients were treated.

Wilcox was the first American College of Surgeons-verified Level III Trauma Center in the state of Hawai'i. Through the trauma program, Wilcox has been able to achieve improvement in our hospital's response to traumas and expediting workup on a level comparable to the requirements of the American College of Surgeons Committee on Trauma (ACS-COT). In addition, given our complex geography, having status as a Level III Trauma Center has allowed us to provide leadership in improving the transfer process. This is evidenced by decreased transfer times on our trauma quality improvement program report.

A reduction or loss of trauma funding would be devastating to the level of services Wilcox delivers to the residents of Kauai. The island community relies on Wilcox to provide trauma care.

Based on the above reasons, Wilcox respectfully opposes this measure.

Thank you for the opportunity to testify.



TESTIMONY

House Committee on Finance

Hearing: Tuesday, March 2, 2021 (1:00 p.m.)

TO: The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair

FROM: Levi Hookano
HSBA President

RE: House Bill No. 1299
Relating to the Judiciary

Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance Committee, thank you for the opportunity to offer testimony on behalf of the Hawaii State Bar Association (HSBA) in **OPPOSITION** to HB1299 which repeals certain special funds of the State.

Special funds of the Judiciary which would be impacted are:

- Driver Education and Training Fund
- Indigent Legal Assistance Fund
- Parent Education Special Fund
- Probation Services Special Fund
- Spouse and Child Abuse Special Account
- Judiciary Computer System Special Fund

Driver Education and Training Fund

The transfer of funds from this Special Fund would eliminate programs for individuals convicted of serious traffic crimes such as operating a vehicle under the influence of an intoxicant, excessive speeding and failing to properly restrain a child which allow individuals to complete their required education courses to fulfill legal obligations. And approximately \$4 million in Federal funding for the Hawaii Highway Safety Program may be jeopardized.

Sources of funding: \$1 per year for each motor vehicle insured by each insurer or self-insurer. \$7 per moving violation. \$100 for driving under the influence, \$50 for not using child passenger restraint system. \$75 for excessive speeding.

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Indigent Legal Assistance Fund

A portion of court filing fees are deposited into this Special Fund to provide legal services to the poor, disabled, unserved and underserved communities across the State. Services for these individuals are critically needed as the State continues its COVID recovery.

Sources of funding: various court document filing fees.

Parent Education Special Fund

Funds in this Special Fund benefits the statewide Kids First Program, a mandatory program that educates and seek to mitigate the impacts of divorce and separation on children. Funds are used to train staff and judges on divorce and separation trends.

Sources of funding: \$50 for filing of initial complaint or petition for annulment, divorce or separation). Donations and contributions also collected.

Probation Services Special Fund

Funds in this Special Fund are used for supervision, training and certification training of Probation Officers who on any given day are responsible for over 20,000 offenders statewide. The need for supervision during a court ordered probation period is critical to the smooth and hopefully successful transition to life outside correctional facilities.

Sources of funding: \$150 when a defendant is sentenced to probation for a term of more than 1 year. \$75 when a defendant is sentenced to probation for a term of one year.

Spouse and Child Abuse Special Account

Funds in this Special fund are used for Domestic Violence intervention training to supervise and keep offenders accountable and compliant with legal obligations. The increase in Domestic Violence cases due to the additional stresses of COVID ex: (lack of employment, housing payments, health services, childcare, and food sustainability) makes this training especially important. It is estimated that over \$150,000 in Federal funds may be jeopardized needed for direct services for survivors, victims, families, children and offenders.

Sources of funding: \$1 for each certified copy of birth, marriage, divorce or death certificate. \$4.50 for each marriage license issued. Fines between \$150-\$500 for first conviction of TRO violation. \$250-\$1,000 for each subsequent conviction of TRO violation.

Computer Systems Special Fund

While all of the other Special Funds of the Judiciary serve specific constituencies in need of specific services, of significant concern to Family Law practitioners is the Computer System Special Fund (current \$1,450,298) which will fund the automation of Family Court documents similar to the automation of the Appellate, Criminal and Civil cases (JIMS). The automation of Family Court documents is the most complex system due to the volume of documents which must remain confidential but accessible to attorneys representing the parties.

This Special Fund is the primary source of funding to operate the JIMS statewide electronic filing system. JIMS is the modernized case management electronic system ESSENTIAL to the Judiciary's operation. It is the central repository of all official case records. Attorneys are able to file documents electronically without physically going to a Court counter to file paper documents.

JIMS allows the general public to review their cases online via eCourt Kokua. The demand for electronic services during the COVID pandemic illustrates the Judiciary's pivot to technology to meet safe access to justice objectives.

Sources of funding: \$20 for each civil filing in district courts. \$50 for each civil filing in the circuit court. \$10 for processing of traffic citations (stopping, standing or parking where prohibited) \$40 for other traffic citations. \$30 for vehicular violations not covered by two prior categories.

Thank you for the opportunity to submit these comments in **OPPOSITION** to House Bill 1299.

HB-1299

Submitted on: 3/1/2021 11:36:48 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ava Kimberly	Peer Education Program at Aiea High School	Oppose	No

Comments:

Dear Representative Sylvia Luke and members of the Finance Committee,

My name is Ava Kimberly and I am a student at Aiea High School writing on behalf of the Peer Education Program. Peer Education is a program that is designed to help students and give them the opportunity to advocate and speak out for issues that they might face. Two of these issues are pedestrian and traffic safety because around the country traffic accidents are the leading cause of teenage deaths.

I am writing opposition to HB 1299. This bill should not be allowed to pass because it repeals allowing driver ed funds to hire a traffic safety specialist with DE funds and in addition to this, it also repeals driver ed underwriters fee for the DOE programs. The whole point of a driver's education program is to teach newcomers the way of the roads, which includes what not to do. These classes teach students all about how the car functions, the laws, distracted driving, drowsy driving, and driving under the influence. Drivers ed is meant to help the driver to adapt to any situation that they are put in, so if they do not receive this education, our roads will become more dangerous. The reason behind drivers ed becoming a program was because people realized that teenagers needed to learn because teenagers and new drivers are ten times more likely to get into a crash than an adult and are four times more likely to get into a distracted driving accident. Driving specialists are there to help drivers learn from a professional. Thank you for taking the time to read this testimony and I strongly encourage you to stop this bill and keep the professionals and head of the drivers education program.



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THE TRUST FOR PUBLIC LAND'S TESTIMONY OPPOSING HB 1298 & HB 1299

House Committee on Finance
Tuesday, March 2, 2021, 1:00 p.m.
Conf. Rm. 308

The Trust for Public Land strongly opposes HB 1298 and 1299. We recognize the current fiscal crisis facing the State and appreciate the Governor, this Committee, and the Legislature for its difficult work. However, the dedicated special fund and source of funding (a portion of the conveyance tax) for the Legacy Land Conservation Fund is critical to qualify for 75% of federal matching funding. In addition, base levels of funding of \$5.1 million annually (staff/operating and land acquisition capital/grants) should continue in order to capitalize on \$900 million of federal conservation funding made available by the 2020 Great American Outdoors Act, and secure federal funding for important Hawai'i projects such as Nā Wai 'Eha on Maui.

HB 1298 proposes to transfer existing Legacy Land Conservation Fund balances into the general fund, and HB1299 proposes to eliminate the designated special fund – requiring the portion of the conveyance tax currently allocated to the Legacy Land Conservation Fund to the general fund.

If deposits in the Legacy Land Conservation Fund are stopped and the designated fund eliminated, Hawai'i will be unable to capitalize on millions of dollars of federal funding opportunities that can provide up to 75% of matching funding because Hawai'i has established a dedicated source of conservation funding via the Legacy Land Conservation Fund. In the Summer of 2020, Congress passed and the President signed the Great American Outdoors Act, which fully funded the Land and Water Conservation Fund (LWCF) at **\$900 million annually**. LWCF finances conservation programs like the U.S. Forest Legacy Program under the U.S. Department of Agriculture, the Outdoor Recreation Legacy Partnership under the National Park Service, and U.S. Fish & Wildlife Recovery Land Acquisition and Habitat Conservation Plan Acquisition Programs. As a result, federal funding has increased (in some cases, more than doubled) for these federal programs.

The Legacy Land Conservation Fund provides an important source of local/state match for these federal conservation programs. Because Hawai'i has a dedicated source of funding – the Legacy Land Conservation Fund – the match requirements for some federal programs are more favorable, allowing 75% federal share and 25% state/local share (in the absence of a dedicated fund, some programs will only allow a 50% federal share and require a 50% local/state match).

For example, The Trust for Public Land and DLNR/DOFAW are currently working on an U.S. Fish & Wildlife Service application for funding the purchase of the Nā Wai 'Eha watershed on Maui. DLNR/DOFAW previously secured \$3 million of U.S. Forest Legacy funding for Nā Wai 'Eha. We need approximately \$2 million of state/local



match to complete an estimated over \$9 million purchase. We plan to apply for FY22 Legacy Land Conservation Program funding this year. DLNR/DOFAW has several other projects for which it is also applying for federal funding to take advantage of the \$900 million annually funding federal conservation programs, and the Legacy Land Conservation Fund provides additional federal leverage, and a source of matching state/local funds.

The COVID-19 crisis has proved that DLNR's mission to maintain and manage our natural and cultural resources is critical to our physical and mental well-being, our shrinking freshwater supplies threatened by climate change, our public shorelines and reefs, and our unique plant and animal species found nowhere else in the world. Current DLNR programs and staffing levels should continue for the reasons stated above to secure Hawai'i's optimum share of up to 75% federal funding for important projects.

We urge the Legislature to continue funding the State Legacy Land Conservation Program at its current/base level to pay for staff and the base program, and maintain the dedicated fund.

Me ke aloha,

A square graphic containing a handwritten signature in cursive that reads "Lea Hong". The signature is written in a dark ink over a light, textured background.

Lea Hong
State Director

Edmund C. Olson Trust Fellow



Testimony Before the Finance Committee

IN OPPOSITION TO HB 1298 and 1299 (Halting the Land Conservation Fund)

Tuesday, March, 2 2021, 11:00AM in House Conference Room 308

Aloha Chair Luke and Committee members,

We ask that you hold these drastic measures that halt one of the most successful and beneficial programs in the State. These bills would compound the suffering from COVID-19 that many communities are facing. Cutting off the lifeline to preserve Hawaii's most treasured lands and waters would do real harm. The Land Conservation fund directly benefits communities!

In 2017 the spring source feeding the Kanewai Fishpond and the Paiko Fishery was without protection and for sale. Our community felt helpless as our spring water source lay in critical danger of being destroyed. Since it lay on private land, there was little anyone could do. Without the Land Conservation Fund to purchase Kanewai Spring, the dependent fishery and fishpond would likely have been ruined by planned development at the spring.

Fortunately, Maunalua Fishpond Heritage Center and the Trust for Public Land secured funding from the Land Conservation Fund to purchase our community's spring water source. The Fund allowed the community to leverage one million dollars in City funding, and substantial donations from the community to purchase and preserve Kanewai Spring. We ask that you keep this critical fund alive for Hawaii's communities and families.

Mahalo for the opportunity to comment,

Chris Cramer

Executive Director,

Maunalua Fishpond Heritage Center



**Submitted to the House Committee on Finance
Hearing: Tuesday, March 2, 2021 1:00pm
Hawaii State Capitol Room 308, Video Conference
HB 1298: Relating to State Funds and HB 1299: Relating to Non-General Funds**

Conservation Council For Hawaii **strongly opposes HB 1298 and HB 1299.**

Base levels of funding for the Legacy Land Conservation Program of \$5.1 million annually (staff/operating and land acquisition capital/grants) should continue in order to capitalize on \$900 million of federal conservation funding made available by the 2020 Great American Outdoors Act, and secure federal funding for important Hawai'i projects such as Nā Wai 'Eha on Maui. A designated special fund like the Legacy Land Conservation Fund qualifies the State for 75% match of federal funds – eliminating the funds would reduce federal matches to 50%.

The COVID-19 crisis has proved that DLNR's mission to maintain and manage our natural and cultural resources is critical to our physical and mental well-being, our shrinking freshwater supplies threatened by climate change, our public shorelines and reefs, and our unique plant and animal species found nowhere else in the world. Current DLNR programs and staffing levels should continue. As discussed below, base/core funding of \$5.1 million per year for the Legacy Land Conservation Program is critical for Hawai'i to secure its share of federal funding for important projects.

If deposits in the Legacy Land Conservation Fund are ended, Hawai'i will be unable to capitalize on millions of dollars of federal funding opportunities that can provide up to 75% of matching funding because Hawai'i has established a dedicated source of conservation funding via the Legacy Land Conservation Fund. In the Summer of 2020, Congress passed and the President signed the Great American Outdoors Act, which fully funded the Land and Water Conservation Fund (LWCF) at **\$900 million annually**. LWCF finances conservation programs like the U.S. Forest Legacy Program under the U.S. Department of Agriculture, the Outdoor Recreation Legacy Partnership under the National Park Service, and U.S. Fish & Wildlife Recovery Land Acquisition and Habitat Conservation Plan Acquisition Programs. As a result, federal funding has increased (in some cases, more than doubled) for these federal programs.

The Legacy Land Conservation Fund provides an important source of local/state match for these federal conservation programs. Because Hawai'i has a dedicated source of funding – the Legacy Land Conservation Fund – the match requirements for some federal programs are more favorable, allowing 75% federal share and 25% state/local share (in the absence of a dedicated fund, some programs will only allow a 50% federal share and require a 50% local/state match).

Tuesday, March 2, 2021; 1:00 pm
Via Video Conference

House Committee on Finance

To: Representative Sylvia Luke, Chair
Representative Ty Cullen, Vice Chair

From: Martha Smith
Executive Vice President, Oahu Operations

**Re: Testimony in Opposition to HB 1299
Relating to Non-General Funds**

My name is Martha Smith and I am the Executive Vice President of Operations for the Oahu Operations of Hawaii Pacific Health, which includes serving as CEO of both Kapi`olani Center for Women and Children (Kapi`olani) and Pali Momi Medical Center (Pali Momi). Both Kapi`olani and Pali Momi are affiliates of Hawaii Pacific Health.

Kapi`olani Medical Center is the state's only maternity, newborn and pediatric specialty hospital. It is also a tertiary care, medical teaching and research facility. Specialty services for patients throughout Hawai'i and the Pacific Region include intensive care for infants and children, 24-hour emergency pediatric care, air transport, maternal-fetal medicine and high-risk perinatal care.

Pali Momi is a not-for-profit hospital located in West O`ahu, and is dedicated to the health and well-being of all Hawai'i residents. With 118 beds and more than 400 physicians on its medical staff, Pali Momi offers a full range of services. Pali Momi Medical Center is one of only two adult trauma centers on the island of Oahu and the only Level III Trauma Center serving Central and West Oahu. Pali Momi is able to provide life-saving care sooner for those in our communities who are suffering from major traumatic injuries.

HPH writes in opposition to HB 1299 which repeals various non-general funds of the department of health including the trauma system special fund.

While we are sensitive to the challenging budget circumstances the State is confronting, we are compelled to write in opposition to HB 1299 which would adversely impact the trauma system special fund and the hospitals' abilities to provide care to patients suffering from traumatic injuries. The trauma special fund was created in order to provide funds to support the continuing development and operation of a comprehensive statewide trauma system to ensure the availability of care for trauma patients. A reduction in the amount of funds available to support trauma care will have a significant negative impact on hospitals' abilities to provide care for patients whose injuries require immediate attention and intervention to prevent further complications or death.

Hawai'i's trauma system is a cooperative network of nine trauma centers (including Tripler Medical Center), critical access hospitals and aeromedical services. The funding and development of the state trauma system allows the health care systems of the state to overcome its unique geographical challenges and to coordinate services, resources and transports across our unique island chain to serve the community. The trauma centers of this state collaborate closely to overcome its unique geographical challenges, spanning nearly 300 miles, with individual counties separated by miles of open water and isolated by over 2000 miles from the mainland. The trauma centers and aeromedical partners work collaboratively to expedite transfers and deliver efficient care to Hawai'i's community, and the loss of trauma funds would be a great disservice to the community of Hawai'i.

The State trauma funds have been used collectively by Hawai'i's hospitals and individual health care systems to create a unified, collaborative state system which affords an injured individual the highest probability of survival and return to their pre-injury quality of life. The State of Hawai'i's Trauma System Plan has saved countless lives and returned loved-ones to their families as well as improved outcomes in decreasing the burden of disability for innumerable numbers of people across the state – visitors and kama`aina alike.

Impact upon Pediatric Trauma Care: Kapi'olani Medical Center's Level III Pediatric Trauma Program

Kapi'olani serves approximately 200 infant and children trauma patients annually. The needs of pediatric patients suffering from a traumatic injury differ greatly from those of adult trauma patients. Monies from the trauma system special fund help subsidize trauma program costs which are necessary to ensure quality and ideally reduce the number of trauma cases.

The COVID-19 pandemic and statewide surge plan which went into effect in August, 2019 resulted in the diversion of all pediatric trauma cases from the state's Level I Trauma Center to Kapi'olani. This brought high acuity severely injured children to our center that would have normally not been brought initially to our center, and has required additional training, education, implementation of new process and enhancement of our surgical supplies/equipment.

As the state's only designated Pediatric Trauma Center, the elimination of funding of our program would leave a service gap for the injured children in the state of Hawai'i. Traumatic injury remains the leading cause of death and disability in children in Hawai'i as well as across the nation. The loss of program funding will leave a service gap to Hawai'i's most vulnerable population.

Impact upon O'ahu Level III Trauma Care: Pali Momi's Level III Trauma Program:

Pali Momi Medical Center provides care for more than 400 trauma patients per year and is the only Level III Trauma Center serving Central and West Oahu. Funds from the Trauma special funds is used to help subsidize trauma program costs. The trauma funds do not cover the entire trauma program costs which are necessary to ensure quality and ideally reduce the number of trauma cases.

A loss or reduction in the amount of trauma funding Pali Momi receives would severely hamper the hospital's ability to treat trauma patients, particularly those patients suffering from trauma related injuries in Central and West Oahu. In the absence of Pali Momi, the only other trauma center accepting patients is situated at Queen's Medical Center, necessitating a farther distance to travel before appropriate care can be administered to the patient. With trauma cases,

immediate treatment can make a difference in how well a patient recovers from the injuries sustained.

Based on the above reasons, HPH respectfully opposes this measure. Thank you for the opportunity to testify.



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Department of Kinesiology and
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*Garret Sugai
Kaiser Permanente*

Date: March 1, 2021

To: Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
Members of the House Finance Committee

Re: Opposition to HB 1299, Relating to Non-General Funds

Hrg: March 2, 2021 at 1:00 PMM via Videoconference

The Coalition for a Tobacco-Free Hawai'i (Coalition), a program of the Hawai'i Public Health Instituteⁱ offers testimony in **opposition to HB 1299**, which would repeal several special funds, including the Hawai'i Tobacco Settlement Special Fund ("Settlement Fund") and Tobacco Enforcement Special Fund ("Enforcement Fund").

While the Coalition appreciates that the legislature has preserved the Tobacco Prevention and Control Trust Fund ("Trust Fund") in this bill, we are concerned about the repeal of the Settlement Fund and Enforcement Fund.

The Settlement Fund is the primary source of funding for the Trust Fund, which supports tobacco prevention and control programs in Hawai'i. No revenue from the cigarette tax or other tobacco product tax is allocated to tobacco prevention and control. The 1998 Master Settlement Agreement (MSA) was a result of 46 states suing the four largest tobacco companies in the United States to recover billions of dollars in costs associated with treating smoking-related illness. The settlement resulted in annual payments from tobacco companies to the settling states in perpetuity.

Following the MSA, Hawaii's legislature created the Trust Fund in 2001 to reduce cigarette smoking and tobacco use among youth and adults through education, prevention, and cessation. Currently, the Trust Fund receives 12.5% of Hawaii's annual paymentsⁱⁱ. Though the Trust Fund can receive funding appropriated by the government (county, state, or federal), private donations, and income/capital gains earned by the Trust Fund, these annual payments are the Trust Fund's main source of funding. The Coalition is concerned about the sustainability of the Trust Fund and

its ability to support tobacco prevention and control programming without the Settlement Fund.

Repealing the Tobacco Enforcement Special Fund could endanger future MSA payments.

The Enforcement Fund provides funding to the Department of the Attorney General (AG) to uphold MSA provisions, the Tobacco Liability Act, and enforce cigarette and tobacco tax laws. The AG must diligently enforce the terms of the MSA in order to remain in compliance with the agreement and receive annual payments. The Enforcement Fund receives \$350,000 annually from the Settlement Fund, along with a portion from cigarette tax stamps and fines from enforcement of the cigarette and tobacco tax lawⁱⁱⁱ. The Coalition is concerned that the repeal of the Settlement Fund and Enforcement Fund could impact the State's ability to receive MSA annual payments in the future.

The Coalition recognizes the difficult financial position the state is in, but repealing the Hawai'i Tobacco Settlement Special Fund and Tobacco Enforcement Special Fund jeopardize the funding for tobacco prevention and control programs. **Due to its potential impact on tobacco prevention, cessation, and education efforts in the state, we respectfully oppose HB 1299.**

Mahalo,



Jessica Yamauchi, MA
Executive Director

ⁱ The Coalition for a Tobacco-Free Hawai'i (Coalition) is a program of the Hawai'i Public Health Institute (HIPHI) that is dedicated to reducing tobacco use through education, policy, and advocacy. With more than two decades of history in Hawai'i, the Coalition has led several campaigns on enacting smoke-free environments, including being the first state in the nation to prohibit the sale of tobacco and electronic smoking devices to purchasers under 21 years of age.

The Hawai'i Public Health Institute is a hub for building healthy communities, providing issue-based advocacy, education, and technical assistance through partnerships with government, academia, foundations, business, and community-based organizations.

ⁱⁱ Hawai'i Revised Statute §328L-2.

ⁱⁱⁱ Hawai'i Revised Statute §28-15.



LEGAL AID
SOCIETY OF HAWAII

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Joseph Boivin, Jr.
President, Board of Directors

M. Nalani Fujimori Kaina, Esq.
Executive Director

TESTIMONY ON HB1299

Committee on Finance

Representative Sylvia Luke, Chair
Representative Ty J. K. Cullen, Vice-Chair

March 2, 2021 at 1:00 p.m.

The Legal Aid Society of Hawaii submits testimony in opposition to HB1299 – Relating to Non-General Funds, specifically with respect to transfer of funds collected for the Indigent Legal Assistance Fund (“ILAF”) to the general fund.

We realize that HB1299 aims to impact many of the various special funds of the state, however, the inclusion of the ILAF would further devastate civil legal services programs, including Legal Aid. Currently, we use funds from ILAF to provide direct civil legal assistance, including legal advice, assistance with completing court forms, representation in cases where domestic violence, language barriers or other barriers impact an individual’s ability to represent themselves, and community education and outreach to low-income communities. The civil legal services that have been provided under these contracts reach populations and groups that have little access to legal advice or assistance.

As non-federal funds, ILAF is also used to help match and leverage federal dollars, including Legal Aid’s AmeriCorps program which provides opportunities for recent college graduates and college students to explore public interest law, and Department of Justice Victim of Crime funding which is helping resolve legal issues for victims of crime.

We know that the pandemic has created an economic crisis for the state and as a result state funds are at a premium. Because of this, Legal Aid has already been impacted by a \$500,000 cut this fiscal year which we expect to continue into next fiscal year, and the transfer of funds from ILAF for next fiscal year would cause even more hardship to the people of Hawaii in need of safety net legal services.

During the pandemic, more people in Hawaii became in need of our assistance to access legal information about evictions, to gain better understanding on how to access unemployment, and to get help to stabilize their families. Our help provided services to single moms like Kahea, who was homeless with her infant son in Waimanalo, but now is in college; and kupuna like Cynthia, who was at risk of eviction, but was able to connect with a Legal Aid attorney and learned about her rights under the moratoriums. In 2020, Legal Aid helped in over 1,000 pandemic related cases.

Again, we are very appreciative for the support from the legislature which has allowed us to provide a broad range of civil legal services to the low-income in your community and in the state of Hawaii in the past. We ask though, that ILAF be removed from consideration for transfer under this bill. The continuation of ILAF is critical to our ability to maintain civil legal services.

We are available for any questions that you might have.

Mahalo for the opportunity to provide testimony.

Sincerely,

M. Nalani Fujimori Kaina
Executive Director

Angela Lovitt
Deputy Director



**Written Testimony Presented Before the House
COMMITTEE ON FINANCE**

DATE: Tuesday, March 02, 2021

TIME: 1:00 PM.

PLACE: VIA VIDEOCONFERENCE

By

**Laura Reichhardt, APRN, AGPCNP-BC
Director, Hawai'i State Center for Nursing
University of Hawai'i at Mānoa**

Testimony in Opposition for HB1299

Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance, thank you for the opportunity for the Hawai'i State Center for Nursing to provide **testimony in opposition, particularly as it relates to Section 123 and Section 269 of this measure**. This measure seeks to repeal non-general funds and transfers unencumbered balances to the general fund.

Funded by portion of nurse license fees placed in a special fund, the Hawaii State Center for Nursing (HSCN) was established by Act 198, SLH 2003 to collect and analyze data and prepare and disseminate written reports and recommendations regarding the current and future status and trends of the nursing workforce; conduct research on best practice and quality outcomes; develop a plan for implementing strategies to recruit and retain nurses; and research, analyze, and report data related to the retention of the nursing workforce. The Center has created statewide initiatives for nursing that addressed workforce needs to prevent predicted workforce shortages.¹ These include consistently providing workforce research on the nursing supply and education capacity for nurse education, creating statewide Evidence-Based Practice, Nurse Residency and Centralized Clinical Placement programs; each of these programs are notable for being the first statewide program in the nation and having broad partnerships with our nursing employers and schools of nursing.

In addition, HSCN has increased access to health care services in our rural and underserved communities through policy change that facilitated the doubling of the Advanced Practice Registered Nurse population in our state.

The Center continues to play a critical role in the response to COVID-19, including leading the call for nurses during the fall 2020 COVID hospital surge. In just two weeks, we received 1,900

¹ "New UH center addresses nursing shortage". July 24, 2003
<https://www.bizjournals.com/pacific/stories/2003/07/28/story5.html>

The mission of the Hawai'i State Center for Nursing is that through collaborative partnerships, the Center provides accurate nursing workforce data for planning, disseminates nursing knowledge to support excellence in practice and leadership development; promotes a diverse workforce and advocates for sound health policy to serve the changing health care needs of the people of Hawai'i.

responses from nurses; health care facilities and locally contracted staffing agencies continue to contact these nurses to support COVID-19 surge staffing needs and support vaccination efforts. = The Center produced data reports that the Department of Health and HiEMA used for crisis response, vaccination planning, and other uses. The Center partnered with the University of Hawaii at Manoa and Healthcare Association of Hawaii to increase relevant, locally produced accredited nursing professional development on COVID-19 for nurses in all settings of care, and co-lead an initiative with state stakeholders to identify and tactically respond to provider shortages.

The nurse license fee and consequently, the HSCN fee revenue, has not been increased since 2003. Of the license fee revenue sources into the Center since 2003, all but \$0.98 has been encumbered (HB1298). The Center is using the funds as intended and to the fullest extent possible.

Any loss to the HSCN budget will result in job loss for the staff who have dedicated years of service. It will impact the ability of the state to have quantitative data on the nursing workforce demand and supply to guide state policy development. The Hawai'i State Center for Nursing is concerned that any loss of budget will revoke the functional capacity of the Center and our services to policymakers, employers, educators, and nurses.

The mission of the Hawai'i State Center for Nursing is that through collaborative partnerships, the Center provides accurate nursing workforce data for planning, disseminates nursing knowledge to support excellence in practice and leadership development; promotes a diverse workforce and advocates for sound health policy to serve the changing health care needs of the people of Hawai'i.

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HB-1299

Submitted on: 3/1/2021 12:38:31 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer L Sakurai	Waipahu Community School for Adults	Oppose	No

Comments:

HB1299

I am writing in opposition of HB1299 on behalf of the Waipahu Community School for Adults and our students.

Like schools all over the world, our school has been greatly impacted by the global pandemic. We have had to quickly shift to online learning and have had to reevaluate how to best serve our students. Due to many factors, our enrollment is currently lower than usual. Although we do receive some State General Funds, the amount is very limited. We rely greatly on our collected fees to make up shortfalls. It has been a safety net for our school during this precarious time.

Our school provides a vital service for adult learners to equip them with skills to obtain gainful employment or readiness for college. We are a mandatory partner of the Workforce Innovation and Opportunities Act (WIOA) and Adult Education and Family Literacy Act (AEFLA). The money we have collected over time allows us to create unique and innovative educational opportunities for our students to enter or reenter the workforce.

By taking away fees collected, it reduces valuable funds available to use to further our mission of providing lifelong learning opportunities.

Thank you for allowing this time to provide testimony in opposition of House Bill 1299.

Sincerely,

Jennifer Sakurai,

Program Coordinator, Waipahu Community School for Adults



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Sylvia Luke, Chair
The Honorable Ty J. K. Cullen, Vice Chair
Members, House Committee on Finance

From: Colette Masunaga, Director, Government Relations & External Affairs, The Queen's Health Systems

Date: March 2, 2021

Re: Opposition on HB1299: Relating to State Funds

The Queen's Health Systems (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 1,500 affiliated physicians and providers statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to testify in opposition to HB1299, which would impact the Hospital Sustainability Program Special Fund and the Nursing Facility Sustainability Program Special Fund, as well as the Trauma System and Neurotrauma Special Funds. While we appreciate the unprecedented economic challenges our state is facing as a result of the COVID-19 pandemic, we urge this Committee to reconsider the repeal of these special funds- especially at a time when the State's healthcare system faces significant financial and administrative pressure. We respectfully urge this Committee to consider amending HB1299 to exclude the repeal of the Hospital and Nursing Sustainability Program Special Funds (section 210, 211, 212) as well as the Neurotrauma and Trauma System Special Funds (sections 144, 149, 150, 151, 169 and 176).

The Trauma System Special Fund is important for the sustainability of the statewide trauma program. Queen's is the only Level 1 trauma center for the state, providing services to 2,900 patients annually. Trauma services at Queen's must include 24/7 on-call specialist coverage, in-house trauma surgery, in-house Anesthesia and Operating room staff, as well as numerous other specialized services and equipment to deliver life-saving interventions on a moment's notice. Queen's houses the 24/7 Transfer Call Center which provides support to neighbor island trauma patients and is the only comprehensive specialty on-call schedule in the state. The call schedules represent greater than 20 specialties including all surgical subspecialties including, neuro surgery, microvascular surgery (limb salvage and re-implantation surgery), facial and reconstructive surgery.

The Queen's Medical Center Punchbowl routinely receives trauma patients with severe injuries or sub-specialty needs from hospitals on every island and throughout the Pacific Basin. On the

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.

neighbor islands where access to Level I Trauma care is limited by geographic barriers, it may take several hours to reach Queen's; the State Trauma System ensures initial evaluation and resuscitation at Level III centers are accessible to the people of Hawai'i in every county. Underfunding or eliminating the State's trauma system special fund may result in decreased access to trauma centers, reduction in services, higher complication rates, diminished functional outcomes, and higher death rates after injury. As death and disability after injury are a primary public health concern, especially in young adults, high quality trauma care remains essential to the reduce loss of productive life years and improve outcomes after injury. The Trauma Special Fund is a critical resource which offsets those losses and maintains vital infrastructure for the State Trauma System.

In 2011, the Hawaiian Islands Regional Stroke Network was developed with The Queen's Medical Center (QMC) through a grant, supported by the Neurotrauma Special Fund. The Hawaiian Islands Regional Stroke Network provides residents with access to stroke-related health care in their respective communities through telemedicine. To date, Queen's has completed 1251 telestroke consults and treated 424 patients with IV Tissue Plasminogen Activator (tPA) by telemedicine, resulting in an estimated \$19.1 million in cost savings for Hawai'i. The Hawaiian Islands Regional Stroke Network successfully transitioned to a self-sustaining model after the Neurotrauma grant concluded in 2018.

Additionally, Queen's was recently awarded a grant in FY2019, supported by the Neurotrauma Special Fund, to implementation of the Statewide RAPID program. RAPID CT perfusion software can identify patients on neighbor islands who require transfer and would otherwise be disabled if they did not receive this treatment. The hospitals that currently utilize RAPID are Wahiawa General Hospital, Hilo Medical Center, Kona Community Hospital, Kauai Veterans Memorial Hospital, Adventist Castle Medical Center, and Kuakini Medical Center.

Through the support for the State Neurotrauma Program and resources from the Neurotrauma Special Fund, Queen's has been able to leverage the initial grant funding to improve the statewide access to timely expert stroke evaluation and treatment, and build sustainable systems of care for our communities across the state.

Queen's concurs with and supports the testimony submitted by the Healthcare Association of Hawai'i. Thank you for your consideration of our testimony on HB1299.

HB-1299

Submitted on: 3/1/2021 12:50:15 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph E Cardoza	Hawai`i Access To Justice Commission	Oppose	No

Comments:

Chair: Hon. Sylvia Luke, Chair

Vice Chair: Hon. Ty J.K. Cullen, Vice Chair

Committee: House Committee on Finance

Testimony of: Joseph E. Cardoza

Organization: Hawai`i Access To Justice Commission

Hearing Date: Tuesday, March 2, 2021

Hearing Time: 1:00 p.m.

Place: Via Videoconference

Conference Room 308

Hawai`i State Capitol

415 South Beretania Street

Honolulu, Hawai`i

House Bill: HB No. 1298 and HB No. 1299

Position: Opposition Testimony re the Indigent Legal Assistance Fund

Dear Chair Luke and Members of the House Committee on Finance

I serve as Chair of the Hawai`i Access to Justice Commission (Commission). This testimony is submitted on behalf of the Commission and is intended to address the

Commission's grave concerns with respect to HB No. 1298 and HB No. 1299 and their impact on the Indigent Legal Assistance Fund (ILAF).

The Commission respectfully opposes transferring unencumbered ILAF funds to the general fund under HB No. 1298. The Commission also respectfully opposes repealing ILAF from its non-general fund status and transferring unencumbered ILAF funds to the general fund under HB No. 1299.

ILAF is a unique non-general fund that was prudently created by the Legislature nearly a quarter of a century ago to provide funds to address a critical shortage of legal services for persons of limited income in Hawai'i. The funds generated come from surcharges on selected private sector case filings and not from government sources. This program has been a success since its inception. Thousands of persons have been helped over the years through ILAF. The impact of transferring unencumbered funds to the general fund under HB No. 1298 and HB No. 1299 and repealing ILAF's non-general fund status under HB No. 1299 would be devastating for those receiving legal services made possible through ILAF.

The Commission appreciates the hard work the Legislature performs in addressing many challenging issues each session. However, for the reasons noted above, the Commission respectfully urges that the Legislature not transfer unencumbered ILAF funds to the general fund under HB No. 1298 and HB No. 1299. The Commission also respectfully urges that the Legislature not repeal ILAF's non-general fund status under HB No. 1299.

The Commission thanks the House Finance Committee for the opportunity to present this written testimony. I do not plan to testify during the videoconference hearings on these two Bills.

Testimony of The Nature Conservancy of Hawai'i
Opposing House Bill 1298 and House Bill 1299
Committee on FINANCE
Tuesday, March 2, 2021, 1:00 PM, Room 308

The Nature Conservancy of Hawai'i is a non-profit conservation 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 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.

House Bills 1298 and 1299 propose to stop conveyance tax deposits into the Land Conservation Fund and transfer all Land Conservation Funds into the general fund. The Nature Conservancy opposes HB 1298 and HB 1299. Base levels of funding for the Legacy Land Conservation Program (LLCP), which is derived from the Land Conservation Fund, of \$5.1 million annually should continue in order to capitalize on \$900 million of federal conservation funding made available by the Great American Outdoors Act.

In the Summer of 2020, Congress passed, and the President signed, the Great American Outdoors Act, which fully funded the Land and Water Conservation Fund (LWCF) at \$900 million annually. LWCF finances conservation programs like the U.S. Forest Legacy Program under the U.S. Department of Agriculture, the Outdoor Recreation Legacy Partnership under the National Park Service, and U.S. Fish & Wildlife Recovery Land Acquisition and Habitat Conservation Plan Acquisition Programs. As a result, federal funding has increased (in some cases, more than doubled) for these federal programs.

The Land Conservation Fund provides an important source of local/state match for these federal conservation programs. Because Hawai'i has a dedicated source of funding – the Land Conservation Fund – the match requirements for some federal programs are more favorable, allowing 75 percent federal share and 25 percent state/local share (in the absence of a dedicated fund, some programs will only allow a 50 percent federal share and require a 50 percent local/state match). If deposits in the Land Conservation Fund are ended, Hawai'i will be unable to capitalize on millions of dollars of federal funding opportunities at arguably one of the most important times to capitalize on the long-term sustainability and economic recovery these projects provide.

Mahalo for the opportunity to testify.

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American Cancer Society
Cancer Action Network
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Honolulu, HI 96817
www.fightcancer.org

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Hearing: March 2, 2021

ACS CAN STRONGLY OPPOSES HB1299: Relating to Non-General Funds

Cynthia Au, Interim Government Relations Director – Hawaii Pacific
American Cancer Society Cancer Action Network

The American Cancer Society Cancer Action Network (ACS CAN), the nonprofit, non-partisan advocacy affiliate of the American Cancer Society advocates for public policies that reduce death and suffering from cancer. ACS CAN works with federal, state, and local government bodies to support evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem. ACS CAN recognizes that COVID-19 is serious and impacting all of our lives. At this critical moment with people focused on protecting their respiratory health, we must do everything in our power to keep our communities healthy and safe—which means building strong public health infrastructure including investing in comprehensive tobacco control programs and cancer research. Long after this pandemic passes, people deserve to live full, healthy lives free from the ills of tobacco use. ACS CAN STRONGLY OPPOSES HB1299, which would eliminate funding of all non-general funds including Hawaii cancer research special fund and the tobacco control and prevention funds in Hawaii.

Hawaii Cancer Research Special Fund

Cancer is the second leading cause of death in Hawaii with 2,500 deaths each year.ⁱ Continual funding of University of Hawaii (UH) Cancer Center in Hawaii ensures the continued progress in the fight against cancer. The UH Cancer Center is one of 71 research organizations in the U.S. designated by the National Cancer Institute (NCI) and the only one in the Hawaii Pacific region.ⁱⁱ Its mission is to reduce the burden of cancer through research, education, patient care and community outreach with an emphasis on the unique ethnic, cultural and environmental characteristics of Hawaii and the Pacific.

The UH Cancer Center NCI Cancer Centers Program was created as part of the National Cancer Act of 1971 and is one of the anchors of the nation's cancer research effort. Through this program, NCI recognizes centers around the country that meet rigorous standards for transdisciplinary, state-of-the-art research focused on developing new and better approaches to preventing, diagnosing, and treating cancer.ⁱⁱⁱ As an NCI designated research center, the UH Cancer Center receives between \$15 to \$20

ⁱ CDC. Updated February 10, 2021 https://www.cdc.gov/nchs/pressroom/sosmap/cancer_mortality/cancer.htm

ⁱⁱ University of Hawaii Cancer Center <https://www.uhcancercenter.org/50years>

ⁱⁱⁱ NCI <https://www.cancer.gov/research/infrastructure/cancer-centers>

million in extramural funding from research grants. This outside funding supports research for more treatments to improve cancer patients' quality of life.

The Hawaii Cancer Research Special Fund, funds the UH Cancer Center revenue bonds and a portions of the building-related operations of the UH Cancer Center. The elimination of the special fund would significantly impair the ability of the UH Cancer Center to function and would jeopardize the operations of the cancer center and the 50 years of progress in cancer research benefitting the people of Hawaii.

The Problem: Tobacco Use and the Toll of Tobacco in Hawaii

The UH Cancer Center is vital to lifesaving medical treatments especially against diseases caused from tobacco use. Tobacco is an addictive and deadly product and tobacco use remains the nation's number one cause of preventable death. According to the U.S. Surgeon General, smoking is a known cause of cancer of the oropharynx, larynx, lung/trachea/bronchus, stomach, liver, pancreas, kidney, cervix, bladder, colon, and acute myeloid leukemia.^{iv} In fact, smoking is responsible for an estimated 24.6% of cancer deaths in Hawaii.^v Additionally, smokeless tobacco use can cause cancer of the mouth, esophagus, and pancreas.

Evidence suggests cigarettes are being manufactured and marketed in ways that make them more deadly than ever. The Surgeon General has determined that individuals who smoke cigarettes today have a much higher risk for lung cancer and COPD than did people who smoked in 1964, despite smoking fewer cigarettes.^{vi} If you add the deaths from all diseases attributable to smoking, the number of annual deaths climbs to 1,400 lives lost to smoking each year in Hawaii.^{vii} In fact, if nothing is done to reduce smoking rates in our state, 21,000 kids under 18 currently alive in Hawaii will ultimately die prematurely from smoking.^{viii}

It should be noted that the damage tobacco inflicts upon our state is not limited to death and disease. Annual health care costs from smoking exceed \$526 million in Hawaii including \$141 million Hawaii's Medicaid program spends each year to treat smoking-related diseases.^{ix} Smoking-caused productivity losses cost Hawaii an additional \$387.3 million annually.^x Given the projected budget deficit in Hawaii, it is vital that evidence-based programs are in place to reduce tobacco use and reduce taxpayer-funded healthcare costs. Increasing the state cigarette tax by \$1 per pack with a parallel tax on all other tobacco products would provide a substantial source of revenue for the state while further reducing tobacco use.

Historical Efforts and Evidence in Support of Comprehensive Tobacco Control in Hawaii

The Centers for Disease Control and Prevention (CDC) evidence-based recommendations for a comprehensive tobacco control program provides states with the needed framework to educate people on the dangers of tobacco use as well as connect people who are already addicted to tobacco to resources to help them quit. When appropriately funded in accordance with CDC recommendations,

^{iv} U.S. Department of Health and Human Services. *The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General*. Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014.

^v American Cancer Society Cancer Action Network. [State-Specific Smoking-Related Cancer Cases and Deaths, 2017](#). December 2020. HHS, 2014.

^{vii} CDC, *Best Practices for Comprehensive Tobacco Control Programs*, 2014.

^{viii} Campaign for Tobacco-Free Kids. *The Toll of Tobacco in Hawaii*. Updated October 20, 2020.

^{ix} Campaign for Tobacco-Free Kids. *The Toll of Tobacco in Hawaii*. Updated October 20, 2020.

^x Campaign for Tobacco-Free Kids. *The Toll of Tobacco in Hawaii*. Updated October 20, 2020.

comprehensive tobacco control programs are able to reduce tobacco use.^{xi} The 2014 Surgeon General's report on tobacco concluded that comprehensive statewide and community tobacco control programs are effective in preventing and reducing tobacco use by keeping young people from becoming addicted and helping individuals who use tobacco to quit.^{xii}

In 1998, Hawaii and 45 other states sued tobacco companies and won, resulting in the Master Settlement Agreement (MSA). The MSA included payments to the settling states to cover current and future costs of treating tobacco-related illnesses. A portion (12.5%) of the settlement funds are allocated to the Hawaii Tobacco Prevention and Control Trust Fund. The Trust Fund's purpose is to reduce cigarette smoking and tobacco use among youth and adults. This bill proposes to repeal the tobacco enforcement special fund, the Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund, eliminating funding for tobacco control in our state.

In Hawaii, the comprehensive tobacco control program is currently funded at \$7.9 million^{xiii} which is 58% of what the CDC recommends for an effective program in Hawaii based on state-specific factors.^{xiv} To reduce the devastating health impact of cancer and other tobacco-related disease, we need to invest in programs that prevent kids from starting to use tobacco and help others who are already addicted to quit. Despite much progress, the current rates of tobacco use remain unacceptable, and more than two-thirds (68%) of people who currently smoke indicate they would still like to quit.^{xv} Simply stated, these are people who need our help, their lives are depending on it.

Tobacco Prevention & Cessation Programs in Hawaii are Vital to Protect Youth

Due to skyrocketing rates of youth tobacco use in recent years, the decades of progress that has been made in reducing tobacco use rates in youth is now in jeopardy. Here in Hawaii approximately one third of high school students use tobacco products, including 5.3% who smoke cigarettes, and 30.6% who use electronic cigarettes.^{xvi} Action is needed to reverse these trends. As the tobacco industry is evolving, the need for funding of tobacco prevention programs has never been greater.

Increased counter marketing that can protect kids from tobacco industry appeals is a critical aspect of state comprehensive state tobacco control programs.^{xvii} This type of media effort is needed to counteract the \$26.1 million per year that tobacco companies are spending to market cigarettes and smokeless tobacco alone in Hawaii not including their other deadly and addictive products.^{xviii} Funding is needed to negate the influence Big Tobacco's marketing has on youth.

According to projections developed by the Campaign for Tobacco-Free Kids, the proposal to Hawaii cut's already underfunded program by 100% would mean 1,900 more Hawaii kids growing up to be adults who smoke and increase future healthcare expenditures by \$39.9 million.^{xix}

^{xi} CDC, 2014.

^{xii} HHS, 2014.

^{xiii} The Truth Initiative, et al (2021).

^{xiv} CDC, 2014.

^{xv} U.S. Centers for Disease Control and Prevention. Quitting smoking among adults – United States 2000-2015. Morbidity and Mortality Weekly Report, January 6, 2017: 65(52); 1457–1464.

^{xvi} Campaign for Tobacco-Free Kids

^{xvii} CDC, 2014.

^{xviii} The Truth Initiative, et al (2021).

^{xix} Campaign for Tobacco-Free Kids. Impact on Youth Smoking, Deaths & Related Health Costs From Changes to Hawaii Tobacco Prevention Funding. February 5, 2021

It's imperative that programs are funded to protect the next generation from a lifetime of addiction. Maintaining funding for Hawaii's tobacco prevention and cessation program is crucial to prevent kids from starting to use tobacco and help people already addicted to tobacco quit.

Maintaining tobacco control program funding for which we ask your support here today is backed by extensive science, evidence, and success stories from other states. Research shows that the more states spend on comprehensive tobacco control programs, the greater the reductions in smoking. The longer states invest in such programs, the greater and quicker the impact. For example, one study found that Washington state saved more than \$5.00 in just tobacco-related hospitalization costs for every \$1.00 spent during the first 10 years of its program.^{xx} Following the CDC funding recommendations for a comprehensive tobacco control program provides states with the needed framework to educate people on the dangers of tobacco use as well as connect people who are already addicted to tobacco to resources to help them quit.

Thanks to the decades of program implementation, surveillance, and evaluation, we now know what works best to prevent and reduce smoking and tobacco use. Extensive research shows enacting comprehensive smoke-free laws, regularly and significantly increasing tobacco taxes and adequately funding tobacco prevention and cessation programs work together to effectively reduce tobacco use and save lives. While Hawaii is facing unprecedented public health challenges, it is critical that programs to prevent kids from starting to use tobacco and help adults quit are preserved. No matter when someone quits tobacco, there are large and immediate benefits—perhaps these benefits are as important now as ever. For some people who use tobacco products, the COVID-19 crisis might provide motivation to quit; for others, trying to quit during a time of stress might be even harder. Hawaii should do everything we can to help those who choose to quit to succeed.

If we are serious about fighting death and disease, holding HB1299 is a critical step in finding treatments and care to cancer patients and survivors through UH Cancer Center and to prevent the next generation from a lifetime of addiction and to aid those who want to quit addiction through tobacco prevention and control programs. Thank you for the opportunity to testify today in opposition to the measure.

^{xx} Dilley, Julia A., et al., "Program, Policy and Price Interventions for Tobacco Control: Quantifying the Return on Investment of a State Tobacco Control Program," *American Journal of Public Health*, Published online ahead of print December 15, 2011. See also, Washington State Department of Health, Tobacco Prevention and Control Program, Progress Report, March 2011. Washington State Department of Health, Tobacco Prevention and Control Program, News Release, "Thousands of lives saved due to tobacco prevention and control program," November 17, 2010, http://www.doh.wa.gov/Publicat/2010_news/10-183.htm.

Aloha House Committee on Finance,

Attached is a compilation of testimony for Tuesday, March 2, 2021; 1:00 p.m.; State Capitol, Conference Room 308 in **OPPOSITION** of **HB1299: Relating to Non-General Funds** for the following individuals:

Tyler Kamisato, UH Undergraduate in Public Health Studies - Mililani, 96789

Ellie Ventula-Honda, Citizen - Honolulu, 96825

J. Fowler, Citizen – Honolulu, 96814

Beverly Wong, Citizen - Halawa, 96818

Chandra Quinlan, Citizen - Waipio Gentry (Waipahu), 96797

Frank V. Guillermo - Waipahu, 96797

Jenny Hausler, Citizen - Pearl City, 96782

Kellen King, Citizen - Ewa Beach, 96706

LokeLani Chong - UH Nursing Student Hilo, 96720

Lauren Simpson-Gomez, UH Student - Honolulu, HI 96822

Lynn Wilson, Citizen - Honoumu, 96728

Madeline Bush, UH Nursing Student - Hilo, 96720

Date: March 1, 2021

To: House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: Strong Opposition of **HB1299: Relating to Non-General Funds**

Hrg: Tuesday, March 2, 2021 at 1:00 pm at Capitol Room 308

Aloha, my name is Tyler Kamisato from Mililani, HI, 96789. Thank you for the opportunity to submit testimony in **strong opposition** to HB1299 relating to defunding tobacco enforcement, Hawaii tobacco special settlement fund, and Hawaii tobacco prevention and control trust fund. Hawaii has made significant progress towards tobacco control and having the committee pass this bill would have Hawaii take several years worth of work back.

I volunteer with the American Cancer Society Cancer Action Network and have personally seen my friends under the influence of some of my own peers to try and start vaping using electronic cigarettes (e-cigarettes). All of her friends (who were under the age of 21 at the time) were using these tobacco devices because it was “cool.” When they saw that she wasn’t using one, they kept peer pressuring her to just “try it.” After taking several hits from her friend's devices, she became addicted to nicotine and started using my own device. She’s only 19 but with the help of her older friends, she’s able to get her hands on e-cigarettes. I see what nicotine does to her almost everyday. At work, she has to take smoke breaks when it’s not busy because her body needs the nicotine or well she’ll start to have headaches, mood swings, ravings etc. She tells me that after using e-cigarettes, she gets really bad coughs and her throat hurts from time to time. Also, she feels a little “sluggish” here and there. She knows the risks but still chooses to participate in this act. E-cigarettes have negatively impacted her life and her life has only just begun.

The Hawaii Tobacco Prevention and Control Trust Fund was created for the purpose of preventing youth from starting to use tobacco and help people quit. Being able to have prevention education for youth across the state is actually a very vital step towards cessation. School-based tobacco prevention education programs that focus on skills training approaches have proven successful in the past by reducing the onset of smoking, according to numerous independent studies. A summary of these findings demonstrates positive outcomes across programs that vary in scope, format, and delivery method. To be most effective, school-based programs need to target the youth before they initiate tobacco use or drop out of school. Due to the considerable number of students that begin using tobacco products before the age of 15, it is imperative that school-based programs continue throughout high school. In Hawaii,

- An estimated 1,400 deaths are caused by smoking each year.

- 12.30% of adults and 5.3% of high school students smoke cigarettes and approximately one third of high school students use tobacco products.
- Over 24.6 percent of cancer deaths in Hawaii are caused by smoking.
- 30.6% of high school students currently use e-cigarettes

Investing in tobacco control programs, including having access to prevention education, is needed to reverse these alarming new trends. The need for funding tobacco prevention programs has never been greater. It's imperative that programs are funded to protect the next generation from a lifetime of addiction.

I understand that the state is trying to find money in order to fund the state budget however, please take into consideration the years of work Hawaii has gone through in order to be where we are now. I strongly recommend that you consider the setbacks of defunding tobacco prevention and control programs for the future of our ohana living in Hawaii. I urge you to hold this bill. Thank you again for the opportunity to testify.

Sincerely,
Tyler Kamisato
Mililani, 96789

Date: March 1, 2021

To: House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: Strong Opposition of **HB1299: Relating to Non-General Funds**

Hrg: Tuesday, March 2, 2021 at 1:00 pm at Capitol Room 308

Position: Strong Opposition

Good morning Chairs, Vice Chairs, and joint committee members. My name is Ellie Ventula-Honda, from Honolulu, 96825. Thank you so much for the opportunity to submit testimony in STRONG OPPOSITION to HB1299. I urge for the preservation of the tobacco enforcement special fund, Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund.

I volunteer with the American Cancer Society Cancer Action Network and it saddens me that funds for programs that have been proven to protect kids from the challenges of addiction to tobacco and especially to help the adults to quit is in consideration of being eliminated. My loving parents were cigarette smokers, which made a profound impact on my breathing. I developed asthma and many respiratory issues. My father passed away from lung cancer, and my mother was diagnosed with colon cancer, at which time; both parents were in their 60's. Today, I continue to struggle with respiratory problems and can't stand the smell of cigarettes' when I pass people who are smoking in public. I watch young children walking the mall with cigarettes and other smoking devices as they emulate the adults doing the same thing. Many are too young to even drive. Why do you even want to consider stopping the funding for prevention programs and why can't we just stop the selling of these deadly items as a whole? Consider the right actions to take for the children, perhaps your loved ones and for the people of Hawaii. Please continue the must needed funding for the state's tobacco prevention and cessation programs. Please make the right decision, do what's right...

Fully funding evidence-based tobacco prevention and cessation programs, along with regular and significant tobacco tax increases and comprehensive smoke-free laws can reduce tobacco use. While Hawaii is facing unprecedented public health challenges, it is critical that programs to prevent kids from starting to use tobacco and help adults quit are preserved.

I understand that the state is trying to find money to fund the state budget. Please consider the impact and cost it would be defunding tobacco prevention and control programs on the future of Hawaii.

I urge you to hold this bill.

Mahalo for the opportunity to submit testimony.

Date: March 1, 2021

To: House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: Strong Opposition of **HB1299: Relating to Non-General Funds**

Hrg: Tuesday, March 2, 2021 at 1:00 pm at Capitol Room 308

Position: Strong Opposition

Good morning Chairs, Vice Chairs, and joint committee members. My name is J. Fowler, from Honolulu, 96814. Thank you so much for the opportunity to submit testimony in STRONG OPPOSITION to HB1299. I urge for the preservation of the tobacco enforcement special fund, Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund.

For as long as I remember my mom has smoked. She has smoked for over 30 years. Had the tobacco prevention programs been in place at a time when she started, I believe her life would be very different than what it is today. Please do not take away funding for programs that can help people to quit.

I understand that the state is trying to find money to fund the state budget. Please consider the impact and cost it would be defunding tobacco prevention and control programs on the future of Hawaii.

I urge you to hold this bill.

Mahalo for the opportunity to submit testimony.

Date: March 1, 2021

To: House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: Strong Opposition HB1299: Relating to Non-General Funds

Hrg: Tuesday, March 2, 2021 at 1:00 pm at Capitol Room 308

Position: Strong Opposition

Good morning Chairs, Vice Chairs, and joint committee members. My name is Beverly Wong, from Halawa, 96818. Thank you so much for the opportunity to submit testimony in STRONG OPPOSITION to HB1299. I urge for the preservation of the tobacco enforcement special fund, Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund.

My father was a chain smoker and the results of this addiction his health was affected and family members were affected by colon cancer, prostate cancer and skin cancer problems. I strongly feel that we must stop the use of tobacco so that families will not experience the suffering and loss of loved ones.

People who smoke or who used to smoke are at increased risk for severe illness from COVID-19. Smoking is also a proven risk factor for cancer, chronic obstructive pulmonary disease (COPD) and heart disease, which also put people at increased risk for severe illness from COVID-19. Regardless of any association with COVID-19, the adverse health effects of smoking are well-documented and irrefutable. Now is a better time than ever to quit.

Health Impact of Tobacco Use in Hawaii

Smoking harms nearly every organ of the body and the use of tobacco products remains the nation's number one cause of preventable death. Tobacco use is responsible for nearly 1 in 5 deaths nationwide.ⁱ In Hawaii:

- An estimated 1,400 deaths are caused by smoking each year.ⁱⁱ
- 12.30% of adults and 5.3% of high school students smoke cigarettes.^{iii,iv}
- Over 24.6 % of cancer deaths in Hawaii are caused by smoking.^v
- 30.6% of high school students currently use e-cigarettes

Tobacco Control Programs help our state save money

In 1998, Hawaii and 45 other states sued tobacco companies and won, resulting in the Master Settlement Agreement (MSA). The MSA included payments to the settling states to cover current and future costs of treating tobacco-related illnesses. A portion (12.5%) of the settlement funds are allocated to the Hawaii Tobacco Prevention and Control Trust Fund. For over 20 years, Hawaii's Tobacco

Prevention and Control Trust Fund has reduced the burden of tobacco in our state, saving both lives and healthcare costs. Since its inception, the state has achieved significant declines in smoking rates for both adults and youth smoking rates. Despite this progress, the toll of tobacco is substantial, and there is still work to be done. In recent years we've seen skyrocketing rates of youth tobacco use, driven by the e-cigarette epidemic.

Smoking is estimated to cost Hawaii \$526 million in direct health care costs, including \$141 million in Medicaid costs annually.^{vi} Given the projected budget deficit, it is vital that evidence-based programs are in place to reduce tobacco use and reduce taxpayer-funded healthcare costs. According to projections from the Campaign for Tobacco-Free Kids, the elimination of funding in HB 1296 would:

- Increase youth smoking rates by 8.7%.
- Lead to 1,900 more kids growing up to become addicted adult smokers.
- Lead to 600 more kids growing up to die prematurely from smoking.
- Result in \$39.9 million in future healthcare additional expenses.

Fully funding evidence-based tobacco prevention and cessation programs, along with regular and significant tobacco tax increases and comprehensive smoke-free laws can reduce tobacco use. While Hawaii is facing unprecedented public health challenges, it is critical that programs to prevent kids from starting to use tobacco and help adults quit are preserved.

I understand that the state is trying to find money to fund the state budget. Please consider the impact and cost it would be defunding tobacco prevention and control programs on the future of Hawaii.

Mahalo for the opportunity to submit testimony. I deeply care about the health of Hawaii people and I urge you to hold this bill.

ⁱ Centers for Disease Control and Prevention (CDC). Health Effects of Cigarette Smoking. Updated April 28, 2020. https://www.cdc.gov/tobacco/data_statistics/fact_sheets/health_effects/effects_cig_smoking/

ⁱⁱ Campaign for Tobacco-Free Kids (CTFK). The Toll of Tobacco in Hawaii. Updated October 20, 2020. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

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^{iv} Campaign for Tobacco-Free Kids (CTFK). The Toll of Tobacco in Hawaii. Updated October 20, 2020. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

^v American Cancer Society Cancer Action Network. [State-Specific Smoking-Related Cancer Cases and Deaths, 2017](#). December 2020.

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To: House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: Strong Opposition of **HB1299: Relating to Non-General Funds**

Hrg: Tuesday, March 2, 2021 at 1:00 pm at Capitol Room 308

Position: Strong Opposition

Good morning Chairs, Vice Chairs, and joint committee members. My name is Chandra Quinlan from Waipio Gentry (Waipahu), 96797. Thank you so much for the opportunity to submit testimony in STRONG OPPOSITION to HB1299. I urge for the preservation of the tobacco enforcement special fund, Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund.

I volunteer with the American Cancer Society Cancer Action Network and I am a breast cancer survivor. I am a non-smoker. In fact, I've never smoked a cigarette, but the ill-effects of tobacco use has had a huge impact on me because I've lost too many family members to smoking, starting with my paternal grandmother Betty Lou, who died from emphysema and liver disease at 42. My maternal grandmother Evelyn, died of lung cancer with metastasis to the brain at 67. Both smokers, my Uncle Roy also lost his battle with lung cancer at 66 as did my cousin Roman at 55. Most recently, my friend Terra, a single mother in her early 40s was diagnosed with mouth cancer after discovering a malignant tumor under her tongue. After completing chemotherapy and radiation she said "I never thought I would get cancer from smoking" despite having smoked since she was a teen and knowing all the risks. Terra's statement just encapsulates why we need to maintain funding for education and prevention programs, especially now during this pandemic.

Health Impact of Tobacco Use in Hawaii

Smoking harms nearly every organ of the body and the use of tobacco products remains the nation's number one cause of preventable death. Tobacco use is responsible for nearly 1 in 5 deaths nationwide.ⁱ In Hawaii:

- An estimated 1,400 deaths are caused by smoking each year.ⁱⁱ
- 12.30% of adults and 5.3% of high school students smoke cigarettes.^{iii,iv}
- Over 24.6 % of cancer deaths in Hawaii are caused by smoking.^v
- 30.6% of high school students currently use e-cigarettes

Tobacco Control Programs help our state save money

In 1998, Hawaii and 45 other states sued tobacco companies and won, resulting in the Master Settlement Agreement (MSA). The MSA included payments to the settling states to cover current and

future costs of treating tobacco-related illnesses. A portion (12.5%) of the settlement funds are allocated to the Hawaii Tobacco Prevention and Control Trust Fund. For over 20 years, Hawaii's Tobacco Prevention and Control Trust Fund has reduced the burden of tobacco in our state, saving both lives and healthcare costs. Since its inception, the state has achieved significant declines in smoking rates for both adults and youth smoking rates. Despite this progress, the toll of tobacco is substantial, and there is still work to be done.

Smoking is estimated to cost Hawaii \$526 million in direct health care costs, including \$141 million in Medicaid costs annually.^{vi} Given the projected budget deficit, it is vital that evidence-based programs are in place to reduce tobacco use and reduce taxpayer-funded healthcare costs. According to projections from the Campaign for Tobacco-Free Kids, this cut would:

- Increase youth smoking rates by 8.7%.
- Lead to 1,900 more kids growing up to become addicted adult smokers.
- Lead to 600 more kids growing up to die prematurely from smoking.
- Cost the state \$39.9 million in future healthcare additional expenses.

Fully funding evidence-based tobacco prevention and cessation programs, along with regular and significant tobacco tax increases and comprehensive smoke-free laws can reduce tobacco use. While Hawaii is facing unprecedented public health challenges, it is critical that programs to prevent kids from starting to use tobacco and help adults quit are preserved.

I understand that the state is trying to find money to fund the state budget. Please consider the impact and cost it would be defunding tobacco prevention and control programs on the future of Hawaii.

I urge you to hold this bill.

Mahalo for the opportunity to submit testimony.

ⁱ Centers for Disease Control and Prevention (CDC). Health Effects of Cigarette Smoking. Updated April 28, 2020. https://www.cdc.gov/tobacco/data_statistics/fact_sheets/health_effects/effects_cig_smoking/

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To: House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: Strong Opposition of **HB1299: Relating to Non-General Funds**

Hrg: Tuesday, March 2, 2021 at 1:00 pm at Capitol Room 308

Position: Strong Opposition

Good morning Chairs, Vice Chairs, and joint committee members. My name is Frank V. Guillermo, from Waipahu, 96797. Thank you so much for the opportunity to submit testimony in STRONG OPPOSITION to HB1299. I urge for the preservation of the tobacco enforcement special fund, Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund.

I volunteer with the American Cancer Society Cancer Action Network and I am in my last semester of my bachelor's program at University of Hawaii at Hilo School of Nursing.

My 11th grade brother once told me, "I always see students vaping everywhere like in school bus, hallway, and even in class. It looks so cool and smells so good. I want to try it!" As a future healthcare provider, I am obligated to educate my brother about the harmful effects of vaping and discourage him from vaping. My brother's statement and the increasing rate of high-school e-cigarette/vape users in Hawaii shows a lack of regulations, health education, and prevention programs of e-cigarettes.

People who smoke or who used to smoke are at increased risk for severe illness from COVID-19. Smoking is also a proven risk factor for cancer, chronic obstructive pulmonary disease (COPD) and heart disease, which also put people at increased risk for severe illness from COVID-19. Regardless of any association with COVID-19, the adverse health effects of smoking are well-documented and irrefutable. Now is a better time than ever to quit.

Health Impact of Tobacco Use in Hawaii

Smoking harms nearly every organ of the body and the use of tobacco products remains the nation's number one cause of preventable death. Tobacco use is responsible for nearly 1 in 5 deaths nationwide.ⁱ In Hawaii:

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In 1998, Hawaii and 45 other states sued tobacco companies and won, resulting in the Master Settlement Agreement (MSA). The MSA included payments to the settling states to cover current and future costs of treating tobacco-related illnesses. A portion (12.5%) of the settlement funds are allocated to the Hawaii Tobacco Prevention and Control Trust Fund. For over 20 years, Hawaii's Tobacco Prevention and Control Trust Fund has reduced the burden of tobacco in our state, saving both lives and healthcare costs. Since its inception, the state has achieved significant declines in smoking rates for both adults and youth smoking rates. Despite this progress, the toll of tobacco is substantial, and there is still work to be done. In recent years we've seen skyrocketing rates of youth tobacco use, driven by the e-cigarette epidemic.

Smoking is estimated to cost Hawaii \$526 million in direct health care costs, including \$141 million in Medicaid costs annually.^{vi} Given the projected budget deficit, it is vital that evidence-based programs are in place to reduce tobacco use and reduce taxpayer-funded healthcare costs. According to projections from the Campaign for Tobacco-Free Kids, the elimination of funding in HB 1296 would:

- Increase youth smoking rates by 8.7%.
- Lead to 1,900 more kids growing up to become addicted adult smokers.
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Fully funding evidence-based tobacco prevention and cessation programs, along with regular and significant tobacco tax increases and comprehensive smoke-free laws can reduce tobacco use. While Hawaii is facing unprecedented public health challenges, it is critical that programs to prevent kids from starting to use tobacco and help adults quit are preserved.

I understand that the state is trying to find money to fund the state budget. Please consider the impact and cost it would be defunding tobacco prevention and control programs on the future of Hawaii.

Mahalo for the opportunity to submit testimony. I deeply care about the health of Hawaii people and I urge you to hold this bill.

ⁱ Centers for Disease Control and Prevention (CDC). Health Effects of Cigarette Smoking. Updated April 28, 2020. https://www.cdc.gov/tobacco/data_statistics/fact_sheets/health_effects/effects_cig_smoking/

ⁱⁱ Campaign for Tobacco-Free Kids (CTFK). The Toll of Tobacco in Hawaii. Updated October 20, 2020. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

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Date: March 1, 2021

To: House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: Strong Opposition of **HB1299: Relating to Non-General Funds**

Hrg: Tuesday, March 2, 2021 at 1:00 pm at Capitol Room 308

Position: Strong Opposition

Good morning Chairs, Vice Chairs, and joint committee members. My name is Jenny Hausler from Pearl City, 96782. Thank you so much for the opportunity to submit testimony in STRONG OPPOSITION to HB1299. I urge for the preservation of the tobacco enforcement special fund, Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund.

I volunteer with the American Cancer Society Cancer Action Network because cancer has affected my life. Tobacco killed my husband in March two years ago from smoking. He ended up dying from COPD and had lung cancer. He suffered greatly before he passed away and died an early death.

We have 6 grandchildren that I don't want to have the same fate as their grandfather. Our keiki are a vulnerable group and must be protected. Don't make it easy for electronic smoking devices to get into the hands of our kids from accessibility online and for being cheap to buy.

People who smoke or who used to smoke are at increased risk for severe illness from COVID-19. Smoking is also a proven risk factor for cancer, chronic obstructive pulmonary disease (COPD) and heart disease, which also put people at increased risk for severe illness from COVID-19. Regardless of any association with COVID-19, the adverse health effects of smoking are well-documented and irrefutable. Now is a better time than ever to quit.

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Smoking harms nearly every organ of the body and the use of tobacco products remains the nation's number one cause of preventable death. Tobacco use is responsible for nearly 1 in 5 deaths nationwide.¹ In Hawaii:

- An estimated 1,400 deaths are caused by smoking each year.²

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² Campaign for Tobacco-Free Kids (CTFK). The Toll of Tobacco in Hawaii. Updated October 20, 2020. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

- 12.30% of adults and 5.3% of high school students smoke cigarettes.^{3,4}
- Over 24.6 % of cancer deaths in Hawaii are caused by smoking.⁵
- 30.6% of high school students currently use e-cigarettes

Tobacco Control Programs help our state save money

In 1998, Hawaii and 45 other states sued tobacco companies and won, resulting in the Master Settlement Agreement (MSA). The MSA included payments to the settling states to cover current and future costs of treating tobacco-related illnesses. A portion (12.5%) of the settlement funds are allocated to the Hawaii Tobacco Prevention and Control Trust Fund. For over 20 years, Hawaii's Tobacco Prevention and Control Trust Fund has reduced the burden of tobacco in our state, saving both lives and healthcare costs. Since its inception, the state has achieved significant declines in smoking rates for both adults and youth smoking rates. Despite this progress, the toll of tobacco is substantial, and there is still work to be done. In recent years we've seen skyrocketing rates of youth tobacco use, driven by the e-cigarette epidemic.

Smoking is estimated to cost Hawaii \$526 million in direct health care costs, including \$141 million in Medicaid costs annually.⁶ Given the projected budget deficit, it is vital that evidence-based programs are in place to reduce tobacco use and reduce taxpayer-funded healthcare costs. According to projections from the Campaign for Tobacco-Free Kids, the elimination of funding in HB 1296 would:

- Increase youth smoking rates by 8.7%.
- Lead to 1,900 more kids growing up to become addicted adult smokers.
- Lead to 600 more kids growing up to die prematurely from smoking.
- Result in \$39.9 million in future healthcare additional expenses.

Fully funding evidence-based tobacco prevention and cessation programs, along with regular and significant tobacco tax increases and comprehensive smoke-free laws can reduce tobacco use. While Hawaii is facing unprecedented public health challenges, it is critical that programs to prevent kids from starting to use tobacco and help adults quit are preserved.

I understand that the state is trying to find money to fund the state budget. Please consider the impact and cost it would be defunding tobacco prevention and control programs on the future of Hawaii.

I urge you to hold this bill.

Mahalo for the opportunity to submit testimony.

³ Campaign for Tobacco-Free Kids (CTFK). The Toll of Tobacco in Hawaii. Updated October 20, 2020. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

⁴ Campaign for Tobacco-Free Kids (CTFK). The Toll of Tobacco in Hawaii. Updated October 20, 2020. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

⁵ American Cancer Society Cancer Action Network. [State-Specific Smoking-Related Cancer Cases and Deaths, 2017](#). December 2020.

⁶ Campaign for Tobacco-Free Kids. The Toll of Tobacco in Hawaii. October 20, 2020. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

Date: March 1, 2021

To: House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: Strong Opposition of **HB1299: Relating to Non-General Funds**

Hrg: Tuesday, March 2, 2021 at 1:00 pm at Capitol Room 308

Position: Strong Opposition

Good morning Chairs, Vice Chairs, and joint committee members. My name is Kellen King from Ewa Beach, 96706. Thank you so much for the opportunity to submit testimony in STRONG OPPOSITION to HB1299. I urge for the preservation of the tobacco enforcement special fund, Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund.

I volunteer with the American Cancer Society Cancer Action Network and through my service, I've come to meet so many vibrant people. There is always one common thread - they have cancer.

With lung cancer, I've witnessed the physical effects of the cancer and the corresponding treatments that have a devastating effect on the body.

Some win their battle, and some lose their battle. They often tell me that they started smoking in school because it helped them to fit in. They didn't know what we know now and wish that there was a stronger force to stop them.

The effects of lung cancer go far beyond the personal physical ailments. Whole ohana and communities rally behind them in their fight against cancer. If your loved one battled cancer, you know the hollow feeling of helplessness as you watch them endure the suffering.

People who smoke or who used to smoke are at increased risk for severe illness from COVID-19. Smoking is also a proven risk factor for cancer, chronic obstructive pulmonary disease (COPD) and heart disease, which also put people at increased risk for severe illness from COVID-19. Regardless of any association with COVID-19, the adverse health effects of smoking are well-documented and irrefutable. Now is a better time than ever to quit.

Health Impact of Tobacco Use in Hawaii

Smoking harms nearly every organ of the body and the use of tobacco products remains the nation's number one cause of preventable death. Tobacco use is responsible for nearly 1 in 5 deaths nationwide.ⁱ In Hawaii:

- An estimated 1,400 deaths are caused by smoking each year.ⁱⁱ
- 12.30% of adults and 5.3% of high school students smoke cigarettes.^{iii,iv}
- Over 24.6 % of cancer deaths in Hawaii are caused by smoking.^v
- 30.6% of high school students currently use e-cigarettes

Tobacco Control Programs help our state save money

In 1998, Hawaii and 45 other states sued tobacco companies and won, resulting in the Master Settlement Agreement (MSA). The MSA included payments to the settling states to cover current and future costs of treating tobacco-related illnesses. A portion (12.5%) of the settlement funds are allocated to the Hawaii Tobacco Prevention and Control Trust Fund. For over 20 years, Hawaii's Tobacco Prevention and Control Trust Fund has reduced the burden of tobacco in our state, saving both lives and healthcare costs. Since its inception, the state has achieved significant declines in smoking rates for both adults and youth smoking rates. Despite this progress, the toll of tobacco is substantial, and there is still work to be done. In recent years we've seen skyrocketing rates of youth tobacco use, driven by the e-cigarette epidemic.

Smoking is estimated to cost Hawaii \$526 million in direct health care costs, including \$141 million in Medicaid costs annually.^{vi} Given the projected budget deficit, it is vital that evidence-based programs are in place to reduce tobacco use and reduce taxpayer-funded healthcare costs. According to projections from the Campaign for Tobacco-Free Kids, the proposed cut in HB 1296 would:

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- Lead to 1,900 more kids growing up to become addicted adult smokers.
- Lead to 600 more kids growing up to die prematurely from smoking.
- Result in \$39.9 million in future healthcare additional expenses.

Fully funding evidence-based tobacco prevention and cessation programs, along with regular and significant tobacco tax increases and comprehensive smoke-free laws can reduce tobacco use. While Hawaii is facing unprecedented public health challenges, it is critical that programs to prevent kids from starting to use tobacco and help adults quit are preserved.

I understand that the state is trying to find money to fund the state budget. Please consider the impact and cost it would be defunding tobacco prevention and control programs on the future of Hawaii. I volunteer with the American Cancer Society Cancer Action Network so that we can someday rid the world of cancer.

Today, that means maintaining these programs to combat tobacco use and ultimately reduce the number of our loved ones from suffering of cancer.

I urge you to hold this bill. Mahalo for the opportunity to submit testimony.

ⁱ Centers for Disease Control and Prevention (CDC). Health Effects of Cigarette Smoking. Updated April 28, 2020. https://www.cdc.gov/tobacco/data_statistics/fact_sheets/health_effects/effects_cig_smoking/

ⁱⁱ Campaign for Tobacco-Free Kids (CTFK). The Toll of Tobacco in Hawaii. Updated October 20, 2020. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

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^v American Cancer Society Cancer Action Network. [State-Specific Smoking-Related Cancer Cases and Deaths, 2017](#). December 2020.

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Date: March 1, 2021

To: House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: Strong Opposition of **HB1299: Relating to Non-General Funds**

Hrg: Tuesday, March 2, 2021 at 1:00 pm at Capitol Room 308

Position: Strong Opposition

Good morning Chairs, Vice Chairs, and joint committee members. My name is LokeLani Chong from Hilo, 96720. Thank you so much for the opportunity to submit testimony in STRONG OPPOSITION to HB1299. I urge for the preservation of the tobacco enforcement special fund, Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund.

I volunteer with the American Cancer Society Cancer Action Network and I am in my last semester of my bachelor's program at University of Hawaii at Hilo School of Nursing.

My father-in-law was severely affected from Tobacco use. He developed stage 4 oral cancer and almost lost his life. Luckily, he survived but there are many people who are not as lucky. Tobacco use does not just affect the person who is using it, but their whole family. I do not want to see my friends and family using tobacco products. Young adults, teenagers, and kids are easily fooled by these new and fruity flavors. They think that it cannot be bad for you if it tastes like fruits or candy. I see many underage teenagers selling E-cigarettes that have exotic flavors and using those products on social media. E-cigarettes and tobacco products need to have more strict regulations, so they do not fall into our youth's hands.

People who smoke or who used to smoke are at increased risk for severe illness from COVID-19. Smoking is also a proven risk factor for cancer, chronic obstructive pulmonary disease (COPD) and heart disease, which also put people at increased risk for severe illness from COVID-19. Regardless of any association with COVID-19, the adverse health effects of smoking are well-documented and irrefutable. Now is a better time than ever to quit.

Health Impact of Tobacco Use in Hawaii

Smoking harms nearly every organ of the body and the use of tobacco products remains the nation's number one cause of preventable death. Tobacco use is responsible for nearly 1 in 5 deaths nationwide.ⁱ In Hawaii:

- An estimated 1,400 deaths are caused by smoking each year.ⁱⁱ
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- Over 24.6 % of cancer deaths in Hawaii are caused by smoking.^v
- 30.6% of high school students currently use e-cigarettes

Tobacco Control Programs help our state save money

In 1998, Hawaii and 45 other states sued tobacco companies and won, resulting in the Master Settlement Agreement (MSA). The MSA included payments to the settling states to cover current and future costs of treating tobacco-related illnesses. A portion (12.5%) of the settlement funds are allocated to the Hawaii Tobacco Prevention and Control Trust Fund. For over 20 years, Hawaii's Tobacco Prevention and Control Trust Fund has reduced the burden of tobacco in our state, saving both lives and healthcare costs. Since its inception, the state has achieved significant declines in smoking rates for both adults and youth smoking rates. Despite this progress, the toll of tobacco is substantial, and there is still work to be done. In recent years we've seen skyrocketing rates of youth tobacco use, driven by the e-cigarette epidemic.

Smoking is estimated to cost Hawaii \$526 million in direct health care costs, including \$141 million in Medicaid costs annually.^{vi} Given the projected budget deficit, it is vital that evidence-based programs are in place to reduce tobacco use and reduce taxpayer-funded healthcare costs. According to projections from the Campaign for Tobacco-Free Kids, the elimination of funding in HB 1296 would:

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Fully funding evidence-based tobacco prevention and cessation programs, along with regular and significant tobacco tax increases and comprehensive smoke-free laws can reduce tobacco use. While Hawaii is facing unprecedented public health challenges, it is critical that programs to prevent kids from starting to use tobacco and help adults quit are preserved.

I understand that the state is trying to find money to fund the state budget. Please consider the impact and cost it would be defunding tobacco prevention and control programs on the future of Hawaii.

Mahalo for the opportunity to submit testimony. I deeply care about the health of Hawaii people and I urge you to hold this bill.

ⁱ Centers for Disease Control and Prevention (CDC). Health Effects of Cigarette Smoking. Updated April 28, 2020. https://www.cdc.gov/tobacco/data_statistics/fact_sheets/health_effects/effects_cig_smoking/

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Date: March 1, 2021

To: House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: Strong Opposition of HB1299: Relating to Non-General Funds

Hrg: Tuesday, March 2, 2021 at 1:00 pm at Capitol Room 308

Position: Strong Opposition

Good morning Chairs, Vice Chairs, and joint committee members. My name is Lauren Simpson-Gomez, from Honolulu, HI 96822. Thank you so much for the opportunity to submit testimony in STRONG OPPOSITION to HB1299. I urge for the preservation of the tobacco enforcement special fund, Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund.

I volunteer with the American Cancer Society Cancer Action Network because I grew up with a mother who constantly smoked. She still does. I struggle with the consequences from second-hand smoke inhalation. Imagine what it does to those who actually smoke.

People who smoke or who used to smoke are at increased risk for severe illness from COVID-19. Smoking is also a proven risk factor for cancer, chronic obstructive pulmonary disease (COPD) and heart disease, which also put people at increased risk for severe illness from COVID-19. Regardless of any association with COVID-19, the adverse health effects of smoking are well-documented and irrefutable. Now is a better time than ever to quit.

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I understand that the state is trying to find money to fund the state budget. Please consider the impact and cost it would be defunding tobacco prevention and control programs on the future of Hawaii.

I urge you to hold this bill.

Mahalo for the opportunity to submit testimony.

ⁱ Centers for Disease Control and Prevention (CDC). Health Effects of Cigarette Smoking. Updated April 28, 2020.
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Re: Strong Opposition of HB1299: Relating to Non-General Funds

Hrg: Tuesday, March 2, 2021 at 1:00 pm at Capitol Room 308

Position: Strong Opposition

Good morning Chairs, Vice Chairs, and joint committee members. My name is Lynn Wilson, from Honomu, 96728. Thank you so much for the opportunity to submit testimony in STRONG OPPOSITION to HB1299. I urge for the preservation of the tobacco enforcement special fund, Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund.

I volunteer with the American Cancer Society Cancer Action Network because my brother died of lung cancer. Now his only child has to grow up without him, she was seven years old. Nicotine is so addicting and so unhealthy for the body---whether it be nicotine gum or the smoke itself---nicotine reduces the growth of a healthy body and its blood vessels etc. It restricts their ability to function essentially it puts a straitjacket on your veins and arteries. If you really love your country, don't take an opportunity for a healthy full life away from a child, teenager.

People who smoke or who used to smoke are at increased risk for severe illness from COVID-19. Smoking is also a proven risk factor for cancer, chronic obstructive pulmonary disease (COPD) and heart disease, which also put people at increased risk for severe illness from COVID-19. Regardless of any association with COVID-19, the adverse health effects of smoking are well-documented and irrefutable. Now is a better time than ever to quit.

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Smoking harms nearly every organ of the body and the use of tobacco products remains the nation's number one cause of preventable death. Tobacco use is responsible for nearly 1 in 5 deaths nationwide.ⁱ In Hawaii:

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Smoking is estimated to cost Hawaii \$526 million in direct health care costs, including \$141 million in Medicaid costs annually.^{vi} Given the projected budget deficit, it is vital that evidence-based programs are in place to reduce tobacco use and reduce taxpayer-funded healthcare costs. According to projections from the Campaign for Tobacco-Free Kids, the elimination in funding of HB 1296 would:

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Fully funding evidence-based tobacco prevention and cessation programs, along with regular and significant tobacco tax increases and comprehensive smoke-free laws can reduce tobacco use. While Hawaii is facing unprecedented public health challenges, it is critical that programs to prevent kids from starting to use tobacco and help adults quit are preserved.

I understand that the state is trying to find money to fund the state budget. Please consider the impact and cost it would be defunding tobacco prevention and control programs on the future of Hawaii.

[I urge you to hold this bill.](#) Mahalo for the opportunity to submit testimony. Lead by example, read my book, "One God For All These People, The Way to World Peace --xulonpress.com

God bless Lynn Knight Wilson, Author In Hawaii

ⁱ Centers for Disease Control and Prevention (CDC). Health Effects of Cigarette Smoking. Updated April 28, 2020. https://www.cdc.gov/tobacco/data_statistics/fact_sheets/health_effects/effects_cig_smoking/

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Date: March 1, 2021

To: House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: Strong Opposition of HB1299: Relating to Non-General Funds

Hrg: Tuesday, March 2, 2021 at 1:00 pm at Capitol Room 308

Position: Strong Opposition

Good morning Chairs, Vice Chairs, and joint committee members. My name is Madeline Bush from Hilo, 96720. Thank you so much for the opportunity to submit testimony in STRONG OPPOSITION to HB1299. I urge for the preservation of the tobacco enforcement special fund, Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund.

I volunteer with the American Cancer Society Cancer Action Network and I am in my last semester of my bachelor's program at University of Hawaii at Hilo School of Nursing.

Vaping is an extremely prevalent issue that our country and the world have been facing for over a decade. E-cigarettes were originally created for the purpose of helping people who smoked tobacco cigarettes quit and reduce their exposure to tobacco. However, the companies that created these e-cigarette devices knew if they helped people quit, they would also begin losing money. Their strategy consisted of promoting a form of smoking that was "healthy", little did people know the contents within these products had equally if not more nicotine than regular cigarettes. In order to protect the teenagers and young adults within our community regulations and bans on these products absolutely need to be put into action. The companies that sell these products have no interest in what their products are doing to the bodies of their customers.

Fully funding evidence-based tobacco prevention and cessation programs, along with regular and significant tobacco tax increases and comprehensive smoke-free laws can reduce tobacco use. While Hawaii is facing unprecedented public health challenges, it is critical that programs to prevent kids from starting to use tobacco and help adults quit are preserved.

I understand that the state is trying to find money to fund the state budget. Please consider the impact and cost it would be defunding tobacco prevention and control programs on the future of Hawaii.

Mahalo for the opportunity to submit testimony. I deeply care about the health of Hawaii people and I urge you to hold this bill.

HB-1299

Submitted on: 3/1/2021 12:56:19 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kristen Alice	HOPE	Oppose	No

Comments:

Hope Services **strongly opposes** this bill.

HB-1299

Submitted on: 3/1/2021 12:56:32 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Wenli Lin	DTRIC Insurance	Oppose	No

Comments:

TESTIMONY FROM WENLI LIN, CHIEF MARKETING OFFICER

Comments on HB1299

Relating to Non-General Funds

House Committee on Finance

Tuesday, March 2, 2021, 1:00 p.m.

VIA VIDEOCONFERENCE

Chair Luke and members of the committee:

DTRIC Insurance offers comments for HB1299, which repeals numerous non-general funds from various departments and transfer unencumbered balances to the general fund. Our comments are specifically regarding the Drivers Education Special Fund within the Department of Commerce and Consumer Affairs.

This special fund supports the Department of Education's Drivers Education Program. DTRIC has partnered with this HI-DOE program for many years to educate our state's teen drivers on safe driving habits. Activities created and executed by the Drivers Education Program are foundational to ensuring our future drivers practice safe and courteous driving habits as early as possible. As a Hawaii-based insurance company, we are vested in creating safer roads to prevent traffic collisions.

We hope the committee will consider not repealing the Drivers Education Special Fund and allowing the current balance to remain rather than be transferred to the general fund.

Mahalo for your time and consideration.

Respectfully,

Wenli Lin, Chief Marketing Officer

DTRIC Insurance Co., LTD.



TO: Chair Luke, Vice Chair Cullen, and Members of the House Committee on Finance

FROM: Ryan Kusumoto, President & CEO of Parents And Children Together (PACT)

DATE/LOCATION: March 2, 2021; 1:00 p.m., Conference Room 306/Video Conference

RE: COMMENTS ON HB 1299– RELATING TO NON-GENERAL FUNDS

We ask you to strongly consider the impacts of HB 1298 which repeals various non-general funds and transfers unencumbered balances to the credit of the general fund. We hope that you consider the potentially negative impacts that repealing these non-general funds could have on health and human services related programs, particularly the funds from the Department of Health, Department of Human Services and Judiciary. While we understand the budget needs of the State, we strongly urge you to consider that many of these funds may be supporting the essential and necessary services and programs that are helping to sustain and support the residents of Hawaii particularly during these tough social and economic times.

Our main concern is that critical services in the community need to be sustained, particularly when they are needed now more than ever. Services such as domestic violence services, behavioral and mental health services, child abuse and prevention services and essential services for children and families would be in jeopardy with the elimination of particular special funds. We defer to each Department for their identified priorities.

Founded in 1968, Parents And Children Together (PACT) is one of Hawaii’s not-for-profit organizations providing a wide array of innovative and educational social services to families in need. Assisting more than 15,000 people across the state annually, PACT helps families identify, address and successfully resolve challenges through its 18 programs. Among its services are: early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, childhood sexual abuse supportive group services, child and adolescent behavioral health programs, sex trafficking intervention, poverty prevention and community building programs.

Thank you for the opportunity to **provide comments on HB 1299**, please contact me at (808) 847-3285 or rkusumoto@pacthawaii.org if you have any questions.



Papa Ola Lokahi
Nana I Ka Pono Na Ma

Papa Ola Lokahi

894 Queen Street
Honolulu, Hawaii 96813

Phone: 808.597.6550 ~ Facsimile: 808.597.6551

SENATE COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Ty J. K. Cullen, Vice-Chair

IN OPPOSITION

HB 1299 - RELATING TO NON-GENERAL FUNDS.

Tuesday, March 2, 2021, 1:00 PM, Videoconference

Papa Ola Lokahi

is a non-profit Native Hawaiian organization founded in 1988 for the purpose of improving the health and well-being of Native Hawaiians and other native peoples of the Pacific and continental United States.

Board of Directors

Member Organizations

Hoola Lahui Hawaii

Hui No Ke Ola Pono

Hui Malama Ola Na O'iwi

ALU LIKE

Ke Ola Mamo

E Ola Mau

University of Hawaii

Hawaii State Department of Health

Na Puuwai

Office of Hawaiian Affairs

Executive Director

Sheri-Ann Daniels, EdD

Papa Ola Lōkahi, the Native Hawaiian Health Board established in 1988 through the federal Native Hawaiian Health Care Act (Title 42 USC 122), **OPPOSES HB 1299** that proposes to eliminate the physician workforce assessment fund and transfer the money to the general fund.

The physician workforce assessment fund was established to address the dramatic shortage of physicians in Hawai'i and implement strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment.

With a shortage of more than one-thousand physicians, the annual physician workforce assessment is an invaluable resource to our annual evaluation of the Native Hawaiian Health Scholarship Program (NHHSP), which we have administered since 1991, in identifying the need for students in medicine to be funded, and where the greatest placement needs are. It provides data for the state's recruitment and retention of physicians in rural and medically underserved areas, which are priority placement sites for the NHHSP.

The physician shortage is worsening every year. The health of our communities depends on the availability and access of health care, which is inextricably linked to the number of practicing physicians and other health factors. We appreciate your thoughtful consideration.

Thank you for the opportunity to testify in opposition to HB 1299.



HAWAII STATE
**COALITION AGAINST
DOMESTIC VIOLENCE**

March 2, 2021

Members of the House Committee Finance:

Chair Rep. Sylvia Luke
Vice Chair Ty J.K. Cullen
Rep. Patrick Pihana Branco
Rep. Stacelynn K.M. Eli
Rep. Daniel Holt
Rep. Greggor Ilagan
Rep. Bertrand Kobayashi
Rep. Lisa Marten
Rep. Scott Y. Nishimoto
Rep. Amy A. Perruso
Rep. Jackson D. Sayama
Rep. Adrian K. Tam
Rep. Tina Wildberger
Rep. Kyle T. Yamashita
Rep. Bob McDermott

Re: HB1299 Relating to Non-General Funds - Oppose

Good afternoon Chair Luke, Vice Chair Cullen, and Members of the House Committee on Finance.

The Hawai'i State Coalition Against Domestic Violence ("HSCADV") engages communities and organizations to end domestic violence through education, advocacy, and action for social justice. HSCADV is a private, not-for-profit organization and is a statewide partnership of domestic violence programs and shelters. In a single day in 2020 HSCADV's member programs served 839 victims (NNEDV 2020).

On behalf of HSCADV and our 23 member programs statewide, I respectfully submit testimony in **strong opposition to HB1299**. This bill would abolish several special funds that provide critical services that prevent and address domestic violence, notably, the Domestic Violence and Sexual Assault Special Fund, the Spouse and Child Abuse Special Account, the Indigent Legal Assistance Fund and the Crime Victim Compensation Special Fund. At a time when our local domestic violence programs have experienced an increased in crisis line call volume from 22% to 147% in any given month since the onset of the pandemic, compared to the same time in 2019, it seems less than prudent to eliminate the few sources of dedicated funding for domestic violence services.



Programs are already bracing for the increased need in services once our community is vaccinated and we resume normal activities and are also reeling from cuts to their contract in the current fiscal year.

Domestic Violence and Sexual Assault Special Fund

This fund was statutorily created in 1997 and funds the salary, fringe and activities of the Domestic Violence Fatality Review Coordinator (“DVFR Coordinator) and is one of the few state resources specifically allocated to the prevention of domestic violence. Hawai'i Revised Statutes (HRS) §321-472, amended in 2015 by Act 203, states mandates the Department of Health to conduct multidisciplinary and multiagency reviews of domestic violence fatalities, near-deaths, and suicides to reduce the number of preventable intimate partner homicides.

The DVFR program, through its coordinator, coordinates, organizes, facilitates, supports, and implements the DVFR by convening four county multidisciplinary and multiagency teams that conduct critical comprehensive reviews of domestic violence-related homicides, suicides, and near-deaths to reduce the incidence of preventable intimate partner tragedies. The DVFR program's activities are based on local and national best practices and technical assistance, recommendations, and data from the Centers for Disease Control and Prevention (CDC); National Domestic Violence Fatality Review Initiative; Hawai'i Domestic Violence Fatality Review (DVFR); population surveillance surveys; and reports from internal and external partners. It's recommendations are of critical importance to the domestic violence community in Hawai'i.

Spouse and Child Abuse Special Account

This account was statutorily established in 1994 to address the intervention and prevention of domestic violence and child abuse, including, among other things, victim advocacy and support counseling, assistance with preparing temporary restraining orders, and providing a victim hotline.¹ Currently, 80% of the account placed under the Judiciary is used to fund contracts with domestic violence service providers for Batterer's Intervention Programs (aka domestic violence intervention), a critical court mandated program under Act 19, the domestic violence petty misdemeanor pilot program, to hold domestic violence offender accountable and legal advocacy and court accompaniment for domestic violence victims. The remaining 20% is used for the State's match of STOP VAWA federal funds.

¹ State of Hawai'i Office of the Auditor. (2020). *Review of special funds, revolving funds, trust funds, and trust accounts of the judiciary: A report to the governor and the legislature of the state of Hawai'i*. <https://files.hawaii.gov/auditor/Reports/2020/20-17.pdf>



HAWAI'I STATE COALITION AGAINST DOMESTIC VIOLENCE

Additionally, the Department of Human Services uses funds in this account to fund critical statewide training on the dynamics of domestic violence and intervention practices. In October 2020, there was an overwhelming demand for training in response to reports of increases in domestic violence due to the COVID-9 pandemic, and the multi-day training event had 1,005 unduplicated participants.

Crime Victim Compensation Special Fund

This bill abolishes the Commission by eliminating its funding mechanism, the crime victim compensation special fund, and by transferring any unencumbered funds from the special fund to the general fund. Repealing the statute that established the Commission's special fund and depositing the revenues into the general fund will result in the Commission's closure. If the Commission is abolished the safety net that the Commission provides to victims of violent crime will vanish.

The Hawai'i State Legislature established the Crime Victim Compensation Commission in 1967 as a safety net for violent crime victims. The Commission assists victims of violent crimes with medical costs, counseling costs, lost wages, and funeral and burial expenses not covered by other sources. Many victims would not be able to receive rehabilitation services, counseling services, or bury a loved one without compensation awarded by the Commission. All 50 states have a compensation program. If abolished, Hawai'i would be the only state without a compensation program.

Indigent Legal Assistance Fund

Supports provides access to justice by funding the legal services to the poor and needy, administered by the Hawai'i Justice Foundation ("HJF") funds various nonprofits including domestic violence service providers.

Prevention and intervention services require a committed and long-term funding mechanism so that it is available when our community needs it the most – such as the aftermath of the COVID-19 pandemic. The domestic violence community has not recovered the cuts to its funding from the last fiscal crisis and the looming cuts to the general funds risks the state's commitment to victims of domestic violence and their families threatens to render it a mere afterthought.

For the reasons stated above, we are in strong opposition of HB1299.

Sincerely,
Angelina Mercado, Executive Director

HB-1299

Submitted on: 3/1/2021 1:33:55 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tina Matsuo	Waipahu Community School for Adults	Oppose	No

Comments:

Representative Sylvia Luke, Chair

Representative Ty J.K. Cullen, Vice Chair

Tuesday, March 2, 2021

Waipahu Community School for Adults

Opposition for H.B. 1299

Dear Honorable Members of the Legislative Committee,

My name is Tina Matsuo. I am a Program Coordinator at the Waipahu Community School for Adults. I am testifying today in opposition of HB 1299.

The loss of the funds impacts our students' future. We have already faced a budget cut and the student fees help to cover our classes when there is a shortage from the State. When these programs and resources are minimal or cut, there are fewer opportunities for our students who are struggling to get a better future. Many of our students need to work on basic skills and also are economically challenged. Our students register when they can, depending on their personal and employment

situations. Adult education provides students with skills needed for the workforce including technology, soft skills, and basic education skills.

We at the adult school are tasked with a very important mission of helping our students with gainful employment. We are a mandatory partner of the Workforce Innovation and Opportunities Act (WIOA) and Adult Education and Family Literacy Act (AEFLA). The money we have collected over time allows us to create unique and innovative educational opportunities for our students to enter or reenter the workforce.

Please consider opposing H.B. 1299.

Thank you for your time and efforts.

Sincerely,

Tina Matsuo



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
March 2, 2021 at 1:00 p.m.

by

Kalbert K. Young

Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) opposes House Bill No. 1299, Relating to Non-General Funds. This measure would repeal various non-general funds across State government and transfer those fund balances to the State General Fund. Elimination of these special funds would place the burden to fund their programs onto the general fund and would compromise the delivery of these public services. Additionally, many of these funds and fund balances come from revenue paid by users for specific services.

The UH's funds are listed in Part VI of the bill. The following funds are proposed to be abolished by this bill:

- Risk Management Special Fund
- Mānoa Malpractice Special Fund
- Tuition and Fees Special Fund
- Systemwide Information Technology and Services Special Fund
- Library Special Fund
- Community Services Special Fund
- Auxiliary Enterprises Special Fund
- Scholarship and Assistance Special Fund
- Community Colleges Special Fund
- Center for Nursing Special Fund
- State Aquarium Special Fund
- West O'ahu Special Fund
- Revenue Undertakings Fund
- Cancer Research Special Fund
- Energy Systems Development Special Fund
- Mauna Kea Lands Management Special Fund
- John A. Burns School of Medicine Special Fund
- Capital Improvements Program Project Assessment Special Fund

- Child Care Programs Special Fund
- Intercollegiate Athletics Special Fund
- Hilo Theatre Special Fund
- 'Ulu'ulu: The Henry Ku'ualoha Giugni Moving Image Archive of Hawai'i Special Fund
- Green Special Fund
- Graduate Application Revolving Fund
- Real Property and Facilities Use Revolving Fund
- Hawai'i Educator Loan Program Revolving Fund

To follow is additional information as to the status of these funds and the implications for repealing the fund that supports specific programs:

Risk Management Special Fund

The Risk Management special fund supports the costs and expenses associated with the administration and operation of the risk management program, including but not limited to insurance premiums, retention payments, claims administration and operation, settlements, payment of judgments, other obligations, and legal fees and costs.

The State of Hawai'i and its departments are self-insured – including, the UH. The objective is to be a self-sustaining fund with a minimum cash balance of \$5,000,000 to meet risk management related expenditures in a timely manner as recommended by an independent actuarial. Unencumbered cash balance can vary greatly from year to year depending upon how many settlements or claims of loss are received each year. The impact of taking these funds will compromise the UH's ability to defend itself in current litigations, settlements, payment of judgements, maintain and pay for insurance premiums, and any other legal fees and costs of defense to the UH. If this fund was eliminated, the cost to fund UH litigation and insurance matters will be an expense on the general fund.

Mānoa Malpractice Special Fund

This fund serves to maintain a reserve to cover expenses related to malpractice claims filed against the John A. Burns School of Medicine (JABSOM) faculty physicians.

If this fund is repealed, malpractice liability insurance would need to be covered by using operating funds which are already strained or from the State General Fund.

Tuition and Fees Special Fund (TFSF)

This fund collects tuition revenues collected by the UH for regular and summer credit courses, continuing education credit tuition, and fees related to specific academic disciplines and student life activities. Balances in this fund are comprised of tuition and academic fees charged to students at specific campuses.

UH MĀNOA – TFSF represents about half of Mānoa's operating budget, supplementing general fund support from the legislature. This helps to pay for the staffing and operating costs that are not appropriated by the legislature to respond to the higher education needs of the State.

UH HILO – If TFSF is repealed, UH Hilo will need additional general funds and positions to meet its operating needs. TFSF allows the UH to respond to fluctuations in student enrollments and student demands for specific programs on a timely basis and helps with multi-year planning. We would not be able to accomplish this through the general fund appropriation process. This fund enables the UH to use carry-over balances to fund repair, improvement, modernization and deferred maintenance projects that are not included in the Capital Improvement budget. The UH needs the ability to accumulate a cash reserve to fund this type of non-recurring costs. It will also be problematic because UH Hilo is not allowed to have general fund encumbrances at year-end. Service and construction contracts tend to span over multiple fiscal years. Tuition revenue is also used to pay for the debt service of the Daniel K. Inouye College of Pharmacy building.

UH WEST O'AHU – Should HRS 304A-2153 be repealed, UHWO will be unable to continue its mission to offer a distinct and accessible student-centered education that focuses on the 21st Century learner and fosters excellence in teaching, learning, and service to the community. Without this revenue source, debt service payments will be unmet (\$68M in revenue bonds were issued to build the campus), student need-based aid supported with tuition revenue (12% of revenue, approx. \$2.3M) will not be provided, campus repairs and maintenance needs will be unmet, as well as other critical campus operational needs such as utilities, personnel, professional development, information technology, and student support services. Should general funds be provided, UHWO would forfeit the ability to enter into multi-year contracts to secure most cost efficient means as general funds do not allow encumbrances to be carried from one fiscal year to another.

COMMUNITY COLLEGES – Act 161, SLH 1995, created TFSF to cover base operations in lieu of general fund appropriations that had previously covered all general operating requirements. The TFSF currently covers a significant portion of overall operating costs and repealing this fund will leave the campuses without sufficient funding to operate.

SYSTEMWIDE – The impact of taking these funds will cause hardship to campuses of centrally held reserve requirements pursuant to Act 236, SLH 2015, debt service obligations, and recurring Systemwide IT support, services, and upgrades required to maintain current service levels. It will also impair our ability to respond to emergency and unbudgeted expenses as well as to make investments to diversify the UH's revenue.

Systemwide Information Technology and Services Special Fund

The fund's intent is to support systemwide information technology and services including personnel, equipment costs, and other expenses, as well as planning, design, and implementation of information technology infrastructure within the UH.

The impact of taking these funds will have serious consequences for the entire UH. These funds support payroll and other operating expenses, including the maintenance the UH's core IT operations and statewide networks which is especially critical to keep our delivery of online classes for all ten campuses. Software licenses and asset maintenance is crucial just to maintain the current level of service. This fund also pays for the high cost data center environment (UPS, generators, data center HVAC, fire suppression, security).

Library Special Fund

This fund is used to deposit and expend moneys for the library operations. Fines, fees and other revenue derived from the library's operation are deposited into this fund. The funds are expended to replace or repair lost, damaged, stolen or outdated books, serials and periodicals or to support and improve the services provided by the library to the students, faculty and public.

Subscription and other operating costs funded by the library fees would have to come from the general fund appropriation. As more services are used, these fees help to respond to the needs of the users of the library system. Repealing the Library Special Fund will negatively impact the Library's ability to replace lost or damaged materials.

Even if general funds are provided, campuses would forfeit the ability to enter into multi-year contracts to secure most cost-efficient means as general funds do not allow encumbrances to be carried from one fiscal year to another.

Community Services Special Fund

UH MĀNOA – The fund is used to account for revenues and expenses generated from non-credit programs, public/community events and International Programs. Repealing the fund will reduce the development of non-credit and non-traditional course offerings which serves the community at large. It also will have a negative impact to the successful Hawai'i English Language Program which serves as a critical pathway to higher education opportunities to ESL students.

UH HILO – The fund is used to support public service programs and to account for revenue and expenses to provide public service programs such as professional development & training, personal growth, and cultural enrichment. Repealing the Community Services Special Fund will require UH Hilo to use general funds to cover the cost of providing public service programs including non-credit instruction. The program is self-sustaining and can only expend up to the level of funds generated, and does not currently rely on State general funds.

UH WEST O'AHU – The funds is used to account for revenues and expenses generated from non-credit programs, public/community events and International Programs. The campus would be unable to meet its mission of being a service to the community by providing public service programs, growing its international programs, and other non-credit programs to meet the needs of the community and State. Should general funds be provided, UHWO would forfeit the ability to enter into multi-year contracts to secure most cost-efficient means as general funds do not allow encumbrances to be carried from one fiscal year to another.

Auxiliary Enterprises Special Fund

UH MĀNOA – Fleet Services. The purpose of the UH at Mānoa Fleet Services (UHFTS) is to provide the means for safe and economical transportation for the personnel of UH units requiring the use of vehicles in connection with official UH business. UHM Fleet Services is responsible for the acquisition, purchasing, leasing, and replacement of State-owned vehicles assigned to the UH. UHFTS also provides a standardized preventive maintenance schedule and repair and maintenance services. The UHM Fleet Services fund is established under HRS 304A-2157 UH Auxiliary Enterprises Special Fund.

Auxiliary Services Administration. The Auxiliary Services Administration account, which was created under HRS 304A-2157 University of Hawai'i Auxiliary Enterprises Special Fund, is used to account for administrative overhead expenses of the Auxiliary Services programs. An annual transfer-out is processed at fiscal year-end to these programs for their calculated share of the expenses.

Majority of the balances in the Auxiliary Enterprises Special Fund at Mānoa is for K. Iki Faculty Housing. This includes repair and replacement reserves, operating reserves, and deposit repayments. Not having this fund would mean these funds would have to come from general operating funds which are already constrained. This would also impact our Fleet Services which provides units with vehicles for use instead of them having to purchase their own. This would cause increased maintenance costs and potentially have idle assets when they could be more efficiently and effectively be used. Smaller programs such as the Art Galleries and Theatre program would also be affected as they would lose the basis for collecting funds for operations.

JABSOM – This fund was created for the operation of the Hyperbaric Treatment Center which was transferred from the Department of Health to the UH in 1998. If this fund is repealed, it is unclear how this service would continue to operate.

UH HILO – The purpose of this fund is to record revenues and expenditures to provide services to students, faculty, staff and others that are ancillary to, but facilitate the instruction, research and public service missions of the UH (e.g., vending services).

UH Hilo will need additional general funds and positions to cover the cost of providing ancillary services that facilitate instruction, research, public service and student services. The programs operate on a fee basis and is required to produce enough revenue to cover the cost of producing and providing the goods and services. The programs are required to be self-sustaining, and currently have no reliance on State general funds.

Without the ability to collect revenue for campus auxiliary services, campus will be unable to meet the needs of a growing campus and community. Technology upgrades and maintenance would be crippled in a time where technological growth is a priority. Should general funds be provided, campus would forfeit the ability to enter into multi-year contracts to secure most cost efficient means as general funds do not allow encumbrances to be carried from one fiscal year to another.

SYSTEMWIDE – The Animal and Veterinary Services (AVS) has system-wide responsibilities for overseeing the health and well-being and clinical care of all vertebrate animals as required by United States federal law.

The impact to taking these funds will terminate the research involving animals at the UH and to be in non-compliance with Federal law (PL 99-158, PL 89-544 and its amendments) which provides the statutory basis for the U.S. Department of Health and Human Services Public Health Service (PHS) Policy and the U.S. Department of Agriculture, Animal Welfare Regulations (AWR). The fund currently has approximately \$57,000 in reserves for capital improvements for the vivarium and 2-

month reserve for payroll and operating funds pursuant to the UH's Regents Policy 8.203.

Scholarship and Assistance Special Fund

The fund shall be used to provide financial assistance to qualified students enrolled at any campus of the UH. It is administered pursuant to the authority of the Board of Regents, as specified under section HRS 304A-2159.

SYSTEMWIDE – The B+ program provides needy graduates of Hawai'i Public High Schools who have a minimum cumulative grade point average of 3.0 (B+) or higher and meet other criteria of the B+ program, priority consideration for coverage under this scholarship.

UH MĀNOA – If both the Tuition and Fee Special fund and the provisions in the Scholarship special fund do not exist, then several BOR policies will need to be modified to specify the new source of funding for "tuition" based scholarship aide or the amount of financial aid for financially needy and merit based scholarships will decrease tremendously, significantly reducing higher education opportunities for students.

UH HILO – General funds must be appropriated at the current level of student aid disbursed and is dependent on the amount of tuition revenue generated in the previous academic year.

UH WEST O'AHU – By repealing this HRS, scholarships to students will be severely affected. Per Executive Policy 6.204, a minimum of 12% of tuition revenue shall be awarded in need-based aid to students and tuition assistance shall also be provided for non-need based aid to students. Without this financial assistance, many students will be unable to afford a higher education.

SYSTEMWIDE – The impact to taking these funds reduces support to Hawai'i students who achieve academic excellence through the B+ scholarship. Academic achievement scholarships are much more limited than need base financial aid.

Community Colleges Special Fund

Section 304A-2162 establishes the fund to receive, disburse and account for all revenues and expenses associated with conducting various programs and activities including non-credit continuing education programs, cultural enrichment programs and summer session.

The Community Colleges Special Fund (CCSF) covers hundreds of revenue generating programs and activities across seven campuses. The programs and activities include workforce and vocational training programs, non-credit education, cultural enrichment, credit summer programs, facilities use, library services, parking and various auxiliary operations that are essential to running Community College campuses. The CCSF is used to receive, disburse, and account for all of the revenues and expenses associated with this wide array of programs. Because these programs operate as independent self-sustaining revenue centers, repealing this fund will effectively terminate these programs unless alternative recurring funding sources are identified. The termination of these programs will cripple the campuses and prevent the Community Colleges from responding to critical State needs, such as providing short-term workforce training to address the recent spike in unemployment.

Center for Nursing Special Fund

The Center was established by the Legislature in 2003 to address issues related to the State's current and future shortage of registered nurses and others within the health care workforce who provide nursing care. The Center for Nursing is required to: collect and analyze data and prepare and disseminate written reports; conduct research on best practices and quality outcomes; develop a plan for implementing strategies to recruit and retain nurses; and research, analyze, and report data related to the retention of the nursing workforce.

If the activities of the Center for Nursing are still required and the fund is repealed, then funding would be required from the Legislature since the fees would go to the general fund.

State Aquarium Special Fund

To offset the shortage in the operating budget of the Aquarium that resulted from the inadequate level of general funds allocated to it, and thereby maintain the Aquarium operational.

This fund is currently in deficit and the Aquarium is currently working on plans to replenish the fund once operations can return after the pandemic subsides. If this fund is repealed, there would be increased general fund appropriations required to support the Aquarium.

West O'ahu Special Fund

This fund is to be used for: 1) Planning, land acquisition, design, construction, and equipment necessary for the development of the permanent campus of the UH-West O'ahu; and 2) Planning, land acquisition, design, improvement, and construction of infrastructure and other public or common facilities necessary for the development of the permanent campus of the UH-West O'ahu in Kapolei.

This fund is needed as a vehicle to handle the sale, lease, licenses, permits derived to support necessary development of infrastructure and facilities necessary to grow the UH West O'ahu campus to serve Kapolei/West O'ahu. Should general funds be provided, campus would forfeit the ability to enter into multi-year contracts to secure most cost efficient means as general funds do not allow encumbrances to be carried from one fiscal year to another.

Revenue Undertakings Fund

Established in 1971, this fund accounts for moneys received from all revenue producing UH projects or systems. The fund continues to serve its original purpose. Funds are used to: (1) support the construction, operation, repair and maintenance of UH projects or systems; (2) pay for all revenue bonds and interest; (3) reimburse the UH for expenses incurred in issuing revenue bonds; (4) reimburse the State general fund for all general obligation bond requirements issued for a UH project or system; and (5) provide a reserve for betterments, improvements, renewals, and replacement of UH projects or systems.

UH MĀNOA – These programs include the Campus Center Facilities including the Warrior Rec Center, Cancer Center, UH Bookstore, Parking, University Housing, and UH Telecomm.

Closing the fund would put the UH's bond fund in jeopardy since the revenues from these programs fund the revenue bonds for those respective funds. These operations are supposed to be self-sustaining to fund their operations, repair and replacement and debt service obligations. Without this fund, the UH would be in violation of the bond covenants unless other funding would be provided to satisfy those requirements.

UH HILO – UH Hilo will need additional general funds and positions to support the cost of operating the Student Housing and Food Service operations. Pursuant to Executive Policy 2.212, University Bond System projects are required to maintain a debt service reserve sufficient to pay the maximum annual debt service due in the succeeding 3-year period and a repair and replacement reserve which receives annual contributions equal to 50% of the its depreciation expense for the preceding

fiscal year. If this fund is repealed, UH Hilo will not have the funds to pay for debt service on revenue bonds and will not be able to accumulate reserves for renewal and replacement costs for Student Housing and the Daniel K. Inouye College of Pharmacy. UH Hilo must have the ability to respond to fluctuations in the number of students residing on campus by accessing carryover cash balances.

UH WEST O'AHU – By repealing this HRS, the campus will need to seek alternatives to meet its debt service obligations. Payments average \$4.3 net of BABS per year as a result of the \$68M revenue bond to build the campus.

COMMUNITY COLLEGES – The fund provides the means to pay for debt service obligations associated with various revenue bond funded projects. If repealed, the requirements set forth by revenue bond covenants will not be met.

SYSTEMWIDE – The impact of taking these funds would cause the UH to be in non-compliance under HRS 304A subpart D of part VI. A self-insurance reserve balance of \$1.5 million is required by the University's Bond Covenants/University Bond System self-insurance fund, Section 6.10.

Pursuant to Executive Policy 2.212, University Bond System projects are required to maintain a debt service reserve sufficient to pay the maximum annual debt service due in the succeeding 3-year period and a repair and replacement reserve which receives annual contributions equal to 50% of the its depreciation expense for the preceding fiscal year.

Cancer Research Special Fund

The moneys in the special fund shall be used by the UH for the cancer research center of Hawai'i's research and operating expenses and capital expenditures.

Without the special fund, the Cancer Center will lose their secondary source of funding, particularly the amount that funds the revenue bonds which paid for the Cancer Center complex. The other portion of the fund pay for their operating costs and repair and replacement liabilities. Repealing this fund would significantly hamper activities at the Cancer Center.

Energy Systems Development Special Fund

The purpose of the fund is to develop an integrated approach and portfolio management of renewable energy and energy efficiency technology projects that will reduce Hawai'i's dependence on fossil fuel and imported oil and move Hawai'i toward self-sufficiency.

If the Barrel Tax funding is not available from the fund, and federal grants are also not awarded to the UH, fewer of these types of activities would be possible.

Mauna Kea Lands Management Special Fund

The purpose of this fund is to account for revenues and expenditures relating to managing the Mauna Kea lands and enforcing the administrative rules. Revenues include leases, licenses, permits, fees and fines. These revenues will be used for maintenance and administrative expenses as well as expenses related to enforcement of the administrative rules.

UH Hilo will need general funds to cover the cost of maintaining the Maunakea lands, enforcing the administrative rules and paying OHA for its pro rata share of receipts generated from the use of the public land trust (Act 178).

John A. Burns School of Medicine Special Fund

To maintain accurate physician workforce assessment information and provide or update personal and professional information to be maintained in a secure database. This information will be vital in forecasting and proactively addressing physician workforce shortages in Hawai'i.

If the activities of the Physician's Workforce program are still required and the fund is repealed, then funding would be required from the legislature since the fees would go to the general fund.

Capital Improvements Program Project Assessment Special Fund

UH MĀNOA – If the activities of the CIP Project assessment program are still required and the fund is repealed, then funding would be required from the legislature since the fees would go to the general fund.

UH HILO – To defray the costs involved in carrying out improvement projects managed by the UH; equitably assessing, collecting and distributing moneys for expenses associated with capital improvement projects, repair and maintenance projects, and major renovations. If the fund is repealed, UH Hilo will need general funds to cover the cost of managing CIP projects.

SYSTEMWIDE – The fund was established for the purpose of defraying the costs involved in carrying out the capital improvements program projects managed by the

UH, assessing, collecting and distributing moneys for current and other expenses, and managing the payment of expenses for CIP projects. The impact of taking these funds will impede central management, oversight, and administration of capital improvement projects and repair and maintenance projects. Funds are used for capital improvement operating expenses tied directly to ongoing capital projects, which includes training, neighbor island travel for projects, and copier fees, among other items.

Child Care Programs Special Fund

The fund was established for the operation of the child care program which includes construction and renovation of the child care centers. Fees charged are to be deposited into this fund. The fund is also allowed to receive proceeds from donations, loans or other instruments of indebtedness for construction or renovation of the child care center.

If the activities of the Children's Center are still required and the fund is repealed, then funding would be required from the legislature since the fees would go to the general fund.

Intercollegiate Athletics Special Fund

UH MĀNOA – The original intent and purpose of the Athletics Department Special Fund is to account for the financial transactions of the UH Mānoa Intercollegiate Athletics programs. Financial supports cover all activities (administrative, support services, and sports) necessary and proper to operate and maintain an intercollegiate sports program at the NCAA Division 1 level with both male and female student participants. Athletics operations would need to be funded by the legislature if they are no longer able to collect revenues for their activities.

UH HILO – The fund was established in 2006 to receive, deposit, disburse and account for funds from the activities of the intercollegiate athletic program. UH Hilo will need general funds to cover the costs currently funded by the Intercollegiate Athletics special fund. The ability to use carry over cash balance is necessary due to the fluctuation in travel costs and the increase in travel cost when participating in post-season playoff and championship games.

Hilo Theatre Special Fund

The purpose of this fund is to support the production and presentation of performing arts events at the Performing Arts Center. If the fund is repealed, UH Hilo will need

additional general funds to cover the cost of providing shows and events at the Performing Arts Center. The program must generate sufficient revenue to cover the cost of performances. The Performing Arts Center is required to be self-sustaining, thus eliminating reliance on State general funds.

'Ulu'ulu: The Henry Ku'ualoha Giugni Moving Image Archive of Hawai'i Special Fund

The fund is used to support the activities of the 'Ulu 'Ulu Henry Giugni Moving Image Archive which relies on the funds received by the memorandum of agreement between the Cable Television Division of the DCCA to support the activities of the archive. Should general funds be provided, campus would forfeit the ability to enter into multi-year contracts to secure most cost-efficient means as general funds do not allow encumbrances to be carried from one fiscal year to another.

Green Special Fund

In 2017, the Green Special Funds were established to support energy efficiency, renewable energy, and sustainability projects and services including personnel, equipment costs, project costs, and other expenses, as well as planning, design, and implementation of sustainability projects for the benefit of the UH, provided that any expenditure equal to or greater than \$167,000 shall require the approval of the legislature. The UH may also transfer other funds into the UH green special fund to offset the costs and expenses associated with sustainability initiatives at UH.

The impact of taking these funds would hinder the UH to comply with the goals of the Governor, the Legislature, and the UH's Board of Regents on the State's climate and sustainability action plans including energy efficiency projects as defined by several governing laws. Funds are used to support additional energy conservation measures for the UH to attain its sustainability goals.

Graduate Application Revolving Fund

Created in 1995, this fund accounts for revenues and expenditures associated with processing graduate applications. Students applying for graduate programs are charged an application processing fee which is deposited into the fund. Funds are used to prepare, distribute, and process applications and application materials.

Without the fund, the currently self-funded program would have to be funded by operating funds of the respective department.

Real Property and Facilities Use Revolving Fund

This fund was created in 1998 to account for revenues collected by the UH for the use of UH property and facilities.

UH MĀNOA – The purpose of the fund is to support the maintenance of the Urban Garden Center agricultural plots and boundaries, maintain facilities at the College of Tropical Agriculture and Human Resources, and to support research and demonstration projects on college facilities. The fund also supports the use of facilities in the College of Arts & Humanities, Cancer Center and School of Earth Science and Technology. Funds are used to purchase agricultural supplies, maintain or replace equipment, offset costs to operate facilities, and obtain contractor services.

Without this fund, units would not be able to charge outside and internal units for their currently underutilized spaces as a means to earn revenues.

JABSOM – The fund supports the maintenance of the JABSOM facilities including administrative expenses, salaries, wages, employee benefits, contractor services, supplies, security, furnishings, equipment, janitorial services, insurance, utilities, and other operational expenses. Maintenance includes repairs, replacement, renewals, operation and administration.

UH HILO – The purpose of this fund is to allow for the use of UH real property and facilities which include land, building, grounds, furnishings and equipment. The UH must have the ability to retain funds received for the use of UH property and facilities and to accumulate sufficient levels to help upkeep and maintain the facilities being used.

UH WEST O'AHU – The purpose of this fund is to allow for the use of UH real property and facilities which include land, building, grounds, furnishings and equipment. Campuses will be unable to support the maintenance of its facilities which include land, buildings, grounds, furnishings, equipment, and other operational expenses. Should general funds be provided, campus would forfeit the ability to enter into multi-year contracts to secure most cost-efficient means as general funds do not allow encumbrances to be carried from one fiscal year to another.

SYSTEMWIDE – The impact of taking these funds reduces our ability to manage work orders for repair and maintenance on the Mānoa campus. Funds are also reserves to support and execute strategic land and business development opportunities such as for the Atherton property.

Hawai'i Educator Loan Program Revolving Fund

This fund was created in 2002 to provide loans to students who planned to work as public school teachers with financial need pursuant to rules and regulations adopted by the Board of Regents. Students who are enrolled at the UH and are residents of the State of Hawai'i are eligible to apply for the program's loans. The fund also receives deposits from interest received on the loan principal payments. Should the student meet the requirements of continuous employment as public school teacher, the loan could be forgiven.

If the activities of the Hawai'i Educator Loan Program are still required and the fund is repealed, then funding would be required from the legislature since the fees would go to the general fund.

The abolishment of these funds will have a significant impact to the activities and programs that rely on these funds for some, if not all, of their funding. If these programs are not eliminated, they would rely on the State General Fund for their funding support.

In addition to the aforementioned funds, the following accounts are proposed to be abolished by this bill:

- Grant for the Bridge-to-Hope program
- Nurse Training
- Legislative Relief for Claims - UH

These accounts are no longer used by UH and there will be no impact to the UH's operations if they are abolished.

We look forward to working with the Legislature to address the State's fiscal concerns, but feel that the abolishment of the funds may create more chaos and negatively impact UH operations.

Thank you for this opportunity to testify.

HB 1299

Dear Rep. Sylvia Luke, Members of the Finance Committee,

My name is Mark Shimabukuro. I am the Peer Education Coordinator at Aiea High School. Two of the main issues that PEP (Peer Education Program) focuses on are pedestrian and traffic safety. If the intent of the Graduated Licensing Program was to create safer roads then funds need to be used to promote traffic safety.

I am writing in opposition to HB 1299. If this bill is passed then it would eliminate the State Resource Teacher in charge of Driver's Education. If saving lives and creating safe drivers are top priorities then keeping this position should be just as important. The State RT is responsible for organizing and coordinating all the instructors in all DOE schools across the state (paperwork, documents, training, and funds). Having no RT would create chaos and more problems. The different instructors, schools, and islands would be left to their own devices. This would essentially eliminate the program from DOE schools and force students to wait till after they turn 18 or take private lessons. This will also impact public schools since private instructors are not connected to the DOE.

Part of the funds that the program receives also goes to school organizations such as: Peer Education, Student Government, and other clubs that focus on student safety. Students in my PEP program plan and created awareness campaigns to address problems like pedestrian and traffic safety. Each year, over 60,000 elementary, intermediate, and high school students receive positive traffic safety messages. Funds that go to the Driver's Education Program are used to pay for t - shirts, banners, keychains, stickers, and other promotional materials. Each year, the money also is used to bring in National Guest Speakers and to hold several State Leadership Conferences.

In a recent study, Hawaii already ranks #14 in the country for having the worst drivers. If HB 1298 and HB 1299 are passed then this ranking will continue to rise making our roads even more dangerous.

The only way to reduce this ranking is to continue to educate the next generation. Lives are priceless and cannot be replaced. I would rather be proactive in terms of injuries and deaths caused by traffic accidents then reactive. Funding the State RT position would enable schools to continue focusing on creating positive messages dealing with traffic safety.

Help to keep our roads safe by continuing to fund Driver's Education and the State RT position. Thank you for letting me submit testimony. If you have any questions feel free to email me at mark_shimabukuro@email.com.

Sincerely,
Mark Shimabukuro



Tuesday, March 2, 2021; 1:00 pm
Via Video Conference

House Committee on Finance

To: Representative Sylvia Luke, Chair
Representative Ty Cullen, Vice Chair

From: Lisa Dau, RN
Injury Prevention Coordinator, KIPC

**Re: Testimony in Opposition to HB 1299
Relating to Non-General Funds**

My name is Lisa Dau and I am the Injury Prevention Coordinator for Keiki Injury Prevention Coalition (KIPC). KIPC is a Statewide community-based organization, established in 1991 by Hawaii Department of Health (incorporated as non-profit in 1995), comprised of broad-based representation from more than one hundred-fifty organizations, agencies, and individuals committed to preventing injuries to children and youth in Hawaii.

KIPC writes in opposition to HB 1299 which repeals various non-general funds of the department of health including the trauma system special fund.

HB 1299 which would adversely impact the trauma system special fund and hospitals that provide care to patients from traumatic injuries. The trauma special fund was created in order to provide funds to support the continuing development and operation of a comprehensive statewide trauma system to ensure the availability of care for trauma patients. A reduction in the amount of funds available to support trauma care will have a significant negative impact on hospitals and other agencies abilities to provide care for patients whose injuries require immediate attention and intervention to prevent further complications or death.

Traumatic injury remains the leading cause of death and disability in children in Hawai'i. The State of Hawai'i's Trauma System Plan has saved countless lives across the state. Monies from the trauma system special fund help subsidize trauma program costs which are necessary to ensure quality and ideally reduce the number of trauma cases. The elimination of funding to program would leave a service gap for the injured children in the state of Hawai'i.

Based on the above reasons, KIPC respectfully opposes this measure. Thank you for the opportunity to testify.

HB-1299

Submitted on: 3/1/2021 4:27:53 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Chad H Okinaka	Waipahu Community School for Adults	Oppose	No

Comments:

I am writing in opposition of HB1299 on behalf of the Waipahu Community School for Adults and our students.

When the Community Schools for Adults (CSA) were consolidated to two schools (Waipahu and McKinley) in 2012, we were instructed to be as "self-sufficient" as possible. One of the ways in which we became self-sufficient was the collection of fees. All CSAs were and still are careful in the planning and implementation of our yearly budget. We were all able to "save" our money for a possible "rainy day" which is the threat that we face every year due to the limited amount of State General Funds that we receive. I ask that the Legislature not punish us for doing exactly what the Department of Education instructed us to do by taking away the hard-earned funds that ALL CSAs worked hard to save.

We at the adult school are tasked with a very important mission of helping our students with gainful employment. We are a mandatory partner of the Workforce Innovation and Opportunities Act (WIOA) and Adult Education and Family Literacy Act (AEFLA). The money we have collected over time allows us to create unique and innovative educational opportunities for our students to enter or reenter the workforce and to change the lives of these students.

Thank you for allowing this time to provide testimony in opposition of House Bill 1299.



Testimony Before The
House Committee on Finance
IN OPPOSITION TO HB 1299.
Tuesday, March 2, 2021, 1:00PM, Room 308

My name is Kevin Chang and I am the Co-Director of Kua'āina Ulu 'Auamo (or KUA). KUA works to empower grassroots rural and Native Hawaiian mālama 'āina groups to celebrate their places and pass on their traditions to better Hawai'i and achieve 'āina momona— an abundant, productive ecological system that supports community well-being.

KUA opposes HB 1299. House Bills 1298 and 1299 propose to stop conveyance tax deposits into the Legacy Land Conservation Fund and transfer all Legacy Land Conservation Funds into the general fund.

KUA works to empower communities to improve their quality of life through caring for their environmental heritage together. We employ a community-driven approach that currently supports a network of more than 36 mālama 'āina community groups collectively referred to as E Alu Pū (moving forward together), 38 fishpond projects and practitioners called the Hui Mālama Loko I'a, and a growing hui of Limu practitioners all from across our state.

A primary function of KUA includes development of the 'auwai, a stream of resources tools, bridges and networks that help to cultivate and take our communities' work to greater levels of collective impact. A core source of the flow in this 'auwai includes the partnerships and programs within government that empower communities to care for and/or own land outright or in partnership with government. The Legacy Land's program is one of the most important programs helping see this through and as at home, national conversations look to broaden conservation capacity as part of our economic recovery. Base levels of funding for the Legacy Land Conservation Program of \$5.1 million annually (staff/operating and land acquisition capital/grants) should continue in order to capitalize on \$900 million of federal conservation funding made available by the 2020 Great American Outdoors Act, and secure federal funding for important Hawai'i projects such as Nā Wai 'Eha on Maui. A designated special fund like the Legacy Land Conservation Fund qualifies the State for 75% match of federal funds – eliminating the funds would reduce federal matches to 50%.

It is important to shore up on some of our fiscal concerns but this proposal could stifle the pathways toward growth and resources important to Hawai'i's fiscal and environmental future.

Mahalo for this opportunity to testify.

Aloha 'Āina Momona.

HB-1299

Submitted on: 3/1/2021 9:22:52 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kaleo	Ala Kahakai Trail Assoc.	Oppose	No

Comments:

We, the Ala Kahakai Trail Association Board, strongly oppose HB 1298. As a recipient of Legacy Land Conservation Program funds, we support the full finding of \$5.1 million annually to continue the protection and preservation of lands to ensure these iconic lands are there for future generations. Development is a very large issue in land protection and without resources, money, to acquire these lands the protection of cultural and natural resources will be destroyed forever and cannot be replaced. It is not the time to raid this very important fund. There are other means to lessen the deficit caused by the pandemic while still keeping the funds intact for land preservation. Once developed, the lands would be altered beyond preservation or protection. We urge our elected officials to vote no on this bill..

HB-1299

Submitted on: 3/1/2021 9:38:29 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kalani Matsuura	Hoi Mai Ka Lei I Mamo	Oppose	No

Comments:

Our organization strongly opposes bill.



March 2, 2021

2021
BOARD OF DIRECTORS

House Finance Committee
Tuesday March 2, 2021, 1:00pm.
Conf. Rm. 308

Elizabeth Reilly
President

RE: Livable Hawaii Kai Hui's Testimony Regarding HB 1298 and HB 1299

Allen Tateishi
Vice President

Aloha Chair Luke, and Honorable Representatives,

Dianne Gleis
Secretary

Livable Hawaii Kai Hui **strongly opposes HB 1298 and HB 1299**, which would suspend deposits into the Legacy Land Conservation Fund for the next two fiscal years. We believe prudent efforts to address current economic impacts should not come at the expense of our conservation lands and the many communities that has benefited from the Legacy Land Conservation Program and those currently counting on the program

Marian Grey
Treasurer

Dean Takebayashi
Director

Gary Weller
Director

Our organization successfully acquired Hāwea Heiau & Keawāwā Wetlands (4.5 acres) and the Ka Iwi Mauka lands (182 acres) in east Honolulu because of grant contributions through the Legacy Land Conservation Fund. During the challenges brought by the COVID-19 pandemic in the past year, Livable Hawaii Kai Hui has experienced increased public interest through self-management mālama volunteer opportunities and people yearning to connect with their own communities.

Kendrick Chang
Community Outreach

Dylan Ramos
Communications

The Legacy Land Conservation Program has been invaluable to our community, allowing our organization to preserve the last undeveloped parcels of a scenic shoreline, a Heiau, and a wetland preserve. We support other local communities throughout the State who want to conserve their own special places, and therefore believe that continued funding for the Legacy Land Conservation Fund serves an even larger purpose in this current environment.

Website

www.hawaii kai hui.org
www.kaiwicoast.org

Like us on Facebook
Livable Hawaii Kai Hui
Aloha Aina O Kamilo Nui
Ka Iwi Coast

We are extremely grateful to the Legislature for establishing this incredible program that has and will benefit so many generations. Suspending fund deposits will hurt our natural resources and the many communities that have come together to serve our lands. Please help our local communities and preserve current funding for the State Legacy Land Conservation Program.

Livable Hawaii Kai Hui is a 501c(3) non-profit, community organization serving East Honolulu since 2004. We strive to promote sensible growth, respect for cultural & natural resources and upholding the integrity of the East Honolulu Sustainable Communities Plan.

Elizabeth Reilly
Founder/President
Livable Hawaii Kai Hui

Kendrick S. Chang
Community Outreach
Livable Hawaii Kai Hui

HB-1299

Submitted on: 2/27/2021 2:28:56 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Doede	Individual	Oppose	No

Comments:

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **opposes** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in

JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

As a practicing physician in a shortage area on the Big Island of Hawai'i, I can definitely attest to the need for recruitment and retention of other physicians for ALL of Hawai'i.

Thank you for this opportunity to testify.

HB-1299

Submitted on: 2/27/2021 3:19:32 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Rhonda Roldan	Individual	Oppose	No

Comments:

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

Mahalo for the opportunity to provide testimony today. I respectfully **oppose** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the **growing shortage of physicians in Hawai'i** by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. **The fund has been invaluable** in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawai'i Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds by providing loan repayment to healthcare providers who practice in medically underserved areas throughout the

State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds and is crucial to enabling JABSOM to optimally use the federal grant money to be in a position to reapply for the federal grant in 2022. **State-matched loan repayment relief for new physicians who agree to practice in the areas of highest need has great promise.** Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully **oppose** HB 1299.

Mahalo for the opportunity to testify.

Rhonda Roldan

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **opposes** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

To: Representative Sylvia Luke, Chair Finance Committee, Vice Chair Ty J K Cullen and Members of the Committee

PLEASE VOTE “NO” ON HB 1299 IN ORDER TO FUND PHYSICIAN LOAN REPAYMENT

Re: **HB 1299** Relating to Non-General Fund

Hearing: FIN 3/2/21, 1 pm, State Capitol, Room Conference Room 308

Position: OPPOSED, Please vote **“NO”**

I respectfully urge you to vote “NO” to sweeping the extra funds in the Physician Workforce Special Fund so that it can be used for loan repayment because there is no other legislative money available this year.

There continues to be a drastic and dangerous shortage of physicians in Hawai'i, even worse on the neighbor islands where I have lived for 26 years and am a constituent of Kyle Yamashita who is on your committee. I also worked for the state in the Maui Community Mental Health Center for 20 years and I am still on the staff of Maui Memorial (Maui Health System), Maui's one and only general hospital.

I have done everything I could to recruit physicians to Maui with few results. The main reason is money. For younger doctors who graduated from medical school with hundreds of thousands of dollars of loans to repay, loan repayment is critical. I was asked to recruit a physician from Wisconsin who agreed to come for 3-5 years because that's all she could afford. With Dr Kelley Withy's help she got into a loan repayment program, bought a house, and now plans to stay permanently. She works in corrections and in the FQHC Community Clinic (Malama I Ke Ola).

Lack of medical care frequently forces Maui residents to go to the mainland for treatment, including myself! The lack of medical care will eventually affect our tourism industry. We are now in the middle of worldwide pandemic with a California variant running rampant on Maui and despite vaccinations, threatening to overwhelm our medical care system. My husband and I have been volunteering in a vaccination clinic on Maui with the Medical Reserve Corps for 2 months.

PLEASE VOTE “NO” ON HB 1299 IN ORDER TO FUND PHYSICIAN LOAN REPAYMENT

Thank you in advance for your attention.

Leslie Hartley Gise MD
Clinical Professor, Department of Psychiatry, JABSOM, UH
Staff Physician, Maui Hospital System
Psychiatrist on Maui x 26 years

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

My name is Winona Lee and I am submitting this testimony in **opposition of** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the neighbor islands and in rural areas of the state. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

Sincerely,
Winona Lee

HB-1299

Submitted on: 2/27/2021 8:18:45 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Catherine JS Tsang, MD	Individual	Oppose	No

Comments:

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

Thank you for the opportunity to present testimony today. I opposes HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the physician workforce assessment fund and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program

leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

HB-1299

Submitted on: 2/27/2021 9:25:46 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Emily Jane Taylor	Individual	Oppose	No

Comments:

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **oppose** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the

physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

HB-1299

Submitted on: 2/27/2021 9:31:12 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Amandalin Rock	Individual	Support	No

Comments:

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I oppose HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the physician workforce assessment fund and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

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While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

Amandalin Rock

HB-1299

Submitted on: 2/27/2021 10:28:31 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan Ramos	Individual	Comments	No

Comments:

Aloha,

I will not pretend to know the intricacies of State budgetary matters, and I'd be lying if I said I haven't supported programs that rely on special funds. That said, while I do not believe that such a big change as the one proposed in this bill is the kind of shake up we need at the moment, I do agree with the underlying motive to bring more scrutiny and accountability to the millions of dollars squirreled away into special funds. I constantly worry that good sounding and well-intentioned programs I support will be abused and their funds misappropriated. I urge legislators to think big and get serious about auditing and re-prioritizing the budget, as well as creating stronger controls on funds to ensure proper yet efficient spending. This bill may not get it exactly right, but it speaks to a much needed solution.

Thank you,

Dylan Ramos

96816

HB-1299

Submitted on: 2/28/2021 7:20:25 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
dennis i maehara	Individual	Oppose	No

Comments:

i oppose hb1299 as it decriminates against inspiring physicians.

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **opposes** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

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While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **opposes** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

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While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

HB-1299

Submitted on: 2/28/2021 9:26:23 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sallie S Lee	Individual	Oppose	No

Comments:

While I am aware of the financial crisis our State is in, I especially oppose Section 257 of the bill. Driver Education is needed to help reduce the number of fatalities and injuries: reduce the severity of property damage; and decrease law violations. In part this is done through the Graduated Driver Licensing requirement.

I ask that you repeal this section of the bill. Thank you.

--Sallie Lee

HB-1299

Submitted on: 2/28/2021 1:25:51 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
yvonne yim	Individual	Oppose	No

Comments:

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **oppose** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill, which proposes eliminating the **physician workforce assessment fund** and transferring the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor's Islands and rural areas State. Hawai'i Revised Statutes (HRS) Section, 453-8.8, imposes a \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts to conduct annual physician workforce assessments and engage in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce, which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the workforce assessment's purpose to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable

JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds. They are crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the highest need areas has great promise. Without access to the workforce assessment funds, JABSOM will not provide loan repayment support to physicians.

I am a recipient of this loan repayment program. This program has helped propel me to do the work I love without worrying about my loan repayments. I am sensitive to the state's fiscal needs; for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

Yvonne Yim MSW LCSW

Clinical Social Worker

Testimony Presented Before the
House Committee on Finance
Tuesday, March 2, 2021 at 1:00 p.m.
By: Darren T. Lerner, Kaneohe, HI

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

I respectfully submit this testimony in opposition to House Bill 1299. This legislation proposes to repeal or abolish various non-general funds of State departments including the Department of Land and Natural Resources, and the University of Hawai‘i.

While recognizing the financial challenges that the COVID-19 pandemic has brought on for State government, the non-general funds, i.e., special fund accounts are none the less vital for the ongoing management and conservation of Hawaii’s natural and cultural resources. As one key example, the Department of Land and Natural Resource’s Beach Restoration Special Fund, established in 1999 via Act 84, has been essential to combatting the loss of our beaches and public access to them, conducting beach restoration projects, and more recently developing guidance for sea level rise adaptation through the Department’s Office of Conservation and Coastal Lands.

Unless the Legislature has a plan to maintain these functions through another means, eliminating this fund would revert us back to a day when beaches were taken for granted, seawalls flourished, and important visitor destination beaches eroded. The Department of Land and Natural Resources would no longer be able to engage in partnerships and leverage funds for beach restoration projects and would not be able to provide professional services to the coastal community regarding coastal erosion mitigation, as well as guidance on climate change adaptation efforts such as sea level rise adaptation. In sum, the effect would in fact be just the opposite of what is intended, reducing tourism destinations and slowing economic recovery and advancement.

Funds administered through the Beach Restoration Special Fund are used in partial support for one full-time and one part-time University of Hawai‘i Sea Grant College Program Hawai‘i Sea Grant) coastal geologist extension specialists dedicated to helping the Office of Conservation and Coastal Lands in applying the latest and best-available science to day-to-day management, including addressing coastal erosion emergencies, and longer-term planning and initiatives for beach conservation statewide. These extension specialists fill a gap in the Office of Conservation and Coastal Lands and State government for scientific and technical guidance, applied science, and serve as a direct link to the University of Hawai‘i’s research enterprise. Many of today’s initiatives on climate change adaption and improved shoreline management and beach conservation are the result of partnerships the Office of Conservation and Coastal Lands developed with the University of Hawai‘i, School and Ocean and Earth Science and Technology, and Hawai‘i Sea Grant.

Thank you for the opportunity to testify on this measure.

HB-1299

Submitted on: 2/28/2021 5:11:31 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jerris Hedges	Individual	Oppose	No

Comments:

Testimony Presented Before the House Committee on Finance

March 2, 2021 at 1:00 p.m., Via Video Conference

by

Jerris Hedges, MD, Dean

Kelley Withy, MD, Professor, Department of Family Medicine and Community Health

Hawai'i/Pacific Basin Area Health Education Center (AHEC) Director

John A. Burns School of Medicine

University of Hawai'i at Mānoa

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

The John A. Burns school of medicine (JABSOM) **opposes** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the physician workforce assessment fund and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by annually assessing the physician

workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State.

Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawai'i Physician Recruiter to increase our physician workforce (our state currently has a shortage of over 1,000 physicians when compared to the continental US), assisted with malpractice reform, provided thousands of hours of continuing education locally for providers, coordinated the loan repayment program for physicians working in areas of need, advertised all open practitioner positions in Hawai'i to medical graduates, prepared local students for medical school, provided education regarding the physician shortage, and supports a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and are crucial to JABSOM optimally using the federal grant money and to be in a position to reapply for the federal grant in FY 2022. State-matched educational loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians and a host of other services which have extended the duration of physician practice in our state.

While we are sensitive to the fiscal needs facing the state, we also recognize that during this pandemic the retention of physicians in our state has become even more acute, thus we respectfully oppose HB 1299.

Thank you for this opportunity to testify.

HB-1299

Submitted on: 2/28/2021 7:26:49 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Thaddeus Pham	Individual	Oppose	No

Comments:

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

Thank you for the opportunity to present testimony today. I oppose HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the physician workforce assessment fund and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

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to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

Mahalo,

Thaddeus Pham (he/him)

HB-1299

Submitted on: 2/28/2021 8:53:47 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ira Jane Deloso	Individual	Oppose	No

Comments:

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I, Ira Deloso, oppose HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the physician workforce assessment fund and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

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While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

HB-1299

Submitted on: 2/28/2021 9:04:48 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Leon Matsuo	Individual	Oppose	No

Comments:

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **oppose** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

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State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

Sincerely,

Leon Matsuo, MD, Kona, Hawaii

HB-1299

Submitted on: 2/28/2021 10:14:01 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jason Huynh	Individual	Oppose	No

Comments:

I respectfully oppose HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the physician workforce assessment fund and transfer the money to the general fund.

With the COVID pandemic, we can easily see how fragile Hawai'i is to a shortage of physicians. Our State had to undergo multiple quarantines because our hospitals were not able to care for an excess number of COVID patients. The physician workforce assessment fund is crucial to provide access to physicians especially in underserved areas, including the neighbor islands. For this reason, I request that the State continue to prioritize this fund and ensure every person in Hawai'i has access to healthcare.

More information:

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State.

February 28, 2021

Testimony for HB 1298 and 1299

Submitted By Peter Oshiro

In Support with proposed amendments.

Aloha Chairwoman Sylvia Luke and Members of the House Committee on Finance,

I am testifying in support of both HB 1298 and HB 1299 as I believe it is critical that the legislature review and carefully scrutinize the use and purpose of the many special funds in existence.

I respectfully request that the Sanitation and Environmental Health Education Fund balances be kept intact and that the fund not be repealed. The Food Safety Branch (FSB) personnel were responsible for creating the current special fund in 2010 and have created a near world-class food safety program due to the revenue generated through new HAR signed by the Governor in 2014 and amended in 2017. The program worked closely with the food industry (Hawaii Restaurant Association et. al.) to create the present high profile Green-Yellow-Red placarding program and a public access web-site with real-time food safety inspection results with the revenue from the special fund. The fully electronic inspection, permitting and staff management program would not have been possible without the revenue generated by the special fund..

At present the fund supports 27 Food Safety Specialist FTE's that are essential front-line workers in fighting the COVID-19 pandemic. The FSS staff responds rapidly, usually within 24 hrs to all complaints regarding the regulated community employees and patrons not wearing masks and not enforcing social distancing. The HPD recently announced that they would be suspending COVID-19 complaint response regarding mask wearing and social distancing which leaves only the FSS staff from the Food Safety Branch as State government's response to violators of the Governor's most recent proclamations.

These FSS positions are highly productive whose performance is metric based and directly linked to improving public health outcomes that prevent, mitigate, or stop potential and actual disease outbreaks including the current pandemic. FSS staff confront violators of COVID-19 proclamations, HRS and HAR to reduce the risk of the public being infected with communicable diseases which are occurring in the community from COVID 19. These FSS positions are the enforcement arm of the DOH that works directly with and assists DOCD in enforcing HAR to obtain contact tracing and other pertinent information needed to halt or mitigate disease outbreaks. These positions also protect the public from foodborne and waterborne diseases at restaurants and public swimming pools and even the practice of tattooing. The special fund ensures the continuity of operations and continued funding for the 27.00 FTE budgeted in HTH 610 that are supported by this fund.

The following Crumaine Award application (given to local world-class food safety regulatory programs) shows that the FSB is a model program that has used the special fund to directly affect and improve public health outcomes through voluntary compliance with the regulated community. This avoids antagonistic and costly litigation, fines and suspension of permits. Voluntary compliance is infinitely less costly than formal enforcement. We did not win the 2020 award, but the comprehensive program assessment is testament to the fact that the special fund improved public health outcomes and is critical to achieving a world-class food safety program which serve to reduce risk factors present in the regulated community that are known causes of food illness and disease transmission in the community.

It would serve both the regulated community and the DOH's FSB well if the legislature added language to HB 1299 that tightly restricts the use of the Sanitation and environmental health special fund whereby ALL expenditures from the fund SHALL be used solely for the benefit of the payers into the fund for the purpose of improving compliance with public health regulations that lowers the risk of contracting and transmitting communicable diseases in the community.

Please contact me at djpo@hawaii.rr.com if there are any questions on the testimony or the following Crumbine application.



Hawaii State
Department of Health
Oahu Food Safety Branch



Samuel J. Crumbine Consumer Protection Award Application 2020

EXECUTIVE SUMMARY

The island of Oahu Food Safety Branch is one of the core programs of public health in the State of Hawaii that affects the broadest range of health-related activities. In addition to retail food, food manufacturing, milk, shellfish and bottled water, the Oahu Food Safety Branch (OFSB) is also responsible for regulating tattoo shops, public swimming pools, embalmers, and have even recently dabbled in medical cannabis dispensaries and production of cannabis and cannabis products.

The OFSB has recognized that reducing the occurrence of and influencing the rapid correction of food illness risk factors is a common goal for all governmental food regulatory programs nationwide. Foodborne illness in the United States is a major cause of personal distress, preventable illnesses, and even death. To improve public health outcomes additional workforce was required due to long standing staffing shortages and was obtained through introduction of legislation that amended existing Hawaii Revised Statutes (HRS) governing the use of Food Establishment (FE) permit fees. In addition, the State of Hawaii's, Department of Health (DOH) consolidated two food safety programs, the Oahu Food Safety Branch (formerly known as the Sanitation Branch) and the Food and Drug Branch.

One of the key strategies and philosophy that the OFSB decided to employ was to use governmental transparency to influence industry behavior. This began with a multi-pronged approach that utilized a highly visible FE grading system that other jurisdictions (Crumbine Award Winner-Sacramento County) have used successfully in the past. The OFSB was able to convince our \$5-7 Billion-dollar food and beverage industry stakeholders (Hawaii Restaurant Association, Hawaii Hotel and Lodging Association, the Hawaii Food Industry Association and the Hawaii Food Manufacturing Association, et. al) that a three-placard system of green, yellow and red issued to a FE after their routine inspection, would benefit them by encouraging rapid correction of food illness risk factors which in turn would protect the public health of their customer base. Industry also understood that a green placard issued by the DOH would serve to ensure the consuming public that the FE had no pending food illness risk factors at the time of the last inspection. This doubled as free advertisement for the FE to inform the public that the food served at that particular FE was safe, as well as ensuring that a minimum standard was met by all FE's in their industry.

The second prong was an extensive use of the local media through press releases and resulting TV and radio interviews informing industry and the public about what we are trying to achieve with our new food rules that includes the restaurant grading system, adoption of the 2009 FDA Model Food Code, and what we plan to do with new revenue resulting from a 450% increase in permit fees.

The third prong was going live with our open, public access web-site which would reveal all routine and complaint inspection reports completely unredacted.

The placard system and the posting of unredacted inspections on a public web-site gave the Food Safety Specialists (FSS) that conduct the FE inspections for the OFSB a powerful set of tools that would "encourage" behavioral change in the industry.

Over the past 6 years from FY13 to FY19 the OFSB focused their energies on ensuring a sufficient workforce to allow timely inspections based on risk, governmental transparency and the use of new technologies to improve food safety for the public. Since going live with our digital inspection system in early FY 15, with DHD (now Tyler Technologies, Inc), the OFSB had reduced the issuance of Yellow placards (which revealed two or more FBI risk factors during a routine inspection) by over 50%. Routine inspections done during the first quarter of FY15 produced 32% Yellow placards. By the end of FY19, the Yellow placard issuance rate was below 15%. This represents a greater than 50% reduction in the number of food illness risk factors observed in the field by our FSS during routine inspections of FE's on Oahu over the past 5 years.

One important note regarding this application is that our program has recently undergone a re-organization that officially changed the name of our program from the Sanitation Branch to the present Food Safety Branch. The job titles for our field inspectional staff has also been changed from Sanitarians to Food

Safety Specialists (FSS). You will see both programs and job titles throughout the document, but they are one and the same.

Part 1: Program Basics – Demographics Page 1

The State of Hawaii consists of the main islands of Hawaii, Maui, Molokai, Lanai, Kahoolawe, Oahu, Kauai, and Niihau. Kahoolawe has no permanent residents and the island of Niihau is privately owned and managed. Maui County includes Molokai and Lanai

The Oahu food safety programs regulatory authority are established by statutes and administrative rules as statewide programs. The four counties that make up the State's Environmental Health Programs are Oahu, Maui, Kauai, and Hawaii Island. All of the counties are staffed by employees of the State of Hawaii, Department of Health, but each county (island) is managed autonomously through District Health Offices on each of the main islands and are enrolled separately in the Voluntary National Retail Food Regulatory Program Standards (VNRFRPS).

Oahu is the most populated island in the State with approximately 980,000 people. This is about 69% of the total State population of 1.42 million. There were approximately 5.9 Million visitors to Oahu in 2018 that spent approximately \$8.16 Billion dollars that year.

Oahu households spent an average of \$62,357 per year which represents about 75.4 percent of their gross income (before tax). Approximately 43% of that expenditure is on housing and about 15% of their total income on food.

There are currently about 6,156 active Food Establishment permits on Oahu with the following establishment types shown on the attached Table 1. Of the total inventory of FE's 29% (1774) are classified as high risk, medium risk facilities comprise 42% (2577) of our inventory and 29% (1805) are considered the lowest risk. The desired inspection frequency is every 4 months, 6 months and annually for high, medium and low risk facilities respectively.

Oahu (Hawaii) is probably one of the most ethnically diverse States in the nation. Approximately 1 in 4 residents speak a language other than English at home. In addition to Caucasians and African-Americans, there are Filipinos, Japanese, Chinese, Hispanic, Hawaiian, Korean, Samoan, Vietnamese and other Pacific Islanders. Hawaii has the largest share of multi-racial residents in the Nation with 24% of our residents identifying themselves as multi-racial. The next closest State is Alaska with 8% followed by Oklahoma with 7%.

In Hawaii, the vast majority (70%) of multiracial residents say they are some combination of white, Asian and Native Hawaiian/Pacific Islander. For example, the largest biracial groups in Hawaii are white and Asian (18%), Asian and Native Hawaiian/Pacific Islander (18%), and white and Native Hawaiian/Pacific Islander (12%). Interestingly, Hawaii is the only state to have a tri-racial group as its largest multiracial group, one that includes white, Asian and Native Hawaiian/Pacific Islander (22%). (See Table 2)

There is also wide diversity within the Asian race subgroup, with people claiming roots in China, Japan and the Philippines – nations from which immigrants arrived with the growth of the sugar cane industry in the mid-1800s.

Approximately 1 in 4 persons in Hawaii also speak a language other than English at home. The extreme racial diversity led the OFSB to not adopt the portion of the FDA Model Code that requires a Managerial Food Safety level of certification to demonstrate food safety knowledge. The program felt that the requirement would place an undue burden on food establishment permit holders that were not highly proficient in the English language.

The time period covered in this entry is six years, from July 1, 2013 to June 30, 2019.

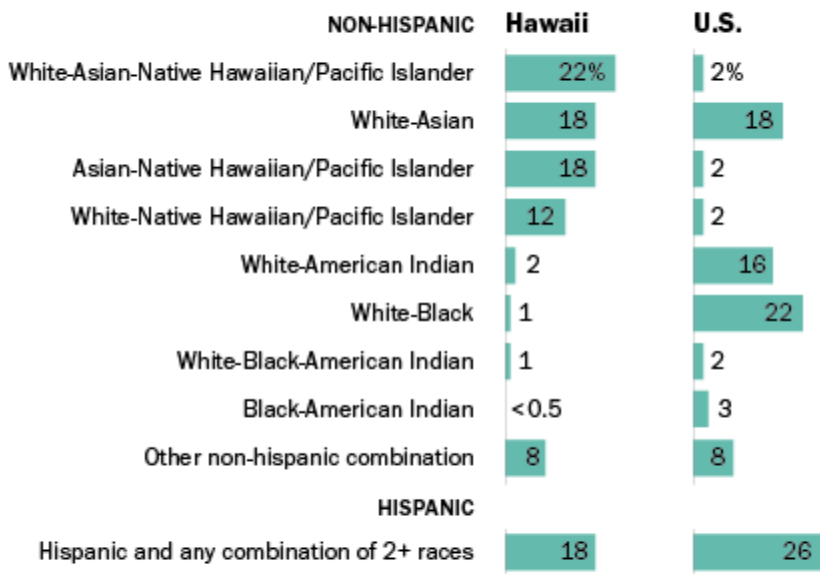
Table 1 FOOD ESTABLISHMENT TYPES

Food Establishment Type	Number of Food Establishments	% of Total
Restaurants	3238	52.6
Markets	785	12.8
Mobile Units	479	7.8
Food Manufacturers	445	7.2
Service Areas	330	5.4
Institutional Kitchens	312	5.1
High-Risk Institutional Kitchens	181	2.9
Support Kitchens	132	2.1
Food Warehouses	98	1.6
Caterers	79	1.3
Homeless Feeding Operations	40	0.6
Hotel/Banquet Main Kitchens	37	0.6
TOTAL	6156	100

Table 2 ETHNIC DIVERSITY

Hawaii's Multiracial Population Differs From U.S.

Share of the multiracial (2+ races) population



Note: Figures may not add to 100% because of rounding.

Source: Pew Research Center tabulations of 2013 American Community Survey (IPUMS)

PEW RESEARCH CENTER

The Oahu Food Safety Branch (OFSB) has two major funding sources. Historically, only General Funds were available to support the food safety program. General Funds are monies received through State taxes used to fund all State government operations. This funding method placed the food safety program in constant competition with the myriad of other State non-discretionary funding sources for any revenue increase requested for program improvements. The program receives approximately \$2.7 million dollars annually from the State General Fund to support the program, this funding level has been extremely consistent and has not waivered (increased or decreased) in the past 10 years and there are no current plans to increase general fund revenues.

The second major source of revenue to the program are Special Funds. Hawaii Revised Statutes (HRS) allows the program to charge food establishment (FE) and other regulated entity permit fees through the creation of Hawaii Administrative Rules (HAR) that must be approved through a public hearings process prior to Governors approval and enactment (See attached Table 3 - Revenue Sources). Due to a lack of General fund increases to provide additional resources for program enhancements the OFSB repealed and replaced the existing HAR that regulated FE's and passed HAR Title 11, Chapter 50, Food Safety Code, in February of 2014, which allowed for the overhaul of the existing permit fee structure at the time. FE permit fees were \$50, \$100, and \$150 respectively, for a biennial FE Permit depending on risk category (average annual fee in FY13 was \$48/year). This old fee structure generated approximately \$733,000 in revenue annually, but pre-2014 there was a \$300,000 spending ceiling on the special fund. This means that only \$300,000/year could be used for education purposes, and any excess funds would revert back into the State's General Fund. The new HAR passed in 2014 increased that average permit fee to around \$300 annually (see attached Table 4-FE permit fee schedule) We let the permits expire on their existing dates, which allowed revenue to increase from \$733,000 in FY 2014 to over \$3.1 Million annually as of FY2019 (see attached Graph 1). The spending ceiling has also been steadily increased over the past 5 years to the current \$3,000,000. This means that we have nearly 100% of the revenue generated available for program enhancements.

The new revenue generated by the special fund has allowed the program to increase our FTE position count from 12 to 22 in FY14. Staffing increased further to 30 FTE's available for FE inspections in FY18. In FY19, DOH Administration spun off a Food and Drug Branch from our program which leaves us with 22 FTE since January 2019 to the present (see attached Graph 3). The OFSB recently received approval (outside of the award period) for 7 additional FTE's to replace the 7 they "stole" from us and we should be filling them in the Summer of 2020.

Table 3 ANNUAL REVENUE SOURCES

Fee Source – FY19	Amount
Embalmers	925
Tattoo Shop Permit	15,620
Food Establishment Permit Fees	2,713,960
Temporary Food Permits	249,900
Tattoo Artists licenses	33,655
Food Establishment Plan Review Fee	134,900
Swimming Pool Permit Fee	27,880
TOTAL	3,176,840

Graph 1 GENERAL AND SPECIAL FUND REVENUE

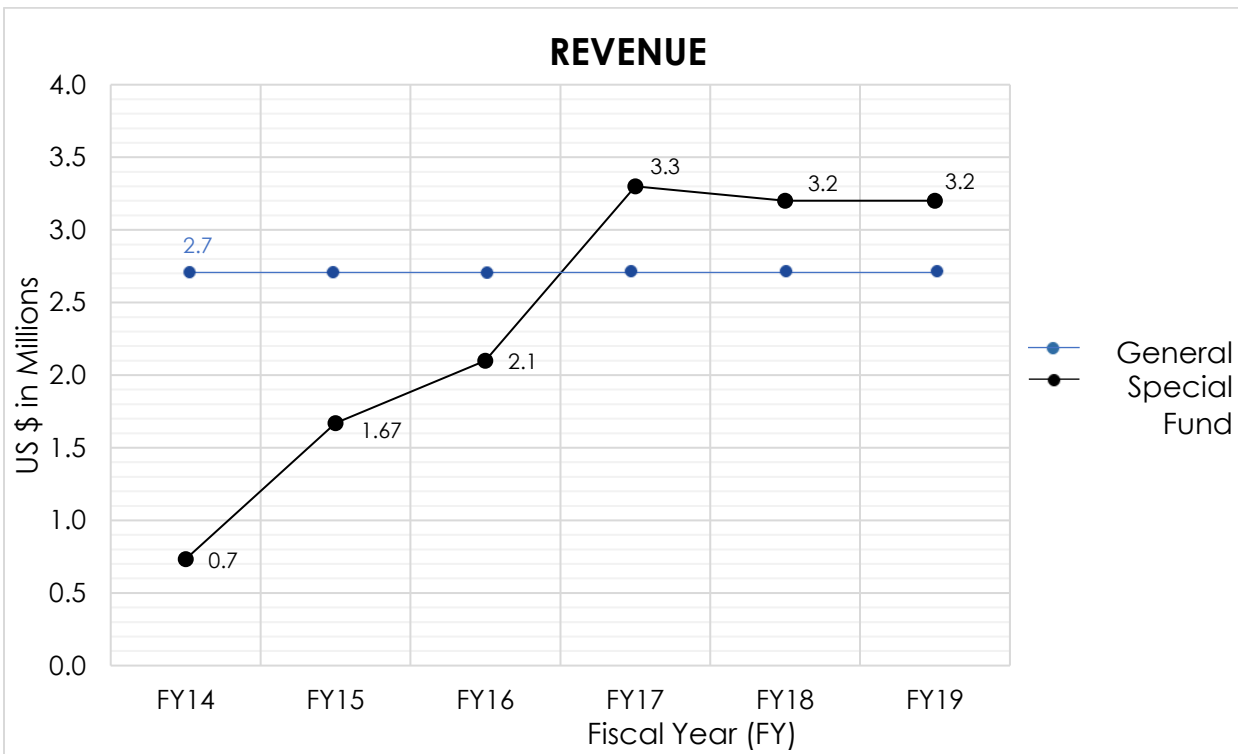


Table 4 FE PERMIT FEE SCHEDULE

	FOOD ESTABLISHMENT TYPE	s.f. (size)	RISK CATEGORY	PERMIT FEE
1.	Catering	-	1	\$400
2.	Catering	-	2	\$300
3.	Catering	-	3	\$200
4.	Food Manufacturer – small	≤1,000	1	\$300
5.	Food Manufacturer – small	≤1,000	2	\$200
6.	Food Manufacturer – small	≤1,000	3	\$100
7.	Food Manufacturer – large	>1,000	1	\$400
8.	Food Manufacturer – large	>1,000	2	\$300
9.	Food Manufacturer – large	>1,000	3	\$200
10.	Food Warehouse – small	≤1,000	-	\$100
11.	Food Warehouse – large	>1,000	-	\$300
12.	Hotel Main Kitchen/Banquet/Convention	-	1	\$600
13.	Hotel Main Kitchen/Banquet/Convention	-	2	\$500
14.	High Risk Institutional Kitchen (pre-schools, elementary schools, hospitals, other high-risk populations)	-	1	\$400
15.	Institutional Kitchens (schools, adult/child day care facilities, prisons, etc.)	-	1	\$400
16.	Institutional Kitchens (schools, adult/child day care facilities, prisons, etc.)	-	2	\$300
17.	Institutional Kitchens (schools, adult/child day care facilities, prisons, etc.)	-	3	\$100
18.	Market – small	≤1,000	1	\$300
19.	Market – small	≤1,000	2	\$200
20.	Market – small	≤1,000	3	\$100
21.	Market – large	>1,000	1	\$400
22.	Market – large	>1,000	2	\$300
23.	Market – large	>1,000	3	\$200
24.	Mobile Establishments	-	1	\$300
25.	Mobile Establishments	-	2	\$200
26.	Mobile Establishments	-	3	\$100
27.	Support Kitchen	-	1	\$300
28.	Support Kitchen	-	2	\$200
29.	Support Kitchen	-	3	\$100
30.	Restaurant – small	-	1	\$300
31.	Restaurant – small	-	2	\$200
32.	Restaurant – small	-	3	\$100
33.	Restaurant – large	-	1	\$400
34.	Restaurant – large	-	2	\$300
35.	Restaurant – large	-	3	\$200
36.	Service Area – limited food prep	-	-	\$100
37.	Service Area – no food prep	-	-	\$50
38.	Any Food Establishment used only to prepare or serve food to the HOMELESS without compensations, consideration, or donation by the person or persons being served	1	-	\$0
39.	Any Food Establishment used only to prepare or serve food to the HOMELESS without compensations, consideration, or donation by the person or persons being served	2	-	\$0
40.	Any Food Establishment used only to prepare or serve food to the HOMELESS without compensations, consideration, or donation by the person or persons being served	3	-	\$0
41.	Special Event Food Establishment: 1 – 5 days	-	-	\$50

42.	Special Event Food Establishment: 6 – 10 days	-	-	\$75
43.	Special Event Food Establishment: 11 – 20 days	-	-	\$100
44.	Special Event Food Establishment: 21 – 31 days	-	-	\$100 + \$5/day over 20 days
45.	Support Kitchen + Mobile Establishment	-	-	\$100
46.	Support Kitchen + Mobile Establishment	-	-	\$200
47.	Support Kitchen + Mobile Establishment	-	-	\$300
48.	Support Kitchen + Mobile Establishment	-	-	\$400
49.	Support Kitchen + Mobile Establishment	-	-	\$500
50.	Support Kitchen + Mobile Establishment	-	-	\$600

Part 1: Program Basics – Visions, Goals and Objectives – Page 3

The OFSB had the following visions, goals and objectives from FY13 to FY19:

- 1) Adoption of the most recent version of the FDA Model Food Code to regulate the food industry.

Prior to February 2014, the food safety program was using HAR Title 11, Chapter 12, Food Establishment Sanitation (HAR, 11-12) which was based loosely on the 1976 FDA Model Food Code. In February of 2014 we repealed HAR 11-12 and adopted HAR Title 11, Chapter 50, Food Safety Code, (HAR 11-50) which followed the 2009 FDA Model Food Code nearly verbatim. The OFSB met Standard 1 for HAR 11-50. In September of 2017 we amended HAR 11-50 through the public hearings process to adopt the 2013 FDA Model Food Code. The OFSB met 10 of the 11 critical criteria to comply with Standard 1 of the VNRFRPS. It was critical that the food safety program increase staffing levels.

- 2) It was critical that the food safety program increase staffing levels.

This was to ensure that the FE's in our inventory were inspected at the desired frequency of at least 3 times a year, 2 times a year and at least annually for our high, medium and least risk facilities, respectively. Adoption of HAR 11-50 in February 2014 included increased fees for FE permit holders to fund increased staffing levels. From FY13 to FY18 we were able to increase staffing from 12 FTE's to 30 FTE's. This represented a 150% increase in staffing levels

- 3) Introduce a comprehensive electronic food safety inspection system.

The OFSB contracted with Digital Health Department (DHD), now Tyler Technologies, Inc. (TT) and went live with the e-inspection system in July of 2014. This enabled the program to accurately track inspection data to gauge the effectiveness of program enhancements designed to reduce the occurrence of food illness risk factors. This would also enable the program to utilize national standards so we can also gauge the effectiveness of our program as compared to other food safety jurisdictions.

- 4) Introduce a highly visible food inspection grading system coupled with a public access website at <http://hi.healthinspections.us/hawaii/> to post unredacted food safety inspection results in near real time. A QR (Quick Response) code was also printed on the placards so the viewing public can scan the QR code with reader that takes them directly to the public website. (Exhibit A-Placards)

One of the main goals or vision of the food safety program was to influence industry behavior using governmental transparency. The program felt strongly that the unique ethnic diversity in Hawaii which was culturally based on the tenets of obligation to do the right thing, even though you may not be highly proficient in the English language, coupled with a strong cultural desire to never ruin your family name, or reputation, would lead to behavioral change in the industry to reduce the occurrences of critical violations or food illness risk factors. The placarding system was introduced with the electronic inspection system in July of 2014 with the public website going live soon after. From FY14 to FY19 the program conducted over 33,000 routine inspections and issued over 6,000 Yellow placards which represents over 12,000 food illness risk factor violations. All items were corrected in a timely manner except for 6 FE's that we took formal Administrative enforcement action to impose fines and/or a permit suspension. This has resulted in phenomenal voluntary compliance rates approaching 99.98%.

Part II: Baseline and Program Assessment – Regulatory Foundation – Page 4

Prior to FY14, the OFSB was regulating the industry using Hawaii Administrative Rules (HAR), Title 11, Chapter 12, Food Establishment Sanitation. This HAR was based loosely on the 1976 FDA Model Food Code so it was very dated and lacked much of the regulatory foundation that the rest of the nation was using. The OFSB felt that proper regulatory foundation would be necessary to improve food safety in Hawaii by reducing the occurrence of food illness risk factors in the food industry identified during routine inspections.

The proper regulatory foundation would also allow for increased revenue through food establishment (FE) permit fees, a highly visible restaurant grading system to enhance enforcement through governmental transparency, and adoption of a national food code that utilizes the most advanced science based principles to control food illness risk factors.

In February of 2014, the OFSB enacted HAR, Title 11, Chapter 50, Food Safety Code, which was based substantially on the 2009 FDA Model Food Code. Upon audit, the OFSB met the criteria for Standard 1 of the VNRFRPS as we met 10 of the 11 FDA Food Code intervention and risk factor controls. This rule change also allowed for:

- An increase in FE permit fees by over 400%. The increased revenue was needed for increased staffing, funding for an electronic inspection Software-As-A Service system, and touch screen laptops for signature capture.
- The codifying of a restaurant grading system with highly visible placards to be posted after routine inspections. (Exhibit B)
- Gave the authority for Food Safety Specialists (FSS) to close FE's immediately for out-of-control risk factors. (Exhibit B)

In 2017 the OFSB went back to public hearings and amended HAR 11-50 (Exhibit C). The main purpose of this rule change was to:

- Adopt, nearly verbatim, the 2013 FDA Model Food Code.
- Clean up definitions and enforcement procedures which created the ability to deny permit renewals if there were any unpaid fines.
- Require that a PIC have a valid Food Handler Education certificate at each FE during hours of normal operation. In September of 2017 the new HAR was enacted and we gave industry one year to comply with the Food Handlers certificate requirement, which we began formally enforcing in September of 2018. The amended HAR, Title 11, Chapter 50, Food Safety Code program still meets 10 of the 11 food code interventions and risk factor controls to qualify as meeting Standard 1- Regulatory Foundation of the VNRFRPS.

Adoption of HAR, Title 11, Chapter 50, Food Safety Code in February 2014, and the amended version in September of 2017 was instrumental in reducing the occurrence of food illness risk factors on Oahu by providing additional resources through FE permit fee increases, that allowed for staffing increases that increased inspection frequency. The rule codified our highly visible restaurant grading system which had a positive impact on reducing the occurrence of, and the rapid correction of food illness risk factors identified during routine inspections. Active managerial control was also rewarded and encouraged by the issuance of a Green "PASS" Placard. The fee increases also funded an electronic inspection system that gauges compliance, enforcement and tracks metrics such as the % of Yellow placards issued during routine inspections which are directly related to the occurrence of food illness risk factors. The amended rule in September 2017 also introduced the concept of mandatory food safety education. Even though the managerial level of food safety education is not required, this had a big impact on the many FE business operators that were not proficient in the English language. The OFSB offers free food handlers' education and student enrollment increased nearly ten-fold from FY15 to FY19. The program also accepts on-line vendors that have ANSI/CFP approved Food Handlers Education courses available in many different languages. We are hoping that this helps to further reduce the occurrence of food illness risk factors in the future.

PART II: Baseline and Program Assessment – Training Program Page 5

Prior to FY 2014 the training program at the Oahu Food Safety Branch (OFSB) could be simply described as follows:

After initial hire, Food Safety Specialists (FSS) will spend the next 3-4 months reading through the myriad of rules and regulations, including the food rules, that are assigned to the program.

- The FSS then spend the next 1-2 months “shadowing” with more senior staff.
- Then it’s OTJ (On-The-Job) training with your immediate supervisors providing input if staff inquires, or if there are reasons to question staff’s findings and actions correlating with the proper violations cited on the inspection report.
- The immediate supervisor may, or may not, do side by side inspections with new staff to compare results to ascertain inspectional skills of new staff.

This would formally end the FSS’s training program.

In February of 2014, the OFSB began following the requirements of Standard 2 -Trained Regulatory Staff to improve staff training and instituted the following training procedures:

- In addition to having trainee staff read through the same myriad of rules and regulations, the Training Officer FSS will sit down and read through the entire Hawaii Administrative Rule (HAR), Chapter 50, Food Safety Code, line by line with the trainees. The OFSB has a dedicated FTE at the supervisory level who is an FDA Standardized Training Officer. The duties of this position in the OFSB is dedicated 100% to quality control and serves as the State Milk Ratings Officer and directly supervises only the Milk and Seafood Specialist, and the Food Safety Educator. The incumbent typically does not directly supervise any field staff FSS.
- FSS trainees are required to complete all courses listed in Appendix B-1 of Standard 2.
- After completion of all courses, the FSS Trainee will shadow with Senior Staff (15 Senior Staff with at least 3+ Years of experience) for approximately 30 days. 2 days are spent with each Senior Staff, this represents approximately 60-70 inspections of varied risk category types.
- The FSS Supervisor will then evaluate the inspectional skills of the Trainee FSS using the Attachment A-CFP TRAINING PLAN and LOG (Exhibit D) who must demonstrate acceptable performances for all competencies listed in Sections I through VI.
- The above is repeated with the Training Officer and the FSS is assigned a permanent district if the performance in the field is deemed to be satisfactory.
- Smart phones purchased in FY2014 also allow for facetime contact directly with Supervisors during inspections, which is a powerful training tool whereby the Supervisor can assist the FSS in making proper decisions based on observation presented live and in real time.

The OFSB also provides at least annual continuing education & training for the Statewide food safety program by sponsoring FDA and other third-party instructors to conduct classes in Hawaii.

In FY15 OFSB sponsored the FDA 215/218 Combo Class, in FY16 we had the FD207 Plan Review Class, and also brought in Dr. Brian Nummer for a ROP HACCP Class, In FY17 the OFSB sponsored an in-house communications and food safety educational workshop as well as the FD312 Special Processes in Retail course.

Since 2014, to the present, the OFSB sends at least 3 FSS to the NEHA Conference annually, we participate and attend in every CFP Conference as a voting member, the OFSB Program Manager and at least 2 supervisors attend every Pacific Regional Food Seminar, and also attend every WAFDO and most AFDO Conferences.

Having properly trained regulatory staff was paramount to reducing the occurrence of food illness risk factors due to our FSS’s ability to recognize violations of the code and being trained to properly communicate the public health interventions necessary back to the owners/operators of Oahu’s food facilities. One of our standing motto’s is to “Enforce through Education”. It is constantly stressed to our FSS that if industry understands how their behavior directly impacts the health and lives of their customers, it is much easier to get the owners/operators to engage more closely in the practice of active managerial controls to eliminate all possible risk factors inherent to their specific food operations.

PART II: Baseline and Program Assessment – HACCP Principles Page 6

Prior to FY14 the OFSB used a two Part, two color inspection report that was split into a red section and a blue section. The first page was PART I: Red Critical Items which were the food illness risk factors at the time and page 2 were the Blue items which were the common GRP violations (see Exhibit E).

The OFSB currently utilizes HACCP principles in conducting its food safety program as the program has met the requirements of Standard 3 in FY15.

The program currently uses the 2009 Version of the FDA Model Food Code Inspection report form as shown in the 2009 Annex, Appendix 7 (see Exhibit F) which utilizes IN, OUT (compliance), N/O (not observed) and N/A (Not Applicable) to identify risk factor observations.

Since FY14, we introduced the concept of classifying FE's into specific risk categories based upon eight possible food operations. If the FE engages in six to eight of the possible operations, they are considered to be a high risk Category 1, if the FE has three to five operations they are a medium risk Category 2, and if the FE engages in zero to two of the operations it is a low risk category 3. In Hawaii we reversed the order as we look at the risk categories as priorities, so the highest priority is Risk Category 1, and the lowest is Risk Category 3 (Hawaiian Style). The eight operations identified are 1) Receiving, 2) Cold Storage/holding/prep, 3) Hot Storage/holding/prep, 4) Thermal processing, 5) Transportation, 6) Cooling, 7) Re-Heating, 8) Display of TCS foods (See Exhibit G). The program included zero operations to cover those facilities that only do ware-washing to support other FE's.

The OFSB has been utilizing a comprehensive electronic inspection system known as the Digital Health Department (DHD) provided by Tyler Technologies, which went live in July of 2014. When files are created in the system for each FE permit holder, the assigned risk factor will be noted for the FE and inspections are automatically scheduled based on the assigned risk factor. Each of our FSS staff receives a daily inspection schedule automatically through the system. Category 1 FE's are inspected every 4 months, Category 2 facilities are inspected every 6 months, and Category 3 facilities are scheduled for inspection at least annually.

The placard system that the OFSB created calls for issuance of color-coded placards at the conclusion of each routine or complaint inspection. A **green PASS** placard is issued if no more than one food illness risk factor is observed AND corrected on site (COS) prior to the conclusion of the inspection. If the single item is not COS a **Yellow CONDITIONAL PASS** placard is issued. The **Yellow CONDITIONAL PASS** is also issued after a routine or complaint inspection, if two or more food illness risk factors are observed regardless if they are COS. The fact that there were two or more risk factor violations may indicate that the FE is losing active managerial control and requires a follow-up inspection within 48 hours to ensure that COS violations stay corrected and that any violations not COS are corrected within the 48 hours. If the FSS determines that the FE is operating with imminent health hazards, then a **red CLOSED** placard may be issued, and the owners/operators must close the establishment immediately (see Exhibit H).

The OFSB also has specific variance request rules (see Exhibit J) policies as well as the ability to require FE's to submit HACCP plans on demand if operations warrant (see Exhibit K). Employing the HACCP principles in line with FDA Standard 3 invariably helped the OFSB to reduce the occurrence of food illness risk factors by giving our FSS an electronic inspection system that automatically schedules workload based on risk which allows staff to focus the majority of their time on inspection of higher risk facilities, and the ability to post placards after inspections to influence industry behavior to take greater care in exercising active managerial control in controlling food illness risk factors within their food facility.

From FY12 to FY13 the OFSB struggled with setting up an ongoing QA program. Part of the programs vision back then was to secure a comprehensive, electronic inspection system that would create an electronic record and report capabilities to evaluate FSS findings and observations during food safety inspections. FSS were doing hand-written inspection reports which our clerical staff would attempt to input into a poorly designed data system. After 2 years of hair-pulling (which is why I have very little left at present), we decided to terminate our IT vendor and put out an RFQ in a fashion that assured we would get at least an upper tier of IT service providers that have a well-functioning, properly scaled software-as-a-service to handle an account with over 10,000 food establishments Statewide.

In FY14 we finally went live with Digital Health Departments (DHD) food safety inspection system that provided us with concise, legible and structured document that the regulated community can easily understand. The computer-generated reports were a great improvement over hand-written ones whereby each FSS had their own “style” of presenting their observations and findings on a report. The reports generated by DHD are very structured and provide the same template for every report which industry greatly appreciates.

Our Deputy Attorney General was also very pleased with the final product as consistency and QA are keystones when trying to prosecute flagrant violators. If the program has documented QA procedures in place, it assists greatly with convincing hearings officers and the courts that the regulatory program is consistent and fair to all.

The DHD system allows the FSS Supervisors to review FE inspection reports digitally and to review each FSS’s marking trends over time. In FY16 Supervisors in the OFSB were able to ascertain that some FSS were above one standard deviation of the Branch average in % of Yellow placards being issued. There were 2 FSS that were counseled and admitted that they were not always marking 100% of the food illness risk-factor violations. The DHD system allows management to compare marking trends of all staff side-by-side to ensure consistency.

The OFSB organizational structure (see Exhibit L) has a dedicated Standards Office Supervisor and a Food Quality Assurance Specialist who is our FDA Standard Training Officer as well as the Milk Ratings Officer. The food safety program has historically viewed a uniform inspection program as critical which is directly evident by having employees dedicated full time to QA issues within the regulatory program.

Monthly staff meetings also play a role in quality assurance. FSS are encouraged to bring up any regulatory issues encountered in the field so that all staff can benefit from the experience and be given the same expectation by management and/or interpretation of the rule. Minutes are kept in a one-drive account for all staff to access. Supervisors may also see inspection trends or anomalies of actions taken in the field by other FSS that can be discussed at the staff meetings. The meetings are conducted with the attitude that all actions are done with the best intentions and if no mistakes are made in the field, then no learning or growth takes place by staff.

The QA program has allowed the OFSB to reduce food illness risk factors by ensuring that food safety staff uniformly interprets our HAR which helps industry to develop active managerial control strategies that are transparent and open to all. Clear regulatory expectations and a clear path to corrections and compliance assists industry in behavioral change through active managerial controls.

PART II: Baseline and Program Assessment – Food Illness Preparedness and Response
Page 8

The OFSB has always had good relations with our epidemiologists with regards to Food Illness Preparedness and response. The program has historically had good and close relations with our epidemiologists at the State DOH's Disease Investigation Branch (DIB). The DIB employs a dedicated foodborne illness coordinator position who serves as the lead epidemiologist in any outbreak or illness. The same basic Food Illness Complaint Response Flow Chart has been in place since the mid 1990's and still serves us well (see Exhibit M).

In Hawaii, all food illness complaints are referred to DIB, and based on the epidemiological evaluation of a 72 hour food history, reported symptoms, and onset time, they will decide whether or not the illness may be related to a regulated facility. The DIB will refer the case to OFSB to investigate if they suspect it may be from a food establishment. The OFSB investigates ALL referrals within 24-48 hours after receipt of possible illness report from DIB in an attempt to determine the etiology of the disease, or if there are any food illness risk factors observed during the investigation. All food injury reports allegedly from foreign objects in food are investigated directly by the OFSB within 24-48 hours of receiving the complaint. (see Exhibit N).

Since FY14, the DIB has been sending weekly enterics reports to OFSB (see Exhibit O). These reports are very informative and timely and fosters great communication between DIB and the OFSB. The two programs have worked together on many food outbreaks over the years, most notably was a major Hepatitis A outbreak in the fall of 2016 that involved imported scallops that were served raw at a local sushi restaurant chain. The ICS is activated for large outbreaks and both DIB and OFSB drive the investigation. As you may know, Hep A outbreaks are very difficult to track down a definitive source but the State DOH was able to solve this through extreme diligence and a little luck.

All illness investigation reports are also posted on the public website noting that they are "alleged illness" reports until confirmed. This is done in near real time, so DIB has access to all inspectional findings without the need to contact us.

The DIB and the OFSB has begun regular, annual joint staff workshops/meetings beginning in FY18 (see Exhibit P). We started with just DIB and OFSB and in 2019 we included the Laboratory Branch also. These very open and honest meetings were extremely helpful in ironing out expectations and empathy towards each professions trials and tribulations when investigating food illnesses. Prior to these meetings there was a lot of assumptions being made on both sides as to how we approach illness investigations. The meetings provided much clarity as to roles that each program plays such as... Who is responsible for environmental sampling? Who is supposed to call the market to get invoices for suspected food sources? Who contacts the complainant about investigation status? Who goes to pick up the body fluid samples from the complainant? The collaborative meetings helped to clarify all these questions and all programs involved feel that we really need to meet at least annually to foster collaboration.

The OFSB is also working on having the DIB tracking system communicate directly with our electronic inspection scheduler to notify OFSB of any illness complaints. The food illness response at OFSB has allowed us to reduce food illness risk factors by communicating closely with those FE's that are involved in outbreaks and educating them on how they can prevent any recurrences of illnesses through active managerial control.

Prior to FY14 compliance and enforcement at the OFSB was akin to chasing your tail. Much of the problem had to do with staffing shortages which resulted in inspection frequencies of one inspection every 2 to 2½ years. There were risk categories for permit fee purposes, but because there were only 9 FTE's available out of 12 allotted positions, the ratio of food establishments per FSS was approximately 644:1 as there were approx. 5,800 FE's on Oahu at the time. It was impossible to prioritize inspections as you could barely make even one inspection of facilities in your inventory every 3 years.

Fee increases and program consolidations allowed for staffing increases from 12 FTE's in FY13 to 22 FTE's in FY14 and then we were able to hire 7 more FSS in FY15 to bring staffing levels to 29 FTE's, and then to 30 FTE's from FY16-FY18. The increased staffing levels brought the FE to FSS ratio down from 644:1 to about 210:1 in FY18.

This allowed staff to make inspections frequencies commensurate with the risk categories assigned to each FE. By FY 18, most inspectors were able to keep up with the about 76% of the required inspection frequencies of every 4 months for High risk, 6 months for medium and at least annually for the lower risk FE.

In May of 2018 we updated our formal enforcement policy (see Exhibit Q) which has strategies for dealing with out of compliance FE's

Transparency equals food safety for the public.

Our team of FSS now issue placards at the conclusion of each inspection

The system has worked well because we enforce through education, a green "pass" placard means no more than one major food safety violation was found and corrected on site. If a yellow "conditional pass" is issued, it means that two or more major food safety violations were found, or a single violation could not be corrected at the time of the inspection. The FSS work with the establishment to correct risk factor violations but if an imminent health hazard is revealed, this may result in a restaurant's being issued a Red CLOSED placard which immediately suspends their permit to operate. FE's are also informed that the OFSB uses the media regularly to announce FE closures, fines, suspensions or tampering with the placards, which is a very serious offense. (see Exhibit R)

It is a real tribute to the OFSB staff that we were able to make this paradigm shift to a completely new system of compliance and enforcement. It is not easy for staff to post a Yellow Card for risk factors such as poor hygiene by workers, food temperature controls, unclean or contaminated equipment or improper food sources as it may become highly confrontational and staff has been trained to focus on education and why governmental transparency is important in influencing rapid correction of food illness risk factors rather than punishment and fines to diffuse confrontational behavior.

To date, over 6000 Yellow placards have been issued, with only 6 leading to a RED placard. This represents an astounding 99.998% **voluntary compliance** rate that keeps the DOH from having to engage in extremely counter-productive litigation and enforcement by assessing fines or suspending permits. This again results from the efforts of a highly trained and motivated staff that is able to convince industry to correct violations through public health education, as no one wants to intentionally or accidentally cause an illness.

The launching of our public online portal in early 2016 which gives the public access to inspection reports for Hawaii's restaurants is another powerful tool to influence compliance and enforcement.

Transparency through the placards and the public website is there for the whole world to see, which has a powerful effect in influencing industry behavior.

The combination of the placarding program, OFSB Enforcement policy, the DHD public website, and frequent engagement with the local media had all helped to reduce food illness risk factors. The large % of part Asians in Hawaii also reflected in FE ownership and operations in Hawaii. Family reputation, honor, and word of mouth are extremely powerful influential factors in our local culture in Hawaii. This same culture exists in our local food service industry as the great majority of FE owners and operators take great pride in obtaining a Green PASS Placard and this has definitely been very positive in reducing the occurrence of food illness risk factors in Oahu's food establishment.

Prior to FY14 this was one of our strong points for the OFSB. We met Standard 7 of the VNRFRRPS in FY14 based on activities from FY11 to FY13 (see Exhibit S). The OFSB continues to provide the same type and breadth of Industry and Community relations since meeting this Standard.

Industry and Community Relations activities were critical in getting our new Hawaii Administrative Rules (HAR) Chapter 50, Food Safety Code food rules passed in February of 2014 and then amended again in September of 2017. The State of Hawaii requires all Departments to go through a public hearing process when creating, amending or repealing any HAR. If the new rules or amendments affect small businesses in any way, the program creating the rule must also appear before the Small Business Regulatory Review Board (SBRRB) to move the rules forward (see Exhibit T). The SBRRB is made up of the gubernatorial appointees that are all small business owners that report directly to the Governor of the State of Hawaii. If the SBRRB provides negative comments to the Governor, the rule is DOA (Dead-On-Arrival) at the Governors' desk and will not get an opportunity to go to public hearings. If the program by chance, gets SBRRB approval (see Exhibit U), it then must go through a typical public hearings process on Oahu and each of the main islands of Kauai, Maui, and Hawaii (Kona and Hilo) due to it being a Statewide rule. For those of us in Government service who have ever been responsible for conducting public hearings on any subject affecting public health, we all know that public hearings can quickly turn into an out-of-control spectacle if the agency is unprepared.

At the conclusion of the public hearings, the agency proposing the rule change must compile ALL comments received at the hearings and address each comment to the satisfaction of the Governor's office (see Exhibit V). If there is opposition to the rule by industry, the public, lawmakers, or other influential special interests, the chances that the Governor will sign the rule into law would be slim to none. Depending on the outcome of public hearings, the rule is then approved, rejected or sent back to public hearings to clarify or amend the proposed rule to satisfy the constituency.

The OFSB's proposal to adopt a new 165 pg. rule based substantially on an FDA Model Food Code (Not more bureaucracy!!, previous rule was only 76 pgs. in length), a 400% + increase in permit fees to fund the food safety program enhancements, a highly visible restaurant grading system to be posted outside of the FE immediately after inspection, unredacted inspection results posted on a public web-site in near real-time, unfettered ability for our FSS to close facilities immediately for out-of-control risk factors or other imminent health hazards (e.g., active FBI outbreak implicating facility), and increased inspections based on risk was fraught with potential landmines at the SBRRB if we could even get to public hearings and face the rest of industry. The OFSB used its industry and community relations skills to head off any opposition by appearing at the executive board meetings of the Hawaii Restaurant Association (affiliate of the NRA, no not that one, the restaurant one), the Hawaii Hotel and Lodging Association, the Hawaii Food Manufacturers Association and the Hawaii Food Industry Association to pitch our proposals and to make sure that they were all convinced that reducing the occurrence of food illness risk factors would be a win-win for all. The DOH really appreciates our State's food industry for a complete buy-in to protect the health of Hawaii's citizenry and visitors through our highly visible food safety program. I am convinced that one of the tools that made this happen was the OFSB testimony in front of the SBRRB. We presented one of the FDA's first Oral Culture Learning Project videos about the tragedy that occurred with the matriarch (Grandma) of the Ploghoft family that perished due to a terrible and painful Salmonella illness contracted at a local restaurant during Thanksgiving that was totally preventable if basic food safety practices such as proper cooking temperatures were being adhered to.

After showing the heart wrenching video to the SBRRB there was not a dry eye on any of the board members, and they immediately passed out the memo to the Governor to have our rule go to public hearings. We then thoroughly proceeded to flood print and TV media both pre and post public hearings to garner community support (see Exhibits M1-M9 and Exhibit TV). A peer reviewed article published in the Hawaii Journal of Medicine and Public Health (see Exhibit P1) in August of 2015 and an article published by the Pacific Business News in March of 2018 (see Exhibit M10) shows how much the program has improved through the local food and business industries on Oahu and the State of Hawaii as a whole.

Hawaii's food industry realized that the increased transparency would improve public confidence in the safety of the food being sold which would in turn increase their bottom line. The increased profits and public

confidence would be the positive collateral effects of this new paradigm shift that is a win-win-win for industry, local regulatory, and public health.

The OFSB's hard work in industry and community relations shepherding the rules through public hearings with virtually no opposition and continued heavy use of the media on the OFSB's food safety and regulatory actions have gone a long way to reducing food illness risk factors observed during routine inspections on Oahu.

Prior to FY14 the OFSB received approximately \$2.7 million annually from the State of Hawaii's General Fund subject to legislative budget approval. This amount has been very stable year over year and has not changed in the past 8 years as we are identified as a core program that is usually immune from budgetary downturns in the economy based mostly on tourism and the military.

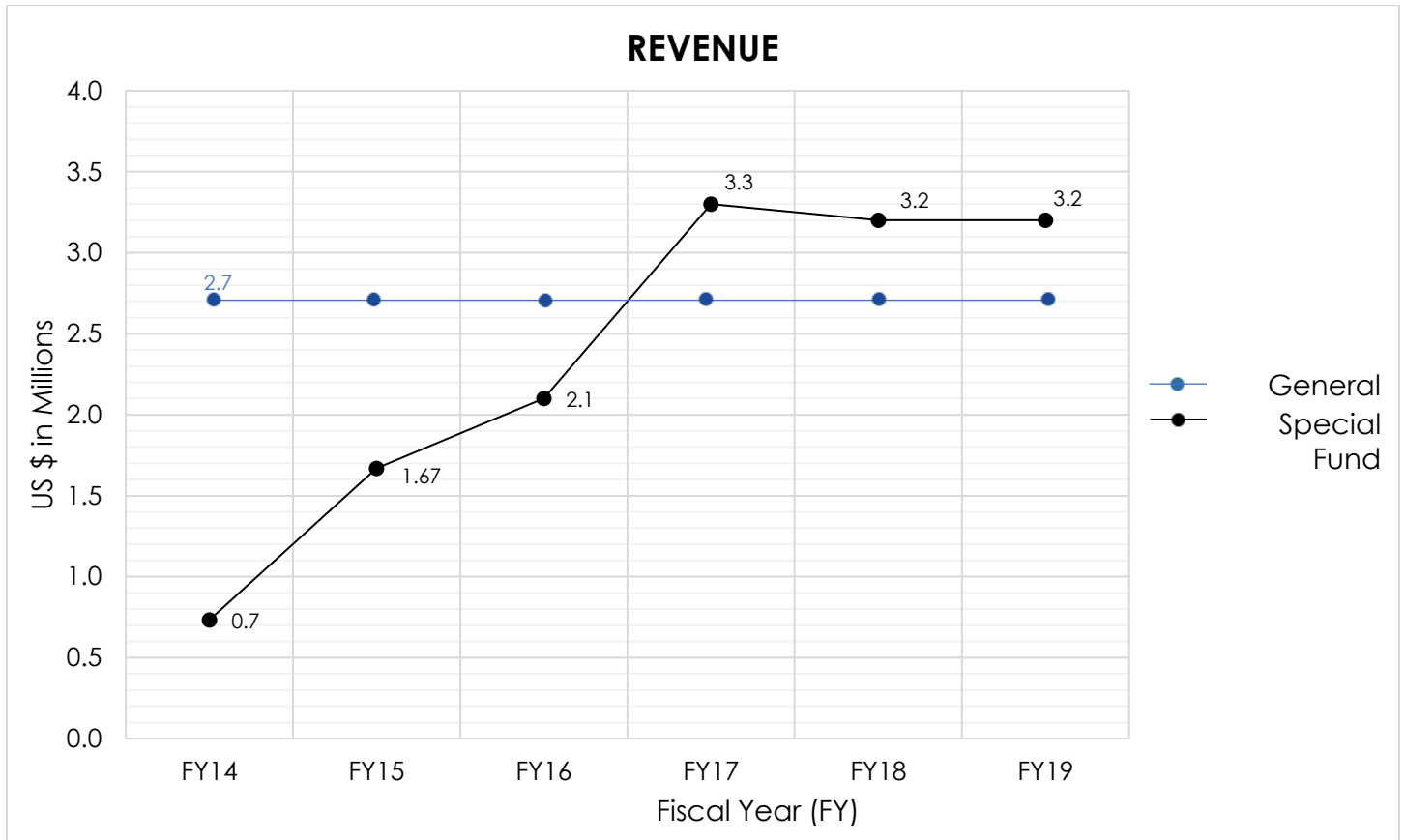
A second source of revenue was created by the legislature in 1999 (Hawaii Revised Statutes (HRS), Section §321-27) which was a special fund known as the Environmental Health Education Fund. Food Establishment permits and plan review fees account for 96% of the revenue for the special fund. This special fund had two critical restrictions attached to its use, one was an annual spending ceiling of \$300,000 and the second, the fund could only be used for educating governmental staff and industry on public health education (see Exhibit W). In 2010 the OFSB endeavored to change the use of the special fund by introducing a legislative bill (HB2688, HD1, SD2, CD1) that would expand the restrictions on the allowed use of the funds to include operating costs, additional food safety personnel, and to increase the ceiling to \$1.5 million (see Exhibit X). Hawaii law provides that only the legislature can approve the creation of or amendments to a "special fund" through changed to HRS. The State legislature gives the authority to the DOH to create Hawaii Administrative Rules (HAR) to govern the food industry, but the DOH must use the public hearings process to make ANY changes to existing HAR which includes our FE permit fee schedule. Therefore, the OFSB needed this funding mechanism approved by the legislature as a Statute prior to any changes to HAR which would allow the program to increase permit fees to generate any additional revenue for program enhancements. Both HRS and HAR require the Governors' approval to enact the legislation or the rule. As a note, the same Governor that passed HB2688 in 2010, vetoed the identical bill in 2009 (HB36), that we introduced just the year before. Between the vetoing of HB36 and the signing ceremony for the identical bill HB2688 in 2010, there was a "YouTube" video that went "viral" showing rats running around the interior of a closed Chinatown food market feasting on produce in full view of passers-by that could be viewed from the display window. When interviewed by the media as to why the Food Safety program allows this type of conditions to happen, we publicly stated that everyone needs to get used to it because we only have 9 food safety staff available due to previous budget cuts, and we inspect food facilities only once every 2 to 2½ years. This led to the signing ceremony in 2010 by the same Governor who shall remain unnamed (Linda Lingle), that vetoed the identical bill out of fear that we would raise permit fees on her precious constituent business owners. How ironic.

Due to the passage of HB2688 and the resulting creation of HAR 11-50, Food Safety Code, in February of 2014 the program was able to increase revenue from around \$733,000 in FY14 to over \$3 million by FY 17 and has remained stable through FY19 (see attached Graph 1). The raising of the ceiling cap from \$1.5 million in 2010 to the present cap of \$3 million has allowed the OFSB to fund a 150% increase in the hiring AND filling of vacant positions from 12 FTE's in FY13 to 22 FTE's in FY14 and 30 FTE's in FY16 to FY18. The position count went down to 23 in FY19 because the revenue generation of our program did not go unnoticed as the DOH decided to revive a defunct Food and Drug Branch by removing 7 positions from the OFSB (see attached Graph 4). Not to fret, as the OFSB recently received approval to replace 5 of the 7 field staff and 2 new FSS Supervisory positions which were sorely needed.

The increased revenue has allowed the OFSB to contract with IT vendors to move to an e-inspection system as well as the necessary hardware for the field staff. The FSS are also issued smart phones and hot spots to enhance communications with their supervisors and to provide near real time uploading of inspection results to a public website. Due to our revenue source, training opportunities are extensive for our field staff and supervisors as we typically send 3-4 staff to NEHA, CFP, AFDO, WAFDO, Pacific Region Food Seminars and other out-of-state events. We also host annual FDA or third-party instructors for courses in Hawaii.

Significant reduction in food illness risk factors in the regulated community would have been unattainable without available resources. If the program were not able to succeed in garnering additional resources through the special fund, the OFSB would not have enacted any of the program enhancements delivered from FY14 to FY19 and the present.

Graph 1 GENERAL AND SPECIAL FUND REVENUE



Method for Evaluating the Progress of Reducing the Occurrence of Food Illness Risk Factors from July 23, 2014 to June 30, 2019

The OFSB introduced the concept of a restaurant grading system or placarding, as a critical component to help reduce the occurrence of food illness risk factors in the regulated community. The 3 color-coded placarding system that we adopted was directly linked to the occurrence of these risk factors.

The following criteria was used in generating the data to show a reduction in risk factors:

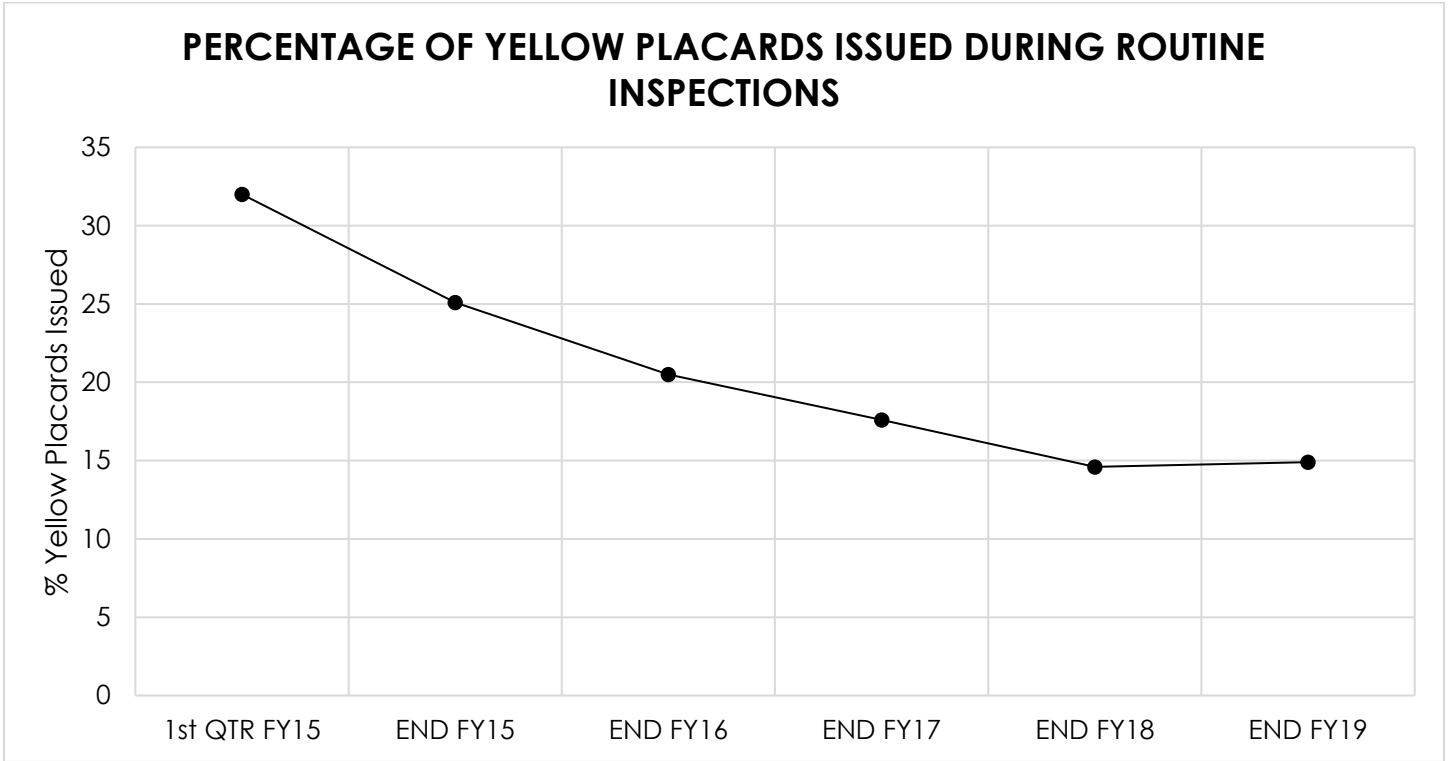
- 1) The metric used is the % of Yellow Placards issued by the OFSB FSS during Routine Inspections.
- 2) Only Routine Inspections were used. No general or FBI complaint inspections were included.
- 3) A Green or PASS placard is issued if no more than one Risk Factor is observed during a routine inspection AND corrected-on-site prior to the conclusion of the inspection.
- 4) A Yellow or CONDITIONAL PASS placard is issued if there are any Risk Factors that were not corrected by the conclusion of a Routine Inspection, or if there were two or more Risk Factors observed during a Routine Inspection. Two or more risk factors observed is an automatic issuance of a Yellow Placard even if all Risk Factors are COS. The rationale for this is that if a FE has two or more Risk Factor violations, the facility is losing active managerial control (AMC) and a Follow-up Inspection is required to assure that AMC are kept in place.
- 5) The OFSB tabulated the amount of Green and Yellow issued during Routine Inspections in each fiscal year.
- 6) The % of Yellow placards issued was calculated by taking the amount of Yellow placards issued during routine inspections and then dividing that by the total amount of routine inspections done ($\# \text{ of Yellow} \div \# \text{ of Green} + \# \text{ of Yellow}$) at the end of the first quarter of FY15 and the end of each of the subsequent fiscal years.
- 7) Raw Data is taken from the DHD electronic inspection system (see Exhibit Y)

In the first quarter of FY15 the OFSB issued Yellow placards 32% of the time during Routine Inspections. At the end of FY15 the % of yellow placards issued was down to 25.1% and saw further reductions year over year at 21%, 17.6%. and 14.6% in FY16, FY 17 and FY18, respectively. There was a slight uptick of 0.3% in FY19, but the % appears to be stable at around 15%.

The OFSB was able to reduce the year over year % of Yellow Placards issued during Routine Inspections by over 50% from July 2014 to June 30, 2019, which we believe is a noteworthy achievement as the % of Yellow placards issued is in direct relation to the occurrence of food illness risk factors in the regulated community.

See Attached Graph 2

Graph 2 % YELLOW PLACARDS ISSUED



IMPROVING THE REGULATORY FOUNDATION

The highest priority challenge that the program sought to improve was the adopting of a Regulatory Foundation that would allow for the most current scientific thought in preventing food illnesses, codifying a high profile placard system and increasing revenue through increased permit fees that would result in increased staffing levels, and the ability to procure the latest IT systems and hardware technology to influence industry behavior by increasing governmental transparency.

In addition to providing the necessary resources through FE permit fee increases to fund any program enhancements, it was critical that the OFSB adopt a firm regulatory foundation to assist the staff in reducing the occurrence of food illness risk factors observed during routine inspections.

The OFSB felt it was necessary to adopt the most recent version of the FDA Model Food Code. The Hawaii Restaurant Association and Hawaii Hotel and Lodging Association which is comprised of the major hotel chains such as Hyatt, Sheraton, Marriott, Four Seasons, etc. actually appreciated that the DOH would adopt the FDA Model Food Code which most of the industry had already adopted as part of their internal QC and Active Managerial Control criteria. The large chain restaurants also appreciated that Hawaii now uses the same code that their outlets in New York or Nevada must also follow. This allows industry to employ economies of scale when designing their risk control plans and SOP's. The adoption of the most recent FDA Model Food Code at the time (2009 Version) in early 2014 and the subsequent adoption of an amended rule in September 2017 to adopt the 2013 Version of the Model Food Code was an easy sell to the public and industry despite of the breadth and length of the rule as it was based on the most scientific thought to date to reduce the risk of contracting foodborne illnesses. Industry was given a one page document entitled "How To Get A Green Placard" that ensured compliance if diligently followed and used as their daily checklist (see Exhibit Z).

Codifying a restaurant grading system was a cornerstone in our plans to reduce food illness risk factors. Hawaii has very strong cultural ties to all aspects of local industry. Reputation, honesty, and by all means, do not bring dishonor to the owners' family name is a very strong driver of behavior in Hawaii. Being on an island State means that the "world" is very small here in the sense that almost everyone knows about everyone. Many of our relatives, close friends and "friends of a friends" are all business owners, operators, managers, or employees of food establishments. No one wants to be "outed" as a public health threat or being issued a Yellow - CONDITIONAL PASS placard indicating that there was some violation at the facility that may make our residents or visitors ill.

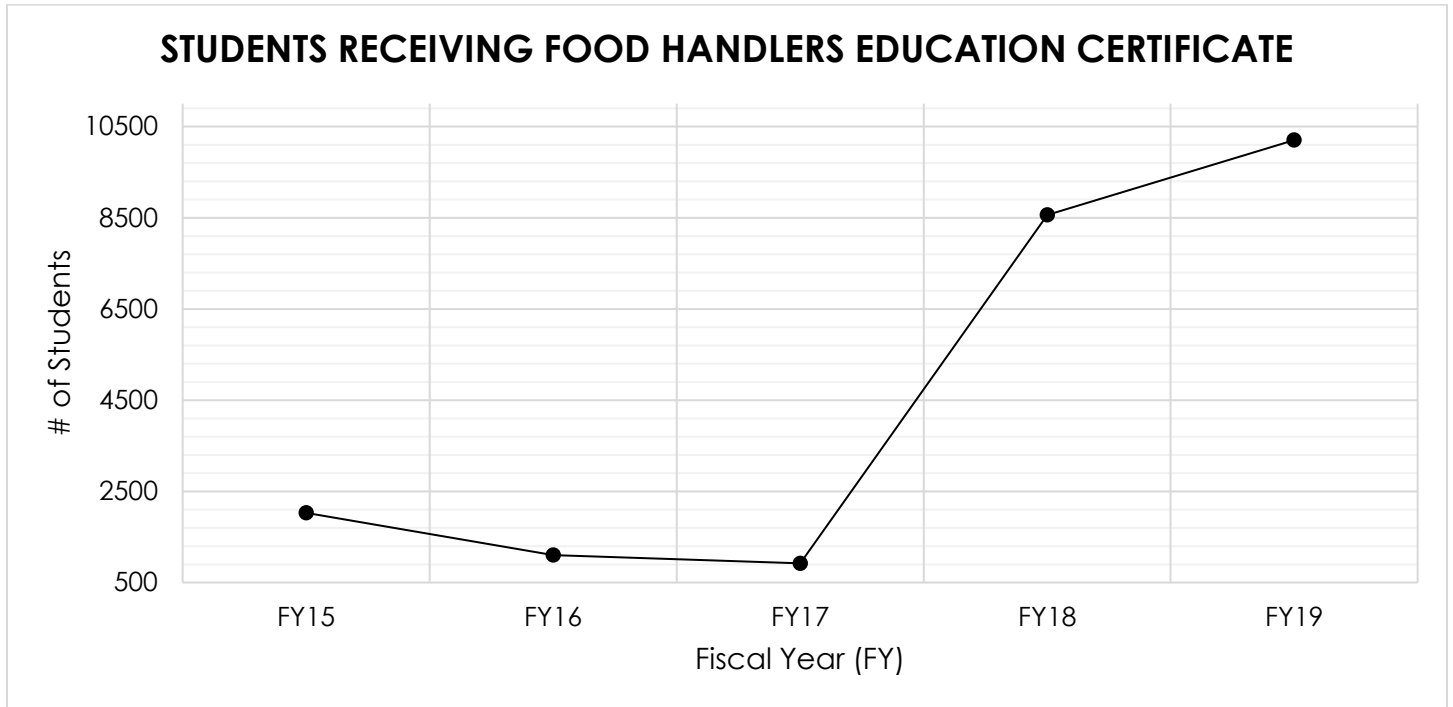
In February of 2014 the program enacted Hawaii Administrative Rule, Title 11, Chapter 50 Food Safety Code, that resulted in food establishment permit fee increases that resulted in a 450% increase in revenue from \$733,000 in FY14 to over \$3.3 million in FY17.

The fund has remained stable at \$3.2 million in revenue in FY18 and FY19.

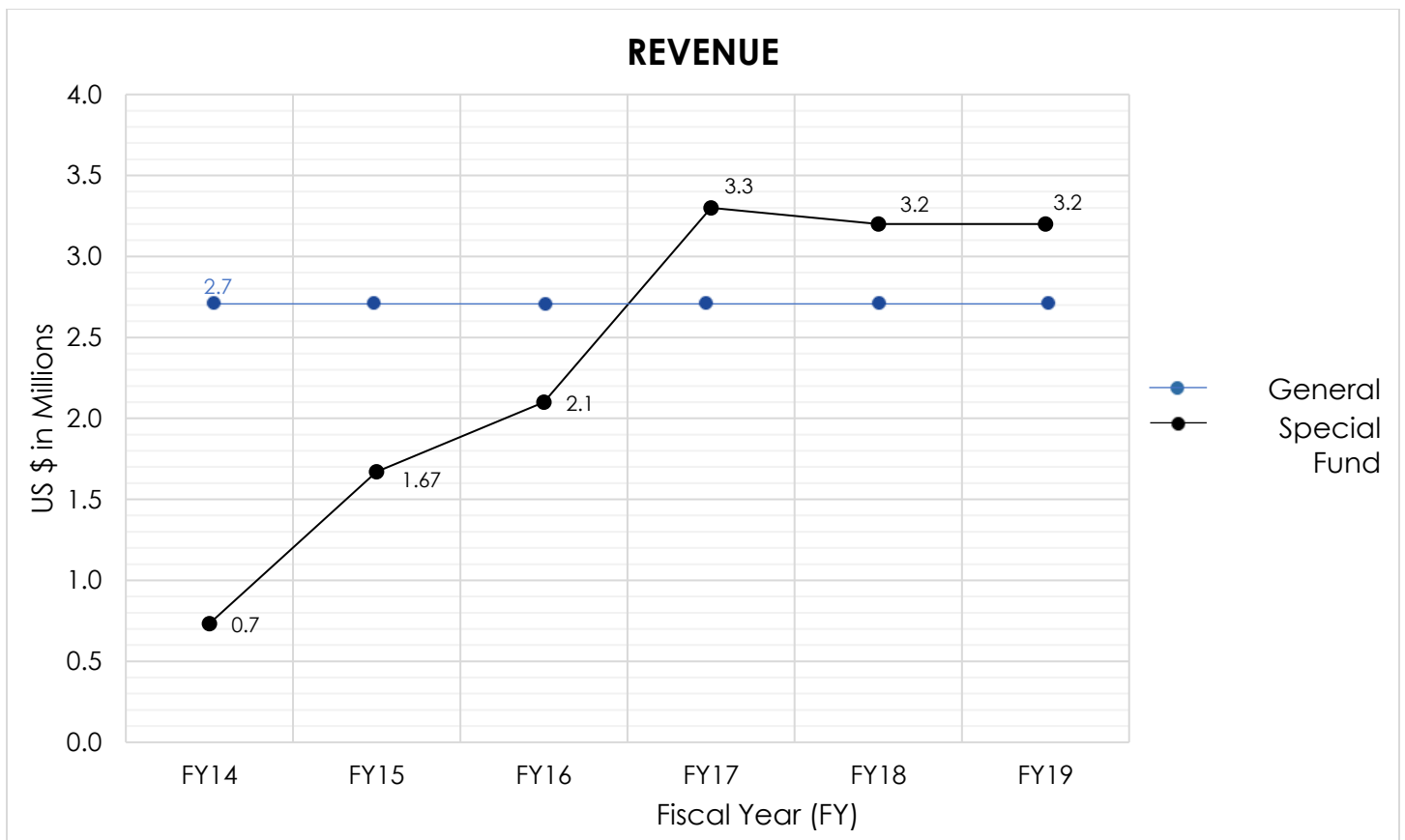
The OFSB also mandated Food Handlers Education Certificates for PIC's in September of 2017. This resulted in a ten-fold increase in the # of persons attending Food Handler Education Classes. Scheduling of students went from manual phone calls to using technologies such as Event Brite so PIC could easily sign up and attend the required classes (see Attached Graph 5).

The OFSB met the objective of increasing Resources and the reduction in food illness risk factors observed during Routine Inspections from FY14 to FY19 (see attached Graph 1).

Graph 5 FOOD HANDLERS EDUCATION CERTIFICATES ISSUED



Graph 1 GENERAL AND SPECIAL FUND REVENUE



RESOURCES

The second challenge of highest priority that the program sought to improve was the availability of Resources. The OFSB truly believed that there are unlimited amounts of amazing ideas and strategies to reduce the occurrence of food illness risk factors. The OFSB program was inspired by past Crumbine Award winners - notably the 2008 winner, Sacramento County. We strongly felt that the program that Sacramento County put together was achievable only if we had the resources to do so.

For many years prior to FY14, annual requests to restore position counts lost during the mid-1990's that continued until 2013 were met with constant rejection due to competing priorities throughout the State government. The food safety program was constantly told that "Your program is a top priority, but maybe next year". "Try to think outside of the box". The OFSB decided that the only future that we could control would be food establishment permit fee increases. The current administration at the time also refused to introduce any measures through the line Departments if it led to fee or tax increases. This forced the OFSB to introduce legislation outside of the DOH's annual "Legislative Package" which includes only those proposed bills approved by the Governors Office through the Department Heads. The OFSB decided to use the Supervisor of the Standards Office to introduce the legislation as a private citizen. As you can imagine, this did not go over very well with the Administration at the time and the Governor ended up vetoing our bill in 2009 after the DOH Administration testified AGAINST the bill. The OFSB was able to pass the legislation the following year due to an ironic set of circumstances explained earlier on pg. 11 of this application. The OFSB gambled on the fact that the Governor was "lame duck" and would be gone in a year, and we would have eventually passed the same legislation with a more progressive Administration that valued public health over industry profits. A lot of time was invested in lobbying key legislators such as the Chairs of the Senate and House Health Committees as well as the Finance Chair in the House and the Ways and means Chair in the Senate (see Exhibit Z1).

Even though these events described were outside of the application period being applied for, it was a necessary pre-cursor to be able to legally have the authority to introduce Administrative Rules that would give the OFSB desperately needed resources to increase staffing, procure an e-inspection system, and provide all the necessary tools to reduce the occurrence of food illness risk factors.

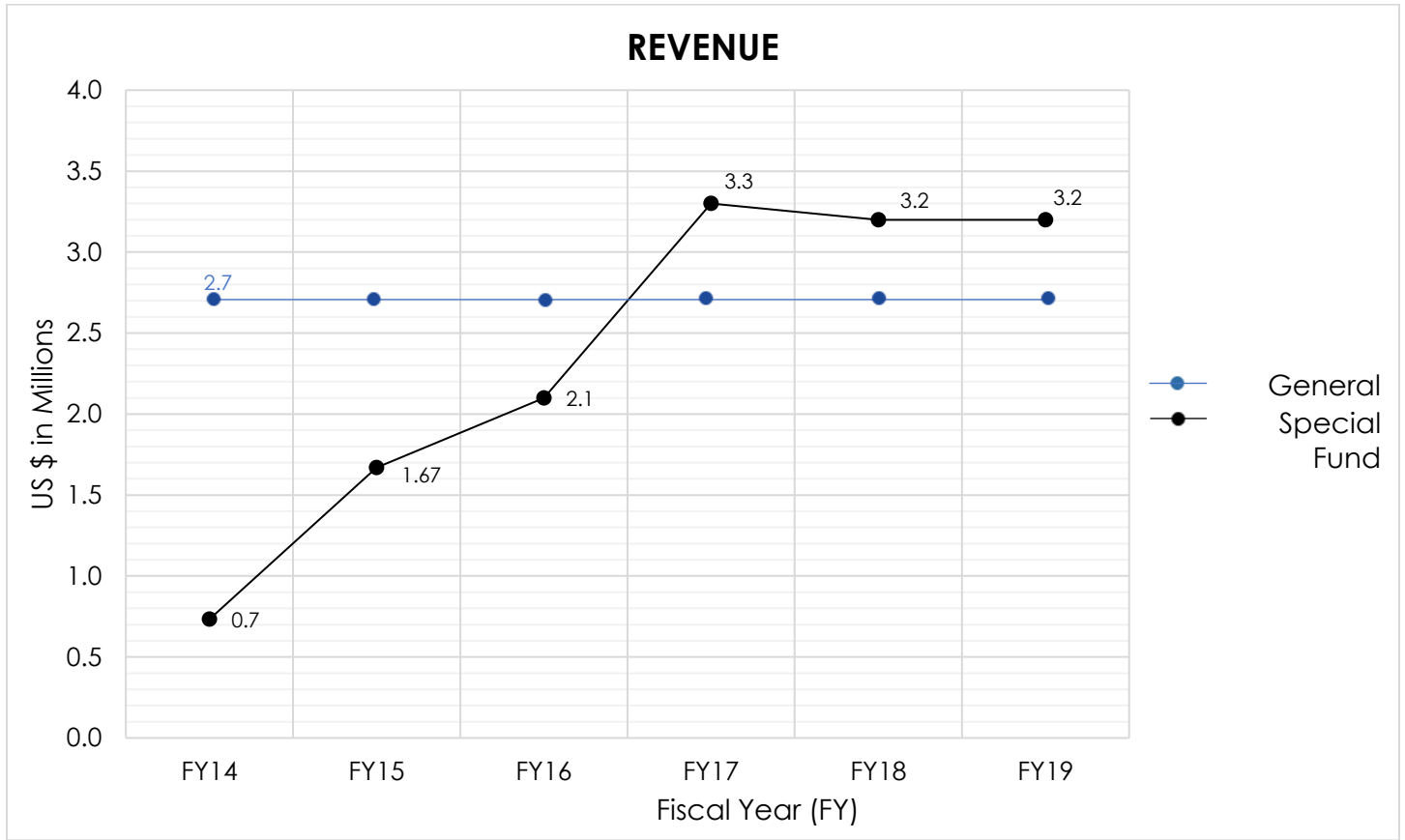
In February of 2014 the program enacted Hawaii Administrative Rule, Title 11, Chapter 50 Food Safety Code, that resulted in food establishment permit fee increases of 450% and increased Special Fund revenue from \$733,000 in FY14 to over \$3.3 million in FY17.

The fund has remained stable at \$3.2 million in revenue in FY18 and FY19, and our spending ceiling has been raised incrementally from \$1.5 million in FY14 to \$3.0 million in FY19, which enables the Statewide Food Safety program to use the Lion's share of all revenue generated for enhancements to the food safety program.

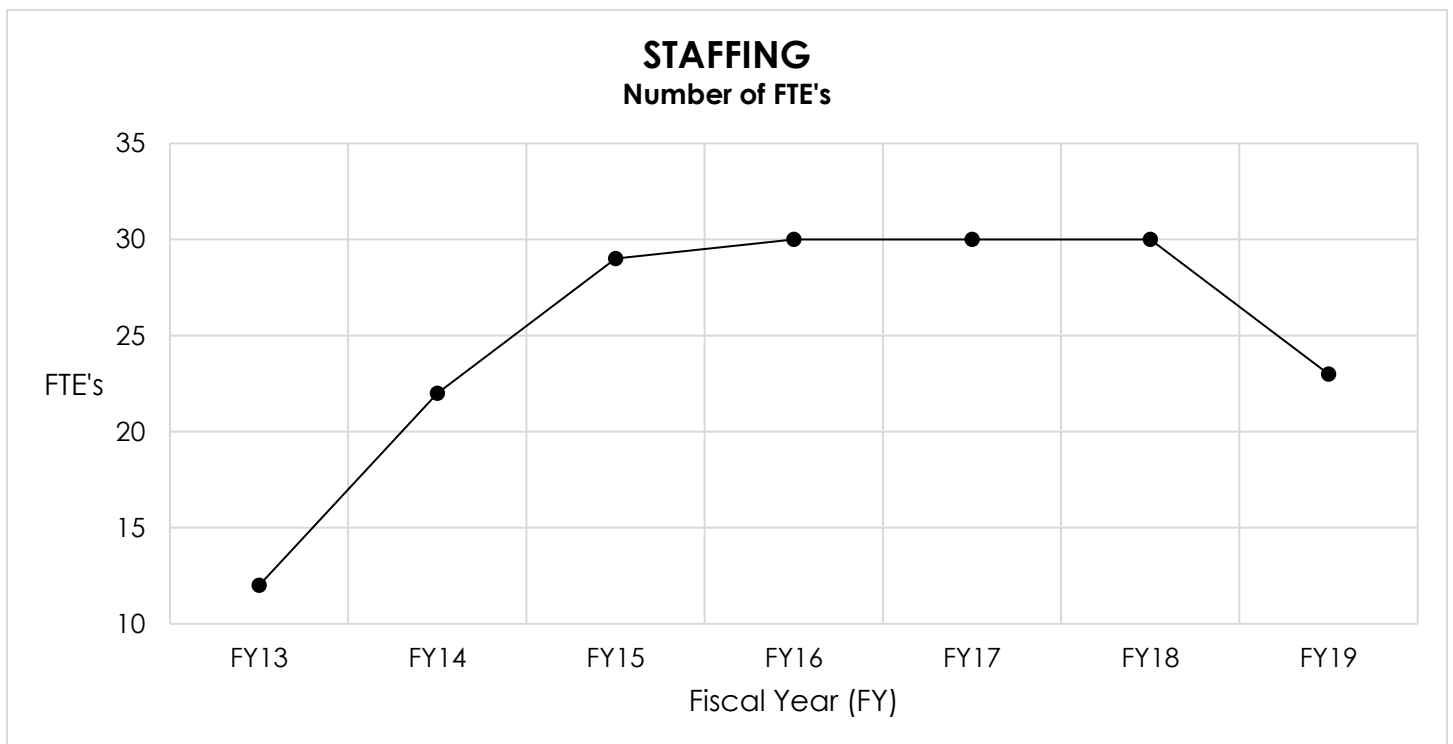
The main use of the increase in Special fund revenue was the hiring of additional staff. Just prior to FY14 the OFSB had only 12 FTE's allotted with only 9 FTE's allowed to be filled. A reorganization in August of 2013 allowed the consolidation of the OFSB with what was previously the Food and Drug Branch which immediately increased the general funded position count from 12 FTE's to 22 FTE's, and then in early 2014 the legislature approved 18 additional FTE's to bring the total count to 30 FTE's. There were 29 FTE's working in FY15, and 30 in FY16 to FY18. In January of 2019 the DOH resurrected the Food and Drug Branch and took the 7 field staff obtained during the consolidation of 2013 which reduced the # of FTE's to 23 at present.

The OFSB met the objective of increasing revenue and staffing (Resources) which resulted in the reduction in food illness risk factors observed during Routine Inspections from FY14 to FY19 (see attached Graphs 1, 3 and 2).

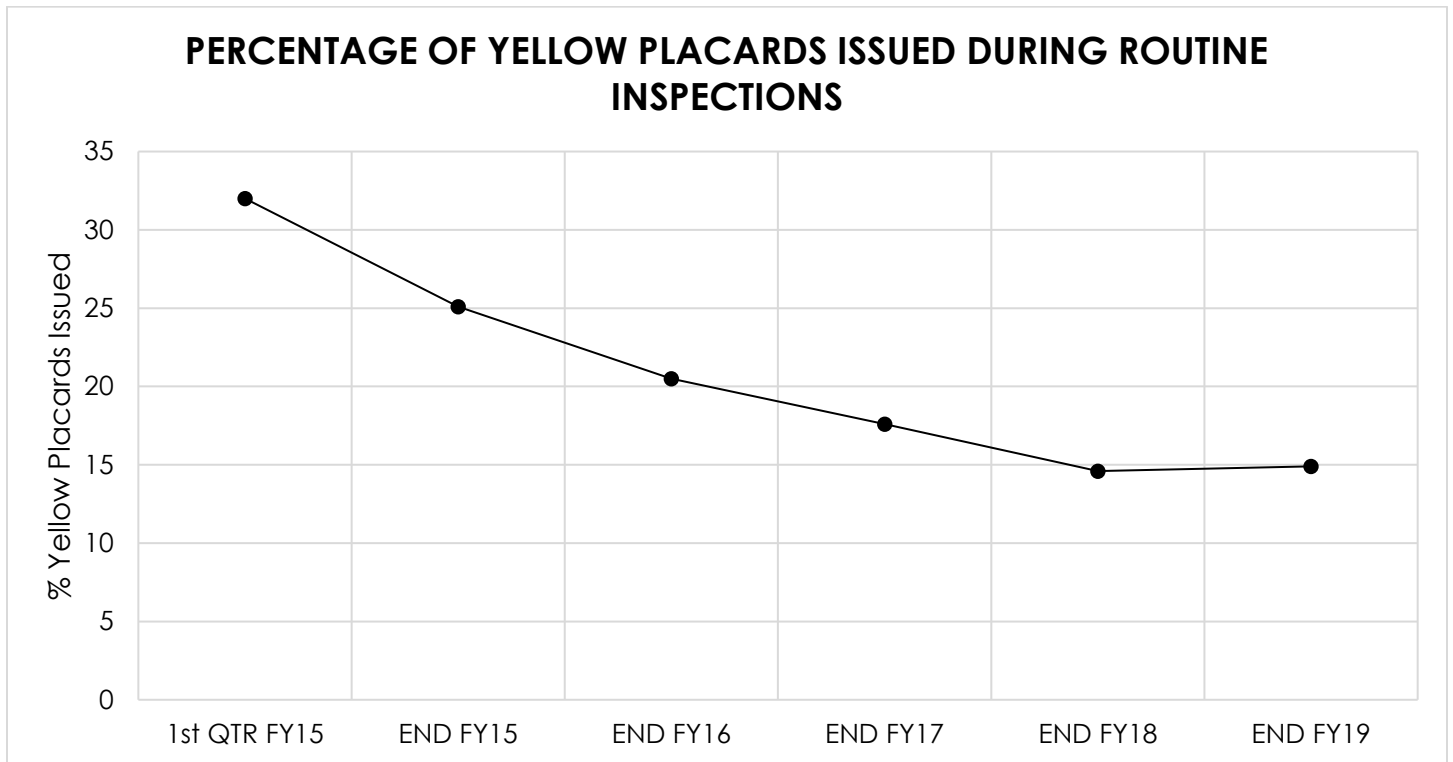
Graph 1 GENERAL AND SPECIAL FUND REVENUE



Graph 3 STAFFING - NUMBER OF FTE'S FOR FOOD INSPECTIONS



Graph 2 % YELLOW PLACARDS ISSUED



OVERALL COMPLIANCE

Overall Compliance by industry was the third priority challenge that the OFSB sought to overcome. “Changing industry behavior through governmental transparency” became the mantra of our food safety program. One of the main goals of any food safety program is to have industry understand the importance of implementing and exercising active managerial control over their facility to prevent the occurrence and recurrence of food illness risk factors instead of being compelled by law to do so by the local regulatory authority.

The program instinctively knew that if your inspection frequency was once every 2 to 2½ years, then the program would not be able to influence any behavioral change within a FE. This was our reality pre-FY14. Part of the goal was to obtain a desired inspection frequency of at least three times annually for high risk, twice annually for medium risk and at least annually for the power risk facilities. Based on our inventory of 6156 FE’s, this means that the OFSB would need to conduct over 12,200 inspections annually to meet the “Gold Standard” inspection frequency for all FE in our inventory. The OFSB conducted only 4,393 routine in FY15 and 4,125 in FY16. This number took off in FY17 with 7,260 routine inspections and then to 9,302 in FY18. The reduced number of routine inspections in FY19 was directly related to our loss of 7 FTE in January of 2019 due to the State DOH resurrecting another food regulatory program. The OFSB believes that the 100% increase in the number of routine inspections had a large impact on reducing the occurrence of food illness risk factors on Oahu. The transparency and visibility of the placarding program doubled between FY15 and FY18 with regards to the number of placards issued with every routine inspection conducted. The increase in inspections doubled approximately 2 years after our mass hiring of FSS where we went from 12 FTE in FY 13 to 29 in FY15. After the new staff was trained and acquired field experience, they became more comfortable and thus more productive in the field which resulted in a doubling of routine inspections conducted by the OFSB in FY18 where we completed 76% (9,302) of the 12,200 inspections required, a far, far, cry from the 34% of inspections done (4,125) in FY16 (see attached graph 4).

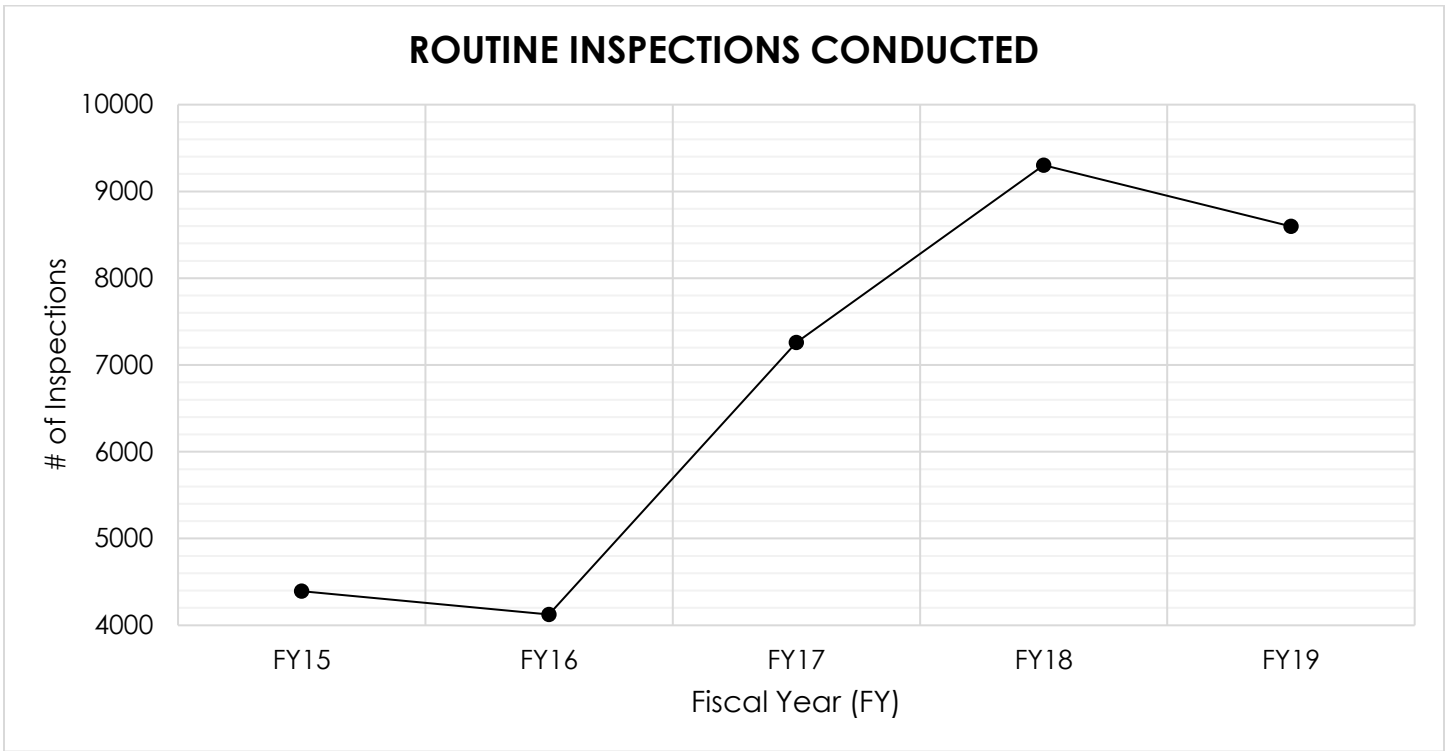
The due diligence of the OFSB just prior to, and especially between FY14 to FY19 resulted in a significant reduction of food illness risk factors. These activities were also coupled with a very liberal use of both print and television media to publicize the key components to our new rule change in February of 2014 as well as with all formal enforcement actions taken by the OFSB during the past 6 years (see Exhibits W-Z).

In addition to the highly visible placard program, another powerful tool for compliance was the posting of all routine, follow-up, food illness complaint, and general complaint inspections on a public website in near real time. At the conclusion of every inspection, FSS direct the FE’s PIC to our public website using the facilities PC or smart phone to show the PIC what the public sees when they look-up the inspection results. The realization and sometimes shock, that their un-redacted inspection reports are available for the whole world to see in an instant, has a very strong influence on industry behavior and compliance.

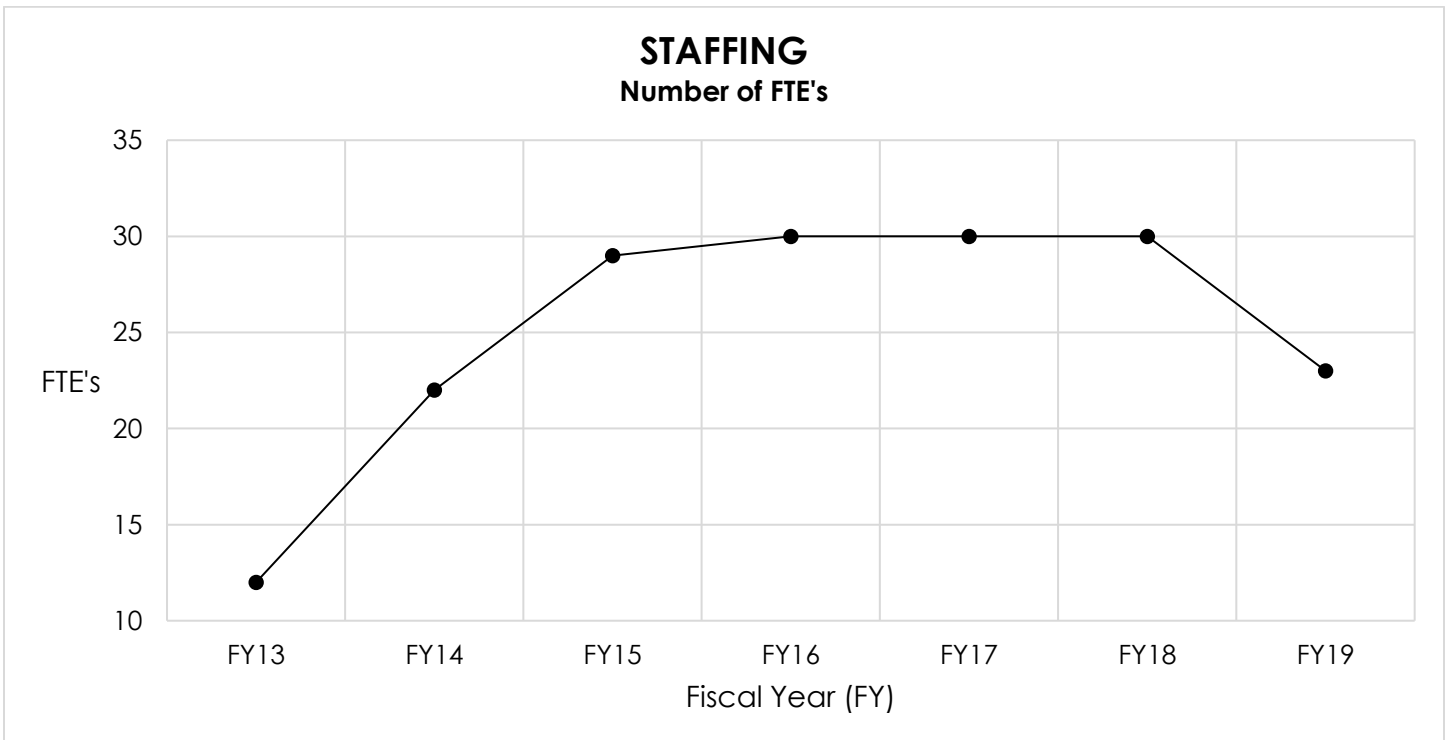
The OFSB currently does not have any data at present to show if our mandated Food Handlers Education Certificate required in September of 2017, and formally enforced from September 2018, had any impact of the reduction of food safety risk factors.

However, the OFSB has shown a significant drop in the occurrence of food illness risk factors as evidenced by the 50% reduction in issuance of Yellow placards (see attached Graph 2) over the past 5 years which we attribute to increased inspections and increased governmental transparency.

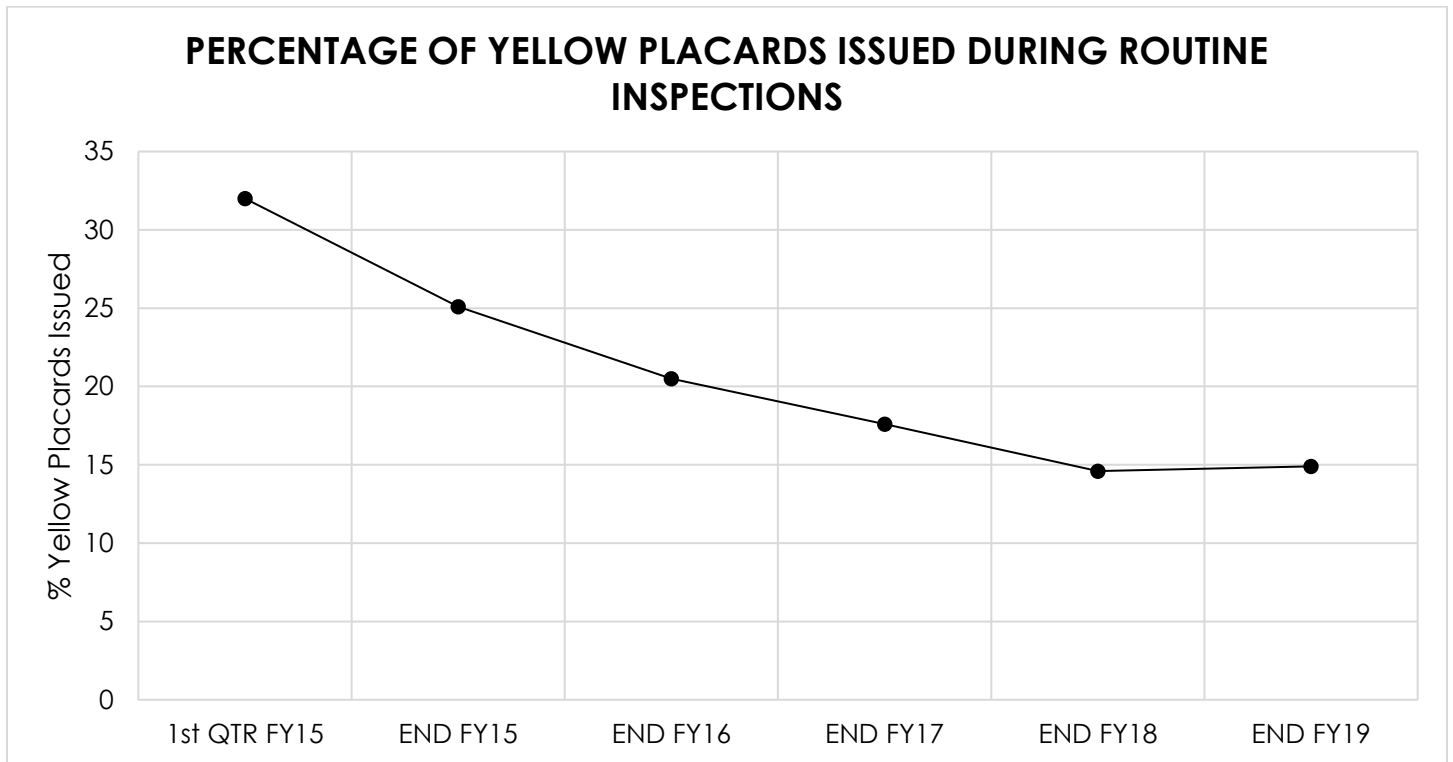
Graph 4 # OF ROUTINE INSPECTIONS COMPLETED



Graph 3 STAFFING - NUMBER OF FTE'S FOR FOOD INSPECTIONS



Graph 2 % YELLOW PLACARDS ISSUED



The Oahu Food Safety Branch is committed to stay on the never-ending road of program improvement. These are the following goals and objectives in the coming years:

- 1) Increase position count to 35 FTE in order to complete 12,200 Routine inspections annually. In early FY2020, the OFSB completed a re-organization plan that will assist us in this endeavor. We have streamlined our operations by eliminating specialist positions that were no longer needed as those duties were absorbed by each of the FSS staff. The previous specialist positions, Data Info. Specialist, Case Prep and Rules Specialist, Hospital/Institutional Specialist, and Housing Specialist were eliminated and used as generic FSS to the existing staff of 18 to bring the pos count to 22 FTE. The OFSB also received approval in early FY2020 to establish 5 field staff and 3 additional FSS supervisors to bring our FTE field staff count back to 27. The OFSB also has assurances that another 8 FTE's will be approved in FY21 to increase our FTE count to 35 (see Exhibit L).
- 2) Enhanced use of technology during inspections. The OFSB is currently in the process of switching out our inspection hardware to better accomplish this. The field staff uses Microsoft Surface Pro 3's and iPhones 5S at present and we have just received our order of Apple iPad Airs w/ touch screens to replace the Surface Pros. The iPads are being loaded up with various FDA Oral Culture Learning project videos, and a plethora of other FDA and third-party food safety videos. We are also poised to upgrade all smart phones with the iPhone 8 (free!). The reason for the platform change is to have the PIC's and/or food preparation staff of the FE watch short food safety videos (If time permits during off peak inspections, to address food safety risk factors observed in the past or during the inspection. Because of the very high percentage of Non-English readers who usually can understand English, but have difficulty reading technical rules and regulations, the OFSB felt that videos would be a tremendous way of transferring basic food safety knowledge to FE operators and employees whether or not they are highly proficient in the English language.
- 3) Continue the philosophy of influencing industry behavior through governmental transparency. This approach must be constantly maintained as an open relationship with industry and the media must not waiver. Any future changes to food safety regulations must first be thoroughly explained to the food industry as to why the change is necessary and how it relates to their bottom line as any change for industry must be in line with a definitive return on investment (ROI). The Hawaii food industry has come to realize that compliance with food safety rules improves their ROI by increasing public confidence that when a Green PASS placard is displayed, that the food at their favorite restaurant is safe to eat!
- 4) Continued learning and attendance at NEHA, AFDO, WAFDO, Regional Food, Milk and Shellfish Conferences to see what other food safety or public health jurisdictions are doing to improve their public health outcomes, and to steal everyone's great ideas. The OFSB would like to personally thank Alicia (Enriquez) Collins formerly with Sacramento County, and now with Steritech, for the Kokua (Hawaiian word for – heartfelt assistance) she provided in assisting the Hawaii State Department of Health with our restaurant grading system. The OFSB saw what Sacramento County did in 2008 to win the Crumbine Award, and the OFSB felt that the same approach would work very to reduce food illness risk factors in Hawaii, and we feel that we have accomplished that.
- 5) Introducing the concept of encouraging Certified Food Protection Managers in food establishments through some type of awards program to increase food safety knowledge in the regulated community.

Application Submitted by:

Peter S. Oshiro
Environmental Health Program Manager
Food Safety Branch
Environmental Health Services Division
State of Hawaii-Department of Health

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HB-1299

Submitted on: 3/1/2021 12:22:59 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Logan Lau	Individual	Oppose	No

Comments:

Aloha,

My name is Logan Lau, I am a current junior at Kamehameha Schools Kapalama, and for the past two school years now, I have been on the Coalition for a Tobacco Free Hawaii's Youth Council. I stand in strong opposition to HB1299 for the following reasons.

First, the Trust Fund's purpose is to reduce cigarette smoking and tobacco use among youth and adults through education, prevention, and helping people quit smoking and tobacco. This includes: Prevention work across the state on the dangers of tobacco, including e-cigarettes; Community cessation services on all islands except Ni'ihau to help smokers quit; and Hawai'i Tobacco Quitline, which provides free and confidential counseling and support services to help people become tobacco-free.

Second, the tobacco industry spends \$26.1 million in marketing in Hawai'i annually, but the [state spends only \\$7.9 million on tobacco prevention and control](#), or only 58% of the total CDC recommended amount.

Third, youth cigarette smoking rates have decreased dramatically since the inception of the trust fund: In 1999, 27.9% of Hawai'i high schoolers smoked cigarettes, compared to 5.3% in 2019.

Fourth, since 2000, [Hawai'i has saved over \\$1 billion dollars in healthcare costs](#) through significant reductions in smoking among youth, adults, and pregnant women. For every \$1 spent on tobacco prevention, Hawai'i saves \$6.64 in direct healthcare costs.

Fifth, there is still work to be done: Hawai'i is in the midst of a youth vaping epidemic, with [one in three high school students and one in five middle school students report "current use" of e-cigarettes](#).

Lastly, I understand the dire fiscal situation the state is in, however, tobacco prevention and control funding is critical to saving lives and healthcare costs. COVID-19 is an infectious disease that primarily attacks the lungs, making tobacco use especially concerning. Teens and young adults that use e-cigarettes had a [five to seven times](#)

greater chance of being diagnosed with COVID-19 than those that did not use e-cigarettes.

HB-1299

Submitted on: 3/1/2021 12:35:48 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Allison Mikuni	Individual	Oppose	No

Comments:

I oppose HB1299 specifically because of its potentially negative impacts to crucial special funds protecting Hawaii's healthcare safety net.

The Community Health Centers Special Fund provides essential and irreplaceable funding to Hawaii's fifteen (15) federally-qualified health centers which are the safety net for providing health care to the uninsured and underinsured of our state, whose ranks have risen considerably during this protracted public health emergency. Providing regular health maintenance and treating emergent health issues early has been proven to reduce health care costs in the long run.

The Physician Workforce Assessment Fund is used to increase the number of practicing physicians which is crucial in our state facing severe shortages of health professionals in all counties for primary care, mental health, and dental health. These funds are used to conduct annual physician workforce assessments, hire a Hawaii Physician Recruiter, and provide matching funds for the State Loan Repayment Program. These activities offer a key lifeline of financial and material support to benefit our healthcare professionals directly by making it possible for them to afford to stay in Hawaii providing much-needed healthcare services. Other federal scholarships have proven to be out of reach for many Hawaii healthcare professionals due to heavy competition by the vast number of applicants from across the country. The State Loan Repayment Program has the flexibility and precision to target Physician Workforce Assessment Funds for healthcare professionals in communities with the most dire and urgent needs.

Thank you for your time and consideration.

HB-1299

Submitted on: 3/1/2021 7:26:07 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Treece MD	Individual	Oppose	No

Comments:

During a pandemic, in the face of an acute healthcare provider shortage, you're seriously considering removing one of the main reasons physicians come to Hawai'i to practice? Licensure is already a fraught process; do you really want to attract only those doctors who are two years from retirement? JABSOM is a great resource, but cannot produce sufficient physicians rapidly enough to fill the crying need that exists; you need programs that entice physicians from the mainland to practice here. Getting rid of the loan repayment program is just counterproductive--spending a dollar to save a dime.

31st Legislature
State of Hawaii
Hawaii State Capitol
415 S Beretania St
Honolulu, HI 96813



David Mendonsa
Paradise Medical Services, LLC
640 Komo Ohia
Wailuku, HI 96793

March 1, 2021

Dear Chair and Representatives,

I appreciate the opportunity to express the importance for Dispatch and Communication Centers regarding the dispatching of 911 calls. Dispatch personnel operate the control center of the EMS systems. Their task is no simple feat as they operate in unique call centers and geographic areas of operations (Honolulu City & County EMSD, Maui Police Dispatch, Hawaii County Fire Department Dispatch, and Kauai County).

Please allow commend these individuals, for their guidance and professionalism. I have depended and relied on dispatch centers for Kauai, Maui, Honolulu, and Big Island. You can get the sense of the EMS system by sitting in the dispatch center. In addition, they provide prearrival instructions to worried bystanders, organize response, and track our movements. Dispatchers provide a safety measures when we do not check in. They have provided me with accurate addresses and cross streets, language interpretation, inter-agency communications, communication updates during hazardous conditions, and sent law enforcement to pull security and provide safety on precarious calls.

Thank you again for allowing me to share my experiences. I humbly ask that you support our Dispatch and Communication Centers. Please consider Dispatchers as critical EMS/Public Safety personnel. Please **Support** HB73,HD1 "Emergency Workers" and **Strongly Oppose** HB1298 -Relating to State Funds and HB 1299 – Relating to Non-General Funds.

Respectfully,

David Mendonsa, PA-C, MCHS, MPA
EMS Provider, Healthcare Provider
Prior- Service Member, UH EMS Faculty, Aeromedical Provider

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **opposes** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

HB-1299

Submitted on: 3/1/2021 8:31:44 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph Kohn MD	Individual	Oppose	No

Comments:

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

Thank you for the opportunity to present testimony today. I OPPOSE HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the physician workforce assessment fund and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise.

Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

HB-1299

Submitted on: 3/1/2021 8:36:07 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Miyuki Hannemann	Individual	Oppose	No

Comments:

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **opposes** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the

physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

HB-1299

Submitted on: 3/1/2021 8:51:44 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Crystal Robello	Individual	Oppose	No

Comments:

Aloha,

I am in opposition of HB1299 as a daughter and community member. While growing up, I had to experience the harms of smoking in the household I lived in. It was an awful experience as I had to live and breathe with second hand smokers. As someone who had to experience that first hand, we need funding available to prevent this happening in our community. We need to keep educating folks about the harms of tobacco use and how it is detrimental, not only to their lives, but the lives of their loved ones too.

We need to keep funding programs that help the community live longer and healthier lives. It is important to keep going and make people aware of health. We experience so many cardiovascular and lung illnesses due to the harms of smoke. People then have to seek medical care and so much money is spent in this area when it should be spent on preventing it in the first place. Please consider keeping funding for the tobacco free programs because it highly benefits the community we live in.

Thank you for this opportunity to share.

Mahalo,

Crystal Robello

HB-1299

Submitted on: 3/1/2021 9:04:37 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Travis Ing	Individual	Oppose	No

Comments:

Aloha,

I am not in support of HB1299. The definitions of 911 funding and the 911 board must remain as is. 911 funds are collected solely for the purpose of using those funds for 911 public safety. Loss of these funds into the General Fund will only hurt our 911 Centers across the State and put the Public's lives at risk.

The fact that this is being considered only shows that the 911 board is needed to manage these funds. A group of people well versed in the cause understanding the needs of the funds and its importance is needed. While there may be funds that can be rolled into the State's general fund, 911 should not be one of them.

HB-1299

Submitted on: 3/1/2021 9:13:21 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Erik Anderson	Individual	Oppose	No

Comments:

I oppose HB1299 because, in section 111, it eliminates the Physician Workforce Special Fund and puts that money into the general fund. The money from the Physician Workforce Special Fund should instead be used for continued efforts to recruit and retain healthcare providers in Hawaii, such as supporting JABSOM programs to recruit providers, assist with student loan repayment, and retain providers in rural and underserved communities.

I appreciate the Legislature's consideration. Mahalo, Erik Anderson

HB-1299

Submitted on: 3/1/2021 9:18:58 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
David Camacho	Individual	Comments	No

Comments:

Please do NOT sweep the extra funds in the Physician Workforce Special fund, so that we can use that for loan repayment (since there is no other legislative money available this year)! The entire state is short providers and these funds are utilized to encourage our doctors to return to the islands and help their people.

HB-1299

Submitted on: 3/1/2021 9:44:37 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Agnes S Yamauchi	Individual	Oppose	No

Comments:

Aloha,

I am writing to all of you in regards to HB1298 and HB1299, that was introduced by Rep. Luke, Finance Committee Chairperson. These two bills, and specifically these sections:

Section 264 - repealing of Driver Education underwriter's fees special funds for DOE public high school and traffic safety programs, and

Section 257 - funding a state traffic safety specialist with DE underwriter's special funds

These bills will take away all funding, destroying a vital program that has been developed to serve ALL students, not just those that can afford it! I would like to encourage you to repeal these bills and specific sections as they would eliminate Driver Education in the public schools. This would be devastating!

1. The Driver Ed Program at 40 public high schools statewide would be shut down.
2. Between 2,000 (COVID times due to reduced classroom size) and 4,000+ students who enroll in driver education programs annually will be affected
3. The financial effect on parents for the cost of driver education - \$10 for the high school program versus \$500+ for private driver education programs, would be unbearable
4. The Hawaii Driver Licensing laws that require mandatory driver education courses for all teen drivers under the age of 18, will not be supported
5. If parents can't afford the private driver education courses, they will their teen drivers wait until 18 years of age to get their license, resulting in more teen drivers without the preventive education provided in driver education courses aimed at reducing risky behaviors, such as underage drinking and driving, impaired driving, distracted driving, sleep deprivation, speeding, and other risky patterns (following distance, lane positions, etc.)
6. Nearly 100 certified DOT and Department of Education license driver education instructors will be affected
7. Without preventive driver education to reduce injuries and fatalities, these statistics may rise and cause higher economic costs to the State. It would reverse all the efforts of the Department of Transportation (DOT) in reducing injuries and fatalities over the

decades.

8. The National Highway Safety Administration (NHTSA) has national standards for novice drivers that call for a parent component as part of the driver education course. The Hawaii public high school course meets this national standard.

9. The NHTSA standards also recommend a 45-hour classroom curriculum. The Hawaii public high school after school classroom program is a 38-hour course—going beyond the Hawaii DOT curriculum minimum requirement of 30 hours.

10. The Hawaii State DOT has a state “Vision Zero” plan that calls for traffic safety education to begin at the elementary school level. HB1299 does not support this Vision Zero plan.

11. Over 60,000 elementary school students on Oahu will be affected by this bill as it will discontinue pedestrian safety education materials to be distributed in partnership with the City and County of Honolulu’s Department of Transportation Services

12. Between 1,000 and 2,000+ students in grades 5-12 will be affected with the discontinuance of traffic safety advocacy activities/campaigns and education on highway safety issues they conduct for their peers and their school community that sometimes reach 30,000 students, in addition to the teachers, parents, and community members

13. The Driver Education Program funds trained thousands of parents on Project Graduation events which prevented fatalities on our highways due to underage drinking and driving since the program was started in 1989. The events were still being held at some public high schools until the COVID pandemic. This was a strong community prevention program that could be revived in 2022.

One alternative to eliminating this program, is to increase the amount paid, \$10, to possibly \$20 or \$25. The cost to the student has been \$10 since the 1970's. Our current student's parents and a few grandparents paid the same amount for Driver Ed!

Does it make sense to take these funds from the Driver Education program that affects so many students and parents, and works contrary to the goals of the Hawaii DOT, and reverses all the safety prevention invested in the past by the Hawaii DOT, MADD Hawaii, City and County of Honolulu Transportation Services and the Department of Education? How much is a life worth?

Thank you for your attention. I hope that you will not support these bills and the specific sections for the sake of all of your families and their children that voted for you.

Respectfully,

Agnes Yamauchi

HB-1299

Submitted on: 3/1/2021 9:51:32 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Moorhead	Individual	Oppose	No

Comments:

I am an attorney who practices family law and works day-to-day with children who have suffered abuse or neglect and survivors of domestic violence. I write in opposition to House Bill 1298 and 1299 and strongly oppose any action by the committee to advance either of these bills.

House Bill 1298 and 1299 could cause significant damage to basic services needed to facilitate access to justice in all of our communities. By denying non-general funds set aside for specific tasks, the legislature risks undermining key functions necessary for ongoing and future access to justice. More specifically, I am concerned about the following proposed non-general funds:

- Judiciary Computer System Special Fund – Family Court has not yet transitioned to an electronic filing system. The funds set aside for this transition are crucial for reasonably filing and accessing documents and are vital to allowing access to justice in Family Court. This benefits not only individuals who are impacted due to concerns over exposure to COVID 19, but also benefits those who are unable to access the courthouse due to safety concerns, a disability, lack of transportation, lack of child care, or inability to take off work during normal business hours.
- Parent Education Special Fund – The funds used to facilitate the Kids First program are established for the purpose of helping parenting and children at the start of litigation of child-related issues and are specifically aimed at assisting children during what is often an exceptionally traumatic event with the separation of parents. The program provides both short and long term benefits to Hawaii’s children and considering the primary financial support received from fees paid by participants, terminating this program would undermine basic initial services that may assist children in avoiding more serious emotional harm.
- Spouse and Child Abuse Special Account – Funds allocated for programs and grants or purchases of services that support survivors of domestic violence or provide spouse or child abuse intervention and prevision should continue. The shifting of these funds could creates a serious threat at a time when domestic violence incidents are reported to have sharply increased. Moreover, an increase in reports of child abuse is expected as children return to school, sports and after school programs (whereas abuse may have been “hidden” during the pandemic if the children did not have access to trusted adults).

Thus, as a member of the Hawaii State Bar Association Family Law Section and concerned citizen, I strongly oppose House Bills 1298 and 1299 as detrimental to these fundamental needs of our community.

HB-1299

Submitted on: 3/1/2021 10:06:04 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Stacy Haumea	Individual	Oppose	No

Comments:

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today.

I opposes HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the physician workforce assessment fund and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

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enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians. If we are not able to address the healthcare workforce shortage we as the nation of Hawaii are only increasing health disparities which leads to greater expenses for the State of Hawaii.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify. Warmest aloha, Stacy Haumea

HB-1299

Submitted on: 3/1/2021 10:25:31 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Elizabeth Laliberte	Individual	Oppose	No

Comments:

Aloha kakou,

This is a blanket bill that could potentially eliminate special funds for programs that matter and make a difference in our lives. For example, Catholic Charities Children's services could be eliminated. Please oppose this BAD bill that offers no transparency and no limit on what programs and funds might be cut.

Thank you.

TESTIMONY
House Committee on Finance
Hearing: Tuesday, March 2, 2021 (1:00 p.m.)

TO: The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair

FROM: Noah H. Gibson

RE: House Bill No. 1298 Relating to State Funds &
House Bill No. 1299 Relating to Non-General Funds

Chair Luke, Vice Chair Cullen, and Members of the House Committee on Finance, I write in **strong opposition** to the **sweeping of the Computer System Special Fund (CSSF)** as it would have a disproportionately large impact on Hawaii's Family Courts, and thus, Hawaii's family's.

Most cases filed in all courts impose a \$50.00 Computer System Surcharge fee as part of the fee to file the case with the court. These fees have been used to pay for the Judiciary Electronic Filing System. The Judiciary Electronic Filing System has been on a multi-year implementation schedule to automate documents and filing. Appellate, criminal, civil and traffic documents have been automated. Family Court is the **last** court to transition to E-Filing, and the Computer Special fund is the money that was set aside for this to happen. Users of the Family Courts are on the verge of seeing these funds fulfill their purpose.

De-funding, or abolishing, the Computer System Special Fund (CSSF) would devastate the operations of the Family Court...but also, the whole Judiciary, private litigators and staff, and members of the public who have matters before the courts, or have some interest in matters before the courts (e.g., media), and law enforcement and other government agencies. It would result in a system with dramatically reduced public access; significant inefficiencies including timing of delivery and review of time-sensitive matters (such as TRO filings); increased costs; and reduced resiliency, flexibility, and continuity during crises such as the COVID-19 pandemic.

For these reasons and others, I strongly urge you not to sweep the Computer System Special Fund.

With Aloha,
Noah H. Gibson

HB-1299

Submitted on: 3/1/2021 10:59:19 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joell Kerr	Individual	Oppose	No

Comments:

I am opposed to HB 1299 for taking away money from the fund that supports the public driver's education courses. I am a single, mother of 3 and all 3 of my children attended Driver's Education at the local public school. The fee was only \$10 which was affordable for me on a teachers salary raising all 3 children. I would not have been able to afford the \$500+ fee of the private driver's education programs. If you take these funds away, many students on Hawaii Island will not be able to afford the private fees. Families are already struggling due to COVID-19, with the reduction of workforce and the increase cost of supplies at local stores. The result will be an increase of traffic collisions due to lack of first hand knowledge in driver's education classes and students driving without a valid license. In 2005, the State Legislature enacted ACT 72, the Graduated Licensing Law. In order for students to obtain their full license before 18, they will need to attend a driver's education course. By taking away the funds, the State Legislature will be discriminating against low income families. Families that could not afford the private fees could not attend Driver's Education. This is an unjust and prejudicial treatment of a group of people based on their income. Keep our streets safe by rejecting HB 1299.

Joell Kerr

Registered voter (Hawaii Island)

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **opposes** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

HB-1299

Submitted on: 3/1/2021 12:09:46 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Rae Ward	Individual	Oppose	No

Comments:

Dear Members of the Committee, I work for a Federally-Qualified Health Center (FQHC) and we provide desperately needed medical and behavioral health services at the frontlines in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective, and more comprehensive system of healthcare. The special funds in this bill provide critically important resources for a vast array of public health programs, including tobacco cessation and youth vaping prevention programs. Many FQHCs, including the one I work for, provide these kinds of programs through the support of the Trust Fund. Elimination of these dedicated funds will seriously undermine sustainability of these programs. Please oppose HB1299. Kindly, Rae Ward

HB-1299

Submitted on: 3/1/2021 12:13:26 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Leilani Bronson-Crelly	Individual	Oppose	No

Comments:

Mahalo for OPPOSING THIS BILL for its lack of clarity on who is truly on the chopping block.

HB-1299

Submitted on: 3/1/2021 12:15:48 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
C K Matteson	Individual	Comments	No

Comments:

Dear legislators:

I write to express my alarm and dismay at the proposed changes in Sections 262, 263, and 264 of HB1299, which will strip away the funds earmarked for the Drivers Education program of the Department of Education and allocates the monies to general funds instead.

The stripping of funds also appears in HB1298. I oppose the changes in both of these bills and urge you instead to restore and assure funding for the Drivers Education program.

Educated drivers are safe drivers. Untrained, novice, inexperienced drivers are lethal to themselves and others.

The savings you hope to incur by diverting funds from this vital, low cost, public safety program is miniscule compared with the increased mortality and mayhem of unleashing untrained, novice teen drivers on the road. Do you really want to be part of a legislative decision that leads to increased traffic fatalities? Do you want your loved ones, kids, and kupuna sharing the road with an 18 year old who never had any systematic driver's education?

My child is one of the lucky few who was able to get a spot in the Kalani High School Driver's Ed program this year. (The wait list is long even in a normal year, but the pandemic caused a backlog, and courses were on hold for most of last year.) For the low cost of \$10, she received 36 hours of classroom training and a dozen hours of behind-the-wheel instruction with an experienced teacher. If she had not been able to get a spot in the program, I would have had to pay \$550 (!!) -- the going rate for private driving schools -- or wait until she turned 18 and have her skip the requirement of Drivers Ed altogether.

Shelling \$550 out of pocket for a private driver school is simply not an option for most of Hawaii's underpaid, overburdened wage-earners. Thus, if you eliminate funding for the state's Drivers Ed program in the public schools, you will guarantee an entire generation of inexperienced, dangerous 18 and 19 year old drivers on the road.

Decades of research has demonstrated that teenage drivers who have formal Drivers Education training have better outcomes and are involved in fewer accidents. They are able to secure lower insurance rates, as well.

See, for example, the conclusions of a study by the University of Nebraska Prevention Center for Alcohol and Drug Abuse, which examined seven years of accident data from 2003 to 2010: "Teens taking driver education are less likely to be involved in crashes or to receive a traffic violation during their first two years of driving," the researchers concluded. "Because teen crashes and fatality rates are highest at ages 16-18, these reductions are especially meaningful. Driver education appears to make a difference in teen traffic outcomes at a time when risk is highest."

Whether we are drivers or pedestrians, having well-trained, responsible individuals behind the wheel is vitally important to all of Hawai'i's residents. The safety of our entire community is at stake.

Please do the right thing -- take care of your constituents by ensuring that Hawai'i's drivers are trained and that our roadways are safer as a result.

Thank you.

C. K. Matteson

TOBY K.M.S. WILSON
P.O. BOX 240208
HONOLULU, HI 96824
(808) 728-5548

TESTIMONY ON HB 1299
RELATING TO STATE FUNDS

by
Toby Wilson, Survivor

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Tuesday, March 2, 2021; 1:00 PM
Via Teleconference

Good morning/afternoon Chair Luke, Vice Chair Cullen, and Members of the House Committee on Finance. House Bill (HB) 1299, proposes to trigger a full accounting of various non-general funded program objectives, performance, and results by repealing or abolishing non-general funds, including the Statewide Automated Victim Information and Notification (SAVIN) Special Fund.

The Hawaii SAVIN program provides victims, survivors and concerned citizens free, anonymous, and confidential access to timely information and notification 24/7 365 days a year on the custody and parole status of offenders under the jurisdiction of the State of Hawaii's Department of Public Safety. **It is an invaluable resource for victims and survivors such as me. It is the only system in Hawaii providing automated notifications that are important to the safety and security of victims, survivors and concerned citizens.**

The SAVIN Governance Committee (SGC) was created to establish guidelines and standards for planning, managing, and operating a successful SAVIN Program. The SGC works closely with the Department of Public Safety by ensuring victims are given timely and accurate information that both enhances their ability to protect themselves and ensures full participation in the criminal justice process if they so choose.

HRS §353-136(d) requires that the Statewide Automated Victim Information and Notification (SAVIN) Special Fund be used only for the SAVIN program, including operating expenses and salary of the SAVIN Coordinator. The SAVIN system must be monitored 24/7 to ensure there are no system outages or missed notifications.

Additionally, victims and survivors often contact the SAVIN program for more information and connection to support services, indicating notification alone does not address all needs. Without continuous funding for SAVIN services, system monitoring, immediate response to issues, and follow-up with victims' inquiries would all be negatively impacted and likely result in additional harm to victims.

Thank you for providing me, as a Survivor, the opportunity to testify in **opposition** to House Bill 1299.

HB-1299

Submitted on: 3/1/2021 12:29:39 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Naomi Bikle MD	Individual	Oppose	No

Comments:

Re. §453-8.8 Physician workforce assessment fee; license; physician workforce information.

I oppose amending the above section to divert the workforce assessment fee, which currently goes to a fund designed to help attract and retain physicians to Hawaii via loan repayment, to a non-specific general fund. This would only worsen the physician shortage in Hawaii. Thank you for your consideration.

Kelley Withy, MD

kellywithy@gmail.com

3/1/2021

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **oppose** HB 1299, Relating to Non-General Funds. This testimony addresses **Section 111** of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to

enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

HB-1299

Submitted on: 3/1/2021 12:58:52 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Ono	Individual	Oppose	No

Comments:

Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance, thank you for the opportunity to provide **testimony in opposition, particularly as it relates to Section 123 and Section 269 of this measure.** This measure seeks to repeal non-general funds and transfers unencumbered balances to the general fund.

Funded by portion of nurse license fees placed in a special fund, the Hawai'i State Center for Nursing (HSCN) was established by Act 198, SLH 2003 to: collect and analyze data and prepare and disseminate written reports and recommendations regarding the current and future status and trends of the nursing workforce; conduct research on best practice and quality outcomes; develop a plan for implementing strategies to recruit and retain nurses; and research, analyze, and report data related to the retention of the nursing workforce. HSCN has created statewide initiatives for nursing that addressed workforce needs to prevent predicted workforce shortages. These initiatives include consistently providing workforce research on the nursing supply and education capacity for nurse education as well as creating statewide Evidence-Based Practice, Nurse Residency and Centralized Clinical Placement programs. Each of these programs are notable for being the first statewide program in the nation and having broad partnerships with our nursing employers and schools of nursing.

In addition, HSCN has increased access to health care services in our rural and underserved communities through policy change that facilitated the doubling of the Advanced Practice Registered Nurse population in our state. HSCN's role with the Preceptor Credit Assurance Committee is also vitally important.

The Center continues to play a critical role in the response to COVID-19, including leading the call for nurses during the fall 2020 COVID hospital surge. In just two weeks, we received 1,900 responses from nurses; health care facilities and locally contracted staffing agencies continue to contact these nurses to support COVID-19 surge staffing needs and support vaccination efforts. The Center produced data reports that the Department of Health and HiEMA used for crisis response, vaccination planning, and other uses. The Center partnered with the University of Hawai'i at Mānoa and Healthcare Association of Hawai'i to increase relevant, locally produced accredited nursing professional development on COVID-19 for nurses in all settings of care, and

co-lead an initiative with state stakeholders to identify and tactically respond to provider shortages.

The nurse license fee and consequently, the HSCN fee revenue, has not been increased since 2003. Of the license fee revenue sources into the Center since 2003, all but \$0.98 has been encumbered (HB1298). The Center is using the funds as intended and to the fullest extent possible.

Any loss to the HSCN budget will result in job loss for the staff who have dedicated years of service. It will impact the ability of the state to have quantitative data on the nursing workforce demand and supply to guide state policy development. I am very concerned that any loss of budget will revoke the functional capacity of the Center and our services to policymakers, employers, educators, and nurses as well as our community at large.

Dear Madam Chair and Members of the Finance Committee,

My name is Susan Ward, and I am an athletic health care trainer at Kalaheo High School. I am writing testimony in opposition to HB1298 and HB1299, relating to State Funds and relating to Non General Funds. Since 2010, the Department of Health's Neurotrauma Special Fund has provided funds to support high school athletics by providing computerized neuropsychological testing and concussion education for students, parents, coaches, school faculty and staff, officials, and athletic health care trainers throughout the state.

As an athletic health care trainer, I spend almost as much time trying to prevent injuries as I do treating them – and a large part of prevention is education. Concussion education is critical to raise awareness not only about how a concussion injury may present, but the also the consequences of an untreated concussion – potentially even death. The Hawaii Concussion Awareness and Management Program (HCAMP) provides high-quality, easily-shareable education material to provide this education to everyone involved in Hawaii high school athletics. There were 424 reported concussions in 2010; in comparison, 1,262 were reported by HCAMP in 2013. Since concussions are a very difficult injury to prevent, our main prevention goal of concussion injuries is to prevent athletes from continuing to participate in athletics with a concussion until their injury has resolved. This helps to prevent long-term complications, such as persistent headaches, memory issues, or troubles with cognitive processing. The increase in reporting shows that the education has been effective in raising awareness and the reporting of concussion injuries. Every time a concussion is reported, the athlete must be cleared by a physician and have their computerized neuropsychological test results cleared by a neuropsychologist, and then complete a supervised return to play protocol with their athletic health care trainer. This thorough process helps ensure athletes have the best recovery possible and significantly decreases the chances of long-term complications, so that their high school injury does not become a lifelong burden.

Currently these funds support HCAMP's annual Concussion Summit, which provides the latest concussion assessments and management techniques for Hawaii's health care providers, including athletic health care trainers. In other words, education for those who provide education to the rest. Concussion management is a field with constantly emerging research; a few years ago, someone with a concussion might be advised to stay in a dark room with no stimulation for their recovery – nowadays, they may actually be advised to do low-threshold activity and cognitive activity as tolerated for their recover. Without these funds, HCAMP may not be able to provide Hawaii's health care providers with the most up-to-date concussion research and clinical application to ensure we are treating their concussion injury in the most effective manner for their best possible recovery. And personally, I believe my athletes deserve nothing less than the best possible treatment I can offer. Therefore, I am in opposition to HB1298, line 119, account # s-18-314, Neurotrauma Special Fund and HB 1299 relating to the Neurotrauma Special Fund.

HB-1299

Submitted on: 3/1/2021 1:27:33 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kaikea K. Blakemore	Individual	Oppose	No

Comments:

Hawai'i has one of the most regressive tax systems in the nation. Please tax the wealthy appropriately so our state and county systems are not continuously forced to pit education, healthcare, environmental and social service budgets against one another. A better world is possible. The poorest and most historically underfunded departments in our community should not be stripped while our state continues to allow a regressive tax system to remain unchanged. Tax those who can afford it and please stop removing funds from programs important to the health of our communities. Our communities deserve more, not less, in essential program funding especially during crisis. Any initiative that removes funding to social programs without addressing regressive tax systems in Hawai'i is doing a disservice to all of our citizens.

HB-1299

Submitted on: 3/1/2021 1:40:54 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen Yokouchi	Individual	Oppose	No

Comments:

Against

Dr. Madam Chair and members of the Finance Committee,

My name is Rachel Loo, I am the athletic trainer at Mililani High School. I am writing testimony in opposition to HB1298 & HB 1299, relating to State Funds & relating to Non General Funds. Since 2010, the Department of Health's Neurotrauma Special Fund has provided funds to support high school athletics by providing computerized neuropsychological test and concussion education for students, parents, coaches, faculty & staff, officials and athletic trainers throughout the state. Concussion awareness has increased since the inception of HCAMP in 2010 which has led to an increase in the number of reported concussions. In 2010 there were a reported 424 concussions and at the peak in 2013 there were 1262 concussions reported by the Hawaii Concussion Awareness & Management Program. These funds have enabled HCAMP to create online concussion education program which has reduce the need for in person presentations which has and will be a tremendous help during this pandemic. Currently these funds support HCAMP annual Concussion Summit which provides the latest concussion assessments and management for Hawaii's health care providers. Some of the presenters have authored leading research in the field of mild Traumatic Brain Injury (mTBI).

Without these funds HCAMP may not be able to provide Hawaii's health care providers with the most up to date mTBI research and clinical applications. Therefore, I am in opposition to HB1298, line 119, account # S-18-314, Neurotrauma Special Fund & HB1299 relating to the Neurotrauma Special Fund.

HB-1299

Submitted on: 3/1/2021 2:50:28 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sione Naeata	Individual	Oppose	No

Comments:

Aloha,

My name is Sione Ford Naeata and I am the Executive Director for the Bobby Benson Center. Bobby Benson Center has been serving our state for 30 years and has sacrificed much more during this pandemic. We have served thousands of kids and want to continue doing so. Removing these funds from the DOH particularly CAMHD will cripple our services and leave our most vulnerable children without the necessary services they need. Our children are definitely our future. Please do not remove these funds.

Mahalo

HB-1299

Submitted on: 3/1/2021 2:56:31 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joshua Evans	Individual	Oppose	No

Comments:

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. I **oppose** HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the

physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.

Joshua Evans, MD MPH

Associate Medical Director

Waimanalo Health Center

HB-1299

Submitted on: 3/1/2021 3:04:37 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Angela M Britten	Individual	Oppose	No

Comments:

I strongly oppose House Bills 1298 and 1299. Base levels of funding for the Legacy Land Conservation Program of \$5.1 million annually (staff/operating and land acquisition capital/grants) should continue in order to capitalize on \$900 million of federal conservation funding made available by the 2020 Great American Outdoors Act, and secure federal funding for important Hawai'i projects such as NÄ• Wai 'Eha on Maui. A designated special fund like the Legacy Land Conservation Fund qualifies the State for 75% match of federal funds – eliminating the funds would reduce federal matches to 50%.

The COVID-19 crisis has proved that DLNR's mission to maintain and manage our natural and cultural resources is critical to our physical and mental well-being, our shrinking freshwater supplies threatened by climate change, our public shorelines and reefs, and our unique plant and animal species found nowhere else in the world. Current DLNR programs and staffing levels should continue. Base/core funding of \$5.1 million per year for the Legacy Land Conservation Program is critical for Hawai'i to secure its share of federal funding for important projects.

HB-1299

Submitted on: 3/1/2021 3:30:36 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kaori Tamura	Individual	Oppose	No

Comments:

My name is Kaori Tamura, I am the director of the Professional Athletic Training Program at the University of Hawaii, Manoa. I am writing testimony in opposition to HB1298 & HB1299, relating to State Funds & relating to Non-General Funds. Since 2010, the Department of Health's Neurotrauma Special Fund has provided funds to support high school athletics by providing computerized neuropsychological test and concussion education for students, parents, coaches, faculty & staff, officials and athletic trainers throughout the state. The neuropsychological testing as well as concussion education are vital components for identifying concussion and safely returning the concussed athletes back to sports and physical activities. Concussion awareness has increased since the inception of HCAMP in 2010 which has led to an increase in the number of reported concussions. In 2010 there were a reported 424 concussions and at the peak in 2013 there were 1262 concussions reported by the Hawaii Concussion Awareness & Management Program. This indicates that the HCAMP's public education program improved concussion awareness and reduced the number of untreated and/or unrecognized concussions. Since concussion is an invisible injury, it is vital that not only athletic trainers, but also parents, coaches, teachers, staffs, officials, and student athletes understand the mechanism of injury as well as signs and symptoms associated with concussion to recognize and seek appropriate treatment. These funds have enabled HCAMP not only to drastically improve public concussion awareness but also to create online concussion education program which improve the accessibility and efficiency of the education program.

Currently these funds support HCAMP annual Concussion Summit which provides the latest concussion assessments and management for Hawaii's health care providers. With an advancement of concussion research, the clinical assessment and treatment of concussion have evolved drastically. What I had learned as concussion assessment and treatment are now considered "not to do" based on the new evidence. While the concussion research continues to produce scientific evidence to improve the concussion management, we still do not know a lot about concussion. For example, concussion diagnoses and treatment/rehabilitation are the areas that need further research. Therefore, it is expected that the clinical diagnosis and rehabilitation protocols to keep evolving at a very fast pace. The Concussion Summit provides one of the best opportunities for the local health care providers to learn the ever-evolving evidence-based concussion assessment and treatment from the nationally recognized leaders and researchers in the field of mild Traumatic Brain Injury (mTBI). This summit

is vital for health care providers to maintain the highest standard of care for the concussion patients. The HCAMP has made tremendous improvements toward protecting the brains of adolescent athletes, and has become a vital unit that supports local health care providers. Without these funds HCAMP may not be able to provide Hawaii's health care providers with the most up to date mTBI research and clinical applications, which may adversely affect the quality of patient care. Therefore, I am in opposition to HB1298, line 119, account # S-18-314, Neurotrauma Special Fund & HB1299 relating to the Neurotrauma Special Fund.

HB-1299

Submitted on: 3/1/2021 3:49:10 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dina R Yoshimi	Individual	Oppose	No

Comments:

HB 1299 – RELATING TO NON-GENERAL FUNDS

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

Thank you for the opportunity to present testimony today. My name is Dina Yoshimi, and I have been a resident of Hawai'i for 30 years, and have raised two children here. Hawai'i is my home. With this in mind, I am writing today to **express my opposition** to HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the **physician workforce assessment fund** and transfer the money to the general fund.

The shortage of physicians, particularly in remote rural areas of the state, is a longstanding problem that will improve ONLY with persistent effort and consistent funding. Moreover, primary care doctors are among the most trusted individuals in a person's life, and that trust takes years to build. Any disruption to the continuity of this valued and essential relationship will cost the state more than any paltry dollar savings that can be scraped from the targeted fund. Above all, in the midst of a global pandemic, legislation that promises to detract from gains made in the area of accessible healthcare for all the state's citizens is simply unconscionable.

On an additional note: Among the key strengths of the University of Hawai'i is its role as an economic engine, generating millions of dollars in funds to be expended in the state every year. One way that JABSOM is proposing to do this is to leverage excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program, as introduced in the 2021 legislative session, HB 313 and SB 613. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment

Program. The workforce assessment funds qualify as the state matching funds, and is crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians, nor bring in these extra funds to the benefit of our state's economy.

While I am painfully aware of the fiscal needs facing the state, I nonetheless respectfully oppose HB 1299.

Thank you for this opportunity to testify.

HB-1299

Submitted on: 3/1/2021 4:00:19 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Wendy Ann Botelho	Individual	Oppose	No

Comments:

I strongly oppose HB1299 & HB 1298

Section 264 - repealing of Driver Education underwriter's fees special funds for DOE public high school and traffic safety programs

Section 257 - funding a state traffic safety specialist with DE underwriter's special funds

I oppose these bills as written because it will destroy the nationally recognized Hawaii Driver Education Program. Much of the success of the driver education program in Hawaii is due to the strong leadership from the State Resource Teacher/Traffic Safety Specialist. Without a strong leader, (Jan Meeker), much of what was built will be lost.

I am a recently retired teacher who has worked in the DOE for over 30 years. I have seen quite a few programs in the schools, that HAD the support of resource teachers, do excellent things in our schools and communities. I've also seen time-after-time how those Resource Teacher positions get cut for budgetary reasons and programs are left to shrivel and die. It will be a huge disservice to abandon the award-winning Driver Ed program that has done so much for our students, teachers and community.

If these bills pass, it will kill all after school driver ed programs and all traffic safety programs that we do for students k-12.

Additional reasons I oppose these bills are:

1. repealing the funds for the DOE programs does not support the Hawaii Graduated Driver Licensing program, which makes driver ed mandatory for 18 and under. The driver ed underwriter's fee was increased at the time this law took effect to support the goals of GDL, which was to get as many teens 18 years and under to get driver ed before licensure.
2. repealing the funds for the DOE programs will affect parents and students who cannot afford the private/commercial school rates. The fee is \$10 for public school program versus \$500+ from a commercial school. If a student and parent can't afford the fee, then they may choose not to take driver ed and wait until the teen is 18 to get a

license. Avoiding driver ed is not a goal of Hawaii's GDL. The DOE program provided driver ed to an average of 4,000+ teens previous to COVID 19.

3. In non-COVID years, there were always teens on a wait-list to take driver ed. Due to COVID, that wait list is even longer. Eliminating the driver ed underwriter's fee for driver ed will add to the financial hardships of parents. Must the need for money to meet the shortfall of the state be taken from funds for students? The DOE state funds are being reduced for the next 3 years due to COVID. There is no way the DOE could retain the current driver ed programs (100 teachers at 40 public high schools) with the budget they have to work with.

4. If more teens avoid driver ed, there will be more drivers on the roads without the knowledge of risky behaviors such as impaired driving, following distances, sleep deprivation - all leading towards more dangerous drivers on the roads. GDL was found to be working in reducing injuries and crashes a few years after it was implemented.

5. Traffic safety education is preventive education for students K-12. The DOE traffic safety program reaches 60,000+ elementary with traffic safety messages. It also works with high school teens who become advocates and spread the traffic safety prevention messages with peer programs.

Please spare the HI Driver Education Program from funding cuts and instead provide them the support they need to keep doing the good work they are doing for our students and community.

HB-1299

Submitted on: 3/1/2021 4:01:25 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jason Minami	Individual	Oppose	No

Comments:

Good afternoon. I am a Judiciary team member available to support our testifier (Rodney Maile) in the event there are any questions on HB1298. Thank you.

HB-1299

Submitted on: 3/1/2021 4:20:07 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John Meier	Individual	Oppose	No

Comments:

I am submitting testimony against HB 1299.

I am against this bill because it would remove critical funding from the Department of Land and Natural Resources.

Specifically, I am against removing funding for the Natural Area Partnership Program. This program protects Hawaii watersheds that all of us rely on for the water we need to survive. Removing this funding will also cause the matching private funding for protecting our watersheds to be lost.

Additionally, I am against removing or reducing the funding for the Land Conservation Fund, State Parks special fund, Natural area reserve fund, Forest stewardship fund, Water and land development, and Na ala hele program funds. These programs provide critical funding for maintaining and protecting public lands.

-John Meier, Maui

HB-1299

Submitted on: 3/1/2021 4:37:14 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John Burns	Individual	Oppose	No

Comments:

I do not support this bill.

HB-1299

Submitted on: 3/1/2021 5:56:31 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Amanda Webster	Individual	Oppose	No

Comments:

In part, HB1299 seeks to divert funds from the Hawaii Adult Schools which are operated under the Department of Education. The Hawaii Adult Schools are a mandatory partner of the Workforce Innovation and Opportunities Act (WIOA) and Adult Education and Family Literacy Act (AEFLA), and they play an essential role in supporting workforce and labor initiatives through providing educational opportunities and basic skill development. Adult Schools help members of our community upskill and gain the necessary education and skills needed to transition out of unemployment as well as meet personal and professional needs. Many in the community are dislocated workers, furloughed, and unemployed. Now more than ever, our Hawaii Adult Schools are needed to help restart our economy and get dislocated and unemployed persons back to work. As it is, Hawaii Adult Schools operate with limited funding. The Hawaii Adult School state and federal funds are predicted to face budget cuts, which will have negative impacts on the ability of our Adult Schools to serve the community. The fees collected by the Hawaii Adult Schools are essential to the operation of Adult School programs. However, under HB1299, funds from these fees would be diverted away from the Hawaii Adult Schools. With upcoming budget cuts to state and federal funding sources for Adult Schools, more cuts cannot be afforded. The funds collected from Adult School fees are needed to help the Adult Schools continue to provide service to our community and operate during the post-pandemic era of economic and budget uncertainty. Please reconsider the stipulation under HB1299 which states that revenues from fees collected from adult and community education programs be deposited into general education funds (page 131). These funds need to stay with the Hawaii Adult Schools in order for essential workforce and education programs to remain in operation and meet the economic and workforce needs of our State and communities.

HB-1299

Submitted on: 3/1/2021 7:07:39 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Douglas Moises	Individual	Oppose	No

Comments:

I oppose HB1299.

HB-1299

Submitted on: 3/1/2021 7:09:27 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeannine Johnson	Individual	Oppose	No

Comments:

This bill is short-sighted. The Legacy Land Conservation Program saves wahi pana in all of our communities. Sometimes the government agencies take longer than a year to pass legislation, pass attorneys, and then execute contracts, despite the good faith efforts of non-profits and others who just want to preserve and conserve agricultural, cultural, and natural resource lands for the public. Timing can sometimes take two years and funding must be available to complete these important transactions. That's why I oppose HB1299 and ask that you do too.

HB-1299

Submitted on: 3/1/2021 7:09:34 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Henry boothe	Individual	Oppose	No

Comments:

Aloha,

My name is Henry Boothe and I am writing to strongly OPPOSE hb1298. The land and waters of Hawai'i need to be protected and preserved in a time of increasing sea levels and temperatures that result in coral loss and then fish loss. Especially so in the economically fragile time of new pandemics.

Mahalo for your time,

Henry Boothe

HB-1299

Submitted on: 3/1/2021 7:34:20 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Blake	Individual	Oppose	No

Comments:

I oppose HB1299. The Hawaii Adult Schools cannot afford to lose any more funds. State and federal funding will likely be cut and the Adult Schools need as much support and funding as possible. With the COVID-19 Pandemic, Adult Education programs provided by the Hawaii Adult Schools are necessary to help get people back to work. As a core partner under the Workforce Innovation and Opportunity Act (WIOA), the Adult Schools play an essential role in helping individuals obtain jobs and secure employment. Any decrease in funds will result in negative impacts for programs that are designed to help people get back on their feet.

HB-1299

Submitted on: 3/1/2021 7:36:26 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Christine Park	Individual	Oppose	No

Comments:

In part, HB1299 seeks to divert funds from the Hawaii Adult Schools which are operated under the Department of Education. The Hawaii Adult Schools are a mandatory partner of the Workforce Innovation and Opportunities Act (WIOA) and Adult Education and Family Literacy Act (AEFLA), and they play an essential role in supporting workforce and labor initiatives through providing educational opportunities and basic skill development. Adult Schools help members of our community upskill and gain the necessary education and skills needed to transition out of unemployment as well as meet personal and professional needs. Many in the community are dislocated workers, furloughed, and unemployed. Now more than ever, our Hawaii Adult Schools are needed to help restart our economy and get dislocated and unemployed persons back to work. As it is, Hawaii Adult Schools operate with limited funding. The Hawaii Adult School state and federal funds are predicted to face budget cuts, which will have negative impacts on the ability of our Adult Schools to serve the community. The fees collected by the Hawaii Adult Schools are essential to the operation of Adult School programs. However, under HB1299, funds from these fees would be diverted away from the Hawaii Adult Schools. With upcoming budget cuts to state and federal funding sources for Adult Schools, more cuts cannot be afforded. The funds collected from Adult School fees are needed to help the Adult Schools continue to provide service to our community and operate during the post-pandemic era of economic and budget uncertainty. Please reconsider the stipulation under HB1299 which states that revenues from fees collected from adult and community education programs be deposited into general education funds (page 131). These funds need to stay with the Hawaii Adult Schools in order for essential workforce and education programs to remain in operation and meet the economic and workforce needs of our State and communities.

Sincerely,

Christine Park

HB-1299

Submitted on: 3/1/2021 9:42:57 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Phung	Individual	Oppose	No

Comments:

The HI DOE Driver Education Program is an important component for 15 1/2-18 year-old students to learn how to drive. The program helps to encourage safer driving and prevent accidents at an affordable price. With Hawaii's ever-increasing population and congested roads, proper driving is needed now more than ever. Please do not take away funding for this much needed class. Our future generation needs and depends on this course for the safety of our island.

HB-1299

Submitted on: 3/1/2021 9:51:36 PM

Testimony for FIN on 3/2/2021 1:00:00 PM

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

Comments:

Hawaii Representatives,

Please do not take away the funding for high school students taking driver's education at public schools. Due to COVID-19, students have already had to endure a disruption to how they learn, school activities, and social events. If students can be involved in anything that contributes to their growth and considered safe by health officials and the state, then please allow them to have such experiences.

Taking away funding from those who conduct the driver's education program also seems unfair. Everyone has been affected in some way by the pandemic, so please don't take away an income from someone who is able to work and provide services to others.

Please consider the students and those helping them during this time when reviewing Bill 1298 and 1299.

Thank you for your consideration,

Kari Canaday

HB-1299

Submitted on: 3/2/2021 5:26:45 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
James Lee	Individual	Oppose	No

Comments:

The drivers education program for teens are important and help teens make appropriate decision and reduce teen driving deaths. It is important for the community and that we continue to support this in our schools.

91-251 Puahiohio Way
Kapolei, HI 96707
March 2, 2021
Email: sas20151@hotmail.com

House Finance Committee
Hon. Rep. Sylvia Luke, Chair
Hawaii State Legislature
State Capitol
Honolulu, HI 96813

Dear Rep. Luke and members of the House Finance Committee:

This is testimony in opposition to passage of HB1299 and HB1298 in regards to de-funding driver education in the Dept. of Education (among the de-funding of many other programs in the DOE and other State departments).

I am a driver education instructor and coordinator at Kalani High School, and have been in this position since 2013. Under the State of Hawaii's Graduated Driver Licensing law (Act 72 of the 2005 Legislature), students under 18 are required to pass a driver education course and receive certificates for classroom and behind-the-wheel instruction in order to take the road test for their provisional driver licenses. The provisional license is an intermediate step to obtaining a full driver license to give the licensee time to gain more experience driving, especially by him- or herself, before becoming fully licensed drivers. Under the provisional license, teens still have restrictions on driving during curfew hours (past 11 p.m. and before 5 a.m.) and the number of passengers in their vehicle. Once past the provisional stage, which is a minimum of six months and no later than the teen's 19th birthday, the licensee with a clean record can then convert to a full license.

In my seven and two-thirds years of actively teaching driver education at Kalani, I have had 642 students in driver ed classes, and of those 499 received their driver ed certificates, or a certification rate of over 77 percent.

Some students choose simply to wait until they are age 18, when certificates are no longer needed to take the road test. Also, in the DOE, driver ed students must pass both the classroom and the behind-the-wheel lessons plus complete 50 hours of practice driving with a licensed driver over 21 (usually their parents) before they can receive their certificates. There are some private driver education instructors who may teach only classroom or only behind-the-wheel, but the student will need both the classroom and the behind-the-wheel certificates in order to take the driver license road test.

The DOE requires each driver ed student to take 38 classroom hours (eight more than required by the Graduated Licensing Law, and soon to be 40), plus seven hours of behind-the-wheel lessons plus the 50 hours of practice driving. DOE driver ed instructors are also required to undergo annual and quinquennial certification including continuing education credits and background checks.

I have been averaging about 92 students per year, but many more than that submit applications for driver education. Currently, I have over 60 applicants for future classes, and under the current covid-19 restrictions since late August of 2020, we are restricted in class size to 14. DOE driver ed is also

somewhat unique among DOE programs in that we accept all qualified students whether they attend public or private school, or are homeschooled.

From my numbers alone, and I am one of about 90 active DOE driver ed instructors, you can see the DOE driver ed program affects many thousands of teen students across the state. DOE driver ed is also the only alternative to pricey private driver education, which students would be forced to turn to if DOE driver ed is de-funded. DOE driver ed currently charges only \$10 per student, compared to private driver ed fees of \$200-300 a student (and the student taking private driver ed could be charged separately for classroom and behind-the-wheel lessons). De-funding DOE driver education would also mean possible elimination of a trained workforce providing something of a public service at a more-than-reasonable fee.

Furthermore, with the current and ongoing impact of covid-19 on the State economy, it would probably be more financially difficult for a typical family to have their teen enroll in a private driver ed course. And don't we want more safer drivers on our roads, which is what driver education hopes to achieve?

Also important to keep in mind is that DOE driver ed funding comes from a fee assessed to car insurance policies in the State of Hawaii, and does not come directly from tax revenues. Those monies were intended to support driver education, and the Legislature should not "grab" these funds under HB1299 to place into the State General Fund.

These are my main reasons and explanations why I feel the House Finance Committee should not approve HB 1299 and HB1298 overall, and more specifically at the minimum to exclude driver education funding from the provisions of these measures.

Respectfully submitted,



Raymond Yuen

Attached: supporting email from parents

Mr. Yuen,

My family and I are so disappointed to think that Driver's Education through the public school system might be in jeopardy of losing funding due to the COVID 19 pandemic, or otherwise. The affordable program reduces disparities that's so many of our children face. Without this program disparities would grow and our youth would be negatively impacted in additional ways. As it stands, our children have been robbed of their education, social life and general well-being by the pandemic. Taking away opportunities like drivers education and the opportunity to gain autonomy and meet a major life marker would be devastating.

I certainly hope that our representatives will consider alternative mechanisms for recovering funding due to losses of the pandemic. The expense of our children's lives cannot be the place for it. Having a license means the ability to seek employment, something that many of our children need in order to help their family thrive in Hawaii.

Please send this testimonial as you see fit. We stand by you 100% and hope that this absurd proposition will quickly be put to rest.

Regards,
The Canlas Family

(Family of Michael Canlas, whose daughter Kahokunani was a driver ed student. This email was sent to me on Feb. 23, 2021)

Dear House Finance Committee,

I respectfully oppose bills the actions of HB1298 and HB1299 which would potentially jeopardize the funds for the public Drivers Education Program by placing it into the State general fund. I am the parent of two teenagers, ages 15 and 17, who are learning how to drive. I have seen first-hand that the public Drivers Education Program is crucial to the safety of my teenagers when they start driving, as well as the safety of other people when my teenagers become new drivers on the road.

My 17 year old daughter learned through the Kalani Drivers Education Program and became a markedly better driver because of the rigorous curriculum and the hours she spent behind the wheel with her instructor. The fact that the cost was \$10 instead of over \$300 with private instructors made it possible for our family to enroll (especially during the financial strains associated with the COVID-19 pandemic) and for her to meet the state requirements to obtain a drivers license.

As recently as a few weeks ago, there were over 100 applicants for 17 spots for Kalani Drivers Education class. My 15 year old son is currently on the waiting list for 2021 courses. While I am helping both him and my daughter practice driving, the formal course is key to making sure that each of them have covered all the necessary skills with an experienced teacher. It would be a disaster for traffic safety and for our children if the funding for the public Drivers Education Program was in anyway unstable or reduced.

Mahalo for any support that you can provide for the public Drivers Education Program and please protect its funding.

Chien-Wen Tseng, MD, MS, MPH

Professor, Department of Family Medicine and Community Health

John A. Burns School of Medicine

University of Hawaii

(sent March 1, 2021, whose daughter Tai-Li is in driver education, and also submitted directly to your committee as testimony)

Dear legislators:

I write to express my alarm and dismay at the proposed changes in Sections 262, 263, and 264 of HB1299, which will strip away the funds earmarked for the Drivers Education program of the Department of Education and allocates the monies to general funds instead.

The stripping of funds also appears in HB1298. I oppose the changes in both of these bills and urge you instead to restore and assure funding for the Drivers Education program.

Educated drivers are safe drivers. Untrained, novice, inexperienced drivers are lethal to themselves and others.

The savings you hope to incur by diverting funds from this vital, low cost, public safety program is miniscule compared with the increased mortality and mayhem of unleashing untrained, novice teen drivers on the road. Do you really want to be part of a legislative decision that leads to increased traffic fatalities? Do you want your loved ones, kids, and kupuna sharing the road with an 18 year old who never had any systematic driver's education?

My child is one of the lucky few who was able to get a spot in the Kalani High School Driver's Ed program this year. (The wait list is long even in a normal year, but the pandemic caused a backlog, and courses were on hold for most of last year.) For the low cost of \$10, she received 36 hours of classroom training and a dozen hours of behind-the-wheel instruction with an experienced teacher. If she had not been able to get a spot in the program, I would have had to pay \$550 (!!) -- the going rate for private driving schools -- or wait until she turned 18 and have her skip the requirement of Drivers Ed altogether.

Shelling \$550 out of pocket for a private driver school is simply not an option for most of Hawaii's underpaid, overburdened wage-earners. Thus, if you eliminate funding for the state's Drivers Ed program in the public schools, you will guarantee an entire generation of inexperienced, dangerous 18 and 19 year old drivers on the road.

Decades of research has demonstrated that teenage drivers who have formal Drivers Education training have better outcomes and are involved in fewer accidents. They are able to secure lower insurance rates, as well.

See, for example, the conclusions of a study by the University of Nebraska Prevention Center for Alcohol and Drug Abuse, which examined seven years of accident data from 2003 to 2010: "Teens taking driver education are less likely to be involved in crashes or to receive a traffic violation during their first two years of driving," the researchers concluded. "Because teen crashes and fatality rates are highest at ages 16-18, these reductions are especially meaningful. Driver education appears to make a difference in teen traffic outcomes at a time when risk is highest."

Whether we are drivers or pedestrians, having well-trained, responsible individuals behind the wheel is vitally important to all of Hawaii's residents. The safety of our entire community is at stake.

Please do the right thing -- take care of your constituents by ensuring that Hawaii's drivers are trained and that our roadways are safer as a result.

Thank you.

C. K. Matteson

(submitted March 1, 2021, from parent Kieko Matteson, whose daughter Amika is currently taking driver education, and also submitted directly to the committee as testimony)

HB-1299

Submitted on: 3/2/2021 5:30:30 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Craig Tanaka	Individual	Oppose	No

Comments:

Emergency Communication (911) centers require consistent funding and support for their crucial role in public safety and coordination.

I am opposed to this bill.

The number one type of safety risk is an inexperienced driver. The DOE Driver Education Program provides a solid foundation of knowledge and skills to teen drivers, to prevent this risk. It is concerning that Bill HB 1298 and HB 1299, introduced by Chair of the Finance Committee, Sylvia Luke, would terminate Driver Education special funds as of July 1, 2021. Cutting funding of a much needed program, to help with Hawaii's budget deficit, would be detrimental to the students, parents/guardians, and the communities.

In addition, the Hawaii's Graduated Licensing Program that went into effect on January 9, 2006, requires mandatory driver education courses for all teen drivers under the age of 18, in order to obtain a driver's license. How will the teen drivers be able to comply with this law, should the Driver Education Program be forced to shut down?

According to HB2730 HD1, funding for the Driver Education Program has been to "access and levy upon each insurer and self-insurer a driver's education fund underwriter's fee of \$2 a year on each motor vehicle insured." Therefore, if funding is really allocated for the purpose of driver education, why would it not be used for that intention? Furthermore, where will that funding be distributed instead of the original designation?

Finally, HB757 HD1 SD1 CD1 requires DOT and country transportation departments to adopt Vision Zero policies "to prevent and eliminate traffic fatalities." What will happen to this Bill? Will it be amended, since HB1299 does not support this "Vision Zero" policy?

Understanding that driving is a complex task with many types of risk. It is the job of the legislature to assure that the roads are a better and safer place. Shutting down the Driver Education Program will harm the youths ability to understand the rules of the road as well as safe ways to properly handle an automobile. HB 1298 and HD 1299 will reverse all the safety prevention measures enacted by Hawaii's DOT, MADD Hawaii, City & County of Honolulu Transportation Service, and the Department of Education. These Bills will negatively impact so many; students, parents/guardians, and instructors that believe in the current Driver & Traffic Safety Education Program. Moreover, all those who utilize the roads in the State of Hawaii, could be potentially affected. According to KHON and the National Highway Traffic Safety Administration (Nexstar 2021), Hawaii is ranked #7 for the worst drivers (2021) and was ranked #14 in 2020. Imagine what will happen to the statistics, if funding for drivers education is not a priority.

Sincerely,
Josephine & Taly Mundo
56-230 Leleuli Street
Kahuku, HI 96731
808 389-1065 808 351-5058

HB-1299

Submitted on: 3/2/2021 8:20:11 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mai Nguyen Van	Individual	Oppose	No

Comments:

I am a Judiciary team member available to support our testifier (Rodney Maile) in the event there are any questions on HB1298 and HB1299

HB-1299

Submitted on: 3/2/2021 8:25:21 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
mumu	Aiea Highschool	Oppose	No

Comments:

Testimony Against Bill HB 1299

Talofa,

My name is Faaumuumu Lefiti and I am in Peer Education class at Aiea Highschool. This program benefits students by giving us opportunities to become leaders. Two issues are pedestrian and traffic safety, I am writing against HB 1299. As a citizen in this community, I would like to see less cases of accidents including drivers under the age of 18. A program that can help reduce this is a Graduated License Program, If this bill was to pass nothing will be resolved and just add more to the problem. And if you are taking away these funds, we won't be able to do important school activities.

March 1, 2021

Committee on Finance
Sylvia Luke, Chair
Ty J.K. Cullen, Vice Chair
Kyle Yamashita
Representatives

Honorable representatives:

My name is Diane Omura, a retired health educator and Peer Education coordinator from the island of Maui, urging for the rejection of HB1299, the bill which would terminate the Traffic Safety Specialist RT position. As a Peer Education Coordinator I am aware of the importance of keeping this position. May I explain briefly why HB1299 should not be passed. Just as important as retaining driver ed funds is the preservation of the Resource Teacher position to keep track of how the funds are used. Education and resource dissemination is made possible through the coordination of the state resource headed by Jan Meeker. She oversees the funds and stipulates how the monies should be spent. Teachers running student leadership programs and clubs work directly with Jan. Monies are released to schools only after schoolwide plans/goals are submitted. Strategical actions result in expansive reach as safety education is embedded in K through 12 curriculum throughout the school year. She is a liaison between the schools and the community. She has established partnerships such as local law enforcement, department of transportation and insurance companies, to name a few.

Her list of responsibilities go beyond the typical job description and includes the following:

Spearheading statewide safety campaigns twice a year: 1) Show You Care, Be Aware -focus on Pedestrian Safety at the beginning of the schoolyear and 2) Stop if You Love Me-focus on distracted driving.

She provides training to teens twice a year, before each campaign to prep them for these campaigns and to allow for student leaders to conduct elementary, intermediate and high school conferences to address problems relating to traffic safety. The overarching goal is to providing traffic safety education for all students to reduce injuries and fatalities caused by car crashes due to high-risk behaviors through peer educators.

She purchases and distributes materials for schools who have committed to this cause so that they are able to run their own activities.

She brings a variety of motivational speakers who are able to reach students via schoolwide presentations for districts.

She has bridged the National Student Safety Program with ADTSEA- American Driver Traffic Safety Education Association where student presenters from Hawaii showcase traffic safety knowledge.

Retaining this position will go a long way in keeping our community safer. I implore you to not support HB1299. Thank you.

Please do the right thing and do not support HB 1299 to preserve a vital program which has a positively lasting impact on our community. Thank you for your time and consideration.

Diane Omura

Diane Omura

HB-1299

Submitted on: 3/2/2021 9:04:40 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Yvonne Geesey	Individual	Oppose	No

Comments:

E kala mai for my late testimony.

In 2006, I proposed to Representative Mark Takai the creation of a Hawai`i Center for Nursing. The bill was modeled after legislation developing successful Centers for Nursing in other states nationwide. At that time our state had no data of the number of nurses other than aggregate renewed nursing licenses. We had no idea how many nurses were actively taking care of patients in Hawai`i, how many intended to leave Hawai`i after graduation and whether we had enough nurses to take care of our community.

Representative Takai agreed to meet me on a Saturday morning. He carefully reviewed the proposed bill and recommended revisions. Then he asked me how I intended to fund the center. I had assumed our State would fund the Center. Mark thought otherwise and proposed the idea of self-funding the Center with the monies collected being deposited into a special fund. We agreed to ask all of Hawai`i's nurses pay \$20 per year for the Center. As I lobbied the bill this was not the most popular idea amongst my colleagues, however, our legislature supported measure and law was promulgated creating our Hawai`i Center for Nursing.

Our Center for Nursing has evolved to do so much more than it's statutorily mandated work. Not only is the Center doing data collection and analysis, reporting and recommending to the leg, researching best practices and quality outcomes and strategizing and implementing plans to recruit and retain nurses but most recently quickly developed virtual training available free to our nurses on Covid 19 pandemic best practices.

Our Center participates in active membership in the National Forum of State Nursing Workforce Centers, Hawai`i Action Coalition, and Hawai`i Academic Progression in Nursing. We now have nursing residencies, student clinical placement and continuing competency guidelines thanks to the Center.

Twenty dollars every year from each LPN, RN and APRN in our state needs to continue to be placed in the special fund for the Center's vital work. Our licenses are renewed and the Center is funded every two years. Our special fund has been judiciously spent and we are getting a great deal of bang for our nurse's dollars. Taking away our special fund will likely result in the demise of the Center, we are unique in our self-funded center and many centers across the nation have closed due to lack of funding.

Please do not double tax our nurses by taking away the nurse-funded Hawai`i Center for Nursing's Special Fund. Mahalo for your consideration, Yvonne Geesey JD APRN

HB-1299

Submitted on: 3/2/2021 9:20:43 AM

Testimony for FIN on 3/2/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph Spurrier	Individual	Oppose	No

Comments:

Strongly oppose!!!

Testimony in **OPPOSITION** of H.B. NO. 1298 and H.B. NO. 1299
RELATING TO SPECIAL FUNDS BEING REMOVED AND DIVERTED TO GENERAL FUND

Aloha Representatives,

I am writing to you as a Licensed Mental Health Counselor and Qualified Mental Health Professional in the State of Hawaii (MHC-372). Currently, I'm the Clinical Director at the Bobby Benson Center in Kahuku, Hawaii. We are a Community-Based Residential that have been in Operation for almost 31 years serving the state of Hawaii, to help high-risk youth ages 13-17 years old, and have recently expanded a Continuum of Care for Outpatient Services, to include youth and adults.

We have been in contract with Department of Health, Child and Adolescent Mental Health Division (CAMHD) for many years and currently serves as our biggest referral platform and funding. To remove special funds from DOH/CAMHD, will force CAMHD to reduce their contracts for services.

I strongly oppose and ask that substance abuse and mental health special funds be removed from this bill, such that these special funds would continue to support DOH contracts.

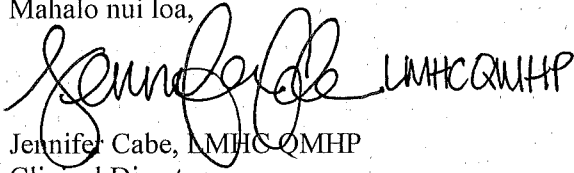
In February 2021, in a Hawaii News Now article, "a recent survey commissioned by the Hawaii Department of Health found that COVID-19 is affecting the mental health of a majority of Hawaii residents. Of 445 Hawaii adult residents surveyed, 82% said that they have experienced a mental health condition at some point over the last six months, and about 50% of those say their symptoms began during the pandemic. Of those who experienced a mental health condition before the pandemic, 35% felt that their symptoms became worse during the pandemic. Survey results also showed that 68% of participants experienced feelings of anxiety over the past six months, 61% have felt loneliness, 57% have felt depressed at some point and 33% have suffered a panic attack. The survey also found that the pandemic has especially affected the mental health of young adults, with 93% of those under the age of 35 experiencing a mental health condition in the last six months. This is compared to 65% of seniors who had the same experience. Those whose household income is less than \$50,000 were also found to be most vulnerable. Among those who live in households that earn less than \$50,000, 91% have experienced one or more mental health issues over the last six months, which is in contrast to 75% of those who live in households with combined incomes exceeding \$100,000."

In a 2018 study, cited by Hawaii News Now, Hawaii's prevalence of Mental Illness is among the lowest in the nation, thousands of Hawaii adults and youth with mental illnesses and substance abuse issues do not get adequate treatment – 68%. This compares to 56% nationally and 42% in the top-ranked state: Maine. This picture isn't any better for our youth... 67.5% of Hawaii youth with major depression don't get any mental health treatment, that puts Hawaii 47th worse in the nation for the measure. Hawaii also ranks, again, among the bottom of states when it comes to the percentage of youth with severe depression who get consistent treatment, with our rates at 19%.

In reference to Hawaii Teens and across the Nation, Emergency Rooms are seeing an increased number of young people ages 12-17, experiencing mental health crises are up 31%. The need and services for Mental Health and Substance Abuse Services for our youth are on the rise. Many of our children and youth do not have access to their typical coping skills: being with extended family or with friends, due to COVID-19.

If this bill were to pass – that would further drive Hawaii into the lowest in the nation for mental health and substance abuse treatment in terms of access and treatment. Where Hawaii's drug and homeless problem are at an all-time high, we cannot let this happen.

Mahalo nui loa,



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