

STAND. COM. REP. NO. 3896

Honolulu, Hawaii

APR 08 2022

RE: H.B. No. 1600
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1600, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE STATE BUDGET,"

begs leave to report as follows:

The purpose and intent of this measure is to appropriate funds for the operating costs of the executive branch for the supplemental budget period beginning July 1, 2022, and ending June 30, 2023.

Your Committee received testimony in support of this measure from the Department of Budget and Finance; Department of Hawaiian Home Lands; State Council on Developmental Disabilities; Executive Office on Early Learning; Department of Labor and Industrial Relations; Department of Business, Economic Development, and Tourism; Kaho'olawe Island Reserve Commission; Department of Transportation; City and County of Honolulu Department of the Prosecuting Attorney; Hawaii Pacific Health; University of Hawaii; Department of Human Resources Development; Department of Commerce and Consumer Affairs; Department of Public Safety; Office of Planning and Sustainable Development; Executive Office on Aging; Hawaii Technology Development Corporation; Hawaii Health Systems Corporation; Department of the Attorney General; State Foundation on Culture and the Arts; Department of Education; Hawaii Green Infrastructure Authority; Department of Health; Hawaii Public



Housing Authority; Hawaii Community Development Authority; Office of the Governor; Hawaii Health Systems Corporation Oahu Regional Health Care System; Hawaii State Public Library System; State Public Charter School Commission; Department of Human Services; Partners In Care; Local Food Coalition; Catholic Charities Hawai'i; Kahoolawe Island Reserve Commission; Board of Trustees at the Office of Hawaiian Affairs; Hawaii Early Intervention Coordinating Council; State Procurement Office; Policy Advisory Board for Elder Affairs; Early Learning Board; Special Education Advisory Council; Office of Language Access; Hawaii Public Utilities Commission; Disability and Communication Access Board; Healthcare Association of Hawaii; Hawaii Disability Rights Center; AlohaCare; Hui for Excellence in Education Coalition; Hawaiian Humane Society; Hawaii Children's Action Network Speaks!; Health Committee, Democratic Party of Hawaii; Kupuna Caucus of the Democratic Party of Hawaii; Kaiser Permanente; Hunt Companies; Bishop Museum; Kapolei Chamber of Commerce; Historic Hawaii Foundation; Queen's Health Systems; Hawaii Primary Care Association; Hawaii Friends of Civil Rights; Ke Kai O Kuloloi'a; County of Maui; American College of Obstetricians and Gynecologists, Hawaii Section; Kokua Kalihi Valley Comprehensive Family Services; and numerous individuals.

Your Committee received testimony in opposition to this measure from Mauna Kahalawai Watershed Partnership.

Your Committee received comments on this measure from Department of Accounting and General Services, Department of Agriculture, Department of Budget and Finance, Office of Enterprise Technology Services, Hawaii Tourism Authority, Hawaii State Energy Office, Department of Land and Natural Resources, Department of Land and Natural Resources, Department of Taxation, Department of Defense, Community Alliance on Prisons, Hawai'i Reef and Ocean Coalition, Maui Health System, Waimea Middle Public Conversion Charter School, Department of Defense, Ala Moana-Kakaako Neighborhood Board No. 11, County of Kauai Office of the Prosecuting Attorney, The Nature Conservancy Hawaii, Early Childhood Action Strategy, Climate Protectors Hawaii, Hawaii Oral Health Coalition, Haleakala Ranch, Sierra Club of Hawai'i, Conservation Council of Hawai'i, The Trust for Public Land, Hawai'i Conservation Alliance Foundation, The Nature Conservancy Hawai'i and Palmyra, Surfrider Foundation Hawai'i Region, Center for Biological Diversity, Climate Protectors Hawai'i, Hawai'i's



Thousand Friends, Hawai'i Reef & Ocean Coalition, Ko'olau Waialua Alliance, Friends of Lana'i, Ma'alaea Village Association, American Civil Liberties Union of Hawai'i, and three individuals.

PART I. OVERVIEW

This measure, as received, includes:

- (1) The base budget from Act 88, Session Laws of Hawaii (SLH) 2021;
- (2) The addition of previously appropriated collective bargaining amounts in prior Acts;
- (3) The adjustment amounts necessary to fulfill the Employees' Retirement System, Employer-Union Health Benefits Trust Fund, debt service, and Medicaid requirements for the 2021-2023 biennium; and
- (4) The reduction of non-recurring amounts identified in the fiscal year 2021 and 2022 executive budget worksheets issued by the Legislature.

Your Committee has amended this measure to include:

- (1) The approved executive requests for trade-offs, transfers, changes to means of financing, conversions of positions from temporary to permanent, expenditure ceiling increases or decreases, and reductions;
- (2) Additional funding for priority budget requests;
- (3) The remaining balance of the \$1,600,000,000 in American Rescue Plan Act of 2021 funds; and
- (4) The State of Hawaii fund allocation to meet the federal Maintenance of Effort requirement.



	Fiscal Year 2022-2023	
	All Funds	General Funds
Executive Budget Act 88, SLH 2021	\$15,123,214,229	\$7,517,912,761
Executive Budget Request	\$16,685,756,283	\$8,460,113,579
Net Change in Senate Draft	\$5,029,606,599	\$4,210,765,077
Total Appropriation	\$20,152,820,828	\$11,728,587,838

PART II. GENERAL FUND REVENUES AND ECONOMY

The Council on Revenues increased its general fund tax revenue projection at both its January 2022 and March 2022 meetings.

When the Council met, it was determined that, due to the rebounding of the economy and increased tax collections, the State could expect a 6.0 percent increase in the fiscal year 2022 general fund tax revenues. Strong revenue collections were attributed to a high number of visitors to the islands, increased consumer spending, additional tax collections due to inflation, and the benefit of having a larger share of the transient accommodations tax remain in the general fund. Individual and corporate income tax payments also increased as the result of a deferred 2019 tax filing deadline from April 2020 to July 2020, due to the coronavirus disease 2019 (COVID-19) pandemic, resulting in a shift of tax collections from fiscal year 2020 into fiscal year 2021. The State also experienced positive economic growth due to the infusion of Hawaii's portion of the \$1.9 trillion American Rescue Plan Act funds into the state coffers.

The new forecasts for the state general fund tax revenues in fiscal year 2022 through fiscal year 2028 are shown in the table below.



General Fund Tax Revenues

Fiscal Year	Amount (in Thousands of Dollars)	Growth From Previous Year
2022	\$8,772,816	21.0%
2023	\$9,299,185	6.0%
2024	\$9,671,152	4.0%
2025	\$10,009,642	3.5%
2026	\$10,359,979	3.5%
2027	\$10,722,578	3.5%
2028	\$11,097,868	3.5%

PART III. COMMITTEE'S PRIORITIES

Your Committee has worked diligently to create a responsible financial plan that includes a budget that incorporates strategies to improve the State's credit rating and borrowing power and the restoration of and increases to funding for critical services and programs. The Senate's approach to balancing the budget included considering the Council on Revenues' General Fund Forecast, allocating federal funds received from the American Rescue Plan Act, restoring critical defunded positions, restoring programs and services that were reduced during the COVID-19 pandemic, funding non-recurring one-time costs, implementing vacancy reductions to limit the growth of government, meeting the federal maintenance of effort requirements, and, finally, covering costs for Senate priorities.

Your Committee continued to manage the daunting task of balancing the state budget with the remainder of the \$1,600,000,000 allocated to the State through the American Rescue Plan Act of 2021 (ARPA). Numerous federal requirements, restrictions, and limitations were placed on how ARPA funds could be spent by the states. With limited guidance from the Department of Budget and Finance and the federal government, determining the most appropriate use of the money was very difficult. The maintenance of effort requirement presented the greatest challenge for drafting a balanced budget.

Your Committee worked diligently to meet the proportional maintenance of effort funding requirements established under ARPA. Many hours were spent to ascertain accurate appropriations to the



University of Hawaii, Department of Education, and all other state departments. The federal maintenance of effort requirements mandate the State to provide proportional funding in fiscal years 2022 and 2023 to elementary and secondary education, and higher education, as compared to the overall state budget averaged over fiscal years 2017, 2018, and 2019. According to the Department of Budget and Finance, this averaged proportional allocation is 6.5 percent and 23.00 percent for higher education and lower education, respectively. Higher education encompasses the University of Hawaii, while lower education comprises the Department of Education minus libraries and early learning programs. Your Committee presents a budget that ensures economic stabilization and meets the federal requirements of the maintenance of effort.

Your Committee understands that there are many competing needs that the State must address. Your Committee recognizes the State's role in overseeing and managing a range of services for our most vulnerable populations, such as kupuna, children, and those with disabilities; addressing issues surrounding homelessness; investing in the development of affordable housing; funding kindergarten through grade twelve education, funding workforce training and the development of industry-recognized certifications and credentials, and protecting our cultural and natural resources; increasing our State's renewable energy capabilities; growing Hawaii's agricultural and value-added product industry; scaling alternative education; and coordinating trauma-informed care programs and services statewide.

PART IV. OPERATING BUDGET

Accounting and General Services

The Senate Draft of the executive budget for the Department of Accounting and General Services appropriates \$102,406,900 in fiscal year 2022 and \$608,244,209 in fiscal year 2023 in general funds. The Senate Draft also appropriates \$87,391,066 in fiscal year 2022 and \$106,365,761 in fiscal year 2023 in non-general funds, of which \$3,786,000 in fiscal year 2022 and \$1,769,625 in fiscal year 2023 are ARPA funds.



Highlights are as follows:

- ❖ Add \$805,000 in general funds for the Enterprise Financial System project in fiscal year 2023;
- ❖ Add \$14,768,429 in general funds and \$1,408,095 in federal funds in fiscal year 2023 for state department information technology software and equipment requests from various state departments;
- ❖ Add \$144,000 for a Chief Data Officer;
- ❖ Add \$28,051,654 in general funds and \$2,225,394 in special funds in fiscal year 2023 to centralize digitization and archiving of records for eleven state departments;
- ❖ Add \$284,000 in general funds and a 1.00 FTE Procurement Attorney position to assist with contracts and protests and a 1.00 FTE Purchasing Specialist position to assist with construction contracts in fiscal year 2023;
- ❖ Add \$17,000,000 in general funds for insurance cost increases in fiscal year 2023;
- ❖ Add \$28,000,000 in general funds for infrastructure and warehouses in fiscal year 2023;
- ❖ Add \$1,991,932 in general funds for energy savings performance contracts in fiscal year 2023;
- ❖ Add \$200,000 in ARPA funds for the Artist Fellowship Program in fiscal year 2023;
- ❖ Add \$10,000,000 in general funds for the Bernice Pauahi Bishop Museum in fiscal year 2023;
- ❖ Add \$2,000,000 in general funds for Iolani Palace in fiscal year 2023;
- ❖ Add \$500,000 in ARPA funds for the Creative Grant Program in fiscal year 2023;



- ❖ Reduction of 14.00 FTE general funded vacant positions in fiscal year 2023;
- ❖ Add \$50,000,000 in general funds in fiscal year 2023 for the Stadium Authority's New Aloha Stadium Entertainment District liquidity reserve, which is to reside in the stadium development special fund established by Act 146, SLH 2021, and codified in section 109-3.5, Hawaii Revised Statutes;
- ❖ Add \$350,000,000 in general funds in fiscal year 2023 for the Stadium District redevelopment; and
- ❖ Add \$725,625 in ARPA funds in fiscal year 2023 for State Capitol Security.

Agriculture

The Senate Draft of the executive budget for the Department of Agriculture appropriates \$13,647,499 in fiscal year 2022 and \$51,439,169 in fiscal year 2023 in general funds and \$38,742,443 in fiscal year 2022 and \$37,149,259 in fiscal year 2023 in non-general funds, of which \$100,000 in fiscal year 2022 are ARPA funds.

Highlights are as follows:

- ❖ Add \$165,700 in general funds in fiscal year 2023 for the Agricultural Loan Division;
- ❖ Change means of financing for \$1,825,885 special funds to \$1,407,252 in general funds for 23.00 FTE positions in fiscal year 2023 for the Plant Quarantine Branch, due to special fund insolvency;
- ❖ Add \$425,000 in general funds for the Agricultural Subsidy Program for farmers affected by coffee berry borer and coffee leaf rust and ranchers affected by the spittlebug;
- ❖ Restore \$593,281 in special funds for 5.00 FTE positions and fringe benefits in the Animal Quarantine Branch;



- ❖ Add \$1,600,000 in general funds for the Kapaa litigation settlement;
- ❖ Add \$500,000 in general funds for the management of the Hawaii well;
- ❖ Add \$26,000,000 for dam and spillway improvements and purchase of fee simple lands;
- ❖ Add \$658,480 in general funds and 4.00 FTE positions in fiscal year 2023 for Aquaculture Development;
- ❖ Add \$2,000,000 in general funds in fiscal year 2023 for security on Agribusiness Development Corporation lands;
- ❖ Add \$350,000 in general funds in fiscal year 2023 to update the Hawaii Agribusiness Plan and accounting services for the Agribusiness Development Corporation;
- ❖ Add \$4,451,000 in general funds in fiscal year 2023 for irrigation projects on Kauai;
- ❖ Add \$800,000 for irrigation system management;
- ❖ Add \$1,300,000 in general funds in fiscal year 2023, of which \$800,000 is appropriated for axis deer and ungulate fencing for local farmers; and
- ❖ Add \$800,000 in general funds in fiscal year 2023 for a temporary Pesticide Disposal Program.

Attorney General

The Senate Draft of the executive budget for the Office of the Attorney General appropriates \$32,976,791 in fiscal year 2022 and \$47,728,690 in fiscal year 2023 in general funds and \$69,308,262 in fiscal year 2022 and \$74,607,873 in fiscal year 2023 in non-general funds.



Highlights are as follows:

- ❖ Add \$205,380 in federal funds and 2.00 FTE Investigator positions in fiscal year 2023;
- ❖ Add \$3,360,000 in general funds in fiscal year 2023 for Deputy Attorney General salary increases to remain competitive with federal and county agencies;
- ❖ Add \$105,950 in special funds and a 1.00 FTE position in fiscal year 2023 for an Auditor for the Tobacco Enforcement Unit;
- ❖ Add \$2,295,000 in general funds and \$4,455,000 in federal funds in fiscal year 2023 for the Keiki System modernization project to improve the processing of child support payments;
- ❖ Add \$754,000 in general funds and 9.00 FTE positions in fiscal year 2023 for sex and human trafficking prevention;
- ❖ Add \$834,000 in general funds and 9.00 FTE positions in fiscal year 2023 to assist in the control of fraud, white collar crime, and public corruption;
- ❖ Add \$483,000 in general funds and 2.00 FTE positions in fiscal year 2023 for the Law Enforcement Standards Board; and
- ❖ Add \$4,000,000 in general funds in fiscal year 2023 for major litigation and potential lawsuits against the State.

Business, Economic Development, and Tourism

The Senate Draft of the executive budget for the Department of Business, Economic Development, and Tourism appropriates \$17,027,230 in fiscal year 2022 and \$333,149,467 in fiscal year 2023 in general funds. The Senate Draft also appropriates \$147,358,766 in fiscal year 2022 and \$254,779,970 in fiscal year 2023 in non-general funds, of which \$15,350,000 in fiscal year 2022 and \$82,522,490 in fiscal year 2023 are ARPA funds.



Highlights are as follows:

- ❖ Add \$17,972,490 in ARPA funds in fiscal year 2023 for infrastructure upgrades at Kalaeloa;
- ❖ Add \$60,000,000 in ARPA funds in fiscal year 2023 for the Hawaii Tourism Authority;
- ❖ Increase the Convention Center Special Fund expenditure ceiling by \$28,500,000 in fiscal year 2023;
- ❖ Add \$200,000 in general funds in fiscal year 2023 for Sister State Relations;
- ❖ Add \$315,000,000 in general funds in fiscal year 2023 for affordable housing;
- ❖ Add \$3,500,000 in general funds in fiscal year 2022 for Hawaii Technology Development Corporation grants to include funding for Accelerator Programs, Manufacturing grants, and Small Business Loans;
- ❖ Add \$2,000,000 in general funds in fiscal year 2023 for the Council of State Governments;
- ❖ Add \$1,000,000 in general funds in fiscal year 2023 for matching Office of Naval Research grants;
- ❖ Add \$300,000 in general funds in fiscal year 2023 for the Carbon Smart Incentive Program;
- ❖ Add \$2,000,000 in federal funds in fiscal year 2023 for the Air Noise and Safety Task Force; and
- ❖ Redescribed two vacant positions within the Hawaii State Energy Office for 2.00 FTE Hydrogen Program positions.

Budget and Finance

The Senate Draft of the executive budget for the Department of Budget and Finance appropriates \$2,727,042,164 in fiscal year 2022 and \$4,001,311,187 in fiscal year 2023 in general funds. The



Senate Draft also appropriates \$421,371,285 in fiscal year 2022 and \$422,864,265 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Change Means of Finance from ARPA funds to general funds in the amount of \$9,700,000 for vacation payout;
- ❖ Add \$200,000 in fiscal year 2023 for investment analytic software that has earned the State \$20,000,000 in fiscal year 2021;
- ❖ Reduction of \$23,485,639 in fiscal year 2023 for debt service;
- ❖ Add \$19,015,061 in fiscal year 2023 for retirement benefits for the Department of Education;
- ❖ Add \$335,068,000 in fiscal year 2023 for health premium payments for the Annual Required Contribution;
- ❖ Add \$23,105,000 in fiscal year 2022 for Other Post-Employment Benefits Prefunding;
- ❖ Add \$185,000,000 in general funds in fiscal year 2023 for debt service; and
- ❖ Add \$350,000,000 in general funds in fiscal year 2023 for retirement benefits.

Commerce and Consumer Affairs

The Senate Draft of the executive budget for the Department of Commerce and Consumer Affairs appropriates \$93,821,564 in fiscal year 2022 and \$93,897,084 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Add \$243,888 in special funds and 2.00 FTE positions in fiscal year 2023 for small dollar licensure;



- ❖ Add \$242,881 in special funds and 4.00 FTE positions in fiscal year 2023 for the professional vocational licensing division; and
- ❖ Add \$450,000 in special funds in fiscal year 2023 for information technology system improvements.

Defense

The Senate Draft of the executive budget for the Department of Defense appropriates \$19,442,287 in fiscal year 2022 and \$81,090,306 in fiscal year 2023 in general funds and \$84,028,504 in fiscal year 2022 and \$114,778,202 in fiscal year 2023 in non-general funds, of which \$5,000,000 in fiscal year 2023 are ARPA funds.

Highlights are as follows:

- ❖ Add \$289,618 in federal funds and 4.00 FTE positions in fiscal year 2023 for the new Star Base on Kauai;
- ❖ Add \$7,233,000 in general funds to match the \$24,700,000 in federal funds for Hawaii Emergency Management Agency projects;
- ❖ Add \$5,000,000 in ARPA funds in general funds in fiscal year 2023 for the Major Disaster Fund;
- ❖ Add \$17,800,000 in general funds in fiscal year 2023 for land acquisition; and
- ❖ Add \$35,000,000 in general funds in fiscal year 2023 for Hawaii Emergency Management Agency infrastructure construction and site plans.

Education

The Senate Draft of the executive budget for the Department of Education appropriates \$1,920,342,241 in fiscal year 2022 and \$2,769,439,595 in fiscal year 2023 in general funds and



\$408,426,911 in fiscal year 2022 and \$427,511,089 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Add \$200,000 in general funds and 2.00 FTE positions in fiscal year 2023 for adult workforce programs;
- ❖ Add \$2,000,000 in general funds in fiscal year 2022 for early learning classrooms;
- ❖ Add \$1,000,000 in general funds in fiscal year 2023 to provide menstrual equity across the State;
- ❖ Add \$94,000,000 in general funds in fiscal year 2023 for a pilot teacher salary modernization project;
- ❖ Add \$34,500,000 in general funds in fiscal year 2023 for teacher salary differentials;
- ❖ Add \$5,525,566 in general funds in fiscal year 2023 for a new virtual learning center;
- ❖ Add \$104,000,000 in general funds in fiscal year 2023 to expand the academy education model to middle and high schools across the State;
- ❖ Add \$6,000,000 in general funds in fiscal year 2022 for an Agriculture Innovation Center in Kekaha;
- ❖ Add \$15,000,000 in general funds in fiscal year 2022 for a Centralized Maintenance Baseyard;
- ❖ Add \$97,202 in general funds and a 1.00 FTE Equity Specialist for Charter Schools civil rights compliance;
- ❖ Add \$2,500,000 in general funds for land acquisition for the Papahana o Kaiona Alternative Learning Center;
- ❖ Add \$1,933,365 in general funds in fiscal year 2022 for library renovations across the State;



- ❖ Add \$45,500,000 in general funds in fiscal year 2022 for centralized kitchens for the Farm-to-School program;
- ❖ Add \$6,364,830 in general funds for automated greenhouses across the State;
- ❖ Add \$100,200,000 in general funds to restore one hundred percent of COVID-19 pandemic budget cuts;
- ❖ Add \$158,868 in general funds and 3.00 FTE Athletic Care Trainers in fiscal year 2023 for Waiialua, Waimea, Molokai, and Nanakuli High Schools;
- ❖ Add \$180,000 in general funds and 2.00 FTE Reserve Officers' Training Corps Instructors in fiscal year 2023 for Waipahu and Moanalua High Schools;
- ❖ Add \$50,160 in general funds in fiscal year 2023 for Registered Behavioral Technician workforce pathways;
- ❖ Add \$855,000 in general funds in fiscal year 2023 for a fish hatchery pilot program;
- ❖ Add \$250,000 in general funds in fiscal year 2023 for adult workforce programs for incarcerated women;
- ❖ Add \$300,000 in general funds in fiscal year 2023 to provide educational services in residential programs; and
- ❖ Add \$1,022,499 and 17.00 FTE Teachers to provide a Statewide Special Education teacher mentor program.

Governor

The Senate Draft of the executive budget for the Office of the Governor appropriates \$3,550,536 in fiscal year 2022 and \$3,635,928 in fiscal year 2023 in general funds.



Highlights are as follows:

- ❖ Add \$1,000 in general funds in fiscal year 2023 for gubernatorial transition costs per section 30-6, Hawaii Revised Statutes; and
- ❖ Add \$84,392 in general funds and a 1.00 FTE position in fiscal year 2023 for board and commission nominee management.

Hawaiian Home Lands

The Senate Draft of the executive budget for the Department of Hawaiian Home Lands appropriates \$14,751,668 in fiscal year 2022 and \$615,753,471 in fiscal year 2023 in general funds and \$38,883,770 in fiscal year 2022 and \$73,883,770 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Add \$35,000,000 for a federal funds expenditure ceiling increase in fiscal year 2023;
- ❖ Reduction of \$49,260 in general funds in fiscal year 2023 for training costs;
- ❖ Add \$49,260 in general funds and a 1.00 FTE Water Systems Maintenance Helper in fiscal year 2023;
- ❖ Add \$1,043,548 in general funds in fiscal year 2023 for 20.00 FTE defunded vacant positions;
- ❖ Add \$600,000,000 in general funds in fiscal year 2023 for homestead housing;
- ❖ Add \$487,614,000 in fiscal year 2022 for plans, design, construction, land acquisition, and equipment for infrastructure for the following projects:
 - East Kapolei IIC, Oahu, a project for one hundred thirty new lots for \$20,000,000;



- East Kapolei IID, Oahu, a project for one hundred sixty-seven new lots for \$22,444,800;
- East Kapolei IIE, Oahu, a project for one hundred fifty-eight new lots for \$24,460,800;
- East Kapolei IIF, Oahu, a project for two hundred fifty new lots for \$30,374,400;
- East Kapolei IIA, Oahu, a project for three hundred new lots for \$5,000,000;
- East Kapolei LDA3, Oahu, a project for two hundred fifty new lots for \$5,000,000;
- Waimanalo, Oahu, a project for one hundred fifty new agricultural and residential lots for \$25,000,000;
- Puunani Homestead Subdivision, Maui, a project for one hundred sixty-one new lots for \$13,200,000;
- Puunani Homestead Phase 2, Maui, a project for one hundred forty new lots for \$37,000,000;
- Keokea-Waiohuli Phase 2B and Phase 3, Maui, a project for seventy-six new lots for \$27,834,000;
- West Maui Development - Leialii 1B, Maui, a project for highway and parkway improvements, water development, and two hundred fifty new lots for \$60,000,000;
- Hoolehua - Naiwa Agricultural Subdivision, Molokai, Maui, a project for fifty-eight new agricultural lots for \$30,000,000;
- Hanapepe Phase 2, Kauai, a project for seventy-five new residential lots for \$20,000,000;
- Laiopua Villages 1 and 2, Hawaii, a project for four hundred new lots for \$70,000,000;



- Kau Phase 3, Hawaii, a project for a water system and twenty-five new pasture lots for \$40,000,000; and
- Honomu Phase 2, Hawaii, a project for forty new subsistence agricultural lots for \$2,000,000; and
- ❖ Add \$112,386,000 in fiscal year 2023 for down payment assistance and mortgage payment assistance to beneficiaries of the Hawaiian Homes Commission Act, 1920.

Health

The Senate Draft of the executive budget for the Department of Health appropriates \$623,683,733 in fiscal year 2022 and \$640,310,276 in fiscal year 2023 in general funds. The Senate Draft also appropriates \$1,278,000,802 in fiscal year 2022 and \$1,302,192,519 in fiscal year 2023 in non-general funds, of which \$54,264,764 in fiscal year 2022 and \$81,293,804 in fiscal year 2023 are ARPA funds.

Highlights are as follows:

- ❖ Add \$99,433,565 in general funds in fiscal year 2022 and \$71,000,000 in general funds in fiscal year 2023 for COVID-19 pandemic mitigation;
- ❖ Retain Hawaii Health Systems Corporation - Oahu Region \$35,000,000 in special funds and 440.00 FTE positions in fiscal year 2023 within the Hawaii Health Systems Corporation - Regions operating subsidy;
- ❖ Add \$8,923,000 in general funds in fiscal year 2023 for a Maui Health Systems operating subsidy;
- ❖ Provide \$3,487,633 in general funds in fiscal year 2023 for supplies and staffing of the new forensic building at the Hawaii State Hospital;
- ❖ Add \$9,668,664 in fiscal year 2023 for home and community-based services surplus funds (ARPA);



- ❖ Add \$206,807 in special funds and 2.00 FTE Investigator V positions and a 1.00 FTE Office Assistant IV position for equipment and transportation costs for the Office of Medical Cannabis Control and Regulation;
- ❖ Add \$62,136 in general funds and a 1.00 FTE position in fiscal year 2023 for a permanent Environmental Engineer IV in the Clean Water Branch;
- ❖ Add \$276,000 in general funds and 5.00 FTE positions in fiscal year 2023 for long-term care ombudsman across the State;
- ❖ Add \$1,500,000 for Kupuna Caregivers across the State (ARPA);
- ❖ Add \$9,000,000 for the Kupuna Care Program (ARPA);
- ❖ Add \$67,200 and a 1.00 FTE Administrative Rules Drafter in fiscal year 2023;
- ❖ Add \$14,000,000 in general funds for the modernization of state laboratories;
- ❖ Add \$67,200 in general funds and a 1.00 FTE Climate Change and Human Health Specialist in fiscal year 2023; and
- ❖ Add \$69,876 in general funds for a 1.0 FTE English proficiency language coordinator and \$135,000 in general funds for other current expenses.

Human Resources Development

The Senate Draft of the executive budget for the Department of Human Resources Development appropriates \$19,583,703 in fiscal year 2022 and \$19,614,558 in fiscal year 2023 in general funds and \$6,448,909 in fiscal year 2022 and \$6,501,484 in fiscal year 2023 in non-general funds, of which \$582,775 in fiscal year 2022 and \$635,350 in fiscal year 2023 are ARPA funds.



Highlights are as follows:

- ❖ Add \$127,272 in general funds and 2.00 FTE Human Resource Specialist V positions in fiscal year 2023 to expedite hiring and to re-evaluate and revise outdated position description minimum qualifications.

Human Services

The Senate Draft of the executive budget for the Department of Human Services appropriates \$1,281,959,947 in fiscal year 2022 and \$1,363,613,692 in fiscal year 2023 in general funds. The Senate also appropriates \$2,447,754,583 in fiscal year 2022 and \$2,527,779,706 in fiscal year 2023 in non-general funds, of which \$12,729,564 in fiscal year 2022 and \$22,189,564 in fiscal year 2023 are ARPA funds.

Highlights are as follows:

- ❖ Add \$3,925,980 in general funds and \$19,168,020 in federal funds in fiscal year 2023 for Temporary Assistance for Needy Families and Temporary Assistance to Other Needy Families benefit allotment;
- ❖ Add \$10,196,861 in federal funds in fiscal year 2023 to raise the federal fund expenditure ceiling for rental assistance services;
- ❖ Add \$2,500,000 in general funds and a 1.00 FTE position in fiscal year 2023 for a Program Specialist for the Homeless Triage Center Pilot Program;
- ❖ Add \$5,000,000 in special funds in fiscal year 2023 to raise the expenditure ceiling for the Spouse and Child Abuse Special Fund;
- ❖ Add \$1,200,000 in general funds for salary differentials for 250.00 FTE Social Workers to promote recruitment and retainment within the division;



- ❖ Add \$1,066,860 in general funds, \$1,820,438 in federal funds, and 25.00 FTE positions in fiscal year 2023 for general support for childcare;
- ❖ Add \$2,449,040 in general funds and \$3,448,465 in federal funds in fiscal year 2023 to extend the Medicaid Post-partum Benefit from two months to twelve months;
- ❖ Add \$8,823,781 in general funds and \$17,128,516 in federal funds in fiscal year 2023 to implement the 2nd Option of Adult Dental Benefits to the Medicaid Program;
- ❖ Add \$450,000 in general funds for mental health and transition services for the Oahu Youth Correctional Facility;
- ❖ Add \$300,000 in general funds and \$5,700,000 in federal funds in fiscal year 2023 for afterschool summer programs;
- ❖ Add \$300,000 in ARPA funds for a Social Assistance Crisis Hotline;
- ❖ Add \$2,500,000 in ARPA funds in fiscal year 2023 for COVID-19 response;
- ❖ Add \$25,000,000 in general funds in fiscal year 2023 for the Hawaii Public Housing Authority; and
- ❖ Add \$15,000,000 in general funds in fiscal year 2023 for the implementation of the Ohana Zones Pilot Program.

Labor and Industrial Relations

The Senate Draft of the executive budget for the Department of Labor and Industrial Relations appropriates \$15,986,927 in fiscal year 2022 and \$21,660,011 in fiscal year 2023 in general funds. The Senate Draft also appropriates \$1,229,152,089 in fiscal year 2022 and \$814,496,745 in fiscal year 2023 in non-general funds, of which \$773,541,937 in fiscal year 2022 and \$40,541,937 in fiscal year 2023 are ARPA funds.



Highlights are as follows:

- ❖ Add \$5,293,416 and 7.00 FTE positions in fiscal year 2023 for a statewide internship program that will place three hundred interns and thirty Department of Education students across state departments;
- ❖ Add \$235,338 in revolving funds for 2.00 FTE Elevator II inspector positions, which are expected to generate \$1,000,000 in revenues annually;
- ❖ Add \$13,999 in federal funds for the Fair Housing Assistance Program to administer fair housing laws certified by the United States Department of Housing and Urban Development;
- ❖ Add \$285,000 in general funds for 3.00 FTE Program Specialists, a 1.00 FTE Program Administrator, and a 1.00 FTE Fiscal Clerk for Community Services;
- ❖ Add \$2,000,000 in funds in fiscal year 2023 for:
 - o \$1,220,000 in ARPA funds for the Emergency Food Assistance Program - City and County of Honolulu;
 - o \$400,000 in ARPA funds for the Emergency Food Assistance Program - County of Hawaii;
 - o \$260,000 in ARPA funds for the Emergency Food Assistance Program - County of Maui; and
 - o \$120,000 in ARPA funds for the Emergency Food Assistance Program - County of Kauai.

Land and Natural Resources

The Senate Draft of the executive budget for the Department of Land and Natural Resources appropriates \$66,208,602 in fiscal year 2022 and \$79,967,024 in fiscal year 2023 in general funds and \$119,361,897 in fiscal year 2022 and \$128,782,704 in fiscal year 2023 in non-general funds, of which \$5,271,370 in fiscal year 2022 and \$848,080 in fiscal year 2023 are ARPA funds.



Highlights are as follows:

- ❖ Add \$267,876 in general funds in fiscal year 2023 for 3.00 FTE Engineer V positions for Water and Land Development to restore staffing levels for project implementation;
- ❖ Add \$1,700,000 in general funds in fiscal year 2023 for animal removal, applied research, surveys, and public outreach and education;
- ❖ Add \$1,500,000 in general funds in fiscal year 2023 for the Hawaii Invasive Species Council;
- ❖ Add \$2,000,000 in general funds in fiscal year 2023 for state parks security;
- ❖ Add \$1,000,000 in general funds in fiscal year 2023 for axis deer mitigation;
- ❖ Add \$60,864 in general funds in fiscal year 2023 for a 1.00 FTE Program Specialist for watershed management;
- ❖ Add \$4,000,000 in general funds in fiscal year 2023 for Honokohau Small Boat Harbor wastewater infrastructure;
- ❖ Add \$88,320 in general funds and a 1.00 FTE General Professional IV position in fiscal year 2023 for the Ocean Based Recreation Branch;
- ❖ Add \$3,000,000 for a special fund expenditure ceiling increase in fiscal year 2023 to pay for additional expenses and repair and maintenance for the Ocean Based Recreation Branch;
- ❖ Add \$60,480 in special funds for 2.00 FTE Office Assistant III positions in the Ocean Based Recreation Branch;
- ❖ Add \$382,852 in special funds in fiscal year 2023 to increase the expenditure ceiling for the State of Hawaii Historic Preservation Division;
- ❖ Add \$454,318 in general funds in fiscal year 2023 to increase compensation for 22.00 FTE positions within the Historic



Preservation Division. These increases in compensation will accurately reflect the average salary for commensurate positions, resulting in higher retention;

- ❖ Add \$1,141,660 in general funds for 15.00 FTE positions in fiscal year 2023 for Archeologists, Architectural Historians, and Burial Site Specialists for Historic Preservation;
- ❖ Add \$11,906,688 for a Parks Administration special fund ceiling increase in fiscal year 2023 needed for expected increases in revenue;
- ❖ Add \$144,000 in general funds for 2.00 FTE Cultural Resource Specialists in fiscal year 2023 for the Natural and Physical Environment Branch; and
- ❖ Add \$200,000 in special funds in fiscal year 2023 for the Aha Moku Advisory Committee.

Lieutenant Governor

The Senate Draft of the executive budget for the Office of the Lieutenant Governor appropriates \$955,793 in fiscal year 2022 and \$1,009,793 in fiscal year 2023 in general funds.

Highlights are as follows:

- ❖ Add \$54,000 in general funds and a 1.00 FTE position in fiscal year 2023 for a Senior Advisor.

Public Safety

The Senate Draft of the executive budget for the Department of Public Safety appropriates \$269,412,039 in fiscal year 2022 and \$284,725,556 in fiscal year 2023 in general funds and \$28,128,400 in fiscal year 2022 and \$48,429,997 in fiscal year 2023 in non-general funds, of which \$18,601,597 in fiscal year 2023 are ARPA funds.



Highlights are as follows:

- ❖ Add \$17,633,345 in general funds in fiscal year 2023 to restore one hundred percent of unfunded positions;
- ❖ Add \$18,036,511 in ARPA funds in fiscal year 2023 for equipment, supplies, and personnel for new facilities;
- ❖ Add \$500,000 in general funds in fiscal year 2023 for pre-entry and post-entry programs for inmates;
- ❖ Add \$200,000 in ARPA funds in fiscal year 2023 for the Hawaii Paroling Authority for community housing;
- ❖ Add \$570,156 in general funds in fiscal year 2023 for 6.00 FTE Clinical Psychologists to expand suicide prevention services;
- ❖ Add \$1,740,672 in general funds in fiscal year 2023 for 16.00 FTE Registered Nurses to provide twenty-four hour health care services at neighbor island facilities; and
- ❖ Add \$365,086 in ARPA funds in fiscal year 2023 for the Crime Victim Compensation Commission.

Subsidies

The Senate Draft of the executive budget for State Subsidies appropriates \$300,000 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Add \$300,000 for a special fund expenditure ceiling increase for the Safe Routes to School program.

Taxation

The Senate Draft of the executive budget for the Department of Taxation appropriates \$25,062,628 in fiscal year 2022 and \$27,231,537 in fiscal year 2023 in general funds and



\$6,808,448 in fiscal year 2022 and \$3,567,116 in fiscal year 2023 in non-general funds, of which \$3,241,332 in fiscal year 2022 are ARPA funds.

Highlights are as follows:

- ❖ Add \$251,000 for 3.00 FTE Criminal Investigator positions which will generate \$1,000,000 annually;
- ❖ Add \$209,988 for 3.00 FTE Auditor positions, which will generate \$3,000,000 annually; and
- ❖ Add \$350,000 for a co-located data center.

Transportation

The Senate Draft of the executive budget for the Department of Transportation appropriates \$1,076,632,484 in fiscal year 2022 and \$1,288,698,374 in fiscal year 2023 in non-general funds, of which \$7,000,000 in fiscal year 2023 are ARPA funds.

Highlights are as follows:

- ❖ Add \$8,257,812 in special funds in fiscal year 2023 for electric wiki buses for the Daniel K. Inouye International Airport to transport those needing assistance;
- ❖ Add \$2,000,000 in special funds in fiscal year 2023 for invasive species removal;
- ❖ Add \$105,000 in special funds in fiscal year 2023 for security services for harbors;
- ❖ Add \$850,000 in special funds in fiscal year 2023 for maintenance of the Tetsuo Harano Tunnels on Interstate H-3;
- ❖ Add \$500,000 in special funds in fiscal year 2023 for maintenance of smart traffic controllers; and
- ❖ Add \$7,000,000 in ARPA funds in fiscal year 2023 for debris removal and homeless clean-up on the side of the highways.



University of Hawaii

The Senate Draft of the executive budget for the University of Hawaii appropriates \$497,910,940 in fiscal year 2022 and \$778,583,557 in fiscal year 2023 in general funds. The Senate Draft also appropriates \$707,728,950 in fiscal year 2022 and \$702,143,341 in fiscal year 2023 in non-general funds, of which \$3,500,000 in fiscal year 2022 are ARPA funds.

Highlights are as follows:

- ❖ Add \$3,456,489 in general funds in fiscal year 2023 to address the statewide nursing workforce;
- ❖ Add \$2,000,000 in general funds and 12.00 FTE positions in fiscal year 2023 for coastal erosion;
- ❖ Add \$146,000 in general funds and 3.00 FTE positions in fiscal year 2023 for the Maui Food Innovation Center;
- ❖ Add \$4,800,000 in general funds in fiscal year 2023 for the Hawaii Promise Program;
- ❖ Add \$400,000 in general funds in fiscal year 2023 for University of Hawaii at Hilo athletics;
- ❖ Add \$171,000 in general funds and 3.00 FTE positions in fiscal year 2023 for the Hawaii Institute of Marine Biology;
- ❖ Add \$305,000 for the Anthurium Varietal Research and Breeding Program;
- ❖ Add \$3,340,000 in general funds and 6.00 FTE positions in fiscal year 2023 to expand the University of Hawaii John A. Burns School of Medicine's residency program to the neighbor islands;
- ❖ Add \$190,000 in general funds and 2.00 FTE positions in fiscal year 2023 for the University of Hawaii at Hilo's Aviation Program;



- ❖ Add \$343,500 in general funds and 5.00 FTE positions in fiscal year 2023 for Windward Community College student support services;
- ❖ Add \$110,000 in general funds and 1.50 FTE positions in fiscal year 2023 for the University of Hawaii Maui College's International and Regional Partnerships Program;
- ❖ Add \$1,000,000 in general funds for holistic student support and mental health services;
- ❖ Add \$1,274,100 in general funds and 31.00 FTE Security Officers in fiscal year 2023 for the Community College System;
- ❖ Add \$33,333,334 in general funds in fiscal year 2023 for the State match for the statewide broadband initiative;
- ❖ Add \$300,000 in general funds in fiscal year 2023 for the Homeless Data Clearing House;
- ❖ Add \$1,598,905 in general funds in fiscal year 2023 for a coastal erosion study at Ehukai Beach Park;
- ❖ Add \$7,200,000 in general funds in fiscal year 2023 for University of Hawaii at Manoa athletics programs;
- ❖ Add \$557,097 in general funds and 4.00 FTE positions to address the teacher workforce shortage;
- ❖ Add \$13,000 in general funds in fiscal year 2023 for College of Tropical Agriculture and Human Resources relocations costs;
- ❖ Add \$14,000,000 in general funds in fiscal year 2023 for Mauna Kea stewardship and management;
- ❖ Add \$1,540,000 in general funds and 8.00 FTE positions in fiscal year 2023 to expand non-credit workforce development opportunities;



- ❖ Add \$125,000 in general funds and a 1.00 FTE Director for Procurement Services in fiscal year 2023;
- ❖ Add \$2,000,000 in general funds in fiscal year 2023 for a Puna traffic study;
- ❖ Add \$200,000 in general funds for the Sea Grant College Program;
- ❖ Add \$5,000,000 in general funds in fiscal year 2023 for the University of Hawaii Community Design Center projects - Waikiki Adaptation and Resilience Plan, Hookaulike Prison Reform, Statewide Cultural Heritage Studies, Spectrum of Housing for Hawaii, and Department of Education schools and University of Hawaii Campus Master Plans; and
- ❖ Add \$2,000,000 in general funds in fiscal year 2023 for the University of Hawaii Kupuna Health and Innovation Center to conduct a development study.

PART V. CAPITAL IMPROVEMENTS PROGRAM BUDGET

Your Committee finds an opportunity to invest in the State's infrastructure while remaining fiscally prudent.

The Administration requested a capital improvement budget that totaled:

ADMINISTRATION	Fiscal Year 2022	Fiscal Year 2023
General Obligation Bonds	\$990,124,000	\$1,123,989,000
All Means of Financing	\$1,646,672,000	\$2,717,505,000

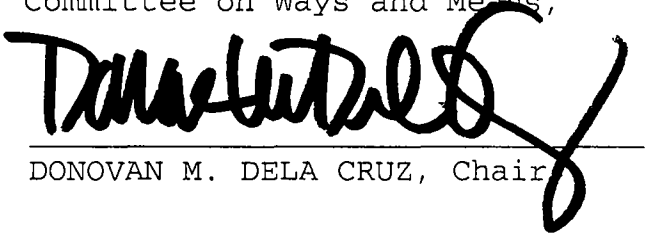
Your Committee has amended this budget to appropriate the following in capital improvement funds:

SENATE	Fiscal Year 2022	Fiscal Year 2023
General Obligation Bonds	\$988,124,000	\$1,220,473,000
American Rescue Plan Act Funds	\$67,817,000	\$47,511,000
All Means of Financing	\$1,710,789,000	\$2,901,511,000



As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1600, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1600, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DONOVAN M. DELA CRUZ, Chair



