

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON HUMAN SERVICES
ON
SENATE BILL NO. 883

February 12, 2009

MAKING AN APPROPRIATION FOR THE DEPARTMENT OF HUMAN SERVICES TO
ADDRESS THE BUDGET SHORTFALL

Senate Bill No. 883 appropriates \$15 million from the Emergency and Budget Reserve Fund to replace general funds that have been included in the proposed Fiscal Biennium 2009-11 Executive Budget for the health care payments program for Fiscal Year 2010. This appropriation is needed to assist in addressing the critical budget shortfall facing the State in Fiscal Biennium 2009-11.

When the Executive Budget was submitted, we projected a general fund balance of \$100.5 million at the end of Fiscal Year 2011. However, at its January 2009 meeting, the Council on Revenues reduced its general fund revenue projections by \$650 million over the three-year period from Fiscal Year 2009 to Fiscal Year 2011. If no corrective action is taken, we face a deficit of \$550 million in the general fund balance by the end of Fiscal Year 2011.

This appropriation is one of the steps being taken to address this shortfall and will help to ensure that the State is operating within a balanced budget.



SenateHMS Cmte
THURS, Feb 12, 2009
1:15 pm
room 016

National Association of Social Workers

Hawaii Chapter

February 11, 2009

TO: Senator Suzanne Chun Oakland
Members of the Senate Human Services Committee

FROM: Debbie Shimizu, LSW
National Association of Social Workers, Hawaii Chapter
PHOCUSED (Protecting Hawaii's Ohana, Children, Under Served, Elderly and Disabled)

RE: SB 882 and SB 883 Making an Emergency Appropriation for the Department of Human Services to Address the Budget Shortfall- **OPPOSED**

Madam Chair Chun Oakland and members of the Senate Human Services Committees, I am Debbie Shimizu, Executive Director of the National Association of Social Workers (NASW), Hawaii Chapter and board member of PHOCUSED (Protecting Hawaii's Ohana, Children, Under Served, Elderly and Disabled) **testifying in OPPOSITION to SB 882 and SB 883.**

We prefer SB 1679 relating to the Emergency and Budget Reserve Fund.

On Tuesday, Feb 10th in a hearing of the Senate Health and Human Services Committees, the state budget director testified that the administration wanted to use \$60 million from the Emergency and Budget Reserve Fund to make up the budget shortfall THIS fiscal year (08-09) and \$15 million from the fund to balance the budget for the 09-10 fiscal year. This is what SB 882 and SB 883 proposes to do. Both bills will ultimately deplete the entire fund.

Language from 328L-3 relating to the Emergency and Budget Reserve Fund states that *"the legislature may make appropriations from the fund for the following purposes:*

- (1) To maintain levels of programs determined to be essential to public health, safety, welfare, and education;*
- (2) To provide for counter cyclical economic and employment programs in periods of economic downturn;*
- (3) To restore facilities destroyed or damaged or services disrupted by disaster in any county; and*
- (4) To meet other emergencies when declared by the governor or determined to be urgent the legislature".*

Furthermore, it states that, *"Any act making appropriations from the emergency and budget reserve fund shall include a declaration of findings and purposes setting forth the purposes, the amounts, and the reasons why the appropriations are necessary..."*

SB 882 and SB 883 state that the emergency appropriation requested in these bills will *"be used as a source of funding to replace the general funds that are currently being appropriated for the health care payments program"*

This is clearly an inappropriate use of the Emergency and Budget Reserve Fund and does not give enough specifics about the purpose and use of the money to be used. We believe SB 1679 is a more appropriate use of the fund and hope you will consider passing SB1679 instead.

Thank you for this opportunity to testify.

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

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

February 12, 2009

MEMORANDUM

TO: Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 883 – MAKING AN APPROPRIATION FOR THE DEPARTMENT OF
HUMAN SERVICES TO ADDRESS THE BUDGET SHORTFALL**

Hearing: Thursday, February 12, 2009 1:45 p.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is authorize an appropriation from the Emergency and Budget Reserve Fund to replace general funds appropriated for the health care payments program (HMS 401) to address the budget shortfall in fiscal year 2008-20011.

DEPARTMENT'S POSITION: The Department of Human Services defers to the Department of Budget and Finance on this bill.

Thank you for this opportunity to testify.