

Honolulu, Hawaii

APR 23 , 2018

RE: H.B. No. 1900
H.D. 1
S.D. 2
C.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1900, H.D. 1, S.D. 2, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

PART I. OVERVIEW

Your Committee on Conference has approved a Conference Draft of the executive budget that is less than the operating budget request submitted by the Administration. The Conference Draft appropriates \$14,438,080,109 in all funds, inclusive of \$7,512,285,586 in general funds for fiscal year 2018-2019.

The Administration's initial budget submittal to the Legislature added \$21,256,787 in general funds for fiscal year 2018-2019. Since submitting the initial budget to the Legislature in

HB1900 CD1 CCR LRB 18-2468.doc



December, the Administration also submitted various Governor's Messages that adjusted its initial request by adding \$45,146,065 in general funds for fiscal year 2018-2019.

The net change of the appropriations in this measure, as amended by your Committee on Conference, results in an executive budget for fiscal biennium 2017-2019 as follows:

	Fiscal Year 2017-2018		Fiscal Year 2018-2019	
	All Funds	General Funds	All Funds	General Funds
Executive Budget Act 49, SLH 2017 Executive Request (Including Governor's Messages #7, #8, #11 and #12)	\$14,110,569,014	\$7,248,455,293	\$14,308,859,860	\$7,421,597,622
Net Change of Conference Draft	\$0	\$0	\$122,073,349	\$66,402,852
Total Appropriation	\$14,110,569,014	\$7,248,455,293	\$14,438,080,109	\$7,512,285,586

PART II. OPERATING BUDGET HIGHLIGHTS

The Conference Draft of the executive budget includes the following major adjustments:

Agriculture

- (1) Adding \$800,000 in general funds for invasive and hazardous plant mitigation; and
- (2) Adding 2.00 permanent positions and \$162,500 in general funds for the Farm-to-State Food Program;

Accounting and General Services

- (1) Adding \$100,000 in general funds for salary increases for Office of Information Practices personnel;
- (2) Adding 75.00 permanent positions, 3.00 temporary positions, and \$5,663,887 in general funds for capital improvement project staff costs;



- (3) Adding 2.00 permanent positions and \$228,972 in general funds for salary increases for State Procurement Office personnel; and
- (4) Adding \$500,000 in general funds for a comprehensive review and analysis of the Hawaii Public Procurement Code;

Attorney General

- (1) Adding \$2,000,000 in general funds for the litigation fund;

Business, Economic Development and Tourism

- (1) Adding \$150,000 in general funds for the unmanned aerial systems program;
- (2) Adding \$150,000 in general funds for the Pacific International Space Center for Explorations System;
- (3) Adding \$1,500,000 in general funds for the Excelerator Program; and
- (4) Adding \$1,050,000 in general funds for community-based economic development for elderly transportation services and the kupuna community care network;

Budget and Finance

- (1) Reducing \$15,126,328 for debt service payments;
- (2) Reducing \$42,475,735 for retirement benefit payments; and
- (3) Reducing \$23,765,824 for health premium payments;

Commerce and Consumer Affairs

- (1) Adding \$7,920,000 in trust funds for Institutional Network Cable Television; and
- (2) Adding 1.00 permanent position and \$170,058 in special funds for Business Registration and Securities Regulation;



Defense

- (1) Adding 1.00 temporary position and \$95,000 in general funds for the Hawaii State Fusion Center;
- (2) Adding \$1,446,200 in general funds for repairs and maintenance, statewide; and
- (3) Adding \$200,000 in general funds for Hawaii State Veterans Cemetery;

Education

Regular Education

- (1) Adding \$1,500,864 in general funds for the Office of Hawaiian Education;
- (2) Adding \$2,147,282 in general funds for the Hawaii Keiki Program;
- (3) Adding \$500,000 in general funds for the Early College High School Initiative;
- (4) Adding 1.00 permanent position and \$4,500,000 in general funds for Alternative Learning Centers;
- (5) Adding 2.00 permanent positions and \$183,818 in general funds for World Languages and Health Education;
- (6) Adding \$850,000 in general funds for Title IX compliance training;
- (7) Adding \$1,100,000 in general funds for alternative teacher route programs;
- (8) Adding \$1,080,184 in general funds for the Office of Strategy, Innovation and Performance;
- (9) Adding \$850,000 in general funds for travel costs for athletic teams;
- (10) Adding 66.00 permanent positions and \$4,783,896 in general funds for capital improvement project staff costs;



- (11) Adding 6.00 permanent positions and \$533,868 in general funds for Workforce Innovation and Opportunity Act and Adult Education and Family Literacy Act staffing;

Libraries

- (12) Adding \$500,000 in general funds for repair and maintenance projects;
- (13) Adding \$500,000 in general funds for books and materials;

Charter Schools

- (14) Adding \$142,000 in general funds for national board certified teachers;
- (15) Adding \$2,182,338 in general funds for per pupil adjustment costs;

Early Learning

- (16) Adding \$20,000 in general funds for the Professional Learning System; and
- (17) Adding 2.00 permanent positions and \$133,618 in general funds for the Executive Office on Early Learning and Early Learning Advisory Board;

Health

- (1) Adding \$800,000 in general funds for outreach and counseling services for chronically homeless individuals and families with severe substance abuse disorders;
- (2) Adding \$500,000 in general funds for chronic disease prevention and health promotion;
- (3) Adding \$2,871,420 in general funds for emergency medical services;
- (4) Adding \$4,500,000 in general funds for three new ambulances for the County of Kauai, County of Hawaii, and City and County of Honolulu;



Executive Office on Aging

- (5) Adding \$1,700,000 in general funds for Aging and Disability Resource Centers statewide;
- (6) Adding \$3,877,063 in general funds for Kupuna Care; and
- (7) Adding \$1,200,000 in general funds for the Kupuna Caregiver Fund;

Hawaii Health Systems Corporation

- (1) Adding \$11,230,969 in general funds for an operating subsidy;
- (2) Adding \$1,500,000 in general funds for the Hilo Medical Center Cardiac Unit; and
- (3) Adding \$28,000,000 in general funds for an operating subsidy for the Hawaii Health Systems Corporation - Maui Health System;

Human Resources Development

- (1) Adding \$101,080 in general funds for the Learning Management and Self-Directed Learning Library;

Human Services

- (1) Adding \$15,000,000 in general funds for Homeless Programs and Services;
- (2) Adding \$240,000 in general funds for Juvenile Justice Programs; and
- (3) Adding \$5,250,000 in general funds for the Kauhale On-Line Eligibility Assistance (KOLEA) System;

Labor and Industrial Relations

- (1) Adding 2.00 permanent positions and \$145,000 in general funds for the Hawaii Labor Relations Board;



Land and Natural Resources

- (1) Adding \$500,000 in general funds for mangrove remediation to address flood control issues;
- (2) Adding \$800,000 in general funds for Rapid Ohia Death response;
- (3) Adding 2.00 permanent positions and \$500,928 in general funds for the Division of Conservation and Resources Enforcement Training Academy;
- (4) Adding 9.00 permanent positions and \$283,969 in general funds for the State Historic Preservation Division; and
- (5) Adding 10.00 permanent positions and \$188,820 in general funds for State Parks Administration and Operations;

Public Safety

- (1) Adding \$5,000,000 in general funds for continued housing of inmates at the Saguaro Correctional Center;
- (2) Adding \$1,944,923 in general funds to address the Medicaid payment shortfall; and
- (3) Adding 1.00 permanent position and \$85,670 in general funds for the Sheriff Division, Kona Unit;

Taxation

- (1) Transferring in 6.00 temporary positions and \$900,000 in general funds for the Tax System Modernization Project; and
- (2) Adding 5.00 temporary positions and \$215,425 in special funds for the Special Enforcement Section;

Transportation

Airports

- (1) Adding \$10,994,788 in special funds for ten Wiki Wiki shuttle buses;



- (2) Adding 12.00 permanent positions and \$3,414,352 in special funds for Airport Rescue Fire Fighting at Lihue Airport;
- (3) Adding \$39,000,000 in special funds for the Consolidated Rental Car Facility Tram and Shuttle Service;

Highways

- (4) Adding \$1,980,600 in special funds for the Highways Financial Management System, Phase III;
- (5) Adding \$11,500,000 in general funds for special maintenance; and

Administration

- (6) Adding \$250,000 in special funds and \$250,000 in federal funds for safety oversight of the rail transit fixed guideway system.

University of Hawaii

- (1) Adding 5.00 permanent positions and \$300,000 in general funds for the student success initiative for the University of Hawaii at Manoa;
- (2) Adding 11.00 permanent positions and \$960,000 in general funds for the College of Tropical Agriculture and Human Resources;
- (3) Adding \$300,000 in general funds for rat lungworm research;
- (4) Adding 2.00 permanent positions and \$200,000 in general funds for the Hawaii Ant Lab;
- (5) Adding 8.00 permanent positions and \$501,000 in general funds for health, safety, and campus development for the University of Hawaii, West Oahu;
- (6) Adding 6.20 permanent positions and \$515,000 in general funds for the Health Sciences Academy;
- (7) Adding 8.00 permanent positions and \$750,000 in general funds for the student success initiative for the University of Hawaii community colleges; and



- (8) Adding 10.00 permanent positions and \$1,250,372 in general funds for online learning courses.

PART III. CAPITAL IMPROVEMENT PROJECTS BUDGET

Your Committee on Conference finds that capital improvement projects are essential to our economy and play a pivotal role in building social infrastructure and helping to strengthen communities.

Your Committee on Conference has provided a total of \$1,027,951,000 for fiscal year 2017-2018 and \$735,455 for fiscal year 2018-2019 for projects funded by general obligation bond funds and \$4,657,524,000 for fiscal biennium 2017-2019 for projects funded by all other means of financing. In comparison, the Administration's proposed capital improvement program biennium budget, as amended pursuant to Governor's Messages, provided a total of \$1,027,951,000 for fiscal year 2017-2018 and \$694,143,000 for fiscal year 2018-2019 for projects funded by general obligation bonds and \$4,508,180,000 for fiscal biennium 2017-2019 for projects funded by all other means of financing.

Highlights of the capital improvements projects' budget for the biennium include:

Department of Agriculture

- \$2,750,000 for Agricultural Infrastructure Improvements, statewide
- \$4,500,000 for East Maui Water Systems
- \$4,700,000 for Agricultural Land, Oahu
- \$3,600,000 for Kekaha Ditch Irrigation System Modification, Kauai
- \$4,000,000 for Waiahole Water System Improvements, Oahu

Department of Accounting and General Services

- \$5,050,000 for Health and Safety, Information and Communication Services, statewide



Department of Business, Economic Development, and Tourism

- \$6,500,000 for First Responders Technology Campus and Cyber Security Data Center, Oahu
- \$4,900,000 for Improvements and Upgrades to Seawater System, Hawaii

Department of Education

The Administration proposed \$175,082,000 for fiscal year 2018-2019 for education facilities. Instead, your Committee on Conference has provided a total of \$350,356,000 for fiscal year 2018-2019 for education facilities including:

- \$14,350,000 for Science, Technology, Engineering and Math (STEM) Facilities, Improvements and Renovations, statewide
- \$13,000,000 for East Kapolei Middle School, Oahu
- \$10,000,000 for Pohukaina Elementary School, Oahu
- \$40,000,000 for Kihei High School, Maui
- \$10,000,000 for Gender Equity Facilities, Improvements and Renovations, statewide
- \$20,500 for Waipahu Intermediate School, Oahu

Department of Hawaiian Home Lands

- \$4,000,000 for Molokai Veterans Center, Molokai
- \$2,000,000 for Waianae Coast Parallel Route, Oahu

Department of Human Services

- \$21,500,000 for Public Housing Development, Improvements, and Renovations, statewide
- \$4,500,000 for Mayor Wright Homes On-Site Infrastructure Improvements

Department of Land and Natural Resources

- \$6,506,000 for Watershed Protection and Initiatives, statewide
- \$1,680,000 for Kawainui Marsh Cleanup Environmental Degradation and Restoration of Native Wildlife Habitat



Department of Public Safety

- \$40,000,000 for Women's Community Correctional Center (WCCC), Oahu

Department of Taxation

- \$16,546,000 for Tax System Modernization

Department of Transportation

- \$2,000,000 for Paakea Road Condemnation

University of Hawaii

- \$700,000 for University of Hawaii At Manoa Sinclair Library Renovation
- \$3,000,000 for University of Hawaii At Hilo, Hale Alahonua Air Conditioning Improvements
- \$5,000,000 for University of Hawaii West Oahu, Campus Center Extension
- \$3,000,000 for Community College Systems Multi-Agency Facility, Oahu
- \$200,000 for University of Hawaii John A. Burns School of Medicine

Your Committee on Conference recognizes the great need in the State for services provided by non-governmental groups and nonprofit agencies and has thus provided \$20,000,000 in general obligation bond funds in fiscal year 2018-2019 to help aid these organizations in better serving the community.

Finally, your Committee on Conference provided funding for various projects within the Department of Defense, Department of Hawaiian Home Lands, Department of Health, Department of Human Services, Department of Land and Natural Resources, and Department of Transportation, among others, to ensure that contributions of matching federal, private, and other funds may be maximized and not lost or forfeited.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1900, H.D. 1, S.D. 2, as amended herein, and recommends

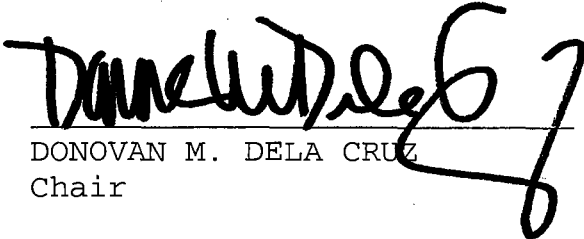


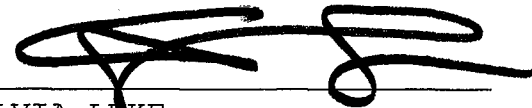
that it pass Final Reading in the form attached hereto as H.B.
No. 1900, H.D. 1, S.D. 2, C.D. 1.

Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE


DONOVAN M. DELA CRUZ
Chair

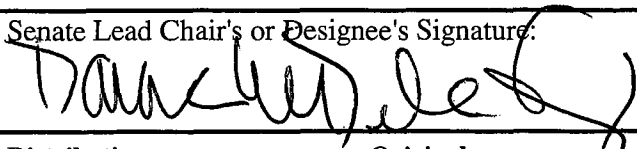
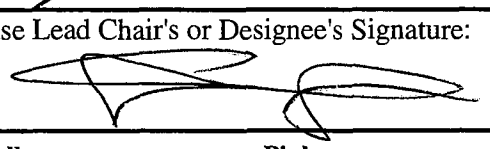

SYLVIA LUKE
Chair



Hawaii State Legislature

CCR 3-18

Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: HB 1900, HD 1, SD 2					Date/Time: 4/20/2018 3:30 PM						
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).											
<input type="checkbox"/> The Committee is reconsidering its previous decision.											
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.						
Senate Managers		A	WR	N	E	House Managers		A	WR	N	E
DELA CRUZ, Donovan M., Chr.		/				LUKE, Sylvia, Chr.		/			
ENGLISH, J. Kalani		/				CACHOLA, Romy M.		/			/
GALUTERIA, Brickwood		/				CULLEN, Ty J.K.		/			
HARIMOTO, Breene		/			/	DECOITE, Lynn		/			
INOUYE, Lorraine R.		/				FUKUMOTO, Beth		/			
KAHELE, Kaiali'i		/				GATES, Cedric Asuega		/			
KEITH-AGARAN, Gilbert S.C.		/				HOLT, Daniel		/			
KIDANI, Michelle N.		/				KEOHOKALOLE, Jarrett		/			
RIVIERE, Gil		/			/	KOBAYASHI, Bertrand		/			
SHIMABUKURO, Maile S.L.		/				LOWEN, Nicole E.		/			
WAKAI, Glenn		/				NAKAMURA, Nadine K.		/			
						TODD, Chris		/			
						YAMASHITA, Kyle T.		/			/
						TUPOLA, Andria P.L.		/			
						WARD, Gene		/			
TOTAL		9			2	TOTAL		14			1
A = Aye		WR = Aye with Reservations			N = Nay			E = Excused			
Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted						House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					
Senate Lead Chair's or Designee's Signature: 						House Lead Chair's or Designee's Signature: 					
Distribution:		Original <i>File with Conference Committee Report</i>		Yellow <i>House Clerk's Office</i>		Pink <i>Senate Clerk's Office</i>		Goldenrod <i>Drafting Agency</i>			