

STAND. COM. REP. NO.

1553

Honolulu, Hawaii

**APR 07 2021**

RE: H.B. No. 200  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 200, 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 fiscal biennium beginning July 1, 2021, and ending June 30, 2023.

Your Committee received testimony in support of this measure from the Office of Information Practices; Department of Commerce and Consumer Affairs; Executive Office on Aging; Executive Office on Early Learning; Land Use Commission; Hawaii Green Infrastructure Authority; Office of Community Services; Department of Accounting and General Services; Hawaii State Public Library System; Office of Planning; Hawaii Housing Finance and Development Corporation; Department of the Prosecuting Attorney of the City and County of Honolulu; University of Hawaii-University Budget Office; Hawaii State Commission on the Status of Women; Catholic Charities Hawaii; Partners In Care; Hawaii Technology Development Corporation; Policy Advisory Board for Elder Affairs; The Kauai Watershed Alliance; Bricklayers Union, Local 1; Hawaii Friends for Civil Rights; Early Learning Board; Hawaii Health Systems Corporation; Hawaii Coalition for Immigrant Rights; Hawaii Children's Action Network Speaks!; University of Hawaii; Early



Childhood Action Strategy; Ben Dyre Family Limited Partnership; Women's Coalition; National Association of Crime Victim Com; Americans for Democratic Action; Kauai Watershed Alliance; Special Education Advisory Council; and two individuals.

Your Committee received testimony in opposition to this measure from the Workforce Development Council; McKinley Community School for Adults; Hoisting Machine Operators Advisory Board; Department of Taxation; Workforce Development Council; State Career and Technical Education Office; Department of Public Safety; Stadium Authority; State Health Planning and Development Agency; Office of the Public Defender; Department of Defense; Hawaii Tourism Authority; Department of Education; County of Maui, Office of Economic Development and Member of the Workforce Development Council; Briant808 LLC; Nordic PCL Construction, Inc.; The Trust for Public Land; Mothers Against Drunk Driving; Work for Warriors Hawaii; Hawaii Carpenters Apprenticeship and Training Fund; Hawaii Laborers' Union Local 368; HiEmployment and WDC; Honolulu Joint Apprenticeship and Training Committee for the Plumbing & Pipefitting Industry PAMCAH-UA Local 675 Training Fund; Responsive Caregivers of Hawaii; Arc of Kona; Full Life; O Ke Kai Kau Laau Lapaau; Crime Victim Compensation Commission; Hawaii Autism Foundation; State Council on Developmental Disabilities; Elder Care 808; National Down Syndrome Society; Immersive Wellness Medicine; DD Council; K.E.L.I.I. Foundation; WIOA Youth Services Program Maui; MCSA Farrington; Career and Technical Education; and forty-seven individuals.

Your Committee received comments on this measure from the Department of Labor and Industrial Relations; John A. Burns School of Medicine; Department of Education; Department of Budget and Finance; Department of Business, Economic Development, and Tourism; Office of the Governor; Department of Human Resources Development; Department of Health; Hawaii State Public Charter School Commission; Hawaii Public Housing Authority; Department of the Attorney General; Department of Hawaiian Home Lands; Division of Vocational Rehabilitation; Office of Enterprise Technology Services; Hawaii State Energy Office; Department of Transportation; Hawaii Public Utilities Commission; Department of Land and Natural Resources; Department of Human Services; Hawaii Department of Agriculture; Waipahu High School Early College; Maui County Department of the Prosecuting Attorney; County of Kauai



Office of the Prosecuting Attorney; Hawaii Laborers and Employers Cooperation and Education Trust Fund; Hawaii Construction Alliance; Pacific Resource Partnership; Hawaii Regional Council of Carpenters; Conservation Council for Hawaii Authority; Grassroot Institute of Hawaii; Natural Energy Laboratory of Hawaii; Hawaii Community Development Authority; Maui Health System; Goodwill Industries of Hawaii, Inc.; Sex Abuse Treatment Center; Hope Services Hawaii; The Nature Conservancy Hawaii; American Association of University Women of Hawaii; Hawaii Pacific Health; Ohana Pacific Management Company; PHOCUSED; 501c3 Partners; Hawaii State Coalition Against Domestic Violence; United Public Workers, AFSCME Local 646 UPW; State Foundation on Culture and the Arts; Hunt Companies - Hawaii; and eleven individuals.

#### **PART I. OVERVIEW**

This measure, as received, includes:

- (1) The base budget from Act 9, Session Laws of Hawaii (SLH) 2020;
- (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 2020 and 2021 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, ceiling increases or decreases, and reductions;
- (2) Additional funding for priority budget requests;



- (3) Additional American Rescue Plan Act of 2021 funds totaling \$1,600,000,000,000; and
- (4) The State of Hawaii fund allocation to meet the federal Maintenance of Effort requirement.

	Fiscal Year 2021-2022		Fiscal Year 2022-2023	
	All Funds	General Funds	All Funds	General Funds
Executive Budget Act 9, SLH 2020	\$15,340,887,786	\$7,733,565,519	\$15,672,211,865	\$8,026,960,067
Executive Budget Request	\$15,416,743,597	\$7,685,972,117	\$15,521,316,276	\$7,798,266,153
Net Change in Senate Draft	\$989,159,753	\$278,042,127	\$1,060,476,212	\$228,984,944
Total Appropriation	\$16,405,903,350	\$7,964,014,244	\$16,581,792,488	\$8,027,251,097

## PART II. GENERAL FUND REVENUES AND ECONOMY

The Council on Revenues increased its general fund tax revenue projection at both its January 2021 and March 2021 meetings.

When the Council met, their forecast assumed the passage of the \$1.9 trillion Federal stimulus bill (the American Rescue Plan Act of 2021). The Council's forecast also assumed that Hawaii's economy will continue to open up steadily without significant regulatory restrictions and shutdowns affecting businesses and individuals, and that travel restrictions will continue to become more relaxed and visitor arrival numbers will return to relatively normal levels in the near future.

The Council's fiscal year 2021 forecast considered and discussed the fiscal impacts of the delay in the income tax filing deadline from April 2020 to July 2020, which resulted in a shift of approximately \$308 million from fiscal year 2020 to fiscal year 2021 and the adverse impact on tax collections due to businesses affected by the 2020 pandemic shutdown and restrictions. The Council acknowledged that economic activity continues its upward trajectory since the last shutdown in September 2020. In addition, the Council discussed the impacts of the American Rescue



Plan Act of 2021 that it expected to be passed in March 2021 and the taxation of benefits received from Unemployment Insurance and the Pandemic Unemployment Assistance (PUA) program.

The Council acknowledged that the coronavirus disease 2019 (COVID-19) continues to represent a serious risk to public health and the State's economy. Future tax revenues are highly dependent on the trajectory of the virus, new variants, the availability and efficacy of vaccines, rapid low-cost testing, and the state, county, and federal governments' ability to manage health risks while at the same time supporting economic activities. Given the prominent role of tourism in Hawaii's economy, the number of visitors to the State will have major impacts on the economy and tax collections. The Council recognized that international visitor arrivals may lag domestic visitor arrivals since certain other countries are behind the United States in their vaccination programs.

The new forecasts for the state general fund tax revenues for fiscal year 2021 through fiscal year 2027 are shown in the table below.

General Fund Tax Revenues		
Fiscal Year	Amount (in Thousands of Dollars)	Growth From Previous Year
2021	\$6,527,438	-2.5%
2022	\$6,788,536	4.0%
2023	\$7,060,077	4.0%
2024	\$7,342,480	4.0%
2025	\$7,599,467	3.5%
2026	\$7,865,448	3.5%
2027	\$8,140,739	3.5%

**PART III. COMMITTEE'S PRIORITIES**

Your Committee has worked diligently to create a responsible financial plan that includes a budget that continues to fund 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, implementing revenue enhancers, sweeping excess special funds to the general fund, and strategic restructuring, reductions and cuts, and finally covering costs for Senate priorities.

Your Committee had the daunting task of balancing the state budget with the inclusion of \$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 (MOE) 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 6.69 percent and 23.35 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. The State faced economic hardships engendered by the COVID-19 pandemic. While there have been cuts across all departments in the previous fiscal biennium, the Department of Education took disproportionate cuts. This year's base appropriations for the Department of Education started nearly 2 percent short of meeting the MOE, equal to approximately \$150,000,000. In this time of economic instability, the State is in no position to jeopardize federal support, and we present a budget that meets the MOE.

Your Committee believes it is important to limit the growth of government and reduce duplicative services. Where applicable, government agencies should be working with each other to provide



services to Hawaii's residents. With that in mind, and incorporating each department's executive budget requests, your Committee reduced vacant positions and eliminated or consolidated departments or programs to align with the State's goals and priorities and achieve greater effectiveness and efficiencies.

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 kupuna; addressing issues surrounding homelessness; investing in the development of affordable housing; funding kindergarten through grade twelve education, early college programs, and the Hawaii Promise program; and scaling alternative education and trauma informed care programs statewide.

#### **PART IV. OPERATING BUDGET**

##### Accounting and General Services

The Senate Draft of the executive budget for the Department of Agriculture appropriates \$103,833,316 in fiscal year 2022 and \$102,906,61 in fiscal year 2023 in general funds. The Senate Draft also appropriates \$83,766,125 in fiscal year 2022 and \$83,766,125 in fiscal year 2023 in non-general funds, of which \$741,288 in fiscal year 2022 and \$741,288 in fiscal year 2023 are ARPA funds.

Highlights are as follows:

- ❖ Restore 1.5 permanent Staff Attorneys and \$153,967 for the Office of Information Practices;
- ❖ Consolidate AGS130 and AGS131 Office of Enterprise Technology Services for efficiency and resource alignment;
- ❖ Convert the funding of ten temporary positions and \$955,512 to special funds;
- ❖ Add \$550,000 in fiscal year 2022 and fiscal year 2023 for an insurance program for state risk management and insurance administration (ARPA);



- ❖ Restore \$629,777 in fiscal year 2022 and \$259,554 in fiscal year 2023 for the Office of Elections Voting System;
- ❖ Add \$287,000 in fiscal year 2022 for the 2021 reapportionment for the Office of Elections;
- ❖ Deny the Aloha Stadium request for \$2,887,200 in fiscal year 2022 for operating costs and a structural assessment;
- ❖ Add five permanent positions and \$836,550 each year for information technology modernization for the unemployment insurance system, disability compensation, financial management, child and family welfare, behavioral health, and state employee benefits system; and
- ❖ Fund past performance database with \$80,000 in fiscal year 2022 and \$84,000 in fiscal year 2023 through trade-off funds from the State Procurement Office.

### Agriculture

The Senate Draft of the executive budget for the Department of Agriculture appropriates \$12,580,622 in fiscal year 2022 and \$11,780,622 in fiscal year 2023 in general funds and \$41,017,050 in fiscal year 2022 and \$40,493,852 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Add \$800,000 ceiling increase for water infrastructure loans;
- ❖ Reduce \$225,000 from Queen Bee Program;
- ❖ Add \$180,799 ceiling increase for agriculture resource management;
- ❖ Add \$140,000 for one permanent Quality Assurance Administrator;
- ❖ Add \$50,000 for the Hemp Licensing Program;





- ❖ Add \$26,803 in fiscal year 2022 and \$53,605 in fiscal year 2023 for one temporary general accounting clerk;
- ❖ Reduce \$500,000 for agriculture innovation projects;
- ❖ Add \$600,000 in fiscal year 2022 and \$500,000 in fiscal year 2023 for pesticide disposal; and
- ❖ Add \$800,000 to start the Pesticide Disposal Program.

#### Attorney General

The Senate Draft of the executive budget for the Office of the Attorney General appropriates \$29,563,823 in fiscal year 2022 and \$29,541,823 in fiscal year 2023 in general funds and \$65,758,456 in fiscal year 2022 and \$65,870,706 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Reduce \$870,000 from the Litigation Fund;
- ❖ Add \$870,000 for the Complex Litigation Fraud and Compliance Unit;
- ❖ Restore \$1,800,000 for the Career Criminal and Victim Witness Program;
- ❖ Restore \$714,000 for the Sex Abuse Treatment Center;
- ❖ Reduce \$22,000 in fiscal year 2022 and \$44,000 in fiscal year 2023 for building lease payments; and
- ❖ Reduce \$400,000 for the Automated Fingerprint Information System yearly loan payment.



Business, Economic Development, and Tourism

The Senate Draft of the executive budget for the Department of Business, Economic Development, and Tourism appropriates \$13,077,044 in fiscal year 2022 and \$13,129,464 in fiscal year 2023 in general funds. The Senate Draft also appropriates \$244,029,392 in fiscal year 2022 and \$244,029,392 in fiscal year 2023 in non-general funds, of which \$48,140,000 in fiscal year 2022 and \$48,140,000 in fiscal year 2023 are ARPA funds.

Highlights are as follows:

- ❖ Reduce \$950,000 in fiscal year 2022 and in fiscal year 2023 for Strategic Marketing and Support;
- ❖ Restore \$66,231 in fiscal year 2022 and \$132,462 in fiscal year 2023 for Statewide Land Use Management;
- ❖ Reduce \$541,795 in fiscal year 2022 and \$615,103 in fiscal year 2023 for the State Energy Office;
- ❖ Change the means of financing from general funds to the Hawaii Community Development Revolving Fund for the Hawaii Community Development Authority;
- ❖ Reduce \$27,357,559 in special funds for the Hawaii Tourism Authority and change the means of financing for the remaining \$48,140,000 (ARPA);
- ❖ Transfer out \$550,000 in general funds from the Department of Business, Economic Development, and Tourism to the University of Hawaii for the Pacific International Space Center for Exploration System Program;
- ❖ Transfer seven permanent positions and \$711,893 from Statewide Land Use Management to Statewide Planning and Coordination;
- ❖ Transfer four permanent positions and \$245,200 from the Office of Environmental Quality Control to Statewide Planning and Coordination;



- ❖ Transfer ten permanent positions and funds from Research and Statistics to Economic Planning and Research; and
- ❖ Reduce six temporary positions and \$283,229 in special funds from the Natural Energy Laboratory of Hawaii Authority.

### Budget and Finance

The Senate Draft of the executive budget for the Department of Budget and Finance appropriates \$3,092,005,164 in fiscal year 2022 and \$3,127,743,775 in fiscal year 2023 in general funds. The Senate Draft also appropriates \$582,738,077 in fiscal year 2022 and \$575,960,535 in fiscal year 2023 in non-general funds, of which \$161,366,792 in fiscal year 2022 and \$154,525,250 in fiscal year 2023 are ARPA funds.

Highlights are as follows:

- ❖ Restore \$626,000 subsidy to Bishop Museum (ARPA);
- ❖ Adds \$720,000 in fiscal year 2022 and \$240,000 in fiscal year 2023 for Iolani Palace (ARPA);
- ❖ Add one permanent budget analyst, one permanent accountant, and \$137,436 to monitor general obligation bond compliance;
- ❖ Add \$200,000 in fiscal year 2022 and fiscal year 2023 for a pharmacy benefits consultant for the Hawaii Employer Union Trust Fund;
- ❖ Add \$93,248,158 in fiscal year 2022 and \$122,625,227 in fiscal year 2023 for debt service;
- ❖ Reduce \$9,076,579 in each fiscal year for retirement benefits;
- ❖ Add \$24,700,000 for health premium payments;
- ❖ Pay Annual Required Contribution/Other Post-Employment Benefits Prefunding in the amounts of \$378,368,000 in fiscal year 2022 and \$338,079,000 in fiscal year 2023; and



- ❖ Add \$160,020,792 in fiscal year 2022 and \$153,659,250 in fiscal year 2023 for payment of working capital (ARPA).

### Commerce and Consumer Affairs

The Senate Draft of the executive budget for the Department of Commerce and Consumer Affairs appropriates \$94,921,564 in fiscal year 2022 and \$92,097,564 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Increase the ceiling by \$700,000 in fiscal year 2022 and \$1,050,000 in fiscal year 2023 for the King Kalakaua Building repairs and maintenance;
- ❖ Increase the ceiling by \$3,500,000 in fiscal year 2022 and \$500,000 in fiscal year 2023 for the Business Registration Information Management/Registration Documents Processing Management System;
- ❖ Increase the ceiling by \$100,000 for the VxRAIL Server for University of Hawaii Data Center;
- ❖ Increase the ceiling by \$175,000 in fiscal year 2022 and \$46,000 in fiscal year 2023 for core switch/firewall replacement for cybersecurity and protection of Department of Commerce and Consumer Affairs cloud assets; and
- ❖ Increase the ceiling by \$125,000 for a server for data integration across divisions and departments.

### Defense

The Senate Draft of the executive budget for the Department of Defense appropriates \$22,083,210 in fiscal year 2022 and \$19,833,210 in fiscal year 2023 in general funds and \$84,028,504 in fiscal year 2022 and \$84,028,504 in fiscal year 2023 in non-general funds.



Highlights are as follows:

- ❖ Restore 40.75 temporary positions and \$2,939,511 for the Hilo Youth Challenge Academy;
- ❖ Add three permanent positions for the Kaneohe Burial Team;
- ❖ Restore three permanent positions for the Kaneohe Burial Team;
- ❖ Add \$329,096 for seven temporary positions for the Lava Project;
- ❖ Create new program ID (DEF116) for Hawaii Army and Air National Guard;
- ❖ Create new program ID (DEF118) for Hawaii Emergency Management Agency; and
- ❖ Reduce \$2,250,000 in fiscal year 2022 and \$4,500,000 in fiscal year 2023 from the Major Disaster Fund.

### Education

The Senate Draft of the executive budget for the Department of Education appropriates \$1,752,980,401 in fiscal year 2022 and \$1,769,550,001 in fiscal year 2023 in general funds and \$319,577,751 in fiscal year 2022 and \$319,577,751 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Eliminate the Office of Strategy, Innovation, and Performance and the Office of Information Technology Services to decentralize administrative support services to Complex Areas;
- ❖ Add seven permanent positions and \$611,450 for Papahana O Kaiona Alternative Learning Programs;



- ❖ Add \$468,424 for teacher improvement services;
- ❖ Add \$250,000 in fiscal year 2022 for proof-of-concept High Core Program;
- ❖ Add \$5,000,000 for overtime for teachers to provide tutoring;
- ❖ Add \$1,000,000 for the Farm-to-School Program expansion;
- ❖ Add \$3,000,000 for Alternative Learning Centers;
- ❖ Add \$5,000,000 for a teacher rental housing subsidy;
- ❖ Add \$1,000,000 in fiscal year 2023 for the School Facilities Agency;
- ❖ Add \$39,719,565 in fiscal year 2022 and \$47,719,5665 in fiscal year 2023 to fully restore and supplement funds for Indexed Complex Area Allocation;
- ❖ Adds \$22,347,872 to partially restore defunded positions from Act 9, SLH 2020, for the weighted student formula;
- ❖ Add \$1,500,000 for kindergarten through grade twelve programming at libraries;
- ❖ Add \$5,124,000 in fiscal year 2023 for repairs and maintenance;
- ❖ Add \$400,000 for trauma-informed care services statewide;
- ❖ Restore \$11,226,819 from program review reductions for the weighted student formula;
- ❖ Restore \$315,883 from program review reductions for special education;
- ❖ Add \$304,400 in fiscal year 2022 for equipment and furniture for the Cyber Security Academy;



- ❖ Restore \$6,352,023 and two permanent and four temporary positions from program review reductions for Instructional Support;
- ❖ Restore \$5,239,467 and 16.5 permanent and one temporary positions from program review reductions for State Administration;
- ❖ Restore \$17,890,819 and ten permanent and two temporary positions from program review reductions for School Support;
- ❖ Restore \$38,393 from program review reductions for School Community Services; and
- ❖ Transfer in \$325,241 from the Department of Business, Economic Development, and Tourism for the Challenger Center.

#### Charter Schools

The Senate Draft of the executive budget for the Department of Education - Charter Schools appropriates \$107,226,561 in fiscal year 2022 and \$107,226,561 in fiscal year 2023 in general funds and \$6,842,000 in fiscal year 2022 and \$6,842,000 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Restore \$14,417,942 from program review reductions for Charter Schools; and
- ❖ Add \$2,641,925 and three permanent positions for the Charter Schools Commission and Administration.

#### Early Learning

The Senate Draft of the executive budget for the Department of Education - Early Learning appropriates \$5,712,451 in fiscal year 2022 and \$5,712,451 in fiscal year 2023 in general funds and \$125,628 in fiscal year 2022 and \$125,628 in fiscal year 2023 in non-general funds.



Highlights are as follows:

- ❖ Add \$249,239 for Early Learning Teachers.

#### Public Libraries

The Senate Draft of the executive budget for the Department of Education - Public Libraries appropriates \$34,983,198 in fiscal year 2022 and \$34,983,198 in fiscal year 2023 in general funds and \$5,365,244 in fiscal year 2022 and \$5,365,244 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Restore \$3,545,809 in fiscal year 2022 and \$3,565,809 in fiscal year 2023 from program review reductions for Public Libraries.

#### Governor

The Senate Draft of the executive budget for the Office of the Governor appropriates \$3,925,852 in fiscal year 2022 and \$3,165,208 in fiscal year 2023 in general funds.

Highlights are as follows:

- ❖ Reduce \$55,000 for equipment;
- ❖ Reduce \$225,150 and two permanent vacant positions;
- ❖ Add \$53,000 in fiscal year 2022 for the Washington Place 175th Anniversary; and
- ❖ Reduce \$707,466 and two permanent and six temporary positions for fiscal year 2023.





### Hawaiian Home Lands

The Senate Draft of the executive budget for the Department of Hawaiian Home Lands appropriates \$15,083,544 in fiscal year 2022 and \$15,083,544 in fiscal year 2023 in general funds and \$38,883,770 in fiscal year 2022 and \$38,883,770 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Add \$7,000,000 ceiling increase for Native American Housing Assistance and Self Determination Act of 1996 Federal Funds - planning and development for Hawaiian Homesteads;
- ❖ Reduce \$844,800 and fourteen permanent vacant positions; and
- ❖ Reduce nineteen defunded positions.

### Health

The Senate Draft of the executive budget for the Department of Health appropriates \$546,250,562 in fiscal year 2022 and \$545,950,562 in fiscal year 2023 in general funds. The Senate Draft also appropriates \$1,373,239,566 in fiscal year 2022 and \$1,358,022,733 in fiscal year 2023 in non-general funds, of which \$140,130,096 in fiscal year 2022 and \$122,389,165 in fiscal year 2023 are ARPA funds.

Highlights are as follows:

- ❖ Restore \$2,754,693 for tuberculosis and AIDS services;
- ❖ Add \$35,906,000 for Hawaii Healthcare Systems Corporation operating subsidy (ARPA);
- ❖ Add \$11,585,000 for Maui Health Systems operating subsidy (ARPA);
- ❖ Provide \$10,486,266 in funds to staff the new forensic building at the Hawaii State Hospital (ARPA);



- ❖ Restore \$7,329,231 in fiscal year 2022 and fiscal year 2023 for Tobacco Prevention Programs;
- ❖ Add \$9,887,137 for Emergency Medical Services (ARPA);
- ❖ Add \$3,200,000 in special funds for Intellectual and Development Disabilities;
- ❖ Restore \$2,687,824 in funding for Kupuna Care and Aging Disability Resource Center;
- ❖ Restore four permanent positions and \$152,856 to preserve the Office of Language Access; and
- ❖ Merger of the Food Safety and Drug Branch to Food Safety Branch.

#### Human Resources Development

The Senate Draft of the executive budget for the Department of Human Resources Development appropriates \$20,299,778 in fiscal year 2022 and \$20,352,353 in fiscal year 2023 in general funds and \$5,866,134 in fiscal year 2022 and \$5,866,134 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Add \$222,144 for two permanent personnel program administrators in workforce attraction;
- ❖ Reduce \$64,000 and one permanent position for the Fellowship Program;
- ❖ Add \$257,775 in fiscal year 2022 and \$526,250 in fiscal year 2023 for workers' compensation claims;
- ❖ Add \$225,000 in fiscal year 2022 for unemployment insurance benefits for state employees;
- ❖ Add one permanent human resource specialist for supporting services; and



- ❖ Add \$72,420 for Learning Management Systems upgrades.

### Human Services

The Senate Draft of the executive budget for the Department of Human Services appropriates \$1,308,501,321 in fiscal year 2022 and \$1,329,193,217 in fiscal year 2023 in general funds. The Senate also appropriates \$2,698,356,065 in fiscal year 2022 and \$2,736,921,101 in fiscal year 2023 in non-general funds, of which \$18,971,808 in fiscal year 2022 and \$14,574,808 in fiscal year 2023 are ARPA funds.

Highlights are as follows:

- ❖ Add \$5,400,000 in fiscal year 2022 for general assistance payments (ARPA);
- ❖ Add \$750,000 in fiscal year 2022 and fiscal year 2023 for state rent supplement vouchers (ARPA);
- ❖ Increase the federal fund ceiling by \$16,433,850 in fiscal year 2022 and \$16,429,850 in fiscal year 2023 for rental assistance services;
- ❖ Add \$10,800,000 in fiscal year 2022 and fiscal year 2023 for homeless services (ARPA);
- ❖ Restore six permanent positions and \$298,339 for the rental subsidy program;
- ❖ Restore \$6,960,000 in both fiscal years for Preschool Open Doors;
- ❖ Add \$12,374,692 in fiscal year 2022 and \$34,069,588 in fiscal year 2023 for Medicaid payments;
- ❖ Restore \$832,000 in fiscal year 2022 and fiscal year 2023 for In-Community Youth Programs and contract services (ARPA);



- ❖ Restore \$520,000 in fiscal year 2022 and fiscal year 2023 for mental health services at the Hawaii Youth Correctional Facility (ARPA);
- ❖ Restore \$134,000 in fiscal year 2022 and \$1,137,000 in fiscal year 2023 for KOLEA maintenance and operations (ARPA); and
- ❖ Restore \$6,333,798 for Temporary Assistance for Needy Families client services contracts.

#### Labor and Industrial Relations

The Senate Draft of the executive budget for the Department of Labor and Industrial Relations appropriates \$16,794,330 in fiscal year 2022 and \$16,794,330 in fiscal year 2023 in general funds. The Senate Draft also appropriates \$855,400,481 in fiscal year 2022 and \$912,355,171 in fiscal year 2023 in non-general funds, of which \$399,141,552 in fiscal year 2022 and \$456,096,242 in fiscal year 2023 are ARPA funds.

Highlights are as follows:

- ❖ Restore \$315,242 and six permanent positions for the Civil Rights Commission;
- ❖ Transfer \$1,165,559 federal funds and twelve permanent positions from the Employment Security Appeals Referees Office to Unemployment Compensation;
- ❖ Restore \$1,043,780, one permanent position, and four temporary positions for the Office of Community Services;
- ❖ Add \$431,937 in fiscal year 2022 and fiscal year 2023 for the Disability Compensation Division's technology modernization maintenance (ARPA);
- ❖ Add \$13,153,920 for fiscal year 2022 and \$10,000,000 for fiscal year 2023 for the Unemployment Insurance Interest Payable (ARPA);



- ❖ Add \$312,445,695 in fiscal year 2022 and \$407,554,305 in fiscal year 2023 for the new unemployment insurance loan (ARPA);
- ❖ Add \$70,000,000 in fiscal year 2022 and \$35,000,000 in fiscal year 2023 for the new unemployment insurance call center (ARPA);
- ❖ Transfer seven permanent positions, \$500,636 in general funds, and \$6,500,000 in federal funds from the Workforce Development Council to the Workforce Development Division;
- ❖ Reduce four temporary positions and \$233,844 in special funds from workforce development; and
- ❖ Reduce fourteen defunded permanent positions for the Disability Compensation Division.

#### Land and Natural Resources

The Senate Draft of the executive budget for the Department of Land and Natural Resources appropriates \$66,865,872 in fiscal year 2022 and \$61,547,851 in fiscal year 2023 in general funds and \$117,002,542 in fiscal year 2022 and \$99,342,593 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Restore 8.5 permanent positions (engineers) and \$674,974 for the Water and Land Development Division;
- ❖ Restore \$3,110,946 in fiscal year 2022 for the Native Resources and Fire Protection Program;
- ❖ Add \$1,459,440 for thirty previously defunded positions for Conservation and Resources Enforcement;
- ❖ Add \$2,231,420 for thirty-three permanent enforcement officers, six permanent administrative support positions, and two permanent education and program specialists for Conservation and Resource Enforcement;



- ❖ Add \$41,676 in fiscal year 2022 and \$83,352 in fiscal year 2023 and one permanent position for the Ocean-Based Recreation Division;
- ❖ Change the means of financing for \$976,161 from general funds to county funds for lifeguard contracts;
- ❖ Add \$480,000 for lifeguard contracts for Kua Bay;
- ❖ Restore \$868,106 for lifeguard contracts for Hapuna Beach;
- ❖ Add \$875,000 for fiscal year 2022 for rapid ohia death response;
- ❖ Reduce two permanent and four temporary defunded positions for natural area reserves and watershed management; and
- ❖ Convert thirteen positions from temporary to permanent for forest and outdoor recreation.

Lieutenant Governor

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

Highlights are as follows:

- ❖ Reduce three temporary vacant positions.

Public Safety

The Senate Draft of the executive budget for the Department of Public Safety appropriates \$252,043,103 in fiscal year 2022 and \$251,744,479 in fiscal year 2023 in general funds and \$22,045,956 in fiscal year 2022 and \$22,045,956 in fiscal year 2023 in non-general funds.

Highlights are as follows:



- ❖ Reduce \$1,738,985 and twenty-three permanent positions in fiscal year 2022 for the Hookipa Cottage for the Women's Community Correctional Center;
- ❖ Reduce fifteen permanent positions and \$504,540 for unestablished sheriff positions;
- ❖ Add \$676,222 in fiscal year 2022 for the Crime Victim Compensation Program;
- ❖ Reduce \$702,372 for the Federal Detention Center inmate housing; and
- ❖ Add \$330,000 for the Hawaii Correctional System Oversight Commission.

#### Taxation

The Senate Draft of the executive budget for the Department of Taxation appropriates \$25,653,227 in fiscal year 2022 and \$22,414,395 in fiscal year 2023 in general funds and \$3,561,698 in fiscal year 2022 and \$3,561,698 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Restore eight permanent positions and \$196,686 for fiscal year 2022 and \$393,372 for fiscal year 2023 to reorganize the Kauai Compliance District Office;
- ❖ Reduce one hundred seventy-six long term vacant positions across the department;
- ❖ Reorganize the Quality Control Office to reflect the current operational structure;
- ❖ Add six permanent positions to correct previous legislative error listing them as temporary;



- ❖ Add \$3,033,832 for maintenance of the tax system modernization; and
- ❖ Adds \$227,500 for fiscal year 2022 and \$22,500 for fiscal year 2023 for the Tax Review Commission.

### Transportation

The Senate Draft of the executive budget for the Department of Transportation appropriates \$1,064,208,753 in fiscal year 2022 and \$1,152,199,801 in fiscal year 2023 in non-general funds.

Highlights are as follows:

- ❖ Deny the consolidation of the Harbors Division into one Program ID;
- ❖ Reduce twenty-two permanent vacant positions and \$1,807,917 in special funds from Harbors Administration; and
- ❖ Add \$1,150,440 in special funds to the Daniel K. Inouye International Airport.

### University of Hawaii

The Senate Draft of the executive budget for the University of Hawaii appropriates \$531,841,060 in fiscal year 2022 and \$535,907,813 in fiscal year 2023 in general funds. The Senate Draft also appropriates \$735,250,747 in fiscal year 2022 and \$707,281,530 in fiscal year 2023 in non-general funds, of which \$31,502,464 in fiscal year 2022 and \$3,533,247 in fiscal year 2023 are ARPA funds.

Highlights are as follows:

- ❖ Transfer seven permanent positions and \$485,376 from University of Hawaii at Manoa to University of Hawaii Systemwide Support to consolidate human resources offices;





- ❖ Deny transfer of six permanent positions and \$322,242 from University of Hawaii Systemwide Support to the University of Hawaii at Manoa; University of Hawaii at Hilo; University of Hawaii, West Oahu campus; University of Hawaii, Kauai Community College; and University of Hawaii Maui College;
- ❖ Transfer University of Hawaii Auxiliary Enterprises Special Fund ceiling of \$2,200,000 from University of Hawaii at Manoa to University of Hawaii Systemwide Support;
- ❖ Create new program ID (UOH115) for the Cancer Center and transfer \$3,098,055 from the University of Hawaii at Manoa;
- ❖ Add \$3,000,000 for the University of Hawaii Cancer Center;
- ❖ Transfer \$550,000 in general funds from the Department of Business, Economic Development, and Tourism to the University of Hawaii for the Pacific International Space Center for Exploration System Program;
- ❖ Add two permanent positions and \$164,394 for computer science pathways through early college;
- ❖ Add \$12,880,000 in fiscal year 2022 and \$16,946,753 in fiscal year 2023 in general funds and \$15,600,000 in fiscal year 2022 and \$3,533,247 in fiscal year 2023 in American Rescue Plan Act funds for University of Hawaii at Manoa to restore program review reductions (ARPA);
- ❖ Add \$2,400,000 in fiscal year 2022 for the John A. Burns School of Medicine to restore program review reductions (ARPA);
- ❖ Add \$2,600,000 for University of Hawaii at Manoa athletics;
- ❖ Add \$400,000 for University of Hawaii at Hilo athletics;
- ❖ Add \$4,560,000 in fiscal year 2022 for the University of Hawaii at Hilo to restore program review reductions (ARPA);



- ❖ Add \$2,160,000 in fiscal year 2022 for the University of Hawaii, West Oahu campus to restore program review reductions (ARPA);
- ❖ Add \$6,782,464 in fiscal year 2022 for University of Hawaii Systemwide Support to restore program review reductions (ARPA);
- ❖ Restore \$23,000,000 from program review reductions for the University of Hawaii Community Colleges;
- ❖ Add \$1,300,000 for the Hawaii Promise Program;
- ❖ Add \$7,500,000 for workforce preparation and non-credit support;
- ❖ Add \$1,000,000 for the Next Step Programs;
- ❖ Add \$2,000,000 for student employment expansion;
- ❖ Add \$1,000,000 for workforce program modernization;
- ❖ Add \$4,200,000 for campus information technology equipment upgrades to support effective online instruction; and
- ❖ Add \$6,000,000 for routine heating, ventilation, and air conditioning maintenance for improved air quality and circulation.

**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:

<b>ADMINISTRATION</b>	<b>FY 2022</b>	<b>FY 2023</b>
General Obligation Bonds	\$679,393,000	\$512,128,000
All Means of Financing	\$1,236,328,000	\$1,116,254,000

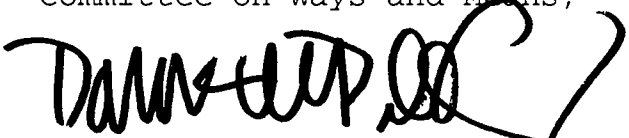


Your Committee has amended this budget to appropriate the following in capital improvement funds:

<b>SENATE</b>	<b>FY 2022</b>	<b>FY 2023</b>
General Obligation Bonds	\$698,594,000	\$364,422,000
American Rescue Plan Act Funds	\$96,581,000	\$16,207,000
All Means of Financing	\$1,402,538,000	\$999,905,000

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. 200, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 200, 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,




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DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
<i>HB 200, HD 1</i>	<i>WAM</i>	<i>4-1-21</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	✓			
KEITH-AGARAN, Gilbert S.C. (VC)	✓			
ENGLISH, J. Kalani	✓			
INOUYE, Lorraine R.	✓			
KANUHA, Dru Mamo	✓			
KIDANI, Michelle N.	✓			
MORIWAKI, Sharon Y.	✓			
SHIMABUKURO, Maile S.L.				✓
TANIGUCHI, Brian T.	✓			
WAKAI, Glenn	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	<i>10</i>			<i>1 Absent</i>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Michelle N. Kidani</i>				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes