

**THIRTIETH DAY****Wednesday, March 18, 2015**

The House of Representatives of the Twenty-Eighth Legislature of the State of Hawaii, Regular Session of 2015, convened at 12:06 o'clock p.m., with Speaker Souki presiding.

The invocation was delivered by Pastor Peter Kamakawiwo'ole of Calvary Church of the Pacific, after which the Roll was called showing all Members present.

By unanimous consent, reading and approval of the Journal of the House of Representatives of the Twenty-Ninth Day was deferred.

**GOVERNOR'S MESSAGES**

The following message from the Governor (Gov. Msg. No. 222) was received and announced by the Clerk and was placed on file:

Gov. Msg. No. 222, dated March 13, 2015, requesting the immediate consideration and passage of S.B. No. 1117, SD 2, Making an Emergency Appropriation to the Hawaii Health Systems Corporation.

**INTRODUCTIONS**

The following introductions were made to the Members of the House:

Representative Matsumoto introduced the 60 students and staff members from TeenPact Leadership Schools; Mr. Chris Berge, State Coordinator; Mr. Christian Edmonds, Program Director; and Mr. Peter Martin, Class Director.

Representative Belatti introduced participants of National Association of Social Workers, Hawaii Chapter, from University of Hawaii at Manoa, Hawaii Pacific University, and Brigham Young University-Hawaii; student volunteers participating in Kick Butts Day, and from the Coalition for a Tobacco-Free Hawaii: Ms. Jessica Yamauchi, Executive Director; Mr. Mary Goldsworthy, Statewide Youth Coordinator; and Ms. Lyndsey Garcia, Policy/Advocacy Director.

Representative DeCoite introduced student participants of Kick Butts Day: Leilani Sanchez-Garcia, Jadelyn Carillo, Brylee Carillo, Dustin Kalui-Opu, Kuulei Salazar and Michelle Magdririla; and their supervisor, Kaileen Nihipali.

At 12:17 o'clock p.m., the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:36 o'clock p.m.

**ORDER OF THE DAY****SUSPENSION OF RULES**

On motion by Representative Evans, seconded by Representative Tupola and carried, the rules were suspended for the purpose of considering certain House Bills for Third Reading by consent calendar.

**UNFINISHED BUSINESS**

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 909) recommending that H.B. No. 209, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 209, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE BUDGET

OF THE OFFICE OF HAWAIIAN AFFAIRS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 910) recommending that H.B. No. 290, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 290, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE JUDICIARY," passed Third Reading by a vote of 51 ayes.

At 12:38 o'clock p.m., the Chair noted that the following bills passed Third Reading:

H.B. No. 209, HD 2  
H.B. No. 290, HD 2

**REPORTS OF STANDING COMMITTEES**

Representatives Brower and Ito, for the Committee on Tourism and the Committee on Veterans, Military, & International Affairs, & Culture and the Arts, presented a report (Stand. Com. Rep. No. 918), recommending that H.R. No. 29, as amended in HD 1, be referred to the Committee on Finance.

On motion by Representative Saiki, seconded by Representative Evans and carried, the report of the Committees was adopted and H.R. No. 29, HD 1, entitled: "HOUSE RESOLUTION URGING THE HAWAII TOURISM AUTHORITY TO COORDINATE WITH THE HOSPITALITY INDUSTRY TO CREATE A MORE WELCOMING ENVIRONMENT FOR CHINESE VISITORS," was referred to the Committee on Finance.

Representatives Brower and Ito, for the Committee on Tourism and the Committee on Veterans, Military, & International Affairs, & Culture and the Arts, presented a report (Stand. Com. Rep. No. 919), recommending that H.C.R. No. 59, as amended in HD 1, be referred to the Committee on Finance.

On motion by Representative Saiki, seconded by Representative Evans and carried, the report of the Committees was adopted and H.C.R. No. 59, HD 1, entitled: "HOUSE CONCURRENT RESOLUTION URGING THE HAWAII TOURISM AUTHORITY TO COORDINATE WITH THE HOSPITALITY INDUSTRY TO CREATE A MORE WELCOMING ENVIRONMENT FOR CHINESE VISITORS," was referred to the Committee on Finance.

Representative Tsuji, for the Committee on Agriculture, presented a report (Stand. Com. Rep. No. 920), recommending that H.R. No. 35, as amended in HD 1, be referred to the Committee on Finance.

On motion by Representative Saiki, seconded by Representative Evans and carried, the report of the Committee was adopted and H.R. No. 35, HD 1, entitled: "HOUSE RESOLUTION REQUESTING A PROGRESS REPORT AND PLAN FOR IMPLEMENTATION OF U.S. DEPARTMENT OF AGRICULTURE RECOMMENDATIONS FOR THE DEPARTMENT OF AGRICULTURE ANIMAL QUARANTINE STATION," was referred to the Committee on Finance.

Representative Nakashima, for the Committee on Labor & Public Employment, presented a report (Stand. Com. Rep. No. 921) recommending that S.B. No. 675, SD 2, as amended in HD 1, pass Second Reading and be referred to the Committee on Judiciary.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 675, SD 2, HD 1 pass Second Reading and be referred to the Committee on Judiciary, seconded by Representative Evans.

Representative Matsumoto rose to disclose a potential conflict of interest, stating:

"Mr. Speaker, ruling on a potential conflict. My husband is a firefighter," and the Chair ruled, "no conflict."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 675, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO FIREFIGHTERS," passed Second Reading and was referred to the Committee on Judiciary.

### THIRD READING

#### H.B. No. 500, HD 1:

Representative Saiki moved that H.B. No. 500, HD 1 pass Third Reading, seconded by Representative Evans.

Representative Luke rose to speak in support of the measure, stating:

"Thank you. Mr. Speaker, I rise to speak in favor of House Bill 500. Thank you, Mr. Speaker. At this time I would like to recognize the hard working staff of the Finance Committee. And when I call your name if you could stand, and if the Members could hold their applause until everyone is introduced.

"So first up is the bill section. Mr. Speaker, the Committee on Finance heard hundreds of bills over a few days, and the bill section really did a terrific job in making sure that all the bills were sorted through and heard. So the bill section is led by Research Chief Randall Hiyoto and Research Supervisor Stacy Tagala. And their team of analysts, Erin Nakashima, Julian Downey, Shawn Richey and Jennifer Trujillo.

"The Budget Chief is Albert Vargas and his team of analysts, Derek Shigano, who is our favorite, the Members' favorite person because he's the one in charge of CIPs. Aldric Ulep, Courtney Gill, Jonathan Morris, and we have some veterans, Donavan Lim, and of course Matt Tsujimura.

"And of course, their work and our work wouldn't be complete without the front office staff, and we have Julie Yang, who is my Office Manager, Logistics Specialist Jo Hamasaki, who is always hiding somewhere, and legislative aides Morgan Mellinger, Matthew Yasuda, Kim Duong, and Melanie Uchima.

"And having the logistics to coordinate everything is of course the person who holds everything together, the big chief, Nandana Kalupahana, who is hiding here. So if you could also stand.

"The work of the Finance Committee cannot be done without the assistance of every one of these staff members, and Members if you could join me in thanking them for their hard work, and appreciation for their dedication.

"I know the Finance members, this year and in the past, they know that the work of the Finance Committee, once we end their work actually starts, so it's oftentimes they're here until midnight, sometimes even later, just to make sure that the bills are processed, make sure that the testimony is done, so I don't really thank them enough and I really do appreciate every one of you folks.

"Mr. Speaker, I also want to thank the members of the Finance Committee. Each one of them provides great insight, and they really have thoughtful deliberation. We have been told several times that the type of questions that they ask is just very thoughtful and respectful. Each one of the members put in a tremendous amount of work and I'm grateful to have them on the Committee, and it has really been a pleasure to work with each one of you folks.

"I'd also like to recognize the three subcommittee chairs. The Subcommittee Chair on CIP, the Subcommittee Chair on GIA, and the Subcommittee Chair on Unfunded Liability. A special thanks to the CIP Chair for doing the difficult task of balancing the needs of all three

branches, the Executive Branch, the Legislative Branch and the Judiciary. And at this point, if the Members could give the CIP Subchair a round of applause.

"This Friday we're going to be hearing from hundreds of GIA applicants in our GIA hearing, and it's actually the Subcommittee Chair on GIA who spends countless hours from the beginning of session, or even before session, to make sure that the process is fair and make sure that we go through the GIA hearing in a pretty expeditious, but in a way that the GIA applicants feel that they have a say in the process. I really don't envy the GIA Chair's job, he has done a great job in the last two years, and in anticipation of his hard work, if we could give him a round of applause.

"We already passed the Subcommittee Chair on Unfunded Liabilities' bill last week, but thank you for your work as well."

Representative Cullen rose to yield his time, and the Chair "so ordered."

Representative Luke continued, stating:

"Thank you. The subject matter committee chairs put in a lot of input into the budget, and what we see on the Floor is actually me talking and a few of the other Members talking, but actually the subject matter chairs, we spend time with the subject matter chairs, they have input into the process and I do appreciate all these comments from the subject matter chairs.

"This year was an interesting budget year because of the new Administration, and what we saw in the beginning of year is what the Administration put in is pretty much what the base budget was, and included in that is some of the fixed costs. So I know a lot of the departments had to work with the subject matter chairs to let them know what some of the priorities were, and so I do appreciate the subject matter chairs for working with the Finance Committee and the Finance Committee staff, for letting us have a second look at some of the agencies' and departments' priorities.

"As I've said, the budget is the work of each and every person I've mentioned, and I would like to thank you, Mr. Speaker, for putting your trust in the Finance Committee and the Finance Committee members and the Finance Committee staff, so thank you very much.

"Mr. Speaker, last year's executive budget totaled \$6.2 billion. The budget we are passing today totals \$6.5 billion in the first year and \$6.8 billion in the second year. The members of the Finance Committee know that the budget includes modest increases, so why is the budget being increased by \$300 million in the first year and \$600 million in the second year? Well, a lot of the Members know it's because of the fixed costs. Collective bargaining, debt service and employee benefits total \$320 million in the first year and \$580 million in the second year.

"Recently, the Council on Revenues increased its projection for Fiscal Year 15, which is this year, from 4.5% to 5.5%. This is equivalent to \$55.7 million more in revenues. However, as you can see, this is clearly not enough to sustain all the services that the State provides. That is why we are continuously being cautious and making sure that we can continue to provide the services that the State is obligated to provide. Hopefully sometime in the future we have enough revenues to cover a lot of the costs and stop spending more than what we're taking in. The hope of the Finance Committee is that this trend will reverse in the next few years. With that, Mr. Speaker, I respectfully submit this modest budget for you and the Members' consideration. Thank you very much."

Representative Nishimoto rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I stand in strong support. Mr. Speaker, I have a five page speech, but I'm told that there's an event going on in the other Chamber that people are anxious to take a look at, so I'm just going to insert written comments, but let me say this. I was on the Finance Committee in 2009 when we went through a lot of cuts and furloughs, and we crafted this budget with those times in mind. We took a cautious and responsible approach, and having an eye toward challenging times in the

future and being better prepared to weather those bad times. And I will insert written comments, Mr. Speaker."

Representative Nishimoto's written remarks are as follows:

"I rise in strong support of this measure.

"This Budget showcases the collective and collaborative efforts of many individuals. The budget process is not an easy one, and I'd like to take some time to acknowledge individuals who played a crucial role in getting us to this point.

"First, I'd like to commend Chair Luke for her guidance, leadership, management, foresight and discipline required for the budget process. It is an honor to participate on this committee, and I'd like to express my gratitude to all the members of the Finance Committee for their time and efforts in reviewing, assessing and studying the massive amounts of testimony, data and information that crosses their desks. I greatly appreciate their remarkable dedication and hard work on the Committee.

"I'd also like to acknowledge the subject matter Chairs and their committee members for their significant input in the budget process. Thank you very much for your commitment, perseverance and passion this session. And finally, thank you to the Finance Staff for their countless hours of behind the scenes work to make this budget possible. They are invaluable to the budget process and are the unsung heroes of each session.

"In 2009, we faced an economic downturn and recession that resulted in shortfalls and furlough days. We encountered declines in tourism and jobs, resulting in hard times throughout the State. We lived through these challenging times, and this budget bill reflects steps we are taking to be better prepared to meet future challenges.

"At its meeting on March 12, the Council on Revenues raised its forecast for growth of the State's General Fund tax revenues in Fiscal Year (FY) 2015 from 4.5% to 5.5%. However, they lowered the forecast for growth in FY 2019 to 2021 from 5.5% to 5.0%. Today, while economic trends are hopeful, we continue to face an uncertain fiscal future. This budget is cautious, as the total is less than the budget proposed by the Administration. It demonstrates restraint while addressing our States' needs, and takes a responsible approach as we chart a steady course for our State. Thank you."

Representative Jordan rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. Unlike the previous speaker, Mr. Speaker, I do have a couple of pages and I think the events across the hall are complete as of right now. So, Mr. Speaker, I will take my time.

"Mr. Speaker, thank you. In support of this particular measure. The state budget, as you heard our Chair talk about, is just part of a big financial plan. It's the financial wellbeing of the State. Just like an individual's personal financial health, you spend what you earn, you save for the rainy day to build credit, you borrow for a large purchase, but make sure you can cover that debt service in your monthly budget. We all do this on our personal levels and, Mr. Speaker, your Finance Committee has presented House Bill 500, HD 1 with these same thoughts in mind. Spend only what we collect in revenues, federal monies and grants. Save for the emergency such as a hurricane or a tidal wave, or to purchase with cash. Keep our bond rating at a premium by limiting our CIP and GO financing, and making sure the State can cover that debt service in our future.

"With this being said, over the last six to seven years your Legislative Body has trimmed billions from the budget, focused on department spending, and limited the CIP and GO financing. And your Committee on Finance has taken focus deeper in the last few years with looking at individual department financing, budgeting and vacancies.

"Unfortunately, I will admit, many years we have developed silos, and we need to create some common ground with the departments, with the Legislature, and come together to break down these silos.

"We went to the agencies and said, start reporting all your vacancies in your annual reports to us, and they did. And we started scrutinizing those vacancies and asking the departments, what are you using the money for? How come you're not replacing the vacancy? What are the issues? And last year, each one of them, we asked them, six of your agencies jumped on board and said, we'll come and be honest and truthful about what we're doing. But at the end of the day, three of those made it to the finish line. Those three were your Department of Agriculture, your Department of Labor, and your Department of the Attorney General.

"Reasonings they came forward with were, sometimes the position description didn't meet the responsibilities of the duty. Positions may be difficult to fill for location, specialized, or compensation. Positions may appear vacant but in fact the funding may have been used for temporary project positions. So these are things that we have to deal with, the nuts and bolts, and try to understand.

"When those different departments came forward in last year's budget, we gave them additional monies to resolve those issues. And this year they came in with even more forthcoming information. So in this year's budget, we started focusing on not only the vacancies, but the vacation payouts, to start dealing with that when people retire. Because as you know, Mr. Speaker, we have over \$20 million in vacation payouts that is not accounted for in our budget. That's a lot of money."

Representative Ichiyama rose to yield her time, and the Chair "so ordered."

Representative Jordan continued, stating:

"So these agencies that came forward, we gave \$250,000 to Department of Agriculture to deal with their vacancy issues. We gave Department of the Attorney General \$280,000 to deal with theirs, and we gave Department of Labor and Industrial Relations \$450,000 to deal with their issues.

"So hopefully we will get these departments on an even keel. Kind of like a balanced budget, then they'll start coming in and requesting what they actually need instead of we playing this guessing game between the departments and then having the departments come in and give us a different reason why they need the money. That's how we're digging deeper into our budget for being transparent to not only you, Mr. Speaker, but to our constituents, and being forthcoming to our future generations.

"Now this is just in the budget itself, but at the same time we look at all different levels. We're also looking at special funds, and many of you have seen other measures regarding special funds, because the budget really doesn't look at the special funds. But over time we are starting to clean up our old special funds and asking departments, do you really need the special fund? Is it warranted any longer?

"Because you see, Mr. Speaker, in our special funds in 2012, we had \$2.4 billion. Now I'm not saying this is hidden money. This is all money for good use, but how do we bring all our sources of revenues and monies in our little cubbyholes together to get us through the hurdles over the next few years, as we have seen in our revenues stabilizing or decreasing, Mr. Speaker.

"So at this moment in time, Mr. Speaker, I'd like to take this opportunity to thank the Chair of Finance as well as its members for sitting through those long meetings that we have. As well as you, Mr. Speaker. Thank you very much."

Representative Onishi rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. Mr. Speaker, I rise in strong support of HB 500, HD 1. I'd like to thank the Finance Chair and the staff and my fellow committee members who sat on the Finance Committee for working so diligently to provide a prudent budget while trying to address the various needs of this state.

"Agriculture, Mr. Speaker, is vital to our state, and as such the budget of the Department of Agriculture focuses on key areas aimed at helping the

industry and the Department of Agriculture in their mission throughout the State.

"One of the current major topics of discussion in our islands today centers around pesticide use and regulation by the State. HB 500, HD 1 addresses this issue by providing over \$220,000 and four pesticide enforcement specialists to assist the Department with their pesticide regulatory activities, as well as the pesticide use certification and education programs on Oahu, Maui and Kauai.

"Something that farmers require to survive is water. Due to the age and current conditions of many of our irrigation systems, most are in dire need of repair and maintenance. To help address this problem, our budget has included funding for capital improvements to the Molokai Irrigation System, which was built in the early '70s. The budget allocates \$1.2 million which will be used to repair, maintain and enhance the structural integrity of the Molokai system.

"Once our farmers grow their crops, they need a facility where they can take their produce and prepare it for sale. The Kamuela Vacuum Cooling Plant is that kind of post-harvest facility. It enables farmers to quickly bring down the temperature of their produce, which then ensures a longer shelf life, increases product quality, and lessens the potential of product degradation.

"The cooling plant has been allocated \$2.35 million for plans, design and construction, and to also add additional infrastructure. The facility will be built in line with new standards that are being determined by the rules governing the Food Safety Modernization Act, and plans for this facility will also include up to 100 kilowatt photovoltaic system as a means of an environmentally friendly renewable energy source, and will help lessen the plan's future expenses.

"The Department of Agriculture, Mr. Speaker, was also given \$1.4 million for the repair and maintenance of their existing historic state buildings, as well as a total of \$250,000 over Fiscal Year 16 and 17 to upgrade the current animal quarantine computer system. Mr. Speaker, for all of these reasons, I stand in strong support of HB 500, HD 1. Thank you."

Representative Ward rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I rise in strong support. Mr. Speaker, I'd like to thank the Chair for being part of the lineup, an unusual position for me to be in, but I think she knows it's because of my passion and commitment to this area of DBEDT regarding international relations. Some of you know my vision is to someday turn Hawaii into the Geneva of the Pacific with our Aloha Spirit and our strategic location in Asia, the Pacific, we have that unrealized potential, Mr. Speaker. But there's two things in this budget that I want to speak to that kind of get in that direction.

"The first is the \$250,000 for the Beijing and the Taiwan state offices. The second thing is the \$200,000 for fostering sister-state relations. But let me speak to the first one first. Many of you know of my UN and my Peace Corps background, and I've traveled in 63 countries, and just about like all of you, whenever we go we get the red carpet, especially if you're Speaker. The red carpet is something that we have not been able to reciprocate, we've not been able to fill, because we have never had any budget whatsoever, zero, zilch. If we follow the anthropological corollary that reciprocity is the basis of all relationships, if we go overseas and get the red carpet, we should at least give something that's close to red, if not brown or green, when they come here.

"And this is the first time, Mr. Speaker, that we have put this in a budget, to actually fund these international guests. I think that's a great step forward. And after the successful APEC 2011 conference where Hawaii hit a home run in the international arena and then we kind of snuck off to the side and haven't done anything, hopefully this will wake us back up and put us front and center in the international community.

"The second thing, Mr. Speaker, is in regards to our friends from China. The latest reports indicate that the Chinese visitor, either out of the Taiwan or out of the Beijing nexus, is spending over \$400 per day. Why I like this

so much, not just because it's Chinese, is because it's stimulating the economy. My second concern about our budgets is, we don't spend enough money in investments. We don't spend enough money on growing the pie. These are investments that can grow the pie. These are investments that are, I shouldn't say sure bet, but they're the best bet that we've got for our plant in Waikiki and for the visitors from China.

"For those reasons, Mr. Speaker, I think the bottom line is this. The future well-being of our nation, of our state, is based upon international relations. Our economy, our military security, not mentioning all the stuff that's going on in ISIS and the Middle East, but how we relate to those people overseas is going to be really important as to how we are taken care of here locally. For those reasons, Mr. Speaker, I will save comments for any other part of the budget for another time. Thank you."

Representative Cachola rose to speak in support of the measure, stating:

"Strong support, Mr. Speaker, and I'd like to request that all remarks stated so far be entered as my own. We're always saying about our Finance Chair, it's time for us to give her a standing ovation for doing such an exemplary job together with the Vice Chair. Give them a big round of applause. I'm done, Mr. Speaker."

Representative Woodson rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. In strong support. Thank you, Mr. Speaker, for the opportunity. Mr. Speaker, over the past couple of years I've had the opportunity to focus on the Department of Education's operational budget and cross check it for effectiveness and efficiency as it relates to funding, and I've done that until here very recently, and I thank the Chair of Finance for that opportunity.

"Mr. Speaker, I don't think it's still not largely known but I'm going to mention it now, that in terms of preparedness and how we prepare our kids for the future, Hawaii as a state has made significant progress over the past two years. And, Mr. Speaker, we're the only state for the past two years to make such progress, and last year we were the only state in the entire country to make significant progress when it comes to preparing our kids for the future.

"And in fact, Mr. Speaker, a couple weeks ago in response to our FLEX Waiver Report, United States Secretary of Education, Mr. Duncan, said this about our educational system. He said that Hawaii is a model for the rest of the country to follow. So, Mr. Speaker, that's how far we've gotten in terms of preparing our kids for the future. We have a way to go, Mr. Speaker, but our trajectory is strong. So it is with great pleasure that I'd like to highlight a couple of proposals incorporated into the budget.

"First, Mr. Speaker, is \$2.4 million for the Weighted Student Formula. This is important for two reasons, Mr. Speaker. One, because it is in fact an increase, and for two, Mr. Speaker, because there is a growing consensus building, that's a ground swelling, and it says that more money needs to be allocated at the school level. And I think that your Committee on Finance took heed to this, and as a result the \$2.4 million increase towards Weighted Student Formula is a way in which our principals, in consultation with their teachers, can make decisions primarily on how to spend funding for their schools.

"Mr. Speaker, also with that line of thought, there was a transfer of \$62 million in Fiscal Year 2017 for school based budgeting, and that's to allow principals to utilize utility savings in their particular schools. Also a good thing that's incorporated into the budget. I'd also like to highlight the fact that over \$3.8 million was allocated for support for teacher recruitment in hard to fill areas. And that of course is unfortunate, Mr. Speaker, because all of our kids deserve the opportunity to live up to their potential.

"Lastly, Mr. Speaker, I would like to speak about something that's a little bit more nuanced, and that is monies to be allocated for the new ESIS system, Mr. Speaker. ESIS stands for the Electronic Student Information System, and it's a way that the teachers and administration communicate with each other, both vertically and horizontally. So just as an example so

we can get an idea of what this money means, this \$4.86 million and \$2.53 million in Fiscal Year 2016 and 2017 respectively.

"It means that if you're a teacher, Mr. Speaker, in the third grade, and you're having challenges with how to get your students to where they need to be, Mr. Speaker, you could potentially go to this system and see what's working in certain classrooms. So you can then aggregate those best practices, apply them to your own practices, and if successful, they'll be incorporated into this ESIS system. So in that way, Mr. Speaker, it's a very organic system, and it's a way that teachers will get support, and it speaks directly towards teacher effectiveness, which is one of the five variables that determines largely a student's output.

"Secondly, Mr. Speaker, this ESIS system allows for increased parental and community communication. And just as an example, Mr. Speaker, my wife and I *hanai'd* a high schooler a couple years ago. And from the high school we received text messages and emails regarding her progress."

Representative McKelvey rose to yield his time, and the Chair "so ordered."

Representative Woodson continued, stating:

"Thank you, sir. We knew when she was absent, when she was doing good, when she was doing bad, and where we needed to focus our attention on fostering and supporting her academic growth. And this new ESIS system allows for the potential for that to be utilized statewide. So as you're aware, Mr. Speaker, public education has facets to all of our socioeconomic ailments, it has direct correlations to everything that we do in our community and our society. And it's for this reason and others, Mr. Speaker, I'm in strong support of this budget. Thank you."

Representative Kobayashi rose to speak in support of the measure, stating:

"Mr. Speaker, I rise in support of the budget bill. I'd like to make comments on Department of Human Services. We have in the budget \$2.6 million to extend the current general assistance monthly payments at the same level as today, \$349 per month. Also, \$1.5 million for the Housing First program. These are for the wraparound social and health services, not CIP, relating to Housing First. Thirdly, we have \$3.8 million for TANF, Temporary Assistance for Needy Families, and this program of course is a reflection of dire need in the entire community.

"On the health side, we have also \$7.7 million to maintain the current level of ambulance services. In addition, of course, we have four bills floating around for additional ambulance services, which will probably go to conference. We have also \$2.99 million for the Hawaii State Hospital to meet current budget shortfalls, and we have \$635 million for cost increases in intermediate care facilities for intellectual disabilities. Lastly, we have a major reorganization in both children and adolescent mental health and adult mental health to enable better and coordinated services for these clients. Thank you very much."

Representative Lowen rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. In support. And I want to thank the Chair, the Vice Chair and members of the Committee and of course the Finance staff for their hard work on the budget. There are many important programs, projects and positions supported in the budget, and I'm just going to highlight a few that support our natural resource and land management efforts.

"This budget provides funding for some key positions in Department of Land and Natural Resources. Seventy-five thousand dollars is allocated for a state sustainability coordinator to help Hawaii reach its sustainability goals. Sixty-five thousand dollars is allocated for a co-manager of the Papahānaumokuākea Marine National Monument to maintain the State's voice in management of this important resource.

"The budget also funds five positions in the State Historic Preservation Division to help address backlogs and to comply with a corrective action plan prescribed by the National Park Service. In this budget, Bureau of

Conveyances is allocated three-quarters of a million dollars to digitize microfilm archives, and the State Parks Division \$1 million for repair and maintenance within our state parks system.

"To better manage our marine resources, this budget approves the reorganization of the Division of Aquatic Resources so that the Division can transition from an outdated fisheries management structure to a new approach of ecosystem and community based management.

"Again, these are just a few of the many worthwhile programs supported in this budget. It's been an honor to sit on the Finance Committee among dedicated colleagues, and I look forward to our continued work in the future."

Representative Choy rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I get to speak about the exciting part of the budget, the University of Hawaii. I stand in support of HB 500, HD 1. I want to thank the Chairman of Finance for the opportunity to work on the University of Hawaii budget.

"I also want to thank the Members of the House Committee on Higher Education for all their hard work as we strive to achieve our goal for the University. This session, the major theme for our Committee was accountability, sustainability and transparency. And I believe the House of Representatives has achieved these goals. I'd like to thank the House Members for supporting the efforts of the Higher Education Committee.

"Mr. Speaker, Albert Einstein once said, if you do the same things over and over again and expect different results, that's the definition of insanity. Your House budget for the Higher Education Committee reflects a different approach. An approach where insanity is avoided. Our current budgeting scheme leads to interference from outside influences. It also creates a division within the University system itself. Each campus and community college has an 'every man for himself' attitude.

"Our new budgeting scheme prevents this by creating a system similar to the B&F system in state government. It empowers the system's Chief Financial Officer with the same powers as the B&F Director. The CFO will be able to analyze the budget request from each campus, and allot or restrict and manage the funds given to the University.

"Mr. Speaker, no more coming to the University with fake budget requests for electricity, no more hiding money in their slush funds. This power will give the University true autonomy and will challenge the management of the University. Now the University system will have full control to fund its programs, fund and manage its repairs, fund its operating costs. No more, 'the legislators didn't give us the money so we cannot fix the toilets.' If the toilets are broken, if the buildings are in disrepair, if a building is missing, if debt service is due, if a project is over budget, if labor costs are unsustainable, or an operating unit is draining the University's resources, it will be because management allowed it.

"Some might say that the University will just raise student tuitions. I believe this option will soon dry up as the University tuition has risen to the upwards quartile of public institutions across the nation. Students and families will demand accountability, and will not be willing to pay a Mercedes price to drive a Volkswagen.

"Management will have to think in terms of long and short terms, and use techniques such as enterprise risk management to stress test its ideas. Management must now be nimble and move quickly to change course. The course will be to right size the University. If we have a University that is mediocre, then management will be at fault. The management scheme is not for the weak hearted and will test the ability of the system to achieve its mission with the resources received or earned.

"Mr. Speaker, I'm not a dreamer. Maybe the current managers at the University do not have the abilities needed to execute this budget program. This budget scheme has enough safety valves in it to restore the budget as it was always done. But if this should happen, then we will all know that autonomy is not achievable at the University of Hawaii.

"Mr. Speaker, you asked us in your opening statement to think outside the box. These plans are perfect for the manager that relishes change. This plan is perfect for a manager who wants to manage and not just occupy space. And I look forward to seeing big changes at the University of Hawaii. And it's for these reasons, I stand in support of this budget. Thank you, Mr. Speaker."

Representative Johanson rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I rise in support of this budget. Thank you. I will be brief, but the Finance Committee wanted to highlight what I think is a particularly innovative strategy that the Governor has proposed. And notably among them, which I think is notable because most governors come into office with sweeping programs, high rhetoric, and brand new schemes for how to completely change government, but what Governor Ige's Administration has done is through a small appropriation, a suggested appropriation of \$400,000, which the Finance Committee has granted in this iteration of the budget, they are creating the Office of Federal Grant Maximization.

"There are so many funds yet untapped at the federal level. In fact, Hawaii ranks 38th in the amount of grants that it pulls in as compared to the other 50 states, so we've got a ways to go, and it's something that cabinet secretaries and federal officials alike typically decry, the amount of federal grants that go unused and unclaimed by the states. With this small but strategic appropriation, I believe that the Governor's Administration is charting a course to reap exponentially more than we would be expending, and it is for those reasons that the Finance Committee would like to applaud the Administration and grant this particular appropriation in this budget, which I think will maximize our revenue stream for many years to come. Thank you."

Representative DeCoite rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I rise in strong support of HB 500. First, I'd like to thank you, Mr. Speaker, our Chair of the Finance Committee, and our Vice Chair and our fellow committee members.

"I would just like to say, Mr. Speaker, many of us have grave concerns about all the issues that we're so passionately commenting about today. But I'd like to put this forward when it comes to agriculture. I believe the State should step up on funding agriculture. We need to grow our food. We need to understand education. We need to know why we are growing our food. We need to realize that the imports coming into our state will one day not be there. So I'd just like to ask my fellow colleagues that we listen, we learn, we ask the questions, and we understand. And those are all the comments that I would like to make, Mr. Speaker. Thank you."

Representative McDermott rose to speak in support of the measure with reservations, stating:

"Mr. Speaker, I am in support with reservations. I'd also like to thank the Committee Chairman, Vice Chairman, all the members for their hard work. It's a very difficult process, a very long process. We know they spend many hours up there, nights, weekends, and so I applaud them for their efforts.

"But, Mr. Speaker, my concern is CIP. Quite honestly, page 123. I see a \$12 million appropriation for a performing arts center at Moanalua High School. Now, I appreciate the performing arts, in fact I even wrote a screenplay. It was registered with the Writer's Guild of America, West registry. Obviously it didn't do very well because I'm still sitting here. Nevertheless, I appreciate the arts. I've also written a book. So I tell you that so you know that I'm not against the arts. They're a very important part of our culture.

"But when you have probably the largest high school, if not the largest, Campbell High School, that comes down every year begging for air conditioning, and I put that in my budget request and it wasn't funded. Neither was Ilima, which is the first, highest school that needs cooling. These kids come down here every year, we say, we'll get to you, we'll get to you, but we never do.

"So to see those kids not being able to learn in a cool environment, and we know research shows that kids who are operating in a hot classroom don't do as well on standardized testing, and then we're going to spend almost the exact amount that it would cost for air conditioning for a performing arts school for a high school, by the way, that has historically done very well on CIP, much better than its school down the street, Radford, which I know from my previous service here, 20 years ago. I find it troubling. I find it very troubling.

"This school is going to have 3,500 in two years, they don't even have a site for another high school selected. Yet, we're going to spend \$12 million on a performing arts center. Now I'm sure it's a worthy cause, but how do you go back and tell those kids, sorry, the cafetorium at Moanalua is not good enough for those kids. You continue to swelter in your hot classrooms. And, by the way, we don't even have any money in here for portables for you, which was asked for.

"So I find that very troubling. In fact, this is an outlier, that the amount of this money compared to the other CIPs at other high schools across the State is grossly disproportionate. So that's my reservation, Mr. Speaker. Thank you for your time, and I thank the Committee for their hard work."

At 1:24 o'clock p.m., Representative Matsumoto requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 1:24 o'clock p.m.

The motion was put to vote by the Chair and carried, and H.B. No. 500, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE BUDGET," passed Third Reading by a vote of 50 ayes, with Representative McDermott voting aye with reservations, and with Representative Say being excused.

At 1:25 o'clock p.m., the Chair noted that the following bill passed Third Reading:

H.B. No. 500, HD 1

**ANNOUNCEMENTS**

Representative Ward: "Mr. Speaker, Governor Ige's Office just announced that Carleton Ching's appointment has been withdrawn. He has pulled back his nomination of Carleton Ching."

**COMMITTEE ASSIGNMENTS**

The following measure was referred to committee by the Speaker:

<u>S.C.R.</u> <u>No.</u>	<u>Referred to:</u>
13, SD1	Committee on Human Services, then to the Committee on Finance

**COMMITTEE REASSIGNMENTS**

The following measures were re-referred to committee by the Speaker:

<u>H.C.R.</u> <u>Nos.</u>	<u>Re-referred to:</u>
34	Jointly to the Committee on Water & Land and the Committee on Ocean, Marine Resources, & Hawaiian Affairs, then to the Committee on Finance
86	Committee on Ocean, Marine Resources, & Hawaiian Affairs, then to the Committee on Finance

**S.B.****No.****Re-referred to:**

376,      Committee on Agriculture, then to the Committee on Finance  
SD2

**ADJOURNMENT**

At 1:26 o'clock p.m., on motion by Representative Evans, seconded by Representative Tupola and carried, the House of Representatives adjourned until 12:00 o'clock noon tomorrow, Thursday, March 19, 2015. (Representative Say was excused.)