

STAND. COM. REP. NO. 1783

Honolulu, Hawaii

APR 06 2023

RE: H.B. No. 300
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 300, 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 and capital improvement program costs of the executive branch for the fiscal biennium beginning July 1, 2023, and ending June 30, 2025.

Your Committee received testimony in support of this measure from the Hawaii State Energy Office; Hawaii Technology Development Corporation; Public Utilities Commission; Hawaii Climate Change Mitigation and Adaptation Commission; Hawaii Correctional System Oversight Commission; Hawaii Green Infrastructure Authority; Office of the Lieutenant Governor; Michigan Office of Legislative Corrections Ombudsman; Executive Office on Aging; Hawaii State Public Library System; University of Hawaii System; Department of Business, Economic Development, and Tourism; Criminal Justice Research Institute; Department of Law Enforcement; Department of Agriculture; State Council on Developmental Disabilities; Hawaii Public Housing Authority; Department of Health; Office of Information Practices; Department of Labor and Industrial Relations; Hawaii Community Development Authority; Hawaii Health Systems Corporation; University of Hawaii at Hilo Athletics



Department; Office of the Governor; Early Learning Board; Department of Hawaiian Home Lands; Department of Defense; University of Hawaii at Manoa Athletics Department; Land Use Commission; Special Education Advisory Council; Honolulu Board of Water Supply; AARP Hawaii; United Public Workers; Correctional Association of New York; Women's Prison Project; HIplan; Adaptations Inc.; Going Home Hawaii; Experiad LLC; Blue Startups; HE`E Coalition; New Jersey Corrections Ombudsperson; Pennsylvania Prison Society; 3D Innovations; Community Alliance on Prisons; Catholic Charities Hawaii; John Howard Association of Illinois; Nalu Scientific, LLC; Oceanit; The Friends of Iolani Palace; Aloha Shoyu Company, Ltd.; Makakilo/Kapolei/Honokai Hale Neighborhood Board No. 34; Anuhea St. Laurent--Marriage and Family Therapy LLC; Sunrun; Elemental Exceerator; Hawaii Energy; Kapolei Chamber of Commerce; Paradise Park, Inc; MauiGrown Coffee, Inc.; The Nature Conservancy, Hawaii and Palmyra; Maui Health System; Mauna Kahalawai Watershed Partnership; Mana Up; Hawaii Venture Capital Association; Hyperspective Studios, Inc.; Hawaii Executive Collaborative's Climate Coalition; Healthcare Association of Hawaii; Hawaiian Electric; Pu`a Foundation; Ekolu Mea Nui; Smart Yields; Haleakala Ranch; Pau Hana Counseling, LLC; Kauhale Healing LLC; and fifty-eight individuals

Your Committee received testimony in opposition to this measure from the Kahoolawe Island Reserve Commission, Pacific American Foundation, and thirty-nine individuals.

Your Committee received comments on this measure from the Department of Public Safety; Department of Budget and Finance; School Facilities Authority; Office of Elections; Natural Energy Laboratory of Hawaii Authority; Department of Commerce and Consumer Affairs; Office of Planning and Sustainable Development; Department of Human Resources Development; a commissioner of the Kahoolawe Island Reserve Commission; Kamiloiki Elementary School; Department of Land and Natural Resources; Hawaii State Judiciary; Department of Accounting and General Services; Office of the Governor; Department of Education; Executive Office on Early Learning; Department of the Attorney General; Department of Human Services; Department of Taxation; Office of Youth Services; Hawaii Tourism Authority; State Public Charter School Commission; Department of Transportation; Department of the Prosecuting Attorney of the City and County of Honolulu; Department of the Prosecuting Attorney of the County of Maui; Hunt Development



Group, LLC; Code.org; Pivot Energy; American Civil Liberties Union of Hawaii; Gentry Homes, Ltd.; Hope Services Hawaii; Hawaii Lodging and Tourism Association; and eight individuals.

PART I. OVERVIEW

This measure, as received by your Committee, includes:

- (1) The base budget from Act 248, Session Laws of Hawaii (SLH) 2022;
- (2) Previously appropriated collective bargaining amounts from 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 2023-2025 fiscal biennium; and
- (4) The reduction of non-recurring amounts identified in the 2022 and 2023 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 from the steady-state budget proposed and developed by the previous administration, as well as Governor's Messages Numbers 1, 2, and 5; and
- (2) Additional funding for priority budget requests.

	Fiscal Year 2023-2024		Fiscal Year 2024-2025	
	All Funds	General Funds	All Funds	General Funds
Executive Budget Act 248, SLH 2022	\$16,753,577,848	\$8,670,830,979	\$16,753,577,848	\$8,670,830,979
Executive Budget Request	\$18,930,379,945	\$10,623,131,684	\$18,678,595,479	\$10,389,732,977



Net Change in Senate Draft	\$910,054,811	\$1,029,363,015	\$526,783,647	\$446,805,183
Total Appropriation	\$19,840,434,756	\$11,652,494,699	\$18,151,811,832	\$9,942,927,794

PART II. GENERAL FUND REVENUES AND ECONOMY

The Council on Revenues forecasted significant net decreases in its general fund tax revenue projection for fiscal year 2023 at its January 2023 and March 2023 meetings.

The Council reduced the estimated growth in revenues from 6.5 percent to 5.5 percent in January 2023, and from 5.5 percent to 2.0 percent in March 2023. The revised forecasts mean a reduction in revenues by \$334,000,000 in fiscal year 2023. The estimated reduction in revenues is primarily due to a one-time refund of either \$100 or \$300 per qualifying exemption for Hawaii residents, pursuant to article VII, section 6, of the Hawaii State Constitution.

The Council noted that lower capital gains income due to poor performance in the stock market and a cooling real estate market are likely causes of lower estimated tax payments. The Council also noted that inflation had dropped nationally and in Hawaii.

General excise tax and transient accommodation tax collections remain robust due to the recovery of tourist arrivals, renewed consumer spending, and additional tax collections due to inflation. Risks that may inhibit the economic recovery include new variants of the coronavirus disease 2019 (COVID-19) virus, inflation and an aggressive monetary policy response from the Federal Reserve, high oil and commodity prices, severe labor shortages, supply chain disruptions, sustained travel hesitancy from Asian markets due to the pandemic, and the reduction in federal stimulus spending.

Due to the recent strength of the United States dollar compared to foreign currencies, Hawaii also faces strong competition from international travel destinations, such as Europe. In particular, tourists from Japan may be less likely to travel to Hawaii due to the unfavorable foreign currency exchange rates between the yen and the United States dollar in comparison to the pre-pandemic exchange rate.



The new forecasts for the state general fund tax revenues for fiscal year 2023 through fiscal year 2029 are shown in the table below.

General Fund Tax Revenues		
Fiscal Year	Amount (in Thousands of Dollars)	Growth From Previous Year
2023	\$9,546,025	2.0%
2024	\$9,927,866	4.0%
2025	\$10,275,341	3.5%
2026	\$10,634,978	3.5%
2027	\$11,007,202	3.5%
2028	\$11,392,454	3.5%
2029	\$11,791,190	3.5%

PART III. COMMITTEE'S PRIORITIES

Your Committee has worked diligently to create a responsible financial plan and budget that continues to fund critical services and programs. The Senate's approach to balancing the budget entails considering the Council on Revenues' general fund forecast and creating a fiscally responsible financial plan that will infuse unprecedented appropriations to implement priorities, including priorities identified by Governor Josh Green. These priorities will:

- Address homelessness and the housing crisis;
- Contribute more to the emergency and budget reserve fund (EBRF), or "rainy day fund";
- Increase access to early childhood education;
- Mitigate and adapt to climate change; and
- Increase health and wellness across the State.

Your Committee crafted a budget that intends to create a tipping point in addressing the housing crisis, cost of living, and climate change, while also improving health and wellness outcomes for Hawaii's residents. The Senate, in support of the



Green Administration's priorities, believes that it is putting forth a budget that will ensure that the people who call Hawaii home will not just survive, but thrive. With a general fund carry-over of \$2,200,000,000, fiscal year 2024 appropriations include numerous one-time expenditures that target the most pressing needs of the State.

On the Opening Day of the current legislative session, Governor Green announced a \$1,000,000,000 commitment to combat Hawaii's housing crisis. In the Senate budget, we provide further details that address the Governor's promise to the State. Your Committee has earmarked \$1,000,000,000 for projects intended to meet a wide spectrum of economic need, including:

- Housing and transit-oriented development infrastructure (S.B. No. 1191);
- Teacher workforce housing (S.B. No. 941);
- Rent supplement assistance for middle income families;
- Dwelling unit revolving fund loans and infrastructure projects (this measure);
- Rental housing revolving fund moneys for low-income individuals and families (this measure); and
- Ohana Zones and Kauhale to support our most vulnerable and chronically homeless individuals (this measure).

\$100,000,000 has been set aside for the fiscal biennium in both the operating and capital improvement program budgets for projects to mitigate and adapt to climate change. These include but are not limited to:

- Honokohau Small Boat Harbor, \$14,000,000;
- Relocation of Kauai Community Correctional Center due to the widening of Kuhio Highway and the facility's current siting within a flood zone, \$3,000,000;
- Carbon Smart Land Management Assistance Pilot Program, \$1,000,000;



- Pohoiki Boat Ramp, \$30,000,000; and
- Highway drainage improvements, statewide, \$3,600,000.

The Green Affordability Plan intends to control the high cost of living here in Hawaii. To this end, the Senate is committing \$354,000,000 in fiscal year 2024 and \$338,000,000 in fiscal year 2025 in tax relief and exemptions, which include:

- Increasing the food/excise tax credit, which doubles the food and excise tax credit and increases the income threshold to \$40,000 for single filers and \$80,000 for married joint filers to help low-income taxpayers;
- Increasing the earned income tax credit (EITC) from twenty percent of the federal EITC to forty percent of the federal EITC. This will double the amount of the EITC for taxpayers for low-income households with children. The EITC is designed to help working families with incomes around or slightly above the federal poverty line;
- Increasing the child and dependent care tax credit amount of allowable childcare expenses from \$2,400 to \$10,000 for one child and from \$4,800 to \$20,000 for two or more children. The maximum refundable credit allowable will be \$5,000 for one child and \$10,000 for two or more children. This will help working parents;
- Individual income tax reform through cost-of-living adjustments. This annual adjustment to individual income tax brackets will benefit all taxpayers and ensure that lower-income taxpayers are not pushed into higher-income tax brackets when they receive cost-of-living adjustments to their wages;
- Individual income tax reform through increased standard deductions. This reform will increase the standard deduction from \$2,200 to \$5,000 for single filers and from \$4,400 to \$10,000 for filers who are married and filing jointly, to help low- to medium-income taxpayers; and



- Individual income tax reform by doubling the personal exemption. This reform will increase the personal exemption from \$1,144 to \$2,288 and will help families with children.

Your Committee has set aside millions in general funds for new statutory mandates that provide mental and behavioral healthcare for individuals from keiki to kupuna, address the needs of those with developmental disabilities, and solve healthcare workforce shortages. Appropriations include:

- Adding \$26,000,000 in general funds in both fiscal years for Department of Health service provider contract adjustments to account for inflation;
- Adding \$22,000,000 in general funds in both fiscal years for Department of Human Services service provider contract adjustments to account for inflation;
- Adding \$12,900,000 in general funds in fiscal year 2024 and \$14,100,000 in general funds in fiscal year 2025 for Medicaid Home and Community-Based Services waivers for individuals with intellectual and developmental disabilities;
- Adding \$10,000,000 in general funds in fiscal year 2024 and \$20,000,000 in general funds in fiscal year 2025 for the Hawaii State Loan Repayment Program for Healthcare Professionals;
- Adding \$7,000,000 for the Hawaii Keiki: Healthy and Ready to Learn initiative; and
- Adding \$898,560 for after-school care for students with disabilities.

PART IV. OPERATING BUDGET

Accounting and General Services

The Senate Draft of the executive budget for the Department of Accounting and General Services makes general funds



appropriations of \$154,618,034 in fiscal year 2024 and \$128,435,515 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$75,146,887 in fiscal year 2024 and \$75,472,420 in fiscal year 2025.

Highlights are as follows:

- Adding 7.00 permanent positions and \$907,190 in fiscal year 2024 and \$994,772 in fiscal year 2025 for cloud-based financial systems;
- Adding 2.00 permanent positions and \$185,000 for the Office of Information Practices;
- Adding \$192,696 for salary differentials for the Office of Information Practices;
- Adding 2.00 permanent positions and \$259,280 in fiscal year 2024 and \$319,592 in fiscal year 2025 for the digitization of government records (Act 178, SLH 2022);
- Transferring-out \$3,342,309 to the Department of Taxation for the tax system modernization project;
- Adding \$5,000,000 for the relocation of the Data Center;
- Adding \$746,623 in fiscal year 2024 and \$1,555,006 in fiscal year 2025 for Microsoft licenses;
- Adding 13.00 permanent positions and \$1,044,400 in fiscal year 2024 and \$1,040,400 in fiscal year 2025 for the cloud-based financial systems in the Office of Enterprise Technology Services;
- Adding \$17,000,000 in fiscal year 2024 for insurance policy premiums;
- Adding \$2,000,000 in fiscal year 2024 for Capitol Building renovations;
- Adding \$1 for Oahu Community Correctional Center plans, design, and lease buyback;



- Adding \$500,000 in fiscal year 2024 and \$5,000,000 in fiscal year 2025 for the relocation of the Mapunapuna base yard;
- Adding 2.00 permanent positions and \$170,200 in fiscal year 2024 and \$160,244 in fiscal year 2025 for procurement (Act 176, SLH 2022);
- Adding 1.00 temporary position and \$259,000 in fiscal year 2024 and \$251,250 in fiscal year 2025 for the Small Business Assistance Initiative (Act 168, SLH 2022);
- Adding \$13,500 for the procurement past performance database (Act 188, SLH 2021);
- Transferring-out 75.00 permanent positions and \$5,755,493 to the Department of Education for neighbor island school repairs and maintenance;
- Adding \$3,718,308 in fiscal year 2024 for voter system contracts;
- Adding \$2,000,000 for Iolani Palace;
- Adding \$1 for Bishop Museum; and
- Adding \$1,987,142 in special funds to update the Emergency 911 hardware.

Agriculture

The Senate Draft of the executive budget for the Department of Agriculture makes general fund appropriations of \$34,610,994 in fiscal year 2024 and \$20,001,162 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$36,960,159 in fiscal year 2024 and \$37,295,966 in fiscal year 2025.

Highlights are as follows:

- Adding \$7,000,000 in fiscal year 2024 for coconut rhinoceros beetle control;



- Adding 2.00 permanent positions and \$255,792 in fiscal year 2024 and \$228,004 in fiscal year 2025 to continue bovine tuberculosis operations on Molokai;
- Increasing the federal funds ceiling by \$6,000,000 for grants for agricultural development;
- Adding \$500,000 in fiscal year 2024 to fund the Da Bux Program; and
- Increasing the revolving fund ceiling by \$600,000 in fiscal year 2024 and \$350,000 in fiscal year 2025 for pesticides drift monitoring.

Attorney General

The Senate Draft of the executive budget for the Department of the Attorney General makes general fund appropriations of \$49,202,891 in fiscal year 2024 and \$45,550,501 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$76,149,240 in fiscal year 2024 and \$73,097,088 in fiscal year 2025.

Highlights are as follows:

- Adding \$409,636 in fiscal year 2024 and \$426,484 in fiscal year 2025 for full-year funding for 11.00 positions;
- Adding \$470,000 to the litigation fund;
- Adding \$365,000 in fiscal year 2024 and \$94,000 in fiscal year 2025 for the eGrants Management System;
- Adding 4.00 permanent positions and \$406,288 for the Hawaii Correctional System Oversight Commission; and
- Adding 7.00 special agents, reducing 6.50 investigators, and adding \$396,782 in fiscal year 2024 and \$364,246 in fiscal year 2025 for the Special Investigations and Prosecution Division.



Business, Economic Development, and Tourism

The Senate Draft of the executive budget for the Department of Business, Economic Development, and Tourism makes general fund appropriations of \$908,446,792 in fiscal year 2024 and \$29,518,824 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$153,105,178 in fiscal year 2024 and \$154,636,053 in fiscal year 2025.

Highlights are as follows:

- Adding \$50,000 in fiscal year 2024 for the Kamaaina Connect Pilot Program;
- Adding \$5,000,000 in fiscal year 2024 for the Festival of Pacific Arts and Culture;
- Adding \$2,500,000 in fiscal year 2024 for programming of professional master classes for culinary;
- Adding \$500,000 in fiscal year 2024 and \$400,000 in fiscal year 2025 for international and arts programs;
- Adding \$225,000 for full-year funding for State Energy Office positions;
- Adding \$30,000 in special funds for energy software;
- Adding \$94,200 in general funds and \$166,911 in federal funds for labor research;
- Adding \$2,994,167 in fiscal year 2024 and \$3,382,618 in fiscal year 2025 for tourism research;
- Adding \$34,462,555 in fiscal year 2024 for green energy money saver ("GEMS") loans;
- Adding \$57,306 in fiscal year 2024 for the Small Business Regulatory Review Board;
- Adding 1.00 permanent position and \$90,000 for the aerospace development coordinator;



- Adding 1.00 permanent position and \$90,000 for an asset manager for the Hawaii Technology Development Corporation;
- Adding \$500,000 for statewide coastal zone management;
- Adding \$25,060 for Land Use Commission travel;
- Adding \$400,000 in fiscal year 2024 for standardized vulnerability assessments;
- Adding \$400,000 for Phase II of the Waikiki Adaptation and Resilience Plan;
- Adding \$696,425,000 in fiscal year 2024 for transit-orientated development infrastructure (S.B. No. 1191);
- Adding 7.00 permanent positions and \$1,205,000 in special funds for the Hawaii Community Development Authority;
- Adding 1.00 permanent position and \$90,000 for the Agribusiness Development Corporation (Act 219, SLH 2022);
- Adding \$4,000,000 in fiscal year 2024 for Waiahole Ditch debt service; and
- Adding \$1 for the Aloha Stadium Special District.

Budget and Finance

The Senate Draft of the executive budget for the Department of Budget and Finance makes general fund appropriations of \$4,048,436,310 in fiscal year 2024 and \$3,783,588,858 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$426,677,142 in fiscal year 2024 and \$424,487,176 in fiscal year 2025.

Highlights are as follows:



- Adding \$310,776 in fiscal year 2024 and \$331,872 in fiscal year 2025 for full-year funding for 8.00 positions;
- Adding \$33,000,000 in both fiscal years for broadband federal matching funds;
- Adding \$500,000,000 to the emergency and budget reserve fund;
- Adding 1.00 position and \$71,106 for the Office of the Public Defender;
- Adding \$257,446,927 for debt service funding;
- Adding \$61,938,702 for retirement benefits; and
- Reducing \$9,343,547 for health premium payments.

Commerce and Consumer Affairs

The Senate Draft of the executive budget for the Department of Commerce and Consumer Affairs makes non-general fund appropriations of \$108,029,694 in fiscal year 2024 and \$109,929,699 in fiscal year 2025.

Highlights are as follows:

- Increasing the ceiling by \$75,000 for the central services assessment;
- Increasing the ceiling by \$300,000 for the licensing database;
- Increasing the ceiling by \$10,500,000 for the King Kalakaua Building's roof;
- Increasing the ceiling by \$398,569 in fiscal year 2024 and \$142,821 in fiscal year 2025 for fringe benefits;
- Increasing the ceiling by \$750,000 for the Electric Vehicle Charging Rebate Program; and



- Increasing the ceiling by \$750,000 for the Hydrogen Fueling Rebate Program.

Defense

The Senate Draft of the executive budget for the Department of Defense makes general fund appropriations of \$49,891,976 in fiscal year 2024 and \$34,363,359 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$93,860,415 in fiscal year 2024 and \$87,783,722 in fiscal year 2025.

Highlights are as follows:

- Adding \$1,000,000 for deferred maintenance;
- Adding \$166,750 in general funds and \$500,250 in federal funds for student meals at the National Guard's Youth Challenge Academy in Hilo and Kapolei;
- Adding \$125,000 in fiscal year 2024 to replace the ceiling at the Youth Challenge Academy in Hilo;
- Adding 1.00 permanent military real property program manager position and \$62,682 in federal funds for fiscal year 2024 and \$121,563 in federal funds for fiscal year 2025 for the National Guard;
- Adding 1.00 permanent program analyst and \$48,050 in federal funds for fiscal year 2024 and \$92,299 in federal funds for fiscal year 2025 for the National Guard;
- Adding \$3,000,000 for the major disaster fund--post disasters at Hawaii Emergency Management Agency;
- Adding \$2,522,860 in general funds in fiscal year 2024 for grant matching of \$4,500,000 in federal funds in fiscal year 2024 for Hawaii Emergency Management Agency to address hazards;
- Adding \$500,000 for the resilient Hawaii revolving loan fund;



- Increasing the ceiling by \$500,000 for the Hawaii Emergency Management Agency's hazard mitigation special fund;
- Adding \$145,000 in fiscal year 2024 for the Hawaii Emergency Management Agency for a bucket truck to repair sirens on Oahu; and
- Adding \$12,000,000 in fiscal year 2024 for the Hawaii Emergency Management Agency's headquarters building.

Education

The Senate Draft of the executive budget for the Department of Education makes general fund appropriations of \$2,556,282,854 in fiscal year 2024 and \$2,359,031,553 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$407,307,143 in fiscal year 2024 and \$403,908,077 in fiscal year 2025.

Highlights are as follows:

- Adding \$7,000,000 for the Hawaii Keiki: Healthy and Ready to Learn initiative;
- Adding \$10,000,000 in fiscal year 2024 for workers' compensation;
- Adding 20.00 permanent positions and \$1,474,000 for distance learning;
- Adding 13.00 permanent positions and \$643,504 for bilingual school-home assistants;
- Adding \$3,600,000 in fiscal year 2024 and \$7,200,000 in fiscal year 2025 for workforce development for special education students;
- Adding \$12,010,000 in fiscal year 2024 for contracted skilled nursing services;
- Adding 76.00 permanent positions for applied behavior analysis (Act 205, SLH 2018);



- Adding \$898,560 for after-school care for students with disabilities;
- Adding 2.00 permanent positions and \$1,000,600 for youth suicide awareness (Act 270, SLH 2019);
- Adding \$350,000 for Title IX training (Act 242, SLH 2022);
- Adding 1.00 permanent position and \$110,136 for school gardens (Act 258, SLH 2022);
- Adding 1.00 permanent position and \$110,136 for summer learning (Act 259, SLH 2022);
- Adding \$1,700,000 for a health referral management system;
- Adding 4.00 permanent positions and \$300,768 for the Hawaii Teacher Standards Board;
- Adding \$13,000,000 in fiscal year 2024 for electricity;
- Adding \$207,000 in fiscal year 2024 and \$179,000 in fiscal year 2025 for kindergarten entry assessments (Act 46, SLH 2020);
- Adding \$300,000 in fiscal year 2024 for active threat response training;
- Transferring-in 75.00 permanent positions and \$5,755,493 from the Department of Accounting and General Services for neighbor island school repairs and maintenance;
- Adding \$50,000,000 in fiscal year 2024 for deferred maintenance;
- Adding \$1 for power purchase agreements;
- Adding \$46,000,000 for land acquisition and renovation;



- Adding \$11,500,000 in revolving funds for after-school programs;
- Adding \$30,000 in fiscal year 2024 to support traditional native speakers of Hawaiian;
- Adding \$10,945,798 in fiscal year 2024 and \$12,919,936 in fiscal year 2025 for charter school per-pupil adjustment;
- Adding 60.00 permanent positions and \$5,130,000 for charter school early learning (Act 257, SLH 2022);
- Adding \$660,000 for the Early Childhood Educator Stipend Program (Act 210, SLH 2021);
- Adding 36.00 permanent positions and \$3,949,425 in fiscal year 2024 and 126.00 permanent positions and \$7,641,383 in fiscal year 2025 for early learning classrooms (Act 257, SLH 2022);
- Adding \$2,000,000 in fiscal year 2024 and \$3,218,236 in fiscal year 2025 to restore salaries for unfunded library positions;
- Adding \$100,000 for digital literacy programs (Act 232, SLH 2022);
- Adding 3.00 permanent positions for the School Facilities Authority;
- Adding 5.00 permanent positions and \$396,192 for the School Facilities Authority; and
- Adding \$185,000,000 in fiscal year 2024 for teacher housing (S.B. No. 941).

Governor

The Senate Draft of the executive budget for the Office of the Governor makes general fund appropriations of \$5,807,504 in fiscal year 2024 and \$5,905,625 in fiscal year 2025.



Highlights are as follows:

- Adding 6.00 permanent positions and \$894,528 for the Office of Wellness and Resilience (Act 291, SLH 2022);
- Transferring-in 5.00 positions from the Department of Transportation for the Office of Wellness and Resilience;
- Adding 1.00 permanent position and \$130,000 for chief negotiator position; and
- Adding \$150,000 in general funds for fiscal year 2024 and fiscal year 2025 for other current expenses to fund special projects.

Hawaiian Home Lands

The Senate Draft of the executive budget for the Department of Hawaiian Home Lands makes general fund appropriations of \$26,428,191 in fiscal year 2024 and \$26,796,100 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$38,883,770 in fiscal year 2024 and \$38,883,770 in fiscal year 2025.

Health

The Senate Draft of the executive budget for the Department of Health makes general fund appropriations of \$748,671,144 in fiscal year 2024 and \$772,908,639 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$1,260,803,978 in fiscal year 2024 and \$1,345,890,794 in fiscal year 2025.

Highlights are as follows:

- Adding \$32,315,400 in general funds in both fiscal years for the Hawaii Health System Corporation Regions' operating subsidy;
- Adding \$1 in fiscal year 2024 for Maui Health System's operating subsidy;



- Adding \$16,320,700 in both fiscal years for Hawaii Health System Corporation's Oahu operating subsidy;
- Transferring-in 17.50 permanent positions, 23.50 temporary positions, \$3,697,802 in general funds, and \$137,363 in other federal funds for both fiscal years for the Performance, Information, Evaluation, and Research Branch under the Adult Mental Health Division;
- Transferring-in 21.00 permanent positions, 14.00 temporary positions, and \$2,169,028 in general funds for both fiscal years for the Performance, Information, Evaluation, and Research Branch under the Adult Mental Health Division;
- Adding 74.00 permanent positions and \$4,279,068 in general funds in fiscal year 2024, and 148.00 permanent positions and \$8,558,136 in general funds in fiscal year 2025 for 141.00 psychiatric technicians, 4.00 advanced practice registered nurses, and 3.00 security guards at the Hawaii State Hospital;
- Adding \$12,900,000 in general funds in fiscal year 2024 and \$14,100,000 in general funds in fiscal year 2025 for the Medicaid Home and Community Based Service waiver for individuals with intellectual and developmental disabilities;
- Adding \$26,000,000 in general funds in both fiscal years for service provider contract adjustments to account for inflation;
- Adding 4.00 permanent positions, \$230,508 in general funds in fiscal year 2024, and \$239,412 in general funds for fiscal year 2025 to fully fund salaries for 3.00 food safety specialists and 1.00 secretary in the Food and Drug Branch;
- Adding \$47,630,145 in general funds in fiscal year 2024 and \$43,629,646 in general funds in fiscal year 2025 for Emergency Medical Services across the State;



- Adding \$1,600,000 in general funds in both fiscal years for an ambulance on the island of Molokai;
- Adding \$400,000 in revolving funds in both fiscal years to raise the leaking underground storage tank revolving fund ceiling;
- Adding 2.00 permanent positions, \$73,644 in general funds in fiscal year 2024, and \$153,156 in general funds in fiscal year 2025 for 1.00 environmental management program manager and 1.00 secretary II for the Environmental Planning Office;
- Adding 4.00 permanent positions, \$263,604 in general funds in fiscal year 2024, and \$273,804 in general funds in fiscal year 2025 for 2.00 public health supervisors, 1.00 public health educator, and 1.00 secretary in the Hawaii District Health Office;
- Adding 4.00 permanent positions, \$249,564 in general funds in fiscal year 2024, and \$259,086 in general funds in fiscal year 2025 for 2.00 public health supervisors, 1.00 public health educator, and 1.00 office assistant in the Maui District Health Office;
- Adding 3.00 permanent positions, \$181,008 in general funds in fiscal year 2024, and \$188,052 in general funds in fiscal year 2025 for 1.00 public health supervisor, 1.00 public health educator, and 1.00 office assistant in the Kauai District Health Office;
- Adding 4.00 permanent positions, \$114,354 in general funds in fiscal year 2024, and \$237,456 in general funds in fiscal year 2025 for 3.00 epidemiological specialists and 1.00 statistics clerk in the Hawaii District Health Office;
- Adding 3.00 permanent positions, \$95,190 in general funds in fiscal year 2024, and \$197,208 in general funds in fiscal year 2025 for 3.00 epidemiological specialists in the Maui District Health Office;



- Adding 3.00 permanent positions, \$95,190 in general funds in fiscal year 2024, and \$197,208 in general funds in fiscal year 2025 for 3.00 epidemiological specialists in the Kauai District Health Office;
- Adding \$10,000,000 in general funds in fiscal year 2024 and \$20,000,000 in general funds in fiscal year 2025 for the Hawaii State Loan Repayment Program for Healthcare Professionals; and
- Adding \$1 for plan and design costs for Kinau Hale remodeling.

Human Resources Development

The Senate Draft of the executive budget for the Department of Human Resources Development makes general fund appropriations of \$28,009,270 in fiscal year 2024 and \$20,614,986 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$5,873,326 in fiscal year 2024 and \$5,877,980 in fiscal year 2025.

Highlights are as follows:

- Adding \$4,305,000 in fiscal year 2024 for worker's compensation claims;
- Adding 1.00 position and \$108,521 for workforce attraction, selection, classification, and effectiveness;
- Adding \$250,000 in fiscal year 2024 for information technology and computer equipment;
- Adding 2.00 positions and \$3,000,000 in fiscal year 2024 for technical support and infrastructure; and
- Adding 1.00 position and \$3,000,000 for a telework pilot project.



Human Services

The Senate Draft of the executive budget for the Department of Human Services makes general fund appropriations of \$1,632,182,964 in fiscal year 2024 and \$1,583,816,713 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$2,747,713,189 in fiscal year 2024 and \$2,747,516,341 in fiscal year 2025.

Highlights are as follows:

- Adding \$60,000,000 in general funds in both fiscal years for the State Rent Supplement Program;
- Adding \$1,550,000 in general funds in both fiscal years for Family Assessment Centers;
- Adding \$3,750,000 in general funds in both fiscal years for the Housing First Program;
- Adding \$3,750,000 in general funds in both fiscal years for the Rapid Re-Housing Program;
- Adding \$1,750,000 in general funds in both fiscal years for homeless outreach services;
- Adding \$345,000 in general funds in fiscal year 2024 and \$120,000 in general funds in fiscal year 2025 for the homeless services database;
- Adding \$22,000,000 in general funds in both fiscal years for service provider contract adjustments to account for inflation;
- Adding \$50,000,000 in general funds in fiscal year 2024 for deferred maintenance for the Hawaii Public Housing Authority;
- Increasing the special fund ceiling by \$5,000,000 for the spouse and child abuse special fund;
- Adding \$1,036,000 in general funds in fiscal year 2024 and \$536,000 in general funds in fiscal year 2025 for



information technology modifications for an expanded
Preschool Open Doors Program;

- Adding \$38,800,000 in general funds in both fiscal years for the expansion of Preschool Open Doors Program to include three-year-olds;
- Adding \$37,872,172 in general funds in fiscal year 2024 and \$36,854,272 in general funds in fiscal year 2025 for early learning expansion;
- Adding \$5,636,953 in general funds and \$7,191,798 in federal funds in both fiscal years for nursing facilities;
- Adding \$3,387,000 in general funds in fiscal year 2024 and \$4,516,000 in general funds in fiscal year 2025 for the Child Wellness Incentive Pilot Program (Act 127, SLH 2022);
- Adding \$30,000,000 in general funds in both fiscal years, \$42,833,212 in federal funds in fiscal year 2024, and \$43,393,822 in federal funds in fiscal year 2025 for reimbursements to professional service providers;
- Adding \$400,000 in general funds in both fiscal years for sex trafficking victims support;
- Adding 5.00 permanent positions and \$500,000 in general funds in fiscal year 2024 and \$460,000 in general funds in fiscal year 2025 for the Office on Homelessness and Housing Solutions (Act 252, SLH 2022);
- Adding \$15,000,000 in general funds in fiscal year 2024 for the Ohana Zones Pilot Program;
- Adding \$1,552,000 in general funds and \$9,532,000 in federal funds in both fiscal years for First-To-Work Program housing assistance;
- Adding \$605,000 in general funds in both fiscal years for the Family Resource Center Network; and



- Adding \$15,000,000 in fiscal year 2024 and \$33,000,000 in fiscal year 2025 for Kauhale projects across the State.

Labor and Industrial Relations

The Senate Draft of the executive budget for the Department of Labor and Industrial Relations makes general fund appropriations of \$117,173,713 in fiscal year 2024 and \$26,764,583 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$473,648,304 in fiscal year 2024 and \$423,583,194 in fiscal year 2025.

Highlights are as follows:

- Reducing \$1,125,000 in federal funds for occupational safety and health;
- Reducing \$5,138,180 in federal funds for the Workforce Development Program;
- Reducing \$6,710,272 in federal funds for the Unemployment Insurance Program;
- Adding \$364,226 in federal funds for the Office of Community Services;
- Adding 1.00 permanent position and \$1,000,000 for the Immigrant Resource Center;
- Adding 3.00 temporary positions and \$1,248,772 in fiscal year 2024 and \$259,064 in fiscal year 2025 for the new Retirement Savings Board; and
- Adding \$36,000,000 in fiscal year 2024 for the unemployment insurance modernization project.

Land and Natural Resources

The Senate Draft of the executive budget for the Department of Land and Natural Resources makes general fund appropriations of \$172,659,821 in fiscal year 2024 and \$129,925,064 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations



of \$176,643,180 in fiscal year 2024 and \$133,710,443 in fiscal year 2025.

Highlights are as follows:

- Adding \$1,500,000 in special funds for the land conservation fund for land acquisition;
- Adding \$500,000 in fiscal year 2024 for Banyan Drive planning;
- Adding \$750,000 in special funds for the conveyances and records digitization project;
- Adding \$1,500,000 for the Hawaii Invasive Species Council;
- Adding 4.00 permanent positions and \$117,210 in fiscal year 2024 and \$234,393 in fiscal year 2025 for the Navy's Red Hill contamination;
- Adding 2.00 permanent positions and \$58,596 in fiscal year 2024 and \$117,192 in fiscal year 2025 for water allocation permits;
- Adding 4.00 permanent positions and \$4,684,997 in fiscal year 2024 and 29.00 permanent positions and \$4,372,099 in fiscal year 2025 for the enforcement of environmental conservation and protection;
- Adding \$3,100,000 in fiscal year 2024 for watershed protection;
- Adding \$3,849,034 in special funds for repairs and maintenance for the Division of Boating and Ocean Recreation;
- Adding 1.00 permanent position and \$28,856 in fiscal year 2024 and \$57,712 in fiscal year 2025 for the Division of Boating and Ocean Recreation;



- Adding \$67,150,000 in fiscal year 2024 and \$20,650,000 in fiscal year 2025 for climate change initiatives in the Division of Boating and Ocean Recreation;
- Adding \$2,000,000 for trail maintenance and restoration;
- Adding \$10,000,000 in fiscal year 2024 and \$8,000,000 in fiscal year 2025 in special funds for state parks repairs and maintenance;
- Adding 1.00 permanent position and \$83,064 to coordinate merchandising strategies;
- Adding \$400,000 for the Kahoolawe Island Reserve Commission; and
- Adding 6.00 temporary positions and \$14,000,000 for the Mauna Kea Stewardship and Oversight Authority (Act 255, SLH 2022).

Law Enforcement

The Senate Draft of the executive budget for the Department of Law Enforcement makes general fund appropriations of \$79,747,725 in fiscal year 2024 and \$45,040,533 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$15,854,852 in fiscal year 2024 and \$25,823,828 in fiscal year 2025.

Highlights are as follows:

- Adding 1.00 program specialist and 10.00 deputy sheriff (including 4.00 for executive protection) positions and \$1,190,694 in fiscal year 2024 and \$1,136,610 in fiscal year 2025;
- Adding 4.00 deputy sheriff positions and \$176,748 in fiscal year 2024 and \$289,584 in fiscal year 2025;
- Adding \$152,420 for drug monitoring for narcotics enforcement;



- Adding \$312,120 in fiscal year 2024 and \$270,000 in fiscal year 2025 for body-worn cameras;
- Adding \$36,000 for the live scan system for identification;
- Adding \$37,500 for ballistic protective vests;
- Adding 8.00 training positions, \$435,001 in fiscal year 2024, and \$733,435 in fiscal year 2025;
- Adding \$45,000,000 in fiscal year 2024 for the information technology software project;
- Adding \$2,015,383 in fiscal year 2024 for full-year funding of 50.00 positions;
- Adding \$5,000,000 in fiscal year 2024 for plans and design of a building;
- Adding 5.00 investigators, \$304,722 in fiscal year 2024, and \$500,678 in fiscal year 2025 for the Office of Homeland Security; and
- Adding 1.00 cybersecurity, economic, education, and infrastructure security coordinator, \$78,993 in fiscal year 2024, and \$157,986 in fiscal year 2025 for the Office of Homeland Security.

Lieutenant Governor

The Senate Draft of the executive budget for the Office of the Lieutenant Governor makes general fund appropriations of \$2,679,472 in fiscal year 2024 and \$2,725,231 in fiscal year 2025.

Highlights are as follows:

- Adding 3.00 temporary positions and \$520,000 for policy areas;
- Adding 2.00 temporary positions and \$187,608 to support the office's statutory responsibilities;



- Adding 3.00 permanent positions and \$360,000 for broadband digital equity; and
- Adding \$528,505 in fiscal year 2024 and \$540,505 in fiscal year 2025 for other current expenses.

Public Safety

The Senate Draft of the executive budget for the Department of Public Safety makes general fund appropriations of \$327,414,334 in fiscal year 2024 and \$302,931,183 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$22,394,778 in fiscal year 2024 and \$15,428,310 in fiscal year 2025.

Highlights are as follows:

- Adding \$1,302,141 for full-year funding to support new housing at Hawaii Community Correctional Center;
- Adding \$1,103,018 in fiscal year 2025 for six-month funding to support new housing at Maui Community Correctional Center;
- Adding \$4,513,782 in fiscal year 2025 for full-year funding to support new housing at Women's Community Correctional Center;
- Trading-off \$450,432 to restore 8.00 substance abuse specialists;
- Adding \$450,000 in fiscal year 2024 and \$500,000 in fiscal year 2025 to purchase more local agricultural food products;
- Adding \$970,176 for twenty-four-hour health care at facilities on the neighbor islands and Oahu;
- Adding 4.00 permanent nurses, \$286,645 in fiscal year 2024, and \$525,969 in fiscal year 2025 for the new infection prevention and control unit;



- Adding 1.00 dentist manager, \$144,415 in fiscal year 2024, and \$276,999 in fiscal year 2025;
- Adding 8.00 permanent positions, \$381,826 in fiscal year 2024, and \$669,012 in fiscal year 2025 for internal affairs and training and staff development offices;
- Adding \$2,000,000 to expand the Community Work Furlough Program from Oahu to statewide;
- Adding \$521,899 in fiscal year 2024 for utility shortfalls at Halawa Correctional Facility, Waiawa Correctional Facility, and Oahu Community Correctional Center; and
- Adding \$25,000,000 in fiscal year 2024 for deferred maintenance.

County Subsidies

The Senate Draft of the executive budget for subsidies not associated with a department appropriates \$10,000,000 in general funds in fiscal year 2024.

Highlights are as follows:

- Adding \$10,000,000 in fiscal year 2024 for housing funding for the City and County of Honolulu.

Taxation

The Senate Draft of the executive budget for the Department of Taxation makes general fund appropriations of \$41,135,601 in fiscal year 2024 and \$38,177,897 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$3,603,402 in fiscal year 2024 and \$3,627,620 in fiscal year 2025.

Highlights are as follows:

- Adding 2.00 permanent positions and \$160,368 in fiscal year 2024 and \$166,128 in fiscal year 2025 to fund newly established positions in the Oahu Field Audit Branch;



- Adding \$8,017,617 in fiscal year 2024 and \$3,855,721 in fiscal year 2025 to fund the tax system modernization project; and
- Adding 5.00 permanent positions and \$533,859 in fiscal year 2024 and \$546,579 in fiscal year 2025 to fund newly established positions for the Taxation Board of Review.

Transportation

The Senate Draft of the executive budget for the Department of Transportation makes general fund appropriations of \$3,600,000 in fiscal year 2024 and \$3,600,000 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$1,356,831,196 in fiscal year 2024 and \$1,391,524,857 in fiscal year 2025.

Highlights are as follows:

- Adding \$56,726,547 in fiscal year 2024 and \$61,722,000 in fiscal year 2025 for airports special maintenance statewide;
- Adding \$30,625,000 in fiscal year 2024 and \$33,625,000 in fiscal year 2025 for harbors administration;
- Adding \$2,737,000 for highways traffic control on Oahu;
- Adding \$50,000,000 in fiscal year 2024 and \$40,000,000 in fiscal year 2025 for the Highways Special Maintenance Program; and
- Adding \$1,375,000 for the Highways Google Safety Analytics Program.

University of Hawaii

The Senate Draft of the executive budget for the University of Hawaii makes general fund appropriations of \$655,669,359 in fiscal year 2024 and \$616,285,992 in fiscal year 2025. The Senate Draft also makes non-general fund appropriations of \$708,069,056 in fiscal year 2024 and \$710,021,532 in fiscal year 2025.



Highlights are as follows:

- Adding \$17,526,848 in fiscal year 2024 to restore reductions from COVID-19;
- Adding \$3,200,000 in fiscal year 2024 for University of Hawaii at Manoa athletics;
- Adding \$85,500 for the Hawaii Institute of Marine Biology;
- Adding 7.00 permanent positions and \$228,500 in fiscal year 2024 and \$457,000 in fiscal year 2025 for the Thompson School of Social Work and Public Health;
- Adding \$3,000,000 in fiscal year 2024 for Waikiki Aquarium seawall repairs;
- Adding \$3,025,468 in fiscal year 2024 for a Wastewater System Demonstration Pilot Program (S.B. No. 285);
- Adding \$205,000 in special funds for the physician workforce assessment special fund (Act 151, SLH 2021);
- Adding 4.00 permanent positions and \$2,000,000 in fiscal year 2024 for neighbor island medical residencies and training (Act 262, SLH 2022);
- Adding \$400,000 in fiscal year 2024 for University of Hawaii at Hilo athletics;
- Adding 3.00 permanent positions and \$98,500 in fiscal year 2024 and \$200,250 in fiscal year 2025 for Maui College's health center;
- Adding \$3,700,000 in fiscal year 2024 to continue the Promise Program for community colleges;
- Adding 31.00 permanent positions and \$693,780 in fiscal year 2024 and \$1,456,938 in fiscal year 2025 for community college security officers;



- Adding \$35,000,000 in fiscal year 2024 for community college deferred maintenance;
- Adding \$578,240 for non-credit workforce development; and
- Adding 14.00 permanent positions and \$577,500 in fiscal year 2024 and \$1,212,750 in fiscal year 2025 for the Early College Program.

PART V. CAPITAL IMPROVEMENTS PROGRAM BUDGET

The Governor submitted a transitional steady state capital improvement budget to the Legislature with the following totals:

Governor's Steady State Request	Fiscal Year 2024	Fiscal Year 2025
General Funds	\$324,855,000	\$295,397,000
G.O./G.O.R. Bond Funds	\$462,249,000	\$358,640,000
All Means of Financing	\$2,106,776,000	\$1,459,911,000

The Governor submitted Governor's Messages to the Legislature to request an amended capital improvement budget with the following totals:

Governor's Adjusted Request	Fiscal Year 2024	Fiscal Year 2025
General Funds	\$447,669,000	\$308,122,000
G.O./G.O.R. Bond Funds	\$742,367,000	\$484,591,000
All Means of Financing	\$2,775,315,000	\$1,766,140,000

Your Committee has further amended this measure and proposes a capital improvement budget with the following totals:

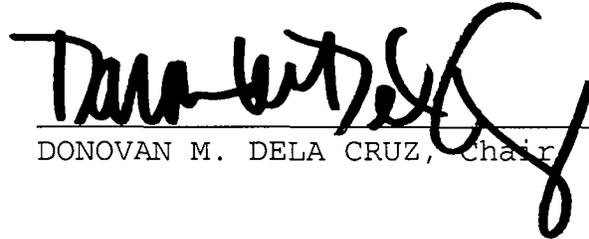
Senate Draft	Fiscal Year 2024	Fiscal Year 2025
General Funds	\$549,063,000	\$379,453,000
G.O./G.O.R. Bond Funds	\$875,250,000	\$338,703,000
All Means of Financing	\$3,348,386,000	\$1,476,590,000



PART VI. RECOMMENDATION

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. 300, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 300, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

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


DONOVAN M. DELA CRUZ, Chair



