

A Bill for an Act Relating to the Emergency and Budget Reserve Fund.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that the national and global economic crisis that began in the second half of 2008 has caused significant economic problems in numerous industries in the state, including the airline, cruise ship, tourist, and construction industries. Mass layoffs have been reported by an increasing number of Hawaii businesses statewide, from the agricultural sector to the medical-services sector. Hawaii's automobile dealers have cut fifteen per cent of their workforce, and that percentage could double in the future. Financial uncertainty has led to fewer visitor arrivals and lower hotel occupancy rates, resulting in layoffs and reductions in employee hours. Furthermore, recent forecasts show that the situation will worsen with a continued decline in employment, personal income, and visitor arrivals, as well as rising inflation.

Difficult economic times and declining tax revenues have resulted in budget cuts for all state services. State departments have been asked to lower their budget proposals by up to twenty per cent. The department of education faces a possible \$100,000,000 shortfall for the next academic year and funding has been discontinued for science textbooks and materials, literacy training programs for learning-disabled children, as well as for speech pathologists, occupational and physical therapists, and more than two hundred other positions.

The department of health has projected a \$25,000,000 shortfall for mental health services in the current fiscal year. Funding has been eliminated for the healthy start program, totaling approximately \$22,000,000 for the biennium. Additionally, the governor has discontinued funding for the Hawaii children's health care program, which may leave an estimated one thousand five hundred gap group children without access to affordable health care.

The current and impending situation jeopardizes the safety net of basic human services, health, and education needs for Hawaii's residents and families. While all of Hawaii's residents will be affected by the situation, gap group families and families closest to the poverty line will suffer the most.

Senate informational briefings were held in August and September 2009 to gather information on the potential statewide impacts of the anticipated reduction in health and human services. The following information regarding the impacts of the budget cuts was presented at the briefings:

- (1) Hawaii's receipt of a \$323,000 federal grant from the Environmental Protection Agency through the Clean Water Act would be in jeopardy;
- (2) Against the backdrop of a doubling of the number of homeless people in the years 1997 to 2009, the Hawaii Housing Authority's homeless program's branch indicated that the cuts would eliminate five of nine staff positions and would put Hawaii's receipt of \$16,650,000 in federal Department of Housing and Urban Development moneys in jeopardy;
- (3) The deaf and hearing impaired fear the loss of assistance and specialized vocational training; and
- (4) Cuts in youth services would increase gang violence, increase the number of youth in detention facilities, and take away services for abused and homeless children.

It has also been reported in the media that the budget cuts will reduce services for individuals with mental illness and disabilities and children. For example,

the Healthy Start child abuse prevention program was allotted \$10,000,000 in the 2008-2009 state budget and was dropped completely from the 2009-2010 budget.

Pursuant to Act 304, Session Laws of Hawaii 1999, the legislature established the emergency and budget reserve fund as a temporary supplemental source of funding for the State of Hawaii in times of emergency, economic downturn, or unforeseen reduction in revenues. As set forth in section 328L-3, Hawaii Revised Statutes, specific purposes for the fund include maintaining levels of programs determined to be essential to public health, safety, welfare, and education. Act 304 also included certain prohibitions on appropriations from the emergency and budget reserve fund. Appropriations for the following purposes are specifically prohibited:

- (1) To meet expenses of the legislature;
- (2) To provide for salary adjustments for officials appointed pursuant to article V, section 6 or article VI, section 3 of the Hawaii Constitution and for others whose salaries are directly related to salaries of these officials; and
- (3) To fund cost items in any collective bargaining contract.

The legislature finds that expenditures from the emergency and budget reserve fund are needed to meet the conditions of emergency, economic downturn, and unforeseen reduction in revenues that the State currently faces. Further, the legislature finds that the appropriations in this Act are consistent with the purposes of the emergency and budget reserve fund.

Therefore, given the current economic crisis and concomitant budget deficit, the purpose of this Act is to appropriate moneys from the emergency and budget reserve fund of the State of Hawaii to maintain the levels of programs determined to be essential to education, public health, and public welfare.

**SECTION 2.** There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$200,000 or so much thereof as may be necessary for fiscal year 2010-2011 for respite services.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

**SECTION 3.** There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$1,500,000 or so much thereof as may be necessary for fiscal year 2010-2011 to supplement the healthy start program.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

**SECTION 4.** There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$950,000 or so much thereof as may be necessary for fiscal year 2010-2011, to provide funding for grants pursuant to chapter 42F, Hawaii Revised Statutes, to be distributed as follows:

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|-------------------------------|-----------|
| (1) Catholic Charities Hawaii | \$350,000 |
| (2) Kapahulu Center           | \$300,000 |
| (3) Moiliili Community Center | \$150,000 |
| (4) Waikiki Community Center  | \$150,000 |

The sum appropriated shall be expended by the department of health for the purposes of this Act.

**SECTION 5.** There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$3,000,000 or so much thereof as

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may be necessary for fiscal year 2010-2011 to provide additional funding for the kupuna care program. This funding shall be in addition to the fiscal year 2010-2011 executive supplemental budget for the executive office on aging.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 6. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$100,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the Aging and Disability Resource Center.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 7. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$1,500,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the developmental disabilities medicaid waiver program.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 8. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$1,500,000 or so much thereof as may be necessary for fiscal year 2010-2011, for mental health services.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 9. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$150,000 or so much thereof as may be necessary for fiscal year 2010-2011, for the partnerships in community living program.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 10. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$1,400,000 or so much thereof as may be necessary for fiscal year 2010-2011, for substance abuse treatment.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 11. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$125,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the healthy aging partnerships program.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 12. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$332,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the Waianae District Comprehensive Health and Hospital Board, Incorporated to support its emergency room services.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 13. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$270,000 or so much thereof as may be necessary for fiscal year 2010-2011 for HIV/AIDS related services.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 14. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$1,000,000 or so much thereof as may be necessary for fiscal year 2010-2011 to fund the development and implementation of a housing first pilot program, through a collaboration between the Hawaii public housing authority and the department of human services, for chronically homeless individuals, including those who have an addiction or mental illness, or both; provided that the Hawaii public housing authority, in collaboration with the department of human services shall submit a report to the legislature on the progress of the housing first pilot program no later than twenty days prior to the convening of the regular session of 2011.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 15. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$500,000 or so much thereof as may be necessary for fiscal year 2010-2011 for meals for the elderly for kupuna care.

The sum appropriated shall be expended by the department of health's executive office on aging for the purposes of this Act.

SECTION 16. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$500,000 or so much thereof as may be necessary for fiscal year 2010-2011 for Kokua Kalihi Valley Comprehensive Family Services.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 17. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$600,000 or so much thereof as may be necessary for fiscal year 2010-2011 to the Hawaii Medical Service Association for Keiki Care.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 18. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$200,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the Windward Oahu Spouse Abuse Shelter.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 19. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$200,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the Blueprint for Change Program for Neighborhood Place Walk-in Centers.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

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SECTION 20. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii, the sum of \$550,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the Hawaii immigrant health initiative program.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 21. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$762,500 or so much thereof as may be necessary for fiscal year 2010-2011 to support domestic violence shelters statewide.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 22. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$210,000 for fiscal year 2010-2011 for the Hale Mahaolu for personal care services.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 23. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$200,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the shelter plus care program.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 24. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii for QUEST health care payments, the sum of \$2,000,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the restoration of adult dental care formerly granted under program ID HMS 245 - QUEST health care payments; provided that the funds shall not be expended for any other purpose. The governor is authorized to utilize enhanced federal medical assistance percentages (FMAP) funds to offset the amount appropriated, provided that the total amount shall not exceed \$2,000,000. Any unexpended funds shall lapse to their respective funds.

The department of human services shall prepare a report on:

- (1) The number of adults receiving these benefits;
- (2) The cost per person;
- (3) Total breakdown of administrative costs and other overhead costs; and
- (4) Statistics, if available, of how this dental program is reducing the number of emergency dental-related medical procedures;

provided further that the department of human services shall submit the report to the legislature no later than twenty days prior to the convening of the 2011 regular session.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 25. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$100,000 or so much thereof as may be necessary for fiscal year 2010-2011 for outstationed eligibility worker services.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 26. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$80,000 or so much thereof as may be necessary for fiscal year 2010-2011 for outreach services.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 27. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$44,636 or so much thereof as may be necessary for fiscal year 2010-2011 for outreach services to locate uninsured children.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 28. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$800,000 or so much thereof as may be necessary for fiscal year 2010-2011 for child care subsidies.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 29. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$1,000,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the general assistance program under section 346-71, Hawaii Revised Statutes, to restore the general assistance benefit amount to \$450 per person per month or as close to \$450 per person per month as possible, given the monthly caseload.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 30. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$200,000 or so much thereof as may be necessary for fiscal year 2010-2011 to Adult Friends for Youth for youth gang prevention and intervention services.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 31. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$1,000,000 or so much thereof as may be necessary for fiscal year 2010-2011 for domestic violence services.

The sum appropriated shall be expended by the judiciary for the purposes of this Act.

SECTION 32. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$200,000 or so much thereof as may be necessary for fiscal year 2010-2011 for Volunteer Legal Services Hawaii to provide pro bono legal services for indigent persons.

The sum appropriated shall be expended by the judiciary for the purposes of this Act.

SECTION 33. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$720,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the Legal Aid Society of Hawaii to provide general civil legal services.

The sum appropriated shall be expended by the judiciary for the purposes of this Act.

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SECTION 34. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$282,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the Hawaii Family Law Clinic to provide services to obtain temporary restraining orders.

The sum appropriated shall be expended by the judiciary for the purposes of this Act.

SECTION 35. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$150,000 or so much thereof as may be necessary for fiscal year 2010-2011 for Catholic Charities Hawaii to provide intra-familial sex assault services.

The sum appropriated shall be expended by the judiciary for the purposes of this Act.

SECTION 36. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$150,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the Children's Alliance of Hawaii, Inc. to provide child sex assault services.

The sum appropriated shall be expended by the judiciary for the purposes of this Act.

SECTION 37. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$400,000 or so much thereof as may be necessary for fiscal year 2010-2011 to the Office of Community Services for employment core services.

The sum appropriated shall be expended by the department of labor and industrial relations for the purposes of this Act.

SECTION 38. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$75,000 or so much thereof as may be necessary for fiscal year 2010-2011 to the YMCA of Honolulu for the Weed and Seed Program.

The sum appropriated shall be expended by the department of labor and industrial relations for the purposes of this Act.

SECTION 39. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$466,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the Kapiolani Medical Center for Women and Children for the sex abuse treatment center for statewide sex assault services.

The sum appropriated shall be expended by the department of the attorney general for the purposes of this Act.

SECTION 40. There is appropriated out of the emergency and budget reserve fund of the State of Hawaii the sum of \$300,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the Families for R.E.A.L. program.

The sum appropriated shall be expended by the department of education for the purposes of this Act.

SECTION 41. This Act shall take effect on July 1, 2010.

(Became law on July 6, 2010, without the governor's signature, pursuant to Art. III, §16, State Constitution.)