



GOV. MSG. NO. 225

EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

March 1, 2012

The Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
State Capitol
Honolulu, Hawaii, 96813

Dear Mr. President:

Transmitted herewith are proposed changes to the FY 12-13 Supplemental Budget for the Departments of Accounting and General Services (DAGS), Attorney General (AG), Budget and Finance (B&F), Commerce and Consumer Affairs (DCCA), Education (DOE), Human Services (DHS), Public Safety (PSD), and Transportation (DOT).

Your favorable consideration is requested for the attached budget items:

1. DAGS - Add \$4,769,000 in general funds for FY 13 for the Central Services Division, Custodial Services Program (AGS 231), for increases in electricity rates and water/sewer charges. This request is based on oil cost of \$100 per barrel, if oil prices continue to exceed that amount, additional funding may be required.
2. AG - Add 6.50 permanent and 2.52 temporary positions and \$495,361 in general funds for FY 13 to cover the shortfall in federal reimbursements for legal expenses received from DHS for Title IV-E cases. Decrease of 6.50 permanent and 2.52 temporary positions and \$688,002 in interdepartmental transfer funds for FY 13 associated with DHS.
3. B&F - Add \$1,738,963 for FY 12 in general funds to fund costs for Employer-Union Health Benefits Trust Fund (EUTF) employer contributions due to the delay of implementing 50-50 contributions until December 1, 2011 for Bargaining Unit 1. Pursuant to Chapter 89, HRS, these costs are being included in a Governor's message rather than a collective bargaining bill because the Legislature was not in session when the agreement was ratified.

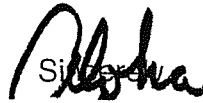
4. B&F - Add \$432,329 in general funds and \$2,449,394 in other funds for FY 12 and \$1,015,810 in general funds and \$2,967,272 in other funds in FY 13 due to the implementation of a Directed Leave Without Pay (DLWOP) Program rather than a straight 5% pay cut and the exemption of certain non-general funds from the DLWOP Program for Bargaining Unit 1. Pursuant to Chapter 89, HRS, these costs are being included in a Governor's message rather than a collective bargaining bill because the Legislature was not in session when the agreement was ratified.
5. DCCA - Add \$350,000 in general funds for FY 13 for the Cable Television Program increase cost in audits of Public, Education and Government entities, support to institutional network projects, and legal counsel for federal regulatory matters.
6. DHS and DOE - Reduce \$250,000 in general funds for FY 13 from DHS and transfer the funding to DOE to support early childhood learning initiatives and studies.
7. DHS - Add 15.00 permanent Eligibility Worker positions and \$183,399 in general funds and \$291,615 in federal funds for FY 13 for the MedQUEST Division. The general funding for the positions will come from the \$5.8 million requested in the supplemental budget for DHS payroll shortfalls for critical positions.
8. DHS - Reduce \$5,202,485 in general funds for FY 13 from Temporary Assistance for Needy Families services.
9. DHS - Add \$3,970,646 in general funds for FY 13 for the following: \$2,670,000 for system maintenance costs for the Benefit, Employment and Support Services Division (BESSD); \$608,266 for BESSD business process re-engineering; \$350,000 for document imaging; and \$342,380 for community-based office space for the West Hawaii Child Welfare Services Section.
10. DHS - Reduce \$2,663,648 in general funds and \$24,062,838 in federal funds in FY 12, and add \$2,663,648 in general funds and \$24,062,838 in federal funds in FY 13 for the new computer-based Medicaid Eligibility System.
11. DHS CIP - Reallocate \$6,550,000 in general obligation bonds from FY 12 to FY 13 from the following CIP projects: \$6,450,000 from the Kuhio Park Terrace Improvement project (HPHA01) and \$100,000 from the Lanakila Homes Master Plan project (HPHA06); reallocate the \$6,550,000 in FY 13 to the Repair and Maintenance, Exterior and Interior Repairs, Site Improvements, Statewide, project (HPHA15).
12. PSD - Add 35.00 permanent positions and \$4,316,877 in general funds for FY 13 for the Justice Reinvestment Initiative (JRI) for PSD. Delete \$6,017,796 in general funds from PSD's Non-State Facilities (PSD 808) as a tradeoff for the request.

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The request also highlights the additional funding requirements necessary for the implementation of the JRI for the Judiciary (\$827,060) and the counties (\$873,859). These items are not formally part of the Executive Budget and are included for information purposes only.

13. DOT Highways Division - Add \$2,709,896 in Highways special funds for FY 13 for additional debt service costs in Highways Administration (TRN 595).
14. DOT Highways Division - Amends various CIP project descriptions.

Your staff may contact the appropriate agency for additional information. Your understanding and assistance is appreciated.



Signature

NEIL ABERCROMBIE
Governor, State of Hawaii

Attachment

c: Honorable David Y. Ige