



GOV. MSG. NO. 615

EXECUTIVE CHAMBERS  
HONOLULU

LINDA LINGLE  
GOVERNOR

April 17, 2009

The Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
State Capitol  
Honolulu, Hawaii 96813

Dear Madam President:

Transmitted herewith are proposed revisions to my March 30, 2009 bill draft for immediate passage to amend the FY 09 Executive Budget (Act 213, SLH 2007, as amended by Act 158, SLH 2008). This revision proposes to replace certain amounts requested in our prior bill draft, based on updated Federal Medical Assistance Percentage (FMAP) funds.

The original March 30, 2009 draft bill was based on an FMAP rate of 66.13% for each of the nine quarters of the recession adjustment period. However, based on the State's rising unemployment, the Department of Human Services (DHS) estimates an FMAP of 66.13% for the first two quarters, and a revised FMAP rate of 67.35% for each of the final seven quarters. This update will reflect the additional FMAP amounts, and adjust the general fund reduction to the Medicaid program to fully fund a projected FY 09 general fund shortfall in the program.

The revisions being proposed also contains updated general fund reductions to certain Department of Health (DOH) and Department of Education (DOE) programs that receive offsetting federal funds available under the American Reinvestment and Recovery Act of 2009 (ARRA). In addition, the ARRA federal fund ceiling for DHS' Homeless Services program is being deleted.

The replacement amounts and programs are as follows:

OPERATING:

Department of Education:

Reduce the previous amount of \$173,154 to \$149,626 in federal stimulus reimbursement funds from DHS in FY 09 for the Comprehensive Student Support Services program (EDN 150) to reflect FMAP funds for deposit into the program's revolving fund, and decrease general funds by the same amount to help address the State's budget shortfall in FY 09. The previous request to add \$20,493,170 in federal stimulus funds to reflect additional Individuals with Disabilities Act (IDEA) Part B Grants to States and IDEA Part B Preschool Grants remains unchanged.

Department of Health:

1. Increase the previous amount of \$9,813,478 to \$10,284,457 in interdepartmental transfer funds in FY 09 for the Developmental Disabilities (DD) program (HTH 501) to reflect increased FMAP reimbursement funds from DHS under the ARRA, and decrease general funds by the same amount to help address the State's budget shortfall in FY 09.
2. Increase the previous amount of \$1,861,500 to \$3,366,529 in special funds and decrease the current \$8,138,500 in general funds in FY 09 to \$6,633,471 for the Adult Mental Health - Outpatient program (HTH 420) to reflect increased FMAP reimbursement funds from DHS under the ARRA and increased general fund support to meet program requirements.
3. Add \$267,510 in special funds in FY 09 for the Early Intervention program (EIP) (HTH 560) to reflect increased FMAP reimbursement funds from DHS and reduce general funds by the same amount to help address the State's budget shortfall in FY 09. This is a new item.
4. Reduce the previous amount of \$1,979,666 to \$1,459,953 in special funds in FY 09 for the Child and Adolescent Mental Health program (HTH 460) to reflect FMAP reimbursement funds from DHS under the ARRA, and decrease general funds by the same amount to help address the State's budget shortfall in FY 09.

Department of Human Services:

1. Delete \$2,166,888 in ARRA federal funds for Homeless Services (HMS 224). The funding will not be available in FY 09.
2. Increase the previous amount of \$106,798,179 to \$115,356,431 in federal stimulus funds in FY 09 for the Health Care Payments program (HMS 401) to reflect increased FMAP funding under the ARRA, and decrease the general fund reduction from

Revision for Section 7. Replace items E.5, E.13, and E.16 and add item E.6.

E. HEALTH

5. HTH501 - DEVELOPMENTAL DISABILITIES

		236.75*	236.75*
OPERATING	HTH	66,576,526A	[ <del>71,625,299A</del> ]
			<u>61,340,842A</u>
		3.00*	3.00*
	HTH	1,025,331B	1,025,331B
	HTH	60,118,132U	[ <del>64,264,766U</del> ]
			<u>74,549,223U</u>

6. HTH560 - FAMILY HEALTH

		171.75*	178.75*
OPERATING	HTH	45,263,183A	[ <del>45,109,259A</del> ]
			<u>44,841,749A</u>
		7.00*	9.00*
	HTH	7,110,659B	[ <del>7,376,539B</del> ]
			<u>7,644,049B</u>
		183.50*	182.50*
	HTH	41,946,810N	42,099,682N
		1.00*	1.00*
	HTH	1,543,739U	3,143,739U
INVESTMENT CAPITAL	HTH	C	400,000C

13. HTH420 - ADULT MENTAL HEALTH - OUTPATIENT

		198.50*	198.50*
OPERATING	HTH	73,268,683A	[ <del>82,539,423A</del> ]
			<u>89,172,894A</u>
	HTH	22,382,981B	[ <del>24,832,981B</del> ]
			<u>28,199,510B</u>
	HTH	1,643,030N	1,643,030N

16. HTH460 - CHILD AND ADOLESCENT MENTAL HEALTH

		193.50*	193.50*
OPERATING	HTH	44,103,749A	[ <del>45,063,201A</del> ]
			<u>43,603,248A</u>
		17.00*	17.00*
	HTH	19,636,965B	[ <del>18,636,965B</del> ]
			<u>20,096,918B</u>
	HTH	2,555,977N	2,568,019N
	HTH	2,260,313U	2,260,313U

Revision for Section 8. Replace items F.17 and F.19.

F. SOCIAL SERVICES

17. HMS224 - HOMELESS SERVICES

		5.00*	5.00*
OPERATING	HMS	11,276,608A	14,111,698A
	HMS	1,369,108N	1,369,108N
	<u>HMS</u>	<u>[V]</u>	[ <del>2,166,888V</del> ]
INVESTMENT CAPITAL	HMS	850,000C	1,454,000C

19. HMS401 - HEALTH CARE PAYMENTS

OPERATING	HMS	479,133,108A	[ <del>498,189,087A</del> ]
			<u>448,393,786A</u>
	HMS	672,850,832N	693,906,153N
	HMS	44,409,563U	44,409,563U
	<u>HMS</u>	<u>V</u>	<u>115,356,431V</u>

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\$92,970,381 to \$49,795,301 to fund an anticipated FY 09 Medicaid shortfall. (Note: The difference between the increased FMAP amount and the general fund reduction is due to FMAP reimbursements being transferred to DOH and DOE, and amounts being retained by DHS.)

Your staff may contact the Department of Budget and Finance for additional information. Your understanding and assistance is appreciated.

Sincerely,

LINDA LINGLE

Attachments

c: Honorable Donna Mercado Kim

Revision for Section 9. Replace item G.2.

G. FORMAL EDUCATION

2. EDN150 - COMPREHENSIVE STUDENT SUPPORT SERVICES

		5,615.50*	5,728.50*
OPERATING	EDN	361,156,533A	<del>[355,373,685A]</del>
			<u>355,224,059A</u>
		2.00*	2.00*
	EDN	49,050,756N	49,050,756N
	<u>EDN</u>	<u>V</u>	<u>20,493,170V</u>
	EDN	2,000,000W	<del>[2,000,000W]</del>
			<u>2,149,626W</u>