



HAWAII STATE OF REFORM: CAPITAL INSIDERS DISCUSS THE 2018 SESSION

JANUARY 10, 2018

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THE HAWAII STATE BUDGET

- The central policy document that sets forth priorities and plans for the state government.
- 2 year “biennium budget” was approved.
- In this coming session, it would be considered a “supplemental” budget, i.e. revisions to just FY 2018

STATE BUDGET – ROLES AND PROCESS

- Who has what role to formulate the state budget?
 - Council on Revenues – projects amount of funds
 - Governor – proposes a two-year executive budget for biennium (Fiscal years 2018 and 2019)
 - Legislature – reviews, amends and appropriates funds for expenses.

STATE COUNCIL ON REVENUES

- ESTIMATES OF GENERAL FUND TAX REVENUE FROM THE MEETING OF COUNCIL ON REVENUES, SEPTEMBER 7, 2017, FY 2018 TO FY 2024
- The new forecasts of State General Fund tax revenues for FY 2017 through FY 2024 are shown in the table <https://budget.hawaii.gov/wp-content/uploads/2017/12/04-Tables-Indicating-the-Basis-for-Revenue-Estimates-FY-19-SUPP.2eM.pdf>

ESTIMATES OF GENERAL FUND TAX REVENUE FROM THE MEETING OF SEPTEMBER 7, 2017: FY 2018 TO FY 2024

Line item projections generated by Tax Research & Planning Office to be consistent with the Council's forecast for the total General Fund tax revenues
(in thousands of dollars)

TYPE OF TAX	BASE		ESTIMATED						
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
General Excise and Use Tax	\$3,206,154	\$3,239,225	\$3,365,590	\$3,484,017	\$3,606,528	\$3,734,638	\$3,864,419	\$4,004,304	\$4,128,122
Individual Income Tax	\$2,116,392	\$2,192,341	2,285,253	2,415,567	2,517,342	2,634,487	2,760,243	2,887,921	3,020,250
Corporate Income Tax	\$93,036	\$76,761	91,257	89,489	103,600	106,104	109,332	111,234	113,502
Public Service Company Tax	\$152,760	\$122,159	125,861	130,243	134,802	139,471	144,301	149,300	154,471
Tax on Insurance Premiums	\$153,173	\$164,688	169,774	173,738	177,994	182,731	187,633	192,792	207,425
Cigarette and Tobacco Tax	\$83,685	\$82,792	83,120	85,101	87,525	90,085	92,806	95,622	98,540
Liquor Tax	\$50,590	\$51,167	51,677	52,288	52,876	53,447	54,018	54,596	55,181
Tax on Banks and Other Financial Corps.	\$12,691	\$9,174	8,156	6,505	5,173	4,553	3,848	3,461	16,787
Inheritance and Estate Tax	\$49,613	\$18,968	19,287	19,659	20,040	20,425	20,817	21,217	21,624
Conveyance Tax	\$26,415	\$49,737	53,433	57,582	61,983	66,781	71,748	76,952	81,650
Miscellaneous Taxes*	\$16,067	\$15,845	16,258	16,253	16,247	16,241	16,234	16,228	16,221
Transient Accommodations Tax	\$233,781	\$292,357	317,103	339,558	360,690	381,629	402,417	423,302	444,633
GENERAL FUND TOTAL	\$6,194,356	\$6,315,215	\$6,586,769	\$6,870,000	\$7,144,800	\$7,430,592	\$7,727,816	\$8,036,929	\$8,358,406
GROWTH RATE	8.0%	2.0%	4.3%	4.3%	4.0%	4.0%	4.0%	4.0%	4.0%

* The figures on this line include penalty and interest charges, fees and license charges from various taxes, and allocations to the General Fund from the environmental response, energy and food security tax.

GOVERNOR BUDGET IN BRIEF

- Budget Considerations

- *“The State's fiscal situation has fluctuated significantly over the past-few years and general fund revenue growth trends have not always been consistent with economic activity. This fiscal year, general fund revenue collections have been consistently positive, an improvement from the fluctuations between negative and low positive growth in the beginning of FY 17. The cumulative November 2017 general fund tax revenue growth rate is 4.7 percent, down from 11.8 percent in July 2017, but it is premature to predict a trend in revenues for the remainder of the fiscal year.*
- *“The State's fiscal situation may appear optimistic in view of general fund revenue growth thus far and the carryover general fund balance of \$893.8 million from FY 17. However, as we have seen in the past several years, changes in revenue growth can be unpredictable over a 12-month period.*

GOVERNOR IGE'S SUPPLEMENTAL BUDGET PROPOSAL BUILDS ON PROGRESS MADE IN EDUCATION, HOUSING, HOMELESSNESS, SUSTAINABILITY, CAPITAL IMPROVEMENTS

Posted on Dec 18, 2017 in [Latest News](#)

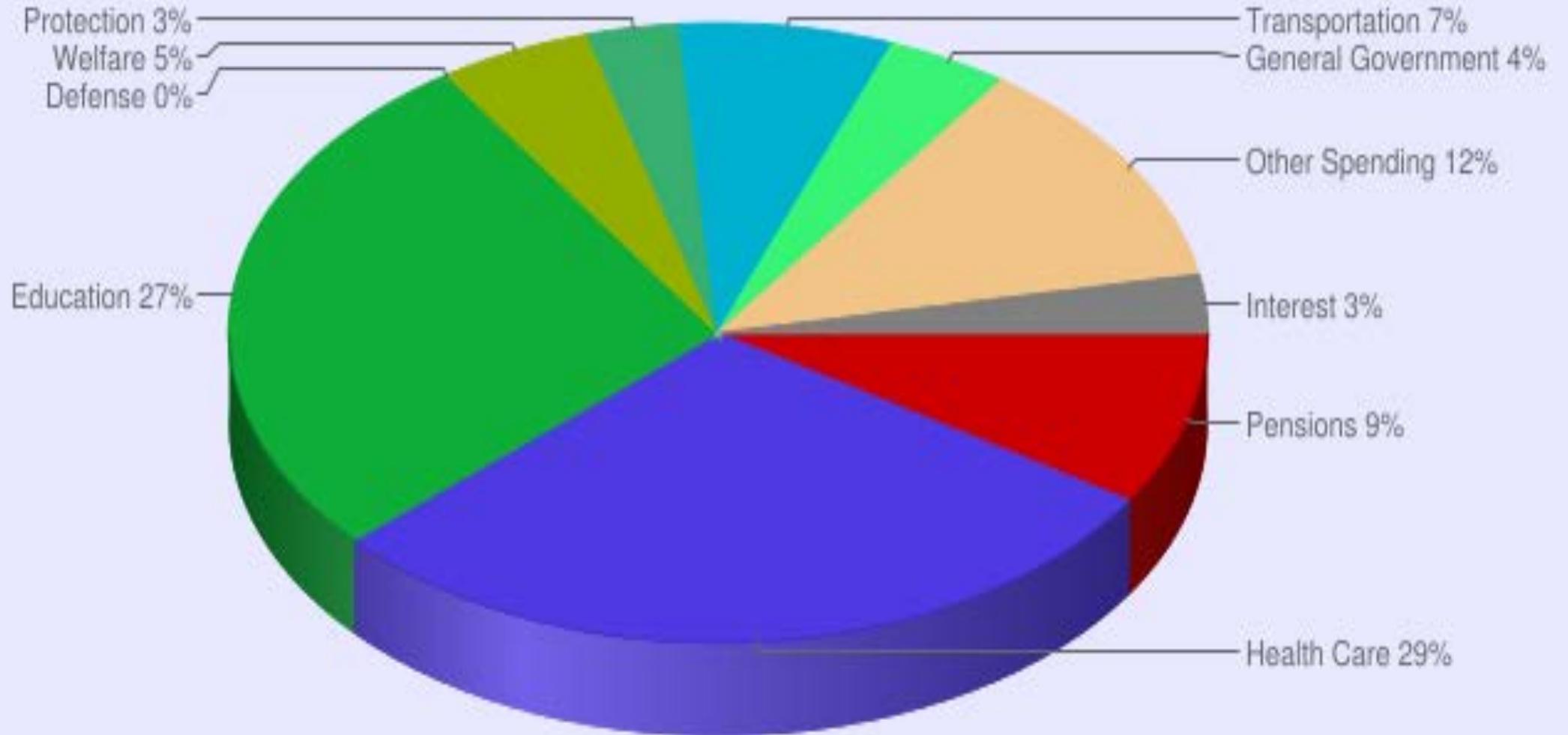
(<http://governor.hawaii.gov/category/newsroom/latest-news/>), [Press Releases](#) (<http://governor.hawaii.gov/category/newsroom/press-releases/>).

December 18, 2017

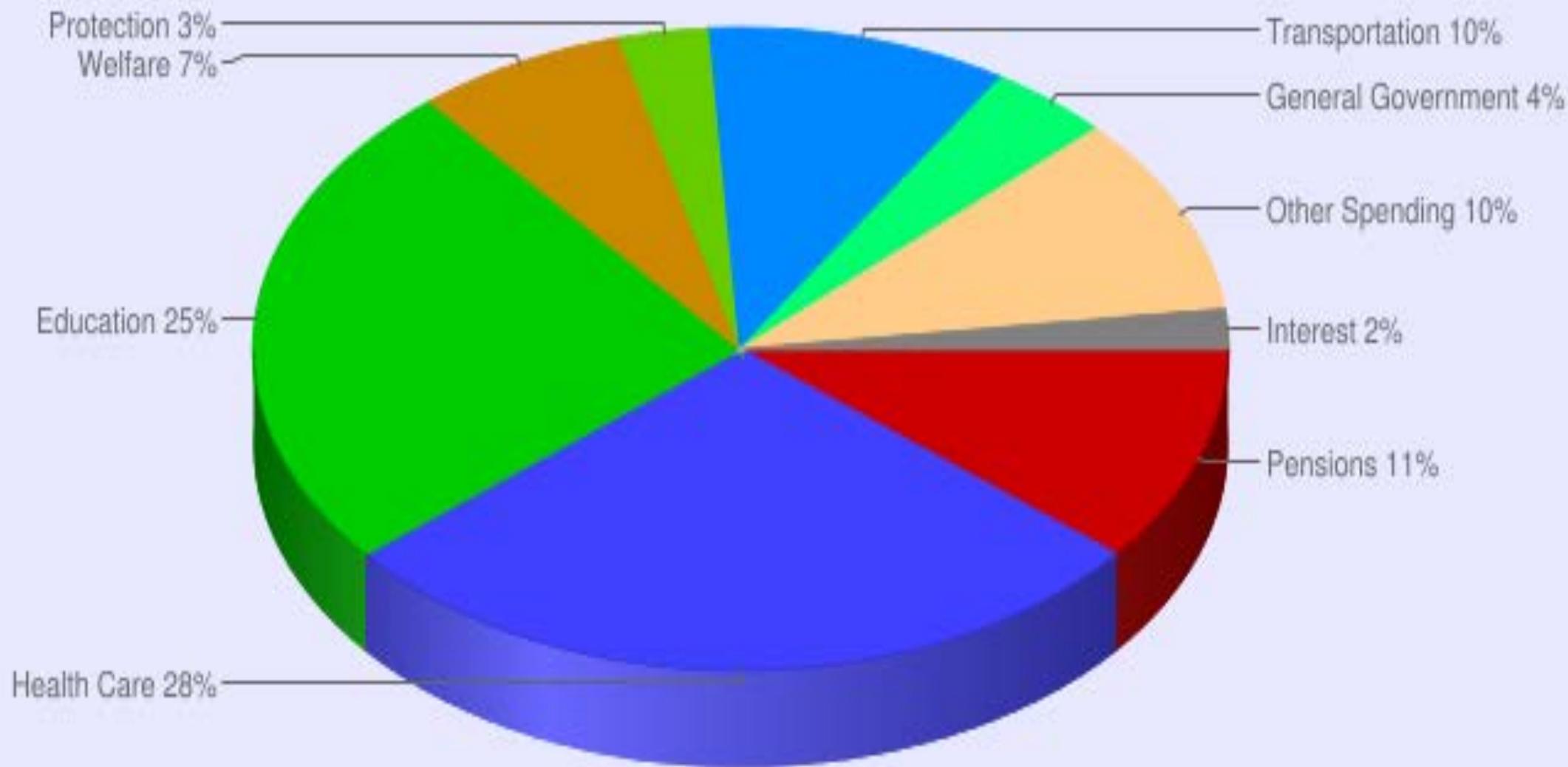
[Supplemental Budget Powerpoint Presentation](#)

HONOLULU – Gov. Ige unveiled his [Supplemental Budget](#) proposal today, asking the State Legislature to continue supporting programs that tackle many of the challenges our

State Spending for Hawaii - FY 2017



State Spending for Hawaii - FY 2018

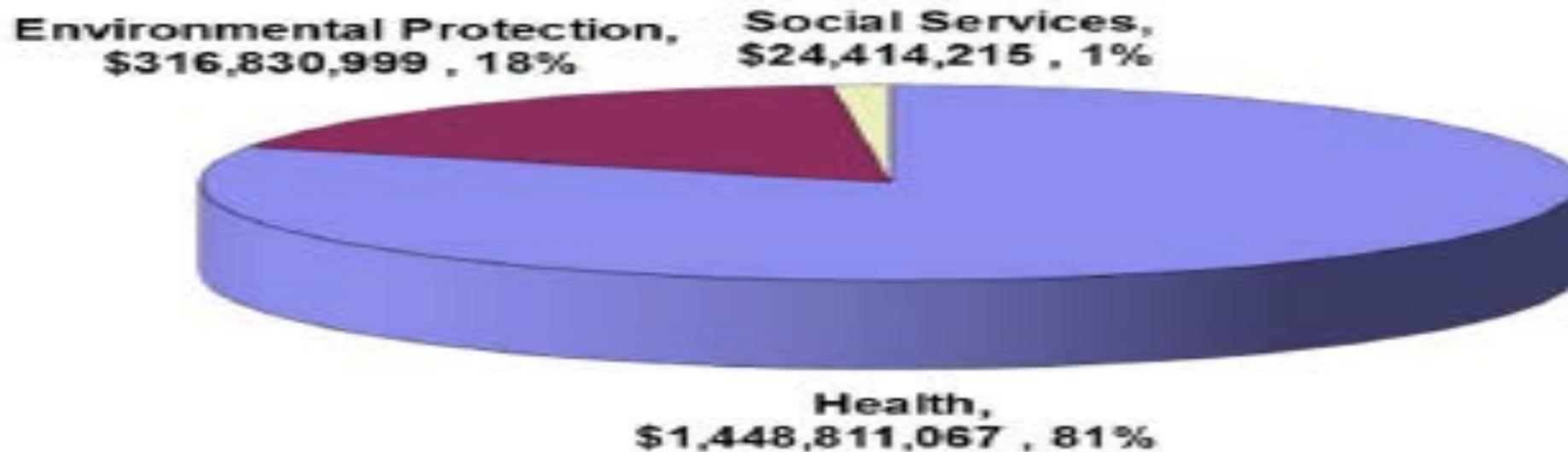


STATE "HEALTHCARE" COSTS

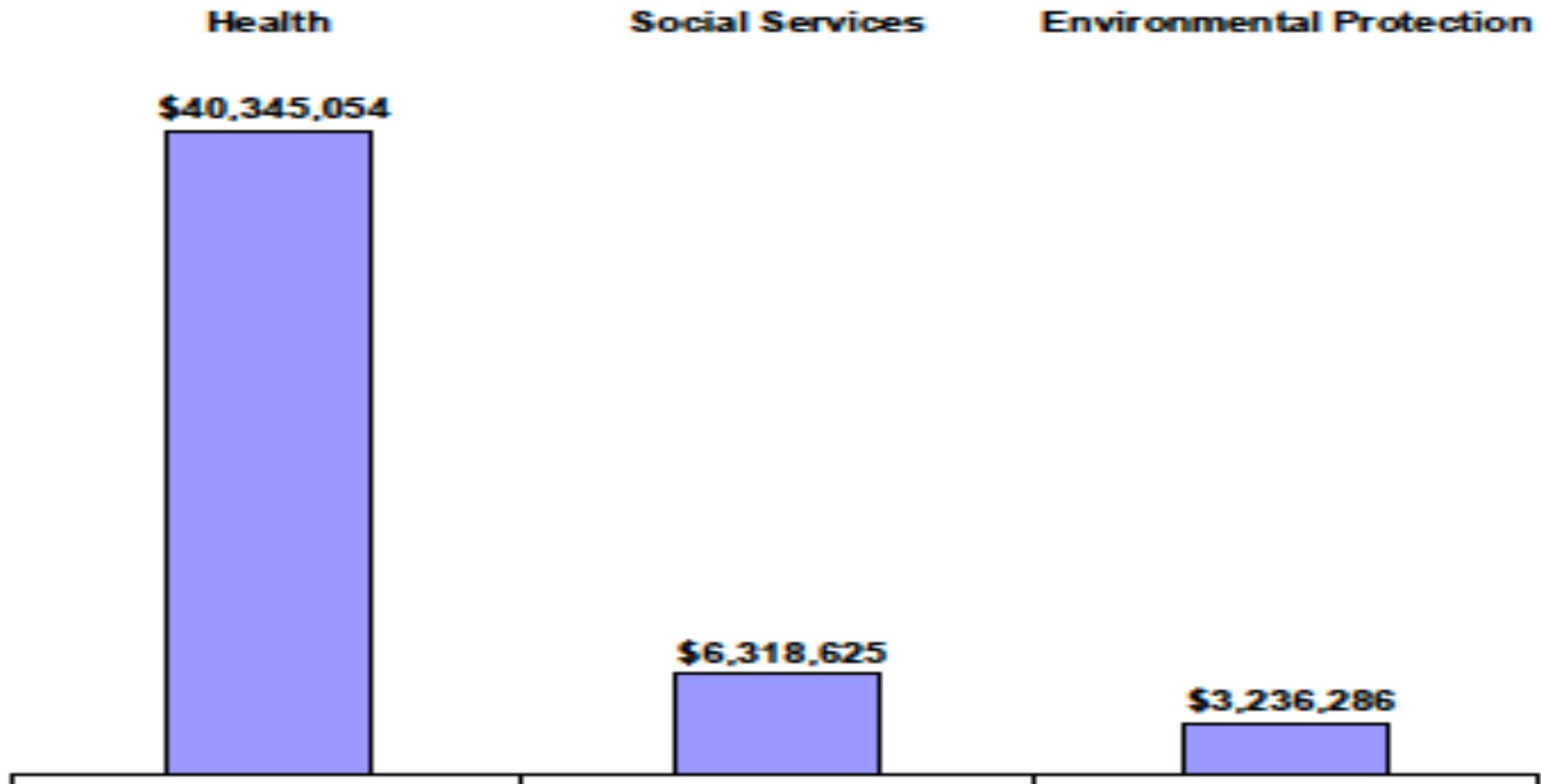
- DEPARTMENT OF HEALTH
 - PUBLIC HEALTH
 - MENTAL HEALTH
 - HAWAII HEALTH SYSTEMS CORPORATION
- DEPARTMENT OF HUMAN SERVICES
 - MEDQUEST
 - HOMELESSNESS
- ACTIVE/RETIRES HEALTH CARE BENEFITS COVERAGE – EMPLOYER UNION TRUST FUN (EUTF)

DEPARTMENT OF HEALTH

FY 2019 Supplemental Operating Budget



FY 2019 Supplemental Operating Budget Adjustments by Major Program



GOVERNOR BUDGET IN BRIEF - HEALTH

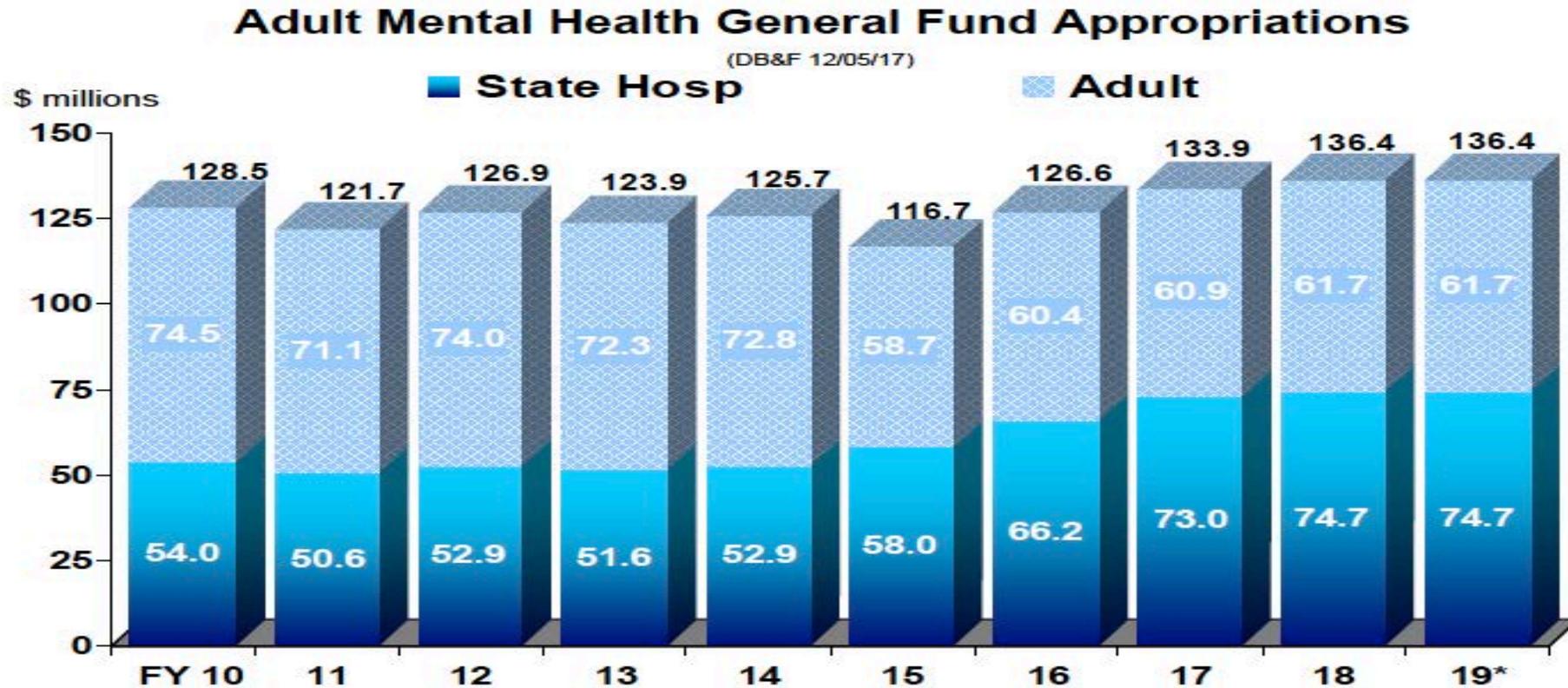
- 1. Adds \$800,000 for homeless outreach and counseling services for chronically homeless
- 2. Adds \$3,877,063 for the Kupuna care program.
- 3. Adds \$1,700,000 for the Aging and Disability Resource Centers program.
- 4. Adds \$600,000 for the Kupuna Caregiver program.
- 5. Adds \$3,613,454 for statewide emergency ambulance services.
- 6. Adds \$2,000,000 to address increased costs associated with early intervention services.
- 7. Adds \$11,230,969 for collective bargaining raises for the Hawaii Health Systems Corporation.
- 8. Adds \$28,780,000 for an operating subsidy for Maui Health Systems.

GOVERNOR BUDGET IN BRIEF - CIP HEALTH

- 1. Adds \$2,054,000 and \$10,268,000 in federal funds for Wastewater Treatment Revolving Fund, Statewide.
- 2. Adds \$1,648,000 and \$8,241,000 in federal funds for Safe Drinking Water Revolving Fund, Statewide.
- 3. Adds \$7,600,000 for Department of Health, Health and Safety, Statewide.
- 4. Adds \$5,480,000 for Hawaii State Laboratories Improvements, Oahu.
- 5. Adds \$950,000 for Hawaii State Hospital Improvements, Oahu.
- 6. Adds \$15,000,000 for Lump Sum Hawaii Health Systems Corporation Improvements and Renovations, Statewide.
- 7. Adds \$6,000,000 for Maui Health System Facilities Repair, Renovations and Upgrades.

BUDGET – ADULT MENTAL HEALTH

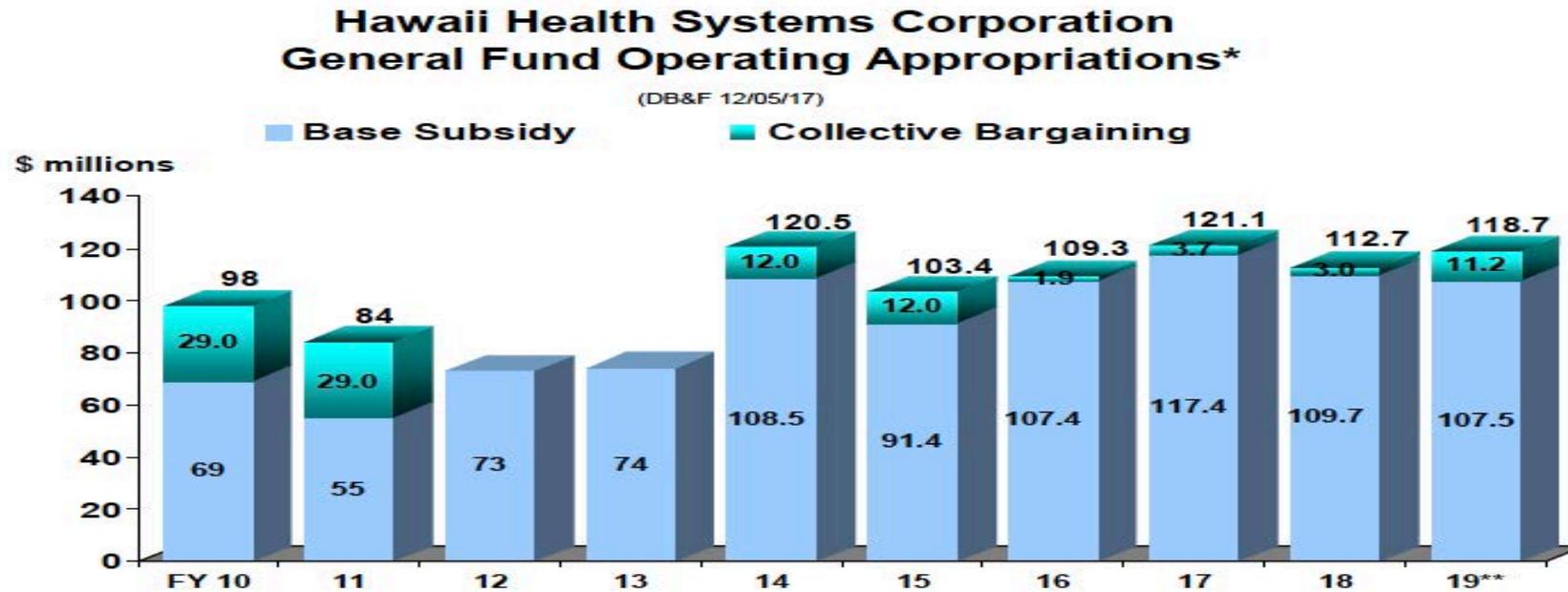
Chart 2



*FY 19 reflects the Executive Supplemental Budget request

HAWAII HEALTH SYSTEMS FUNDING

Chart 9

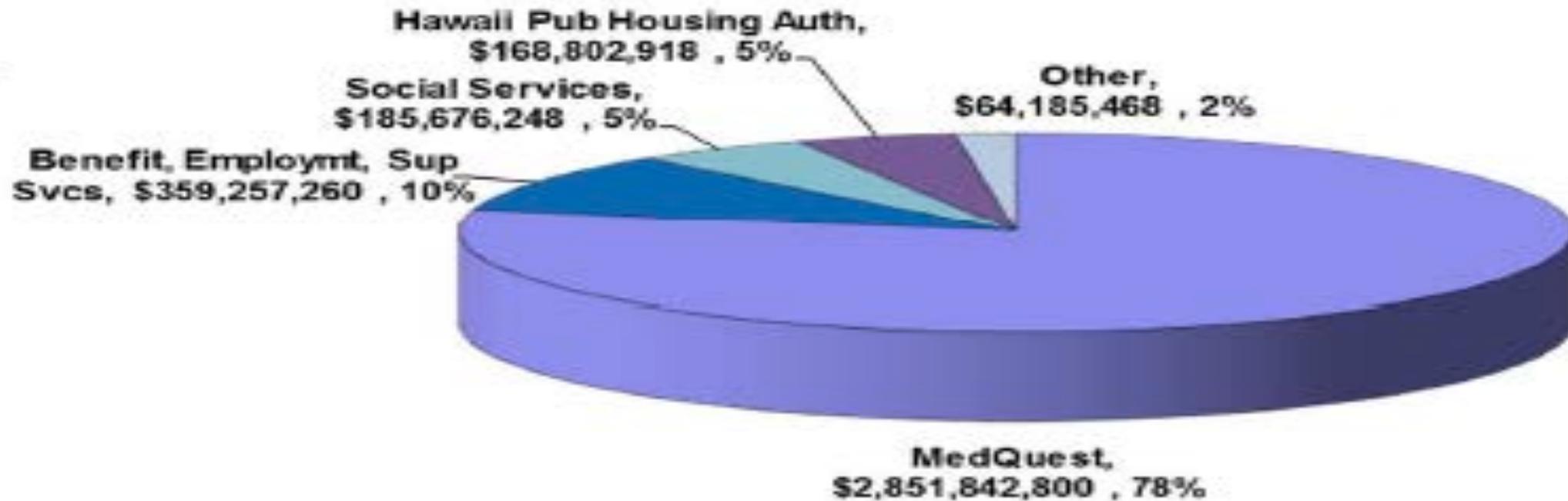


*Includes emergency and specific appropriations, less Maui Health System (FY 18 – \$33.4M, FY 19 – \$28.8M)

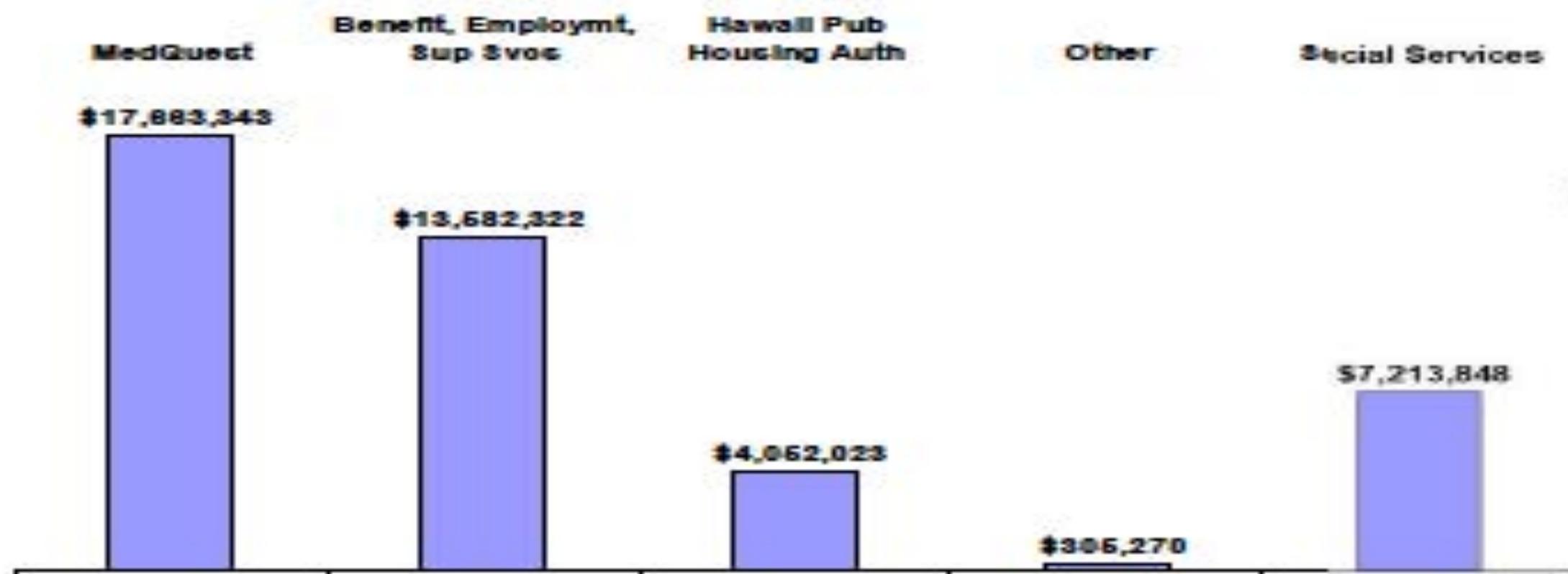
**FY 19 reflects the Executive Supplemental Budget request

DEPT. OF HUMAN SERVICES - MEDICAID

FY 2019 Supplemental Operating Budget



FY 2019 Supplemental Operating Budget Adjustments by Major Program

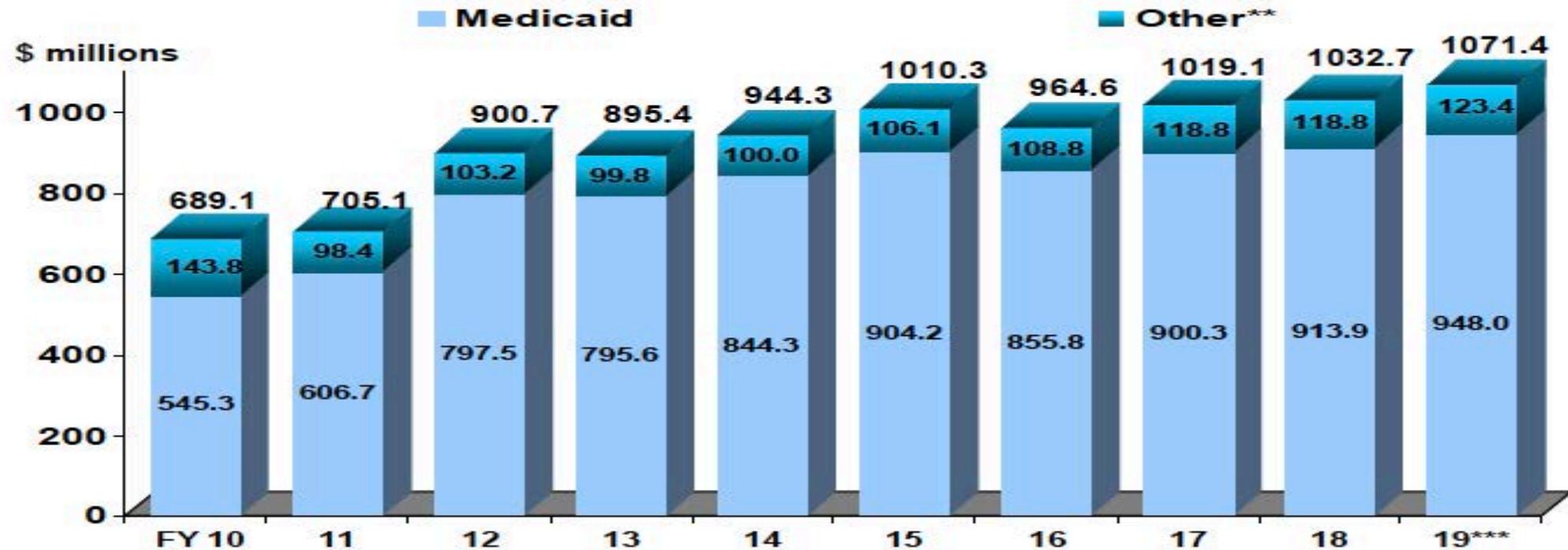


BUDGET – INCREASES MEDICAID

Chart 4

Medicaid and Welfare Payments General Fund Operating Appropriations*

(DB&F 12/05/17)



*Excludes Housing

**Includes TANF; TAONF; Child Care; General Assistance; Aged, Blind, and Disabled; and Foster Care

***FY 19 reflects the Executive Supplemental Budget request

HOMELESSNESS



Hawaii News

Cost of homeless care increases

By [Kristen Consillio](#)

Posted September 07, 2016

September 7, 2016

1 / 3 of homeless care increases



Alexander Akuna was living on Nanakuli beach in 2009 when his heart and kidneys



78°

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Treating homeless patients costs Queen's Medical Center millions



STAR ADVERTISER – 9/7/2016

- Queen's cared for homeless patients 10,126 times in 2015, resulting in *gross charges of \$89.3 million*, according to research by the Hawaii Health Information Corp.
- That's up from 9,301 patients and gross charges of about \$80 million in 2014 and 6,958 patients and \$54.8 million in 2013.
- Queen's is on track to see an estimated 10,459 homeless visits this year with total *gross charges of \$100.2 million*.

HOMELESSNESS CARE COST DATA

- Health Care Costs: 38% of all public costs for those who are unsheltered are health care costs.
- Their rate of psychiatric hospitalization was over 100 times their non-homeless cohort. The researchers conducting the study estimate that the excess cost for treating these homeless individuals was . . . about \$2,000 per person.
- Hospital stays for people experiencing homelessness average four days longer than their stably housed peers.
- Average cost of a hospital stay in Hawaii \$4,519 per day
- Average ER Visit for non-urgent medical treatment in Hawaii \$830 per visit
Average cost of imprisonment in Hawaii \$43,070 a year per inmate, or \$118 per day.
- <http://www.partnersincareoahu.org/sites/default/files/COST%20OF%20HOMELESSNESS%20IN%20HAWAII%20-%202014.pdf>

STATE'S BUDGET APPROACH TO HOMELESSNESS

- “Homelessness has reached crisis proportions in the State of Hawaii. Our legacy interventions have been re-tooled to reflect nationally recognized practices that have effectively reduced and ended homelessness in cities across the nation. The systemic transformation includes: 1) maintaining capacity for robust, coordinated outreach efforts to engage the homeless who are living in unsheltered conditions; 2) maintaining rapid rehousing strategies so that families can reduce their length of stay in shelter and be successfully and stably placed in permanent housing; 3) maintaining our ability to house and support the most chronic and vulnerable homeless and achieve cost-savings in the utilization of emergency and hospital services; and 4) creating stored property and debris removal program to address unauthorized encampments and reduce the state's vulnerability for litigation.

DEPARTMENT OF HUMAN SERVICES - HOMELESSNESS

- Request \$3,000,000 in general funds to continue the statewide Housing First program which provides housing and support services for chronically homeless individuals and families.
- 2. Request \$3,000,000 in general funds to continue to provide statewide Rapid Re-Housing services to appropriate homeless individuals and families.
- 3. Request \$680,000 in general funds to continue operations of the Family Assessment Center serving homeless families with minor children on the island of Oahu.
- 4. Request \$1,750,000 in general funds to continue statewide coordinated homeless outreach and civil legal services to engage unsheltered Homeless in services with the goal of achieving permanent housing.
- 5. Request \$5,000,000 in general funds to establish and operate a Stored Property and Debris Removal program.

BUDGET – INCREASES EUTF RETIREES

Chart 7

State Employee and Retiree Health Benefits General Fund Appropriations

(DB&F 12/05/17)



Enrollees (Thousands)

Retirees	26.6	39.6	42.3	43.0	43.0	44.8	45.9	46.8	47.7	48.8
Actives	54.1	55.2	67.1	67.7	68.0	68.0	68.6	68.4	67.3	67.3

*FY 19 reflects the Executive Supplemental Budget request

**Includes Other Post-Employment Benefits Pre-funding



MAHALO!!!

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