



NEIL ABERCROMBIE  
GOVERNOR

EXECUTIVE CHAMBERS  
HONOLULU

Testimony in **support** of SB1094  
Making an Appropriation to the Emergency and Budget Reserve Fund

Committee on Ways and Means  
Senator David Ige, Chair  
Senator Michelle Kidani, Vice Chair

January 30, 2013  
9:00 am Room 211

Chair Ige, Vice-Chair Kidani, and members of the Ways and Means Committee:

The Office of the Governor **supports** Senate Bill 1094, Making an Appropriation to the Emergency and Budget Reserve Fund. This measure appropriates \$25 million to the state's "Rainy Day Fund".

As Hawaii emerges from one of the most challenging economic periods in its history, it is clear that having sufficient fiscal reserves can help carry the State through difficult economic times. Now that the economy is rebounding and more resources are available, a concerted effort must be made to recapitalize the State's depleted fiscal reserves.

Appropriating this \$25 million to the Rainy Day Fund will bring the Fiscal Year 2014-2015 balance of the fund up to \$64 million.

Thank you for the opportunity to testify.

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 1094

January 30, 2013

MAKING AN APPROPRIATION TO THE EMERGENCY AND BUDGET RESERVE  
FUND

Senate Bill No. 1094 appropriates \$25 million in general funds in Fiscal Year 2014-15 to recapitalize the Emergency and Budget Reserve Fund (EBRF).

The Department of Budget and Finance strongly supports this Administration bill. This bill, along with Senate Bill No. 1092, Making an Appropriation to Recapitalize the Hawaii Hurricane Reserve Trust Fund, are the two Administration measures aimed at further rebuilding the State's fiscal reserves.

Since 2008, the State of Hawaii has had to implement a number of extreme fiscal measures in order to keep the State solvent, including: furloughs; temporary salary reductions; reductions-in-force; forced downsizing of programs and services; purchasing and hiring freezes; and enactment of temporary revenue enhancements. Additionally, most of the State's fiscal reserves, the EBRF and the Hawaii Hurricane Relief Fund, were committed to forestalling even greater spending reductions and revenue enhancement measures. In May of 2011, the credit rating of the State of Hawaii was downgraded by Moody's Rating specifically citing - among other reasons - the State's low reserve levels.

One of the clear lessons learned from this experience is the necessity of having sufficient fiscal reserves to help carry the State through the worst conditions. Now that the economy is rebounding and more revenues are available, a concerted effort must be made to recapitalize the State's depleted fiscal reserves as expeditiously as possible.

Starting in Fiscal Year 2013-14, transfers from the tobacco settlement moneys into the EBRF will resume. As is fiscally prudent, this bill proposes to further accelerate recapitalization of the EBRF by transferring an additional \$25 million of general funds to it. This will bring the projected Fiscal Year 2014-15 balance of the EBRF up to \$64 million (assuming no appropriations during the period).



## CATHOLIC CHARITIES HAWAII

### **TESTIMONY IN SUPPORT OF SB 1094: Making an Appropriation to the Emergency and Budget Reserve Fund**

TO: Senator David Y. Ige, Chair, Senator Michelle N. Kidani, Vice Chair, and Members, Committee on Ways and Means

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawaii

**Hearing: Wednesday, 1/30/13; 9:00 am; CR 211**

Chair Ige, Vice Chair Kidani, and Members, Committee on Ways and Means:

Thank you for the opportunity to testify on SB 1094, which makes an appropriation of \$25,000,000 to recapitalize the State's Emergency and Budget Reserve Fund. I am Trisha Kajimura, Social Policy Director for Catholic Charities Hawaii. **I am testifying in support of SB 1094: Making an Appropriation to the Emergency and Budget Reserve Fund.**

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services to the most vulnerable of the people in Hawai'i.

Catholic Charities Hawai'i agrees that sufficient fiscal reserves are critical to sustain the state through difficult economic times. Hawai'i was very fortunate to have this fund available thanks to the wisdom of the legislature in establishing and maintaining this fund. Important parts of the social safety net were preserved during the recent economic downturn.

It is important that we implement the lessons learned from these times and take advantage of our rebounding economy to recapitalize this fund. Hawai'i is fiscally vulnerable to the ups and downs of domestic and international economies and recapitalizing this fund will help us prepare for future economic downturns.

Catholic Charities Hawai'i serves vulnerable populations across the life spectrum regardless of religion and we appreciate the efforts of the state to continue providing services that are crucial to preserving the dignity, health and safety of our keiki and kupuna.

Thank you for the opportunity to testify, please contact me at (808)527-4810 or [trisha.kajimura@catholiccharitieshawaii.org](mailto:trisha.kajimura@catholiccharitieshawaii.org) if you have any questions.

