CONFERENCE COMMITTEE REP. NO. 135 -08

Honolulu, Hawaii

April 25, 2008

RE: H.B. No. 2500
H.D. 1
S.D. 1
C.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 2500, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE STATE BUDGET,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to appropriate supplemental funds for the operating and capital improvement costs of the Executive Branch for fiscal year July 1, 2008, through June 30, 2009.

GENERAL OVERVIEW

Last session, your Committee on Conference crafted a budget reflecting our shared goals, principles, and priorities, which laid the groundwork for the creation of a sustainable Hawaiʻi, with support for strong families and communities, a healthy economy and environment, and a literate and competent workforce able to compete in the global marketplace. Acutely aware that Hawaiʻi's strong economic growth of the mid-2000's had begun to cool, your Committee on Conference noted that caution should be exercised when obligating the State to pay for new programs and positions (with their recurring costs) that are not absolutely essential. Your Committee on Conference's cautious approach was well-founded.

Two weeks after adjournment sine die of the 2007 Regular Session, a commentary entitled "Legislature 2007: It was Not a Very Good Year," was published in the May 15, 2007, edition of *The Honolulu Advertiser*. In this commentary, the Governor's senior policy advisor complained that the Legislature did not do enough, specifically criticizing the Legislature's decision not to meet several of the Governor's spending and revenue reduction proposals. It was revealed that the Governor wanted to:

- Spend $275,000,000 to build and improve public housing, while the Legislature provided $112,000,000 (a difference of $163,000,000); and

- Provide $350,000,000 in tax cuts, while the Legislature provided $82,000,000 (a difference of $268,000,000).

In other words, the Legislature did not approve $431,000,000 in spending and revenue reductions that the Governor wanted. However, a mere seven months later in her state-of-the-state address on January 22, 2008, the Governor stated that, "although the economy remains fairly strong, the bottom line is that since May of last year when the Legislature adopted the biennium budget, tax revenue estimates have declined by $353,000,000."

Had the Legislature followed the Governor's spending plan, Hawaiʻi would now be facing a $784,000,000 shortfall.

STATE OF THE ECONOMY

HAWAIʻI'S ECONOMY HAS SLOWED

After strong economic growth in the mid-2000s – peaking with double-digit growth rates in fiscal year 2005 (16 per cent) and 2006 (10.9 per cent) – Hawaiʻi's economy slowed sharply in 2006 and 2007. In February 2008, a distinguished local economist commented that, "[a]ll indications now are for slower growth in Hawaiʻi's near future."

Real impacts were felt soon after this prediction. On March 31, 2008, after 61 years of operation in Hawaiʻi, Aloha Airlines announced the shut down of its passenger service; on April 2, 2008, ATA Airlines announced the shut down of all operations after 25 years of operation; and on April 5, 2008, Molokai Properties Limited (commonly known as Molokai Ranch), with a history dating back 145 years, also announced the closure of its operations. In addition, as noted by one of Hawaiʻi's daily newspapers on March 30, 2008, "Hawaiʻi mortgage delinquencies ratcheted up last year and show no indication of slowing this year as economic growth weakens, inflation remains strong and home values flatten." Furthermore, the Department of Business, Economic Development & Tourism, in its latest estimates, anticipates a 12.2 per cent decrease in total visitor arrivals, as compared to April of last year.

Clearly, these are difficult economic times. Hawaiʻi's economy has slowed substantially, and the State's budget must account for this economic slowdown.

COUNCIL ON REVENUES

At its March 12, 2008 meeting, the Council on Revenues lowered its January forecast of the general fund tax revenues for fiscal year 2007-2008 from 4.9 per cent to 3.9 per cent. It is important to note that each percentage point represents approximately fifty million dollars. The Council did not adjust its January forecast for fiscal year 2008-2009 through fiscal year 2012-2013. However, as those projected increases are from a smaller base, general fund revenues in each of those fiscal years will be lower as well.

For fiscal year 2006-2007 through fiscal year 2008-2009, combined, based on the Council on Revenues' forecasts between March 2007 (the basis for the balanced budget passed by the Legislature last year) and March 2008, the budget has to account for a $487,000,000 shortfall in actual and projected general fund revenues. In other words, between last year and this year, the State has lost almost five hundred million dollars in general fund revenues.

In light of the Council on Revenues' recent forecasts, your Committee on Conference is remaining cautious. Your Committee on Conference is projecting that revenues will continue to decline, settling somewhere around 3.5 per cent, and has adjusted expenditures herein accordingly.

INFLATION

The Governor still contends that Hawai'i's economy is growing, albeit more slowly. Spinning the economic growth issue in this manner does a disservice to Hawai'i's people by creating the false impression that Hawai'i's economy is growing in real dollars.

The truth is that inflation is eating up most, if not all, of Hawai'i's increase in general fund revenues. In its latest quarterly report, the Department of Business, Economic Development & Tourism stated that the Honolulu Consumer Price Index is expected to rise 4.0 per cent in 2008. Therefore, considering the Council on Revenues' projection of 3.9 per cent growth for fiscal year 2007-2008, Hawai'i's real (inflation-adjusted) growth projection is closer to zero for the fiscal year.

Indeed, the effects of inflation are seen throughout the executive supplemental budget bill and in several emergency appropriation bills submitted by the Governor requesting supplemental funds to cover increased costs for energy, food, health care services, repair and maintenance, and other necessary goods and services.

As the state Comptroller acknowledged in testimony, world oil prices have been steadily increasing, causing electricity rates to go up. However, even with that acknowledgment, the Governor continues to assume oil prices of $70 a barrel in estimating and budgeting for energy costs, while in reality, oil prices are now over $110 a barrel. The Governor's consistently low estimates for energy costs have resulted in *annual* requests for emergency appropriations to cover actual costs. We expect that the Governor will *again* have to request emergency appropriations to cover actual energy costs next year. This is just one area where the Governor does not appear to have updated her financial plan. This creates a flawed picture of the true cost of government and the resources required in future years.

Finally, your Committee on Conference takes heed of the University of Hawai'i Economic Research Organization's warning that, this year, "inflation will continue to be relatively high because of the recent sharp spike in oil prices and high food prices which will take some time to recede." Considering all of these factors, Hawai'i's real growth is not in positive, but negative numbers for the near term.

NATIONAL ECONOMIC OUTLOOK

Growth of United States economic output (real gross domestic product) slowed to a meager 0.6 per cent annual rate in the final quarter of 2007, according to the "advance" estimate released by the United States Commerce Department on January 30, 2008. The weakest parts of the economy in the fourth quarter were sectors affected directly or indirectly by the national housing downturn.

Residential fixed investment fell at an annual rate of 23.9 per cent, the steepest decline yet in the two-year slide, and growth of personal consumption expenditures slowed to an annual pace of two per cent – presumably weighed down by loss of housing equity and related concerns. The labor market also showed serious recent signs of weakness, largely because of job losses in residential construction and related areas (including housing finance).

These factors have all added to recession worries among financial market participants and policymakers in Washington, D.C. Additionally, the University of Hawaiʻi Economic Research Organization's March 21, 2008, forecast for the United States economy "implies a relatively mild recession by historical standards, but with a similarly restrained pace of economic recovery."

FISCAL CONDITIONS IN OTHER STATES

In its April 2008 State Budget Update, the National Conference of State Legislatures (NCSL) noted that, with few exceptions, state finances are doing poorly. Legislatures are struggling to keep fiscal year 2007-2008 budgets in the black in addition to balancing fiscal year 2008-2009.

The debate on whether or not the national economy is in recession is moot for many states, as revenues have declined dramatically. NCSL notes that for many states, the declining revenues for fiscal year 2007-2008 are a result of budgets built on revenue assumptions that did not materialize.

There are spending overruns in about a quarter of the states for fiscal year 2008-2009. Examples of those overruns are unbudgeted increases in education spending, increases in juvenile justice programs, Medicaid shortfalls, and rising energy costs.

Sixteen states are dealing with budget gaps in fiscal year 2007-2008, and twenty-three states are reporting projected shortfalls in fiscal year 2008-2009. Their cumulative shortfall is $26 billion. To address this shortfall, states are engaging in the following actions:

- Reducing spending, and in some cases, eliminating programs;
- Using rainy day funds, and in some cases, the entire fund balance;
- Transferring from other state funds to the general fund;
- Tax or fee increases; and
- Selling assets, such as unclaimed property.

In short, the revenue picture in about half of the states is considerably worse than it is in Hawaiʻi. However, it would be wise to take note of their situations and be aware of the potential impacts on Hawaiʻi's economy. Given the added likelihood of a recession for the national economy, it is imperative that state government exercise fiscal restraint.

LIMITED STATE RESOURCES

APPROACH

With considerably lower than projected general fund revenues available, your Committee on Conference sought to preserve and ensure essential health and safety funding in this supplemental budget. However, limited resources and problems created by the Governor provided many challenges for your Committee on Conference as it finalized the budget.

Your Committee on Conference had to make reductions to the Governor's supplemental budget through a combination of denying requests, making vacancy adjustments, and reducing the departments' general fund non-fixed cost "discretionary" budget appropriations. In addition, your Committee on Conference also dealt with the rather late concerns raised by the Charter Schools Administrative Office and the Director of Human Services misinforming recipients of federal assistance.

VACANCIES

Regarding vacancy adjustments, your Committee on Conference generally considered only those positions that have been vacant since June 30, 2007, or longer. Your Committee on Conference did not eliminate any position counts, unless those position counts were trade-offs for new positions. This approach affords more flexibility, allowing departments to fill those positions when economic times are more favorable. Your Committee on Conference further notes that funds were not taken from positions filled with eighty-nine-day hires and vacancy savings was focused on general funded positions.

DISCRETIONARY REDUCTIONS

In an effort to reduce spending, your Committee on Conference reduced the departments' general fund discretionary appropriations by an average of four per cent, with a range of two and a half per cent to five per cent. In making these reductions, your Committee on Conference considered the ability of the individual departments to sustain the level of reduction imposed in this supplemental budget. Your Committee on Conference notes that while these reductions are mostly from each department's administrative program, it is not the intent of your Committee on Conference to cripple department administrative programs. It is intended that the departments determine where to take these reductions and transfer money internally to meet the fiscal requirement of aligning expenditures with revenues.

REDUCTIONS TO DEPARTMENTS

There are many state agencies that received a dramatic decrease in general funds in this supplemental budget. The following chart is provided to illustrate these decreases:

Department	Act 213/07 FY 08-09	Governor's Request	HB 2500 CD1	CD1-Gov
Agriculture	17,294,198	17,294,198	16,482,274	(811,924)
DAGS	72,865,946	74,039,337	70,258,851	(3,780,486)
Attorney General	29,690,945	30,242,356	28,266,723	(1,975,633)
DBEDT	11,653,903	12,378,903	11,236,808	(1,142,095)
Budget & Finance	696,053,945	656,631,541	654,483,303	(2,148,238)
DCCA				
Defense	12,019,959	16,865,141	16,251,999	(613,142)
DOE Schools	1,404,906,145	1,402,224,733	1,394,564,070	(7,660,663)
Libraries	30,879,661	30,879,661	29,967,463	(912,198)
Charter Schools	51,635,990	56,150,695	57,745,483	1,594,788
DOE Fixed Costs	637,285,207	708,356,753	708,356,753	-
Governor's Office	3,894,690	3,894,690	3,712,323	(182,367)
Hawaiian Homelands	920,520	920,520	883,699	(36,821)
Human Services	776,011,204	781,076,693	772,444,406	(8,632,287)
Human Resources	16,844,870	16,844,870	16,539,593	(305,277)
Health	499,445,083	517,473,146	509,674,328	(7,798,818)
Labor	18,159,145	18,224,145	17,230,169	(993,976)

Department	Act 213/07 FY 08-09	Governor's Request	HB 2500 CD1	CD1-Gov
Land and Nat. Res.	33,008,346	34,532,761	32,743,127	(1,789,634)
Lt. Governor's	1,261,138	1,261,138	1,229,610	(31,528)
Public Safety	219,503,916	224,878,138	223,189,934	(1,688,204)
Subsidies to Counties	580,000	580,000	580,000	-
Taxation	25,084,470	25,674,470	24,072,043	(1,602,427)
Transportation				
University	714,532,333	732,552,861	728,299,688	(4,253,173)
Total	**5,273,531,614**	**5,362,976,750**	**5,318,212,647**	**(44,764,103)**

The first column represents the fiscal year 2008-2009 general fund budget, as provided for in Act 213, Session Laws of Hawaiʻi 2007. The second column lists the Governor's current budget submittal, as amended by Governor's Messages. The third column lists department totals as represented in this Conference Draft of the budget, and the fourth column represents the dollar difference between the second and third columns.

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)

In addition to these general fund reductions, your Committee on Conference is concerned about the unsustainable rate of expenditure of federal TANF funds and its cash reserves as proposed by the Governor. The expenditure plan proposed by the Governor for fiscal year 2008-2009 would expend all of the $98.9 million in the TANF block grant and $40 million of the cash reserve. The only reason that Hawaiʻi is able to spend more than it receives is because of its pre-existing TANF reserve fund. However, your Committee on Conference notes that at the end of the current fiscal year, the reserve fund is projected to total $60 million.

If the Administration continues to spend $43 million from the TANF reserve, the reserve would be completely depleted in a year and a half. At that time, state expenditures of federal TANF funds would have to be reduced to a sustainable level of $98.9 million, a decrease of $43 million. With no reserve funds, there is no other option but to dramatically decrease spending.

On April 18, 2008, the Governor affirmed her position on continuing to expend TANF reserve funds in her "Pic of the Week" section on her website, where she agreed with the Director of Human Services, that:

> [T]he state should put all its federal Temporary Assistance for Needy Families (TANF) funding to work on initiatives that prevent and reduce family poverty.
>
> Most other states share this philosophy and keep only a negligible amount of TANF funding in reserve. This is a fiscally sound approach, because TANF dollars lose their flexibility when kept in reserve and thereafter can only be used for cash assistance to needy families.

In correspondence received from the NCSL, your Committee on Conference notes the following as an example of the potential outcome of the Governor's approach to the expenditure of TANF funds:

> Louisiana provides an instructive counter-example. When they identified large TANF carryover funds in [federal fiscal year] 2001, they adopted an aggressive plan to spend down the funds on a variety of TANF initiatives. They spent most of their carry-over funds down in three years and had to make cuts of over $60 million (out of a $280 million state and federal TANF budget) in 2005. They eliminated a number of promising initiatives, including youth programs, prisoner re-entry programs and fatherhood programs, just as those initiatives were coming up to speed and showing real promise. State policymakers described the process as wrenching, but they just did not have state money to make up for the loss of available TANF dollars. Community officials, public, non-profit, and private, complained about state officials pulling the plug on good, new programs without their even looking to see if the programs were working.

To avoid the path taken by Louisiana, your Committee on Conference has decided to take a fiscally responsible approach by decreasing federal TANF spending by $22.6 million. To reduce spending, your Committee on Conference decreased:

- $11.8 million in purchase of service contracts for out-of-wedlock pregnancies and to encourage the formation and maintenance of two-parent families;

- $7 million for purchase of service contracts for child welfare;

- $5.9 million for the child care development fund;

- $5.6 million in uncommitted funds;

- $3 million for work and work support programs; and

- $1 million for cash assistance payments.

In your Committee on Conference's TANF expenditure plan, funding of $44 million is still provided for cash assistance to needy families, $23 million for work and work support programs, $3.8 million for Enhanced Healthy Start programs on all islands (child welfare), $2.8 million for Uniting Peer Learning and Integrating New Knowledge (UPLINK), a highly effective positive youth development program for middle school students, $3.5 million for various purchase-of-service contracts, $1 million to reduce the incidence of out-of-wedlock pregnancies and encourage the formation and maintenance of two-parent families, $400,000 for after school hours programs for youth, and other TANF funds to address issues such as Administration and Social Services Block Grant funding.

As a transition to a more prudent approach to TANF expenditures, especially in light of our current economic climate when TANF reserves may be needed for cash assistance, your Committee on Conference is spending $17 million from the TANF reserve fund for those additional services. As a point of reference, the Governor's expenditure plan would have expended $40.6 million from the TANF reserve. Unlike the Governor's plan, your Committee on Conference's approach will leave the TANF reserve with $44 million in fiscal year 2008-2009 (or one year's worth of cash assistance payments), providing the State with flexibility as it faces more difficult economic times.

Your Committee on Conference realizes that a real impact will be felt as a result of these reductions. However, the choice is simple: decrease spending by $22.6 million now and keep a reserve for times of need; or continue to spend and face a $43 million decrease in spending a year and a half from now, with no reserve whatsoever.

<u>GRANTS-IN-AID (GIA)</u>

For the first time in at least ten years, there will be no GIA in the operating budget. Not only did your Committee on Conference lack the resources to provide for GIA, your Committee on Conference realized that the Governor does not support these organizations and would not release the funds, even if they were appropriated by the Legislature. Your Committee on Conference notes that there are currently sixty-six organizations waiting for the Governor to release over $9.4 million previously appropriated in the operating budget by the Legislature for fiscal year 2007-2008.

CHARTER SCHOOLS

In stark contrast to the aforementioned reductions, the budget for charter schools has increased. From last year's appropriation of $51,635,990 in general fund support for charter schools, this budget appropriates $57,745,483, an increase of 11.83 per cent. This amount is also $1,594,788 more than the Governor's budget proposal.

THE GOVERNOR'S APPROVED SUPPLEMENTAL BUDGET

The Charter Schools Administrative Office (CSAO) requested $19,273,076 in additional funds from the Governor. However, the Governor approved only $4,514,705 in her supplemental budget request to the Legislature. Both the House Committee on Finance and the Senate Committee on Ways and Means concurred with this amount in their respective drafts of the budget. In addition, both committees did not impose any budget reductions on charter schools as approved by the Governor. In contrast, the Department of Education (DOE) received a reduction of $8,455,255 in the House draft and $7,328,346 in the Senate draft, as compared to last year.

It is important to note that the Governor's budget for charter schools was published in mid-December. Additionally, the House draft of the budget for charter schools was completed and made public in early March. The Senate draft of the budget for charter schools was made public in early April. Each of these budgets includes the same increase for charter schools for fiscal year 2008-2009 - $4,514,705. The CSAO and the charter schools had ample time to review their budget calculations. Additionally, the Chief Financial Officer of the CSAO acknowledged this discrepancy in his correspondence with members of both the House Finance and Senate Ways and Means Committee staff in late January.

ARBITRARY REDUCTION

Nearly two months later, on March 31, 2008, a request was made by the Executive Director of the CSAO to both the House Finance and Senate Ways and Means Chairpersons to transfer funds from Comprehensive Student Support Services (EDN150) to the charter school budget in EDN600. It is important to note that EDN150 provides for the special education needs of all public school students, whether they are in a DOE school or in a charter school.

NO GOVERNOR'S MESSAGE

In response, on April 4, 2008, both the House Finance and Senate Ways and Means Chairpersons requested that the Governor provide a Governor's Message to confirm her support for this transfer or to request additional funding for charter schools. No such Governor's Message was received.

NON-RECURRING

In the closing days of Conference negotiations, charter school students, parents, faculty, and staff heavily petitioned members of the Conference Committee to increase the charter schools' budget. In response, your Committee on Conference has reduced funding for the employer's share of health benefits payments by $1,594,788 and is providing that money as a one-time stop-gap funding measure for charter schools. This leaves the charter schools' budget at $57,745,483, an increase of $6,109,493 from fiscal year 2007-2008. In contrast, the budget for the rest of the State's lower education system has decreased by approximately $7 million from fiscal year 2007-2008.

CHARTER SCHOOL REVIEW PANEL (CSRP) APPROVES NEW SCHOOL

To exacerbate the situation, the CSRP recently approved a new charter school, allowing 250 new students to enter the system. This would have the effect of lowering the current per pupil amount for existing charter schools. Your Committee on Conference hopes that the CSRP will consider the fiscal situation of the charter school system and the State when it next considers approving new charters.

FUNDING FORMULA

Finally, the formula used to determine the charter schools' general fund request is established in section 302B-12, Hawaiʻi Revised Statutes. This formula has been the subject of much debate in recent years. Your Committee on Conference notes that in last year's committee report for the House draft of the budget, concerns were raised with regard to fringe costs. It appeared that costs for health benefits and pension accumulation were included in the calculation of the DOE's spending amount. Despite these funds not being a part of the DOE's budget, their inclusion in the per-pupil calculation for DOE inflated the per-pupil calculation for charter schools.

At the end of last year's legislative session, it was ultimately decided to agree with the Governor's request for charter schools, despite the fact that the per-pupil calculation included these fringe costs and was therefore an over-estimation. In addition, the funding formula was changed in hopes of clarification. However, it appears that confusion still persists in this calculation, as a variety of different figures relating to per-pupil calculations have appeared this year, each yielding a different result.

Your Committee on Conference wishes to reiterate that this funding approach is intended to be a one-time non-recurring fix. It is incumbent on all parties, working together during the legislative interim, to craft an understandable formula for determining the charter schools' operating general fund budget. Your Committee on Conference hopes that this formula will allow a simple comparison of the operating general fund support level for both charter schools and DOE schools.

CAPITAL IMPROVEMENT PROGRAM

Mindful of a slowing in the State's economic growth, your Committee on Conference has taken an approach to capital investment that both recognizes fiscal uncertainty and helps to blunt its impact in coming years by providing an economic stimulus without unduly burdening the State with debt. For fiscal year 2008-2009, the Executive request for the capital improvement program was $1,494,835,000 for General Obligation (G.O.) and General Obligation Reimbursable (G.O.R.) bond funds. Your Committee on Conference provided slightly less than that amount for a total of $1,490,000,000 in G.O. and G.O.R. financing. In all means of financing, this budget provides $3,978,910,000 for capital improvement program projects statewide.

Education

Investing in the aging infrastructure of our public schools was the primary focus of your Committee on Conference. For fiscal year 2008-2009, your Committee on Conference provided $310,193,000 to the Department of Education in G.O. and G.O.R. financing, including:

- $100,000,000 for whole school classroom renovations statewide;

- $66,461,000 for school building repair and maintenance; and

- $49,020,000 for cesspool remediation to assist the Department of Education in meeting an Environmental Protection Agency mandate.

Your Committee on Conference has taken note of the alarming state of some facilities within the University of Hawaii system and provided $161,446,000 for fiscal year 2008-2009 by all means of financing for capital improvements in the university system. Included in that total are:

- $35,883,000 for renovation of the University of Hawaii at Manoa Campus Center Complex;

- $60,000,000 for system wide capital renewal, deferred maintenance, and health and safety measures; and

- $25,000,000 for a new science building for the Maui community college campus.

Transportation

An efficient system of harbors and airports is vital to the flow of people and goods to, from and within Hawaii. Your Committee on Conference provided an investment of $124,375,000 in revenue bond funds for harbor modernization projects and an additional $130,236,000 for airport modernization. In order to maintain and improve our highway system, your Committee on Conference provided a total of $183,066,000 by all means of financing for fiscal year 2008-2009.

Energy Efficiency

Your Committee on Conference recognized that energy efficiency is an investment that pays for itself and, to that end, provided $17,460,000 for energy conservation and efficiency projects throughout the State for fiscal year 2008-2009.

Housing

The lack of affordable housing and the resultant homelessness are major concerns of your Committee on Conference. Appropriations to address the issue include a total infusion of $25,000,000 in general obligation bond funds into the Rental Housing Trust Fund and the Dwelling Unit Revolving Fund in order to finance additional affordable housing. Your Committee on Conference also provided

$1,454,000 in general obligation bond funds for the Kaloko Housing Program in West Hawaii and $26,000,000 to finalize the purchase of the Kukui Gardens project.

CONCLUSION

Given substantially lower than projected general fund growth for fiscal year 2007-2008, your Committee on Conference has crafted an honest, responsible and sustainable supplemental budget. This budget does not create false impressions and should not give rise to false expectations.

In total (all means of financing), this supplemental budget appropriates $10,789,367,663 in fiscal year 2008-2009. Specifically regarding general fund appropriations, this budget appropriates $5,318,212,647 in fiscal year 2008-2009. Compared with the budget request submitted by the Governor in December 2007, as adjusted by Governor's Messages throughout this legislative session, this budget represents a decrease of $44,764,103 in fiscal year 2008-2009 in general fund appropriations.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2500, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2500, H.D. 1, S.D. 1, C.D. 1.

Respectfully submitted on behalf of the managers:

ON THE PART OF THE SENATE	ON THE PART OF THE HOUSE
ROSALYN H. BAKER, Chair	MARCUS R. OSHIRO, Chair

Hawaii State Legislature

CCR 135-08

Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: HB 2500, HD 1, SD 1	Date/Time: 4/24/08 11:00pm

☒ The recommendation of the House and Senate managers is to pass with amendments (CD).

☐ The Committee is reconsidering its previous decision.

☐ The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

☐ The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
BAKER, Rosalyn H., Chr.	✓				OSHIRO, Marcus R., Chr.	✓			
TSUTSUI, Shan S.	✓				LEE, Marilyn B.	✓			
CHUN OAKLAND, Suzanne	✓				AWANA, Karen Leinani	✓			
ENGLISH, J. Kalani	✓				BELATTI, Della Au	✓			
FUKUNAGA, Carol	✓				BROWER, Tom	✓			
HOOSER, Gary L.	✓				CARROLL, Mele	✓			
INOUYE, Lorraine R.	✓				HANOHANO, Faye P.	✓			
KIM, Donna Mercado	✓				HAR, Sharon E.	✓			
MENOR, Ron	✓				KARAMATSU, Jon Riki	✓			
TOKUDA, Jill N.	✓				MAGAOAY, Michael Y.	✓			
HEMMINGS, Fred			✓		MANAHAN, Joey	✓			
WHALEN, Paul	✓				MIZUNO, John	✓			
					NAKASONE, Bob				✓
					RHOADS, Karl	✓			
					SAGUM, Roland D., III	✓			
					TOKIOKA, James Kunane	✓			
					MEYER, Colleen Rose		✓		
					PINE, Kymberly Marcos		✓		
					WARD, Gene, Ph.D.		✓		
TOTAL	11		1		TOTAL	15	3		1

A = Aye **WR** = Aye with Reservations **N** = Nay **E** = Excused

Senate Recommendation is: ☒ Adopted ☐ Not Adopted

House Recommendation is: ☒ Adopted ☐ Not Adopted

Senate Lead Chair's or Designee's Signature: Rosalyn L Baker

House Lead Chair's or Designee's Signature:

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