

Hawaii Reporter

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A Few Highlights of the Hawaii Republican Balanced Budget Proposal

By Gene Ward, 4/14/2010 11:52:49 AM



The messaging from the State Capitol has been: “We’ve got to raise your taxes to make the budget balance.”

The message of this budget is:

- 1. There is no need to raise the G.E.T. tax.
- 2. There is no need to pass the 15 “Job Killer” bills that will make our small businesses lay off more people.

The key features of this budget are keeping jobs and keeping our kids in school.

- 1. We believe we have the best plan to end furloughs without raising taxes. It provides the Governor with up to \$92 million to end furloughs.
- 2. We also believe this budget preserves jobs by not increasing taxes on our small businesses and forcing more lay-offs in the private sector (with already over 43,000 jobs lost).
- 3. The budget is very socially conscious and provides a fiscally sustainable safety net for Hawaii’s most vulnerable.
- 4. This budget returns funds to the Kupuna Care Program and raises funds by selling just 3 non-ceded land State owned properties.
- 5. The budget does not increase DOE class size as proposed by the House budget and restores funds to our public libraries, and does not cut school bus transportation funds.

- 6. The budget funds the end of furlough Fridays by borrowing – not raiding – the Hurricane Relief Fund.
- 7. It decreases the size of the state government's payroll by implementing an "Early Retirement Incentive Program."
- 8. It increases the efficiency of the State owned hospitals by putting them under new management and eliminating the yearly subsidies.
- 9. Avoids lay offs of Dept Human Services eligibility workers due to the EPOD automation plan.
- 10. The budget restores the TAT funds to the Counties with a small 20% cut.
- 11. The budget also restores the 38 agriculture (vs. Senate budget's 32) inspectors who are fighting invasive species.
- 12. The budget is built on the best of the Governor's, House's, and Senate's budgets and uses the latest Council on Revenues March projections. We used a "laser" rather than a "surgical" budgeting approach used by other budgets.
- 13. That is, not just surgical-but laser-guided cuts were made, and for the first time in history of state budget discussions- interactive excel sheets were developed with the option of choosing revenues and expenditures. Open and transparent budget choices are now available to legislators as well as the public.
- 14. As the budget suggests, the key to making this budget succeed is making Hawaii's economy strong and keeping people in their jobs in the private sector where 75% of Hawaii works. Small businesses simply can't remain healthy with increased unemployment taxes and the other 15 Job Killers now moving through the Legislature. As of April 12, 2010 over \$270 million in increased taxes, mostly on small businesses. have been passed by House-Senate Conference Committees.
- 15. When Republicans vote "no" on tax issues, we're always asked for alternatives...this budget represents that alternative and represents 100's of staff hours sifting through data and crunching numbers.

Finally, please notice the "ending balances" in the Summary Budget are what this exercise is all about, e.g. FY 10 has a balance of just \$17 million while starting with FY 10 thru FY 14 the balance is about \$100 million, with the biggest balance of \$219 million in FY 15.

(As a rule of thumb, having a balance under \$25 million at the end of a fiscal year is rather weak, a balance between \$25-\$50 million is okay/acceptable, and balances over \$100 million are considered very healthy, and those above \$200 million are considered "robust.")

Notice that balances derived from our budget after FY 10 are both healthy and robust (FY 15) but remember if you don't like some of our suggested cuts, you can always change assumptions in your own budget and restore cuts without totally damaging the budget. Why is this? Recall our budget borrowed \$92 million from the Hurricane Relief Fund and we borrowed \$36 million from the Rainy Day Fund, so you really have an extra \$128 million to play with, that is if you don't want to pay back any of these funds..

Enjoy constructing your own version of the state budget, and we hope you come to the same conclusion we did, let's give the people of Hawaii a break and not raise their taxes in these economic hard times.

Rep. Gene Ward, R-Hawaii Kai is in the Hawaii House

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