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Hawaii officials say focus should be on budget deficit

State officials say focus must be on economic shortfall, not furloughs

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While sensitive to parents outraged by the loss of classroom instruction time for their children because of teacher furloughs, Gov. Linda Lingle and state House and Senate leaders say their priority must be the larger issue of the state's budget deficit.

The Republican governor and majority Democrats, who have rarely been on the same page on the budget, worry the public still does not fully comprehend the magnitude of an estimated \$1 billion deficit through June 2011.

In separate interviews and comments to reporters on Friday, as parents and their children were protesting furloughs at the state Capitol, the governor and House and Senate leaders dismissed talk of a special session and the immediate use of the state's Hurricane Relief Fund or a general-excise tax increase to offset furlough days.

The Lingle administration estimates the state will save about \$380 million over two years from new contracts with public-sector labor unions, assuming the United Public Workers and the University of Hawai'i Professional Assembly settle on terms roughly comparable to those agreed to by the Hawaii State Teachers Association and the Hawaii Government Employees Association.

With those savings in hand, the state would still have a \$620 million deficit.

State tax collections have fallen lower than projected through the first quarter of the fiscal year, so unless collections improve, the deficit could actually be significantly larger.

State House Speaker Calvin Say, D-20th (St. Louis Heights, Pālolo Valley, Wilhelmina Rise), has told colleagues to prepare for a larger deficit.

"Being very honest and sincere, by January, the people of the state of Hawaii, and the state Legislature, and the administration, I feel will be facing a \$1.4 billion shortfall," Say said in a telephone interview from Georgia, where he was attending a National Speakers Conference.

State House and Senate leaders said they do not want to give parents or teachers false hope and stress that public education funding would likely be dealt with next session in the larger context of balancing the budget.

Lingle urged parents to pressure schools to take advantage of an exemption process with the state Board of Education that allows schools to increase classroom instruction time and convert waiver and planning days into instruction time. The state Department of Education said about 80 schools have sought exemptions so far and the deadline for requests has been extended to Nov. 13 to give schools more time.

Lingle predicted that if legal challenges to teacher furloughs prevail in court, the department will likely have to pursue layoffs as the alternative to cover budget restrictions.

"The money just doesn't exist," Lingle said. "I've tried to communicate this for the past year or so, that we have to learn to live within our means."

incomplete picture

State Rep. Marcus Oshiro, D-39th (Wahiawā), the chairman of the House Finance Committee, said he would not use the Hurricane Relief Fund or a tax increase specifically to offset teacher furlough days. He said it would be unfair to other state workers who have to take furloughs and for the dozens of social-service providers and others who have been told to live with budget cuts to the poor and needy.

"That's so important. I want to nip it in the bud already," Oshiro said. "It would create problems in the work force. Can you imagine us making teachers whole but not doing the same for social workers, professors, lifeguards, custodians, the whole nine yards?"

Like Say, state Senate President Colleen Hanabusa, D-21st (Nānākuli, Mākaha), said there are no plans for a special session. With only two of the four public-sector unions with settled contracts and the state revenue situation in decline, lawmakers do not yet have a complete picture of the deficit.

Lingle, Say and Hanabusa said it would be premature to tap the Hurricane Relief Fund now, for example, because the money might be needed to balance the budget. Say also warned that depleting the fund could influence interest rates on state construction bonds because the state would have a smaller cash reserve.

"I think the worst thing that we can do in the Legislature right now is to give people a whole set of false expectations," Hanabusa said.

Approaching the next session in January, Lingle and state House and Senate leaders said they would attempt to balance the budget without raising the general-excise tax, which they believe is regressive, could discourage consumer spending and might slow the state's economic recovery.

House and Senate leaders, who raised taxes last session to help balance the budget, continue to describe a GET increase as a last resort.

State Sen. Donna Mercado Kim, D-14th (Hālawā, Moanalua, Kamehameha Heights), the chairwoman of the Senate Ways and Means Committee, said lawmakers have to look at the bigger picture.

"While education is on the top of our list, all essential government services are important," she said.

special session

In private, some lawmakers are disappointed by what they see as political posturing by some of their colleagues, including some seeking higher office next year.

The teacher furlough days, which leave the state with the lowest number of instructional days in the nation, have received national attention and even a rebuke by U.S. Secretary of Education Arne Duncan.

But some lawmakers say privately that the criticism has failed to note that Hawaii, unlike other states, has not laid off any teachers. Some also point out that it was educators — the state Department of Education

and the teachers' union — who chose to schedule all 17 furlough days this year on classroom instruction days.

Garrett Toguchi, the chairman of the state Board of Education, said he hopes lawmakers will make a policy decision to shield public education from more severe budget cuts and restore the classroom time lost to furloughs.

Toguchi has called for a special session, both because of the urgency of the situation and a practical understanding that if the issue is put off until next session, it will likely be swallowed by debate over the budget.

J.N. Musto, UHPA's executive director, has been calling for a special session since summer so lawmakers can address education spending.

"Once we get into session (in January), we're just going to be one of the fish in the pond," Toguchi said. "Right now, we're the only people asking for the hurricane money, the rainy day fund, and for funding to increase.

"Nobody else is actually saying anything, but once you get into session, then things change. We are more concerned about having to deal with our financial situation in session versus a special session."

Some lawmakers are also trying to force an internal debate among majority Democrats over a special session. State Sen. Will Espero, D-20th (Ewa Beach, Waipahu), has collected signatures from 13 senators who support a special session to consider using the Hurricane Relief Fund to restore classroom instruction time. A similar petition is circulating in the House.

State Senate Majority Leader Gary Hooser, D-7th (Kauai, Niihau), who is running for lieutenant governor next year, said the loss of classroom instruction time is unacceptable.

"Losing 17 days of instructional time in our public schools is flat out unacceptable," he said. "Period."

more school days

Yesterday, the Democratic Party of Hawai'i's state central committee passed a resolution calling for a special session and the use of special funds, federal stimulus money and other funds to reduce or eliminate furlough days and preserve education, health and safety programs.

"The concern, of course, was the loss of services to the public," said Doug Pyle, the chair of the party's labor caucus. "The uppermost in mind is education, but other health and safety services are also vital."

If the issue is pushed into next session, some lawmakers may propose a bill requiring that public schools have 180 instructional days each year, instead of the 163 days expected after furloughs. If passed into law, it could force the department and the teachers' union to reschedule the furlough days or find another way to achieve the budget savings.

State Rep. Gene Ward, R-17th (Kalama Valley, Queen's Gate, Hawaii Kai), said he would support a mandatory 200 instructional days each year so Hawaii students would be more competitive with their international counterparts. Some Republicans have opposed tapping the Hurricane Relief Fund, but Ward said he would use both that fund and the rainy day fund if necessary to return students to the classroom.

"A mind is a terrible thing to waste and dumbing down our kids' education is not the way we should go," he said in a statement.

U.S. Rep. Neil Abercrombie, D-Hawaii, who is running for governor next year, said he believes there will be a revolt at the ballot box if lawmakers do not restore classroom instruction time. The congressman has spoken to Duncan about how federal stimulus money might be used to help, but he also urged majority Democrats to return in special session.

"Let's start with the premise that the schools are going to stay open, that the children are going to be taught," Abercrombie said. "So whatever we come up with by way of dealing with that, the schools stay open, that has to be the underlying premise."

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