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State House Approves \$50M To Reduce School Furloughs

House Budget Proposal Now Goes to State Senate

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HONOLULU -- The State House took another step toward solving the school furlough problem Monday afternoon, approving tens of millions of dollars to restore furlough Fridays next school year.

House lawmakers approved a budget bill containing \$50 million to restore furlough days at public schools next school year. That amount is equal to about half the money that's needed to get rid of school furloughs for the full school year.

"Hopefully it will incite the parties to come back to the bargaining table and try work it out amongst themselves for next year," said Marcus Oshiro, (D-Wahiawa, Whitmore Village), chairman of the house finance committee.

The \$50 million would not come from the state's rainy day fund or hurricane relief fund, but be drawn from the general fund. The extra money does not restore the handful of furlough days remaining in this school year.

House Democrats have also restored millions of dollars in budget cuts proposed by Republican Gov. Linda Lingle.

Among them: \$2.3 million which would restore dozens of jobs at the Agriculture Department, including 30 agricultural inspectors who check Christmas trees and incoming produce for invasive pests and insects.

"We disagreed with the governor's budget that was presented to us, and performed our own surgery using a scalpel instead of a meat cleaver," Oshiro said.

Republicans worry Democrats will pay for restored spending with higher taxes and fees.

"Now is the time to really re-invent government and reform government versus temporarily tinkering with it to achieve the façade of reform," said House Minority Leader Lynn Finnegan, (R-Aiea, Halawa).

"With a 500 percent increase in the unemployment insurance taxes in the next few months and a 900 percent increase by next year, Hawaii small businesses are going to feel the pinch," said Gene Ward, (R-Hawaii Kai, Kalama Valley), who's the GOP minority floor leader in the State House.

Democrats want to cut about \$95 million in private contracts from three departments: Education, Health and Human Services. "We want to see if we are really getting our money's worth and whether or not those

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contracts make sense, instead of using the existing personnel you have in the departments," Oshiro said.

The House budget also repeals excise tax exemptions on nearly 50 businesses, from call centers to airline maintenance facilities. They'd have to start paying a 1 percent excise tax, less than one quarter of what everybody else pays.

Neighbor island residents and businesses pay 4.17 percent excise tax, while the Oahu excise tax is 4.71 percent, a half-percent higher to help pay for Honolulu's proposed \$5 billion rail transit project.

The House budget proposal now goes to the Senate for consideration. Even if the Senate approves the budget proposal, the governor could veto the budget, meaning lawmakers would have to override her veto or allow her proposed budget to take effect.

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