



Tackling tough issues, a vision for the future

Excerpts of the 2016 State of the State Address by Governor David Y. Ige

Many and yet one. Strength in diversity. A belief in our common humanity and values handed down from our parents and grandparents. In my State of the State address recently, I described our plan to tackle **tough, long-standing issues** while still holding to the **values** that can unite us as a community and guide our decisions. **Action** on these vital needs is **long overdue**.

TRUTHFULNESS: ALIGNING VALUES AND ACTION

When we live without truth, our actions fail to pass the test of time. We repeat our mistakes because we have not learned from them. We in government must do a better job of listening to people and giving them a real opportunity to be heard.

Realign values and actions on the Thirty-Meter Telescope - It's unfortunate that our past and our future have been pitted against each other on the slopes of Mauna Kea. I am committed to realigning our values and actions. I am committed to pursuing this project, and I hope its sponsors stay with us. This time, we will listen carefully to all, reflect seriously on what we have heard and, whatever we do in the end, we will do it the right way.



PUBLIC FUNDS AS A PUBLIC TRUST: MANAGING BETTER, SMARTER

Governing the right way also means taking care of our debts and obligations while managing effectively. This includes:

Better management of public pension and health benefit funds so they are not a burden on future generations of taxpayers - My proposal includes paying 100 percent of the annual required contributions in one lump sum each year, saving up to half a billion dollars over the next 20 years. My supplemental budget request includes paying 100 percent of the annual required contributions rather than 60 percent for the next two fiscal years. If authorized, this will further save more than \$300 million in required contributions over the next 20 years.

Modernizing our tax system to increase tax revenues, minimizing delays in tax refunds, and catching tax fraud - Our tax fraud unit identified over \$20 million in fraudulent claims last year and so far this year has found another \$11 million.

More timely spending of federal monies - Although much more needs to be done, both the state Department of Transportation and the Department of Health have made significant progress toward full use of federal funds.

Saving taxpayer dollars and balancing the state budget - When public funds are managed better, the cost of borrowing money decreases. In a recent \$750 million state bond sale - the first for this administration - we saved about \$61 million in our debt service requirement. Because of all of these initiatives, we were able to balance the state budget by last June, even though the state was projected to close the last fiscal year in the red.

WORKING WITH THE COMMUNITY: KALIHI 21

The future of OCCC and the Kalihi 21st Century initiative – Many people have had strong concerns about the redevelopment of Kaka’ako — especially when it comes to affordable housing. Now we have an opportunity to get planning right in Kalihi. Our plan involves moving the O’ahu Community Correctional Center — severely overcrowded and in disrepair — to Halawa Valley, then developing the land along the rail transit line for affordable housing, commercial development and jobs, open space for recreation, and more. As part of our **Kalihi 21st Century initiative**, I am asking a group of community leaders to convene a series of meetings to involve residents from the start and determine what Kalihi wants for its future.

CREATING MORE AFFORDABLE HOUSING

It’s estimated that 66,000 housing units will be needed statewide in the coming years. The state alone cannot fill the gap, but the state wants to do its part by working with the private sector to build more affordable homes and rentals. Our plan includes:

More funding for low-income rentals -This year, because of the great demand, we are seeking \$75 million for the Rental Housing Revolving Fund to make more money available for low-income rentals.

Helping provide adequate infrastructure for new housing, such as roads and waterlines -The biggest roadblock to developing more homes is the lack of adequate infrastructure that allows housing projects to even begin. The state can make a major contribution by funding projects such as roads and water systems. That’s why I am proposing legislation to use the Dwelling Unit Revolving Fund for infrastructure development. We are also asking for a \$25 million increase to that fund in Fiscal Year 2017.

Private sector and county initiatives -These will add thousands of additional homes, thanks to the work of the mayors and their respective county councils. Combined, there will be over 10,000 units coming online in the next few years. While that is still not enough, it is a solid beginning.

RENOVATING AND REDEFINING PUBLIC HOUSING

The North School Street redevelopment project will be one of three O’ahu public housing initiatives to enter into a public-private partnership that allows for a mixed-use/mixed income model. With Mayor Wright Homes, we are in the process of formulating a master development agreement with Hunt Companies that has the potential of adding additional mixed-income units. An agreement with the Michaels Group for Kuhio Park Terrace is also imminent, with the potential for additional affordable units.

GOVERNING WITH COMPASSION: TAKING ACTION ON HOMELESSNESS, HAWAI’I STATE HOSPITAL

For those who are homeless, we’re opening a **new Family Assessment Center in Kaka’ako** that will house up to 240 people a year. This facility will not be just another shelter, but rather a way to connect families to longer-term housing.



My proposed budget includes \$8.3 million to operate the Center, expand the Housing First program on the neighbor islands and establish a new Rapid Re-housing Program throughout the state. The state will also be investing \$5 million to partner with **Aloha United Way** to provide for homeless prevention services and a statewide referral system.

Long overdue improvements at Hawai’i State Hospital – Mental and behavioral health issues are often the underlying cause of many of our communities’ challenges. To deal with the serious patient overcrowding and the safety issues for employees, we’re proposing to invest \$160.5 million in a new forensic mental health facility on the grounds of the hospital in Kāne’ohe.

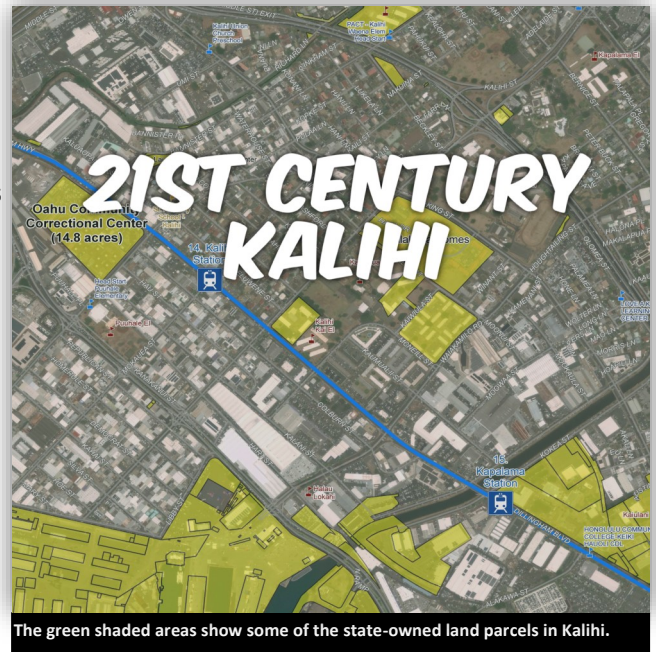




Photo by Marcilena Lobendahn

At the historic signing at the Capitol (from left): Maui Region CEO Wes Lo, Rep. Lynn DeCoite, Rep. Kyle Yamashita, Sen. J. Kalani English, Sen. Gil Keith-Agaran, Lt. Gov. Shan Tsutsui, Maui Region board chair Avery Chumbley, Governor Ige, Rep. Angus McKelvey, Sen. Rosalyn Baker, and Mary Ann Barnes, president, Kaiser Foundation Health Plan and Hospitals, Hawai'i Region.

IMPROVING RURAL HEALTH CARE

While we have made progress, there continue to be areas of concern. One of these is the operation of the hospitals on our neighbor islands and in rural communities. It is getting harder and harder for us as a state to operate these hospitals well.

We need the resources the private sector can bring to bear on the increasingly complex issues and challenges of health care. We recently signed a **historic agreement** transferring the operation and management of the Maui Region health care facilities from the state to Kaiser Permanente. There is still work ahead but this is a great step forward. Thanks to all of you for working with us to make this happen.

FOR THE SAKE OF THE CHILDREN – COOLING OUR SCHOOLS

An innovative, energy-efficient approach - Our highest single obligation should be to take care of our children. We need to cool our classrooms now, in energy-efficient ways that align with our commitment to end our dependence on imported fossil fuels. I am working with the DOE, other state departments, utilities and clean energy companies to **cool 1,000 classrooms by the end of this year**, and thousands more each year through 2018.

To start, we will use \$100 million of Green Energy Market Securitization funds to install energy-efficiency measures and air conditioning in classrooms. By using existing GEMS program dollars, the DOE and its energy-efficiency partner, OpTerra, can quickly access affordable financing for a large portion of its cost to air condition our classrooms. I know you share my concerns. Let's work together to support our kids. This, too, is long overdue.



Photo courtesy C. Rosenlee/ HSTA

Campbell High School student Keyra Taganas.

LEGACY-BUILDING FOR THE FUTURE: WHAT WE LEAVE OUR CHILDREN

Strengthening our economic foundation – **Tourism** is generating over \$14 billion each year in visitor spending and employing nearly 150,000 workers. We want to establish **Kona as a second international airport**, modernize our airports and automate the passport control system. **In agriculture and the environment**, we will work to protect our natural resources with the creation of the **Hawai'i Invasive Species Authority**. This extends to our broader efforts for sustainability in the islands. With the end of sugar production on Maui, we will work to keep those lands in agriculture as a first priority. **The military** is also a primary driver of our economy, but we must also remember the risks and dangers that are a constant part of their lives. We were tragically reminded of this when we lost 12 Marines recently.

INNOVATION AND ENTREPRENEURSHIP FOR JOBS

For those who haven't noticed, innovation, fueled by technology, is driving the global economy at breakneck speed. We must create an environment that enables Hawai'i's entrepreneurs to turn ideas into products and services so that we can compete. We want to create good-paying jobs to keep our best and brightest local talent here where we need them. For that reason, I propose setting aside \$30 million over the next six years from corporate tax revenues to support **innovation enterprises** at the University of Hawai'i and other accelerator and venture fund activities in all industries, including agriculture, fashion, media and design, clean energy and healthcare.



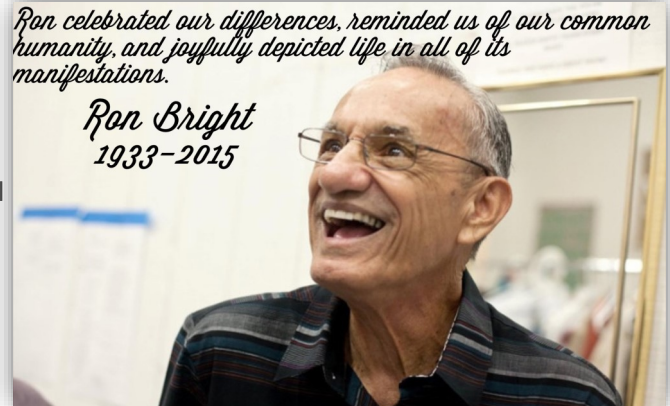
VALUES INTO ACTION: THE ROAD AHEAD

Making things right to make things happen isn't just a nice slogan. If we are truthful and act accordingly, if we value the public trust, if we govern with people, if we are strong yet compassionate, if we take special care of our children, if we look to all of our futures, then we can more than meet the challenges we face today and tomorrow.

It's about transforming values into action — as the late Ron Bright did as a beloved teacher in the performing arts program at Castle High School. His total commitment to the affirmation of life must continue to guide us. We need only watch the news on TV to see examples of man's inhumanity to man, triggered by the fear of differences — racial, religious, national. There are, of course, real dangers in the world that must be squarely met. But it is also true that the world is becoming a smaller place. These conditions call less for fear and hostility and more for the **unyielding affirmation of our diversity**.

We have found a way in these islands — anchored by a remarkable host culture and the enriching waves of immigration from East and West — to value and venerate who we are. **Many and yet one**. The transcendent call from our island state to the world is that **when we demean others we betray ourselves**. **There is a finer, better way**. Pledge to it, make it real every day and lead the way. Mahalo, and I look forward to the work ahead.

David Y Ige
Governor David Y. Ige



OTHER KEY ITEMS IN GOVERNOR'S BUDGET REQUEST

EDUCATION

- \$26.5 million to support goals and objectives of each school via the Weighted Student Formula.
- \$35 million in General Obligation bonds for a new Campbell High School classroom facility.
- More than \$50 million in G.O. bond funds for public school facilities statewide.
- \$60 million for capital renewal and deferred maintenance at UH campuses statewide.

HEALTH AND HUMAN SERVICES

- \$6 million for the Preschool Open Doors program, which helps low- and moderate-income families send their children to preschool.
- \$4.1 million for Kupuna Care Program.

HAWAIIAN HOME LANDS, HEALTH AND AGRICULTURE

- Two full-time permanent positions for the Papahānaumokuākea Marine National Monument.
- \$9 million for Papakōlea sewer system improvements for Hawaiian Home Lands on O'ahu.
- \$25 million for improvements to Hawaiian Home Lands/dams and reservoirs on Kaua'i.

- \$8.2 million in G.O. bonds and \$1 million in federal funds for irrigation system projects, including improvements to Moloka'i, Waimānalo, and Waimea irrigation systems.
- \$6.5 million for Kona Community Hospital expansion of wastewater treatment facility.
- \$6.8 million for improvements to Hilo Counseling Center and Keawe Health Center on Hawai'i Island.



A packed gallery listens to the governor's State of the State address at the Legislature Jan. 25.

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