



Courtesy Tyler Kruse

## Excerpts of the Governor’s 2017 State of the State Address

# Tackling change for Hawai‘i’s 21st century growth

*“The work we do together begins here in Hawai‘i, the place I choose to call home. . . Because we have always been better together than alone, identifying ourselves as part of a greater ‘ohana, bound by the spirit of aloha. If our past is proof we can do anything we set out to do, then let it be our inspiration as we shape our future.”*

— Governor David Y. Ige

### MAKING PROGRESS ON KEY ISSUES

We need to press on with the progress we’ve made over the last two years — **transforming our schools, reshaping our economy, addressing homelessness and building more affordable homes, and making government more efficient so it can continue to work for the people.**

All of these goals are inextricably linked. To transform our economy we need to transform our schools, so our children can provide the brainpower and fill the jobs in a knowledge-based industry.



Gov. David Ige delivers his 2017 State of the State address Jan. 23 to the Legislature and the public as Senate President Ron Kouchi (left) and House Speaker Joe Souki listen.

To keep them here, we need to ensure that our economy provides challenging and satisfying careers and homes they can afford. And we need to protect our lands and natural resources, which underpin everything.

### PREPARING OUR KEIKI FOR THE FUTURE

One national study predicts that 70 percent of Hawai‘i’s jobs will require some post-secondary education by 2020. I believe education reform in Hawai‘i starts with changing the current top-down bureaucracy of the DOE to a school-centered one. Our blueprint for Hawai‘i’s schools is based on input from over 3,000 parents, teachers and community members from a statewide summit to dozens of meetings across the state.

Schools need to be able to design their own programs, implement plans, and be accountable for the results — to be encouraged to take risks and be creative. That’s why in the 2018 executive budget, we increased funds that go directly to the schools. To further drive changes, we will be proposing a new **Innovation Grant program** to support school-level innovations, including closing the achievement gap for special needs, immigrants and low-income students.



Rovy Dipaysa (center) with mom Victoria and governor.

**Expanded Early College Program** – UH and the DOE are working to dramatically increase the **Early College Program** that allows high school students to earn college credits. I want to expand this program to eventually include every public high school in the state. One outstanding example is Rovy Ann Dipaysa, who immigrated to Hawaii in 2012 and barely spoke English. Rovy and 13 of her classmates – the first Early College “Olympians” – anticipate receiving their Associate in Arts degree from Leeward Community College in May 2018 before they graduate from Waipahu High School.

## TRANSFORMING EDUCATION FOR THE 21<sup>ST</sup> CENTURY



**More help for college costs** – I am also proposing to establish the **Hawai'i Promise Program** that will fill the gap between what a qualifying family can afford and the cost of community college, without taking out a loan to cover tuition, fees and books.

**Cooling our schools** - Last year I pledged to cool our schools. No one is more disappointed than I that implementation has lagged. But we haven't lowered our sights. The capital budget includes \$61.7 million to continue this effort.

**Improved DOE and UH facilities** - I am also proposing \$700 million in new schools, classrooms, science facilities and repair and maintenance and \$150 million for university facilities statewide.

## INNOVATION TO DRIVE THE NEXT GREAT ECONOMIC SECTOR

***"The innovation sector offers the best promise of high-quality, high-wage jobs for our children."***

**I**nnovation means developing new clean energy technologies that will create engineering and other high-paying jobs while reducing our dependence on fossil fuels and protecting the 'āina.

Innovation means remaining on the cutting edge of healthcare. That's why I'm proposing **\$5 million** in each of the next two years to support the **Cancer Center of Hawaii**. Innovation also means new agriculture technologies, new local fashions, new apps for computers and phones, and locally created digital media and film designed for multiple platforms.

A recent report, sponsored by the Hawaii Business Roundtable, found that innovation jobs already make up over seven percent of Hawai'i's economy. A Kaufmann Foundation report ranked **Hawai'i 12<sup>th</sup> in the nation for startup growth**, just below New York and above California.

### Local business startups can fuel innovation economy

**A**mong our local success stories is the business startup **Shaka Tea**, owned by Bella Hughes and her husband, Harrison Rice. They have taken māmaki leaves, grown in Pahala on the Big Island, and used them to grow an exciting new local company. The benefits of the māmaki plant, native to and found only in Hawai'i, are well known among native Hawaiians. But to make māmaki commercially viable as a "ready to drink" beverage, Bella and Harrison had to find a way to extend its shelf life. Today, they are not only well established in local markets, but are looking to expand to the West and East Coast, Japan, and on the Internet.



Governor Ige with Shaka Tea owners Harrison Rice and Bella Hughes in the House chamber.

That kind of local success is the reason why I've been so excited about the **HI Growth Initiative**, the state program to foster entrepreneurship in Hawai'i. From virtually nothing four years ago, local entrepreneurs today are supported by six startup, accelerator programs, with three of them nationally recognized. In fact, about 145 startups have gone through the accelerator programs. That's why the budget includes additional funds for the **HI Growth program**.

### Clean Energy Mandate good for economy and environment



Solar power as a clean energy option.

**I**n addition to HI Growth, the state has undertaken other initiatives that utilize innovation to grow the bottom line. Our goal of generating 100 percent of our electricity from renewable sources by 2045 is good for both our economy and the environment. We lead the nation in moving toward clean energy in many areas.

Together, on O'ahu, Maui and Hawai'i Island, we currently get 25 percent of our electricity from renewable sources. On Kaua'i, the figure is 40 percent. With 65 renewable energy projects across the state, we are on schedule to meet our 2020 target for increasing renewable energy use with more coming online and planned. Earlier this month, the state's largest operating solar facility in Waianae successfully placed 28 megawatts into commercial operation. And new agreements promise an additional 61 megawatts from two solar facilities on O'ahu.

Reducing our reliance on fossil fuels in transportation is a key part of our renewable energy goal. That's why my administration is participating in the **Drive Electric Hawai'i Initiative**. We will use funds from the state's portion of the Volkswagen settlement over emissions fraud to support the changeover to state-owned electric cars.

# Growing a strong economy — now and for the future

## Self-sufficiency expanded through agriculture

We have a goal to double local food production by 2020 with the purchase of farm lands, programs that support local farmers, incentives to grow organic, and incubators to help entrepreneurs create new food products and businesses.

With the Legislature's help, we purchased the Galbraith lands on O'ahu, adding more acreage and employing 50 new farmers. We completed the purchase of the Turtle Bay mauka agricultural lands to preserve it for future ag use.

Combating invasive species is a big part of protecting and expanding agriculture. That's why we developed the state's first inter-agency biosecurity plan, a 10-year blueprint to protect the state from invasive plants and animals and are proposing the creation of an invasive species authority to direct these efforts.



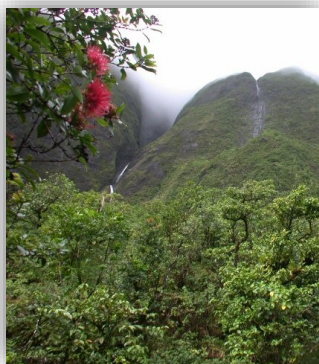
The governor talks with Lois Hashimoto, 85, who works in her family's taro fields every day. The family grows Kaua'i Lehua taro and sells to the Honolulu Poi Company.

## Building on record years in the visitor industry

The Ige administration worked closely with our Congressional delegation and the U.S. Customs and Border Protection to reestablish a federal inspection service facility at Kona International Airport. There are some who doubted we could meet the deadline before the first scheduled Hawaiian Airlines flight last December. But we did.

It's estimated that one daily international flight to Kona will result in more than \$160 million in annual visitor spending. And we are in discussions with other airlines who are looking at Kona as a potential travel destination. International visitors will also spend tens of millions of dollars at local businesses, further boosting the economy and generating jobs.

## Protecting Hawai'i's environment and cultural resources



Protecting the 'āina is a top priority.

Last September at the World Conservation Congress, we unveiled our **Sustainable Hawai'i Initiative** to protect our watershed forests, better manage our oceans, double our food production and achieve 100 percent renewable energy by 2045.

My budget includes \$31 million in CIP funds for these sustainability initiatives. I am also proposing that we invest \$18.4 million in general funds to protect natural resources, watersheds, forests and oceans in our fight against invasive species.

I'm proud that we've been able to protect over 40,000 acres of watershed forests on Kaua'i, O'ahu, Moloka'i and Hawai'i Island and preserve precious shoreline along Turtle Bay. I'm also proud of the work of the departments of Agriculture and Land and Natural Resources, who worked closely with private and public partners to combat the spread of Rapid 'Ōhi'a Death.

In addition, I'm pleased to report that a few weeks ago our request was granted to make the Office of Hawaiian Affairs a co-trustee of the Papahānaumokuākea Marine National Monument, world renowned for both its natural and cultural attributes. OHA's trustee role will provide critical cultural sensitivity to decisions made to protect this unique natural treasure.

## TAKING ACTION ON MORE AFFORDABLE HOUSING AND HOMELESSNESS

To date, we've produced a total of 1,050 units in the past two years with over 4,000 more in the pipeline, 80 percent of which will be rentals. To build on that momentum, I convened a group of affordable home developers and advocates to listen to their suggestions to maximize state financing tools and provide the infrastructure needed. Last year we worked together to expand the application of state funding for roadways and other infrastructure — a prerequisite for the development of new communities.

We worked to infuse the state's Dwelling Unit Revolving Fund with \$25 million to finance regional infrastructure with the counties and private home builders. And thanks to the Legislature's support, we've also added \$75 million in gap financing for more affordable rentals throughout the state. My budget for the next two years proposes to invest \$123.4 million to promote new housing starts.



Kaua'i seniors with the governor for the second phase of Kaniko'o, an affordable 90-unit housing project.

## More housing on Hawaiian Home Lands and in Kaka'ako

The Department of Hawaiian Home Lands also plays an important part in our affordable housing solution. Recently, DHHL conducted lot selection for Kaka'ina Hawaiian Homestead in Waimānalo — one of two parcels for qualified Native Hawaiians. The first 70 families in the homestead community of Malu'ohai in Kapolei signed their leases recently to fulfill their dreams of becoming homeowners. In addition, Ka Makana Ali'i in Kapolei, which will be O'ahu's second-largest shopping center, will generate substantial revenues for DHHL's homestead development.

Transit-oriented development remains one of the biggest game changers. The transformation of Kaka'ako can already be seen, with new affordable units going up. The housing supply in Kaka'ako has increased by 2,260 units (44 percent of them affordable) with more units planned.



DHHL director Jobie Masagatani, Gov. Ige and happy families at the lot selection in Waimānalo.



The Department of Human Services' Team of the Year from the Hawaii Public Housing Authority.

## Making inroads on homelessness

My budget proposes \$20.9 million each year for rent subsidies, supportive services, outreach and enforcement. With the help of the Legislature, our Congressional delegation, the counties, federal agencies, business and community service organizations, we have made significant strides in addressing homelessness in Hawai'i. Statewide, we have increased funding for homelessness prevention, which has contributed to a 25 percent reduction in eviction rate on O'ahu. It kept nearly 4,200 people from joining the ranks of the homeless. Working together, the state and our partners have assisted over 5,000 people in the past year. We also opened the new Family Assessment Center and have reduced homelessness in Kaka'ako by two-thirds.

The Department of Human Services also recently announced the awarding of contracts to 33 homeless shelters. Together, those awardees have pledged to add nearly 200 beds and double the number of individuals they place in permanent house from about 3,000 to 6,200. We also reduced the turnaround time for a public housing unit from seven months to seven days, using multi-skilled worker teams. As a result, over 400 units have been made available to families in record time.

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## TRANSFORMING GOVERNMENT TO MAKE IT WORK BETTER FOR PEOPLE

Three years ago, we set out to make government more efficient, effective and accountable to the people. One of the more exciting ways we're doing this is through a program with the Office of Enterprise Technology Services. To engage the local tech community in the modernization of state government, we began a Code Challenge. We brought local talent together to develop modern tools and computer applications to improve government services for the public.

One winning team converted visitor scheduling at OCCC, which was being done with Post-its and pens, to a web-based, self-service process. The new concept created by a group of Honolulu Community College students is far more efficient and is being developed into an application that works better for the staff, inmates and their visitors.



(from left) Burt Lum, Gerome Catbagan, Gov. Ige, state Chief Information Officer Todd Nacapuy, and Jayson Hayworth from the ETS Code Challenge.

One of my duties as governor is to be a responsible fiscal manager, and I am proud of this administration's efforts to put the state on sound financial footing. We're building financial reserves for a rainy day that help to reduce future financial strain on taxpayers, and we're making sure we keep our promises to our seniors in a responsible way. **I know we can work together to craft a responsible budget that is not my budget, not the Legislature's budget, but the people's budget.**

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