



From the governor: Moving forward by focusing on priorities

Despite the controversy over O‘ahu’s rail project, the Legislature did approve a budget to keep the state moving forward — including funding for many top priorities identified by the governor and state agencies. This issue of Capitol Connection recaps some of those actions and the governor’s comments in a May 3 news conference.

Q. What do you want people to know about the 2017 legislative session?

A. It’s easy to focus on the differences, but we also saw a lot of agreement on important issues such as education, affordable housing and homelessness, and sustainability. This session was unusually challenging because after we submitted our executive budget, the revenue projection ended up being \$800 million less. We also entered into negotiations with the unions for 14 new contracts and have settled most of them. I got personally involved in the teachers’ union negotiations because it was a priority for me to see a settlement before the June 30 deadline. Having that uncertainty wasn’t good for our schools, teachers or students.



Gov. David Ige talks about 2017 legislative funding.

Q. Out of the programs funded, what were some of your top priorities?

A. I thank the Legislature for supporting the Early College initiative in our high schools and the new Hawai‘i Promise program in the UH community colleges to help students cover the gap between what students can afford and college costs. We continued our commitment to affordable housing, the Department of Hawaiian Home Lands, public housing and more funds to help the most chronically homeless statewide. We also increased support for invasive species response and funding to help us move forward in food production, water systems and loans to new farmers. We also have funds to address traffic congestion and the Maui Health System transfer.

Q. Where do you stand on the current controversy over rail funding?

A. While I support the rail system, I have the same frustration as the Legislature when two years ago the mayor promised it would be the last time they would be asking for more money. When you ask questions of the Honolulu Rapid Transit people, they don’t have real comforting answers. What have they done to manage costs? I said a year ago that I think we need to look at a combination of funding — federal, county, state and private funds. Most other transit systems have funding from private development. Both the House and Senate had legitimate questions about the project to make sure costs don’t keep escalating.

Q. What do you think of President Trump’s approach to the federal budget? Threats from North Korea?

A. It’s fortunate our Congressional delegation was successful in protecting those federal programs most important to Hawai‘i. Trump will try to cut some programs again in September, but he’ll need bipartisan support. Regarding North Korea, I do think it’s a real concern we need to plan for. We’ll be working with the U.S. Pacific Command to ensure that the people of Hawai‘i are protected.

Q. Why was the recent Japan-Hawai‘i Economic Summit held in Kailua-Kona significant?

A. This is the first time we have hosted such a summit. Our relationship with Japan continues to thrive because it’s rooted in our historical, cultural and business connections. We want to find new ways to build on that solid foundation with increased tourism, trade, student exchanges and clean energy projects for mutual benefit. **(See story on Page 3).**

Governor says tide is turning for homelessness statewide

Hawai'i's homeless population has decreased for the first time in eight years, according to the latest statewide survey.

The annual Point in Time count – a census of people experiencing homelessness – showed a nine percent overall decrease in the number of homeless individuals across the state compared to the same period last year. The 2017 count found 7,220 homeless individuals across Hawai'i compared to 7,921 in 2016.

“This report is proof that our collective efforts are working,” said Governor Ige. “While today’s news indicates that the tide has turned, there is more to do. My administration remains focused on increasing affordable housing and reducing homelessness in the state.”

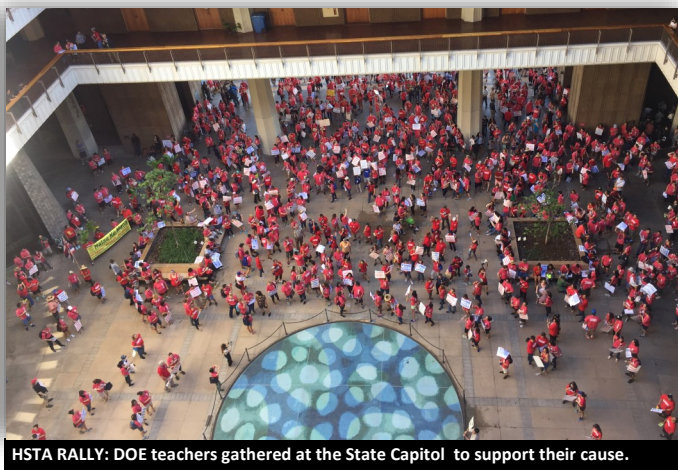
Hawai'i County saw the largest drop at 32 percent, Maui saw a 22 percent decline and Kaua'i County a seven percent drop compared to



REACHING OUT: Homelessness coordinator Scott Morishige works with Nicole Bieneman of the CHOW project near Chinatown to help homeless individuals.

2016. O'ahu saw an increase of less than a half percent in the homeless number. A link to Point in Time's report can be found at governor.hawaii.gov.

Teachers, other unions reach agreement on new contracts



HSTA RALLY: DOE teachers gathered at the State Capitol to support their cause.

For thousands of working families in public employee unions, managing the state's high cost of living just got a little easier, thanks to recent contract settlements and arbitration awards.

The contracts, described by union leaders as “fair” given the state's fiscal outlook, cover teachers, principals and other public school staff, fire fighters, registered nurses, and many other public employees throughout the state. Nine of the 14 union contracts have been settled, with negotiations continuing on the remainder.

Hawaii State Teachers Association President Corey Rosenlee credited Governor Ige's involvement in negotiations as making the difference for his union. “The governor really worked hard to make this contract happen,” Rosenlee said. “I think it showed that education is a big priority to him.”

2017 legislative funding advances key state initiatives

Education. Affordable housing and homelessness services. Sustainability. The 2017 state Legislature appropriated funds for the governor's priorities as well as for schools, highways, airports and harbors, and protection against invasive species. Among the items funded:

- **Early College High School program** - \$1M in each fiscal year to expand the program in high schools.
- **Hawai'i Promise** - \$1.8M in each fiscal year for a new program to help UH community college students cover the gap between financial aid and the cost of tuition, fees and books.
- **Affordable housing** - \$25M for the Rental Housing Revolving Fund to finance additional units and \$25M for the Dwelling Unit Revolving Fund. Also \$19.4M for development of Hawaiian Home Lands and \$7.6M for repair and maintenance projects. In addition, 29 permanent positions and funding for the multi-skilled worker pilot program and site, dwelling and security improvements in public housing.
- **Homelessness** - \$3M for Housing First, \$2.1M for elderly and family housing, \$3M for Rapid Re-Housing, \$1.5M for homeless outreach, and more.
- **Sustainability** - \$4M in each fiscal year for Hawai'i Invasive Species Council; \$750,000 in each fiscal year for Rapid 'Ohi'a Death response. Also \$1.5M for the Agricultural Loan Revolving Fund.
- **Health** - Six permanent positions for vector control; \$4.1M for Kupuna Care and \$1.7M for Aging and Disability Resource Center.
- **Transportation** - \$170M in revenue bonds for improvements to the overseas terminal ticket lobby at Honolulu International Airport.



PROUD: Windward CC graduate Dee Chaves and her son Ikaika.

NEIGHBOR ISLAND BUDGET HIGHLIGHTS:

Hawai'i - \$17M for the Saddle Road extension to Queen Ka'ahumanu Highway; \$4.5M for Hilo Counseling and Keawe Health Center.
Maui County - Funds for transfer of three Maui County hospitals to Kaiser Permanente; Kahului Airport improvements.
Kaua'i - \$7.5M for Nawiliwili Harbor improvements; \$17.8M for Kuhio Highway, Mailihuna Road, Kapa'ā Stream bridge work.

First Japan-Hawai'i Economic Summit: Building bridges

If you're a Hawai'i small business owner like Isabella Hughes and Harrison Rice, you know you need all the friends you can get. But what if that friend was the state's Department of Business, Economic Development and Tourism (DBEDT)? And what if they told you they could help you leverage your business globally — in Japan and other markets?

That global connection and the state's strong ties to Japan took center stage in Kona last month for the inaugural Japan-Hawai'i Economic Summit, sponsored by the U.S.–Japan Council (USJC) and DBEDT. The conference attracted a VIP list of 200, including governors, vice-governors and business leaders from Japan as well as community leaders from Hawai'i.

"The summit builds on our sister state partnerships in tourism, trade, international education, and clean energy," said Governor Ige. "We'll be working with the U.S.-Japan Council to find more ways to grow our economy, create jobs, help local businesses and increase student exchanges."

DBEDT director Luis Salaveria described the summit as "a tremendous success with a lot positive feedback from participants. Hawai'i has such a strong brand in Japan; we're treated on a par with other countries. Japan is our biggest tourist and international student market. We're excited that future summits can help us find new ways to connect," he said.

One of DBEDT's most promising programs involves helping small and medium-size Hawai'i businesses gain a foothold in the Japan market as well as showcase the state. Through events such as the annual Tokyo International Gift Show — the largest international trade show in Japan — local entrepreneurs such as Shaka Tea owners Hughes and Rice gained visibility for their product and potential new investors.

To prepare for the Tokyo show, they participated in HISTEP, a DBEDT and the Small Business Administration program to help small businesses with export development. "Last year HISTEP provided financial assistance to 58 companies and organized Hawai'i Pavilions for 179 participants, leading to sales of more than \$32.5 million," said Dennis Ling from the Business Development Branch. This fall DBEDT will be taking 70 local companies to the Tokyo expo to showcase Hawai'i products.

"DBEDT's overall goal is to help Hawai'i companies reach new markets and seek companies who want to do business here," Salaveria said. "In tourism, we're seeing repeat visitors who want to go to the neighbor islands because they want an experience that's different from Waikiki."

At the summit, the governor also talked about a new knowledge-based economy with jobs that will require more than a high school diploma. "My biggest challenge is convincing the people of Hawai'i that advances in global technology mean we can be whatever we want to be," he said. "Even though Hawai'i is geographically isolated, in the 21st century we're more connected than ever. Digital technology and manufacturing offer new opportunities to partner with other countries. That's why we need to invest in our education system and students to prepare for the future. These can be our opportunities if we work together."



PARTNERS: Hiroshima's Gov. Yuzaki, USJC President Irene Inouye and Gov. Ige.



GLOBAL THINKERS: First lady Dawn-Amano Ige, Hiroshima superintendent Kuniaki Shimozaki, Kizuma Across Cultures VP Shanti Shoji and UH president David Lassner.



TOKYO SHOWCASE: Shaka Tea owners Harrison Rice and Bella Hughes (center) at the Tokyo Gift Show with DBEDT director Luis Salaveria and their translator.



TOURISM AND BEYOND: Japanese visitors arrive at Kona International Airport.

BY THE NUMBERS

- Visitors from Japan make up the state's No. 1 international tourism market, numbering nearly 1.5 million in 2016. Tourism accounts for more than 20 percent of the state's economy.
- Japan was the source of the most international students in

Hawai'i in 2015-2016 — 4,297 or 35.2 percent.

- Hawai'i has 16 sister-state relationships, including provinces or prefectures in Japan, China, Taiwan, Korea, and the Philippines.

Outstanding state employees honored at Capitol

One winner is helping young people overcome a troubled past. Another believes that school children need an inspiring place to learn. And one dedicated 15-member team protected Hawai'i's consumer interests in the proposed NextEra-Hawaiian Electric merger.

They were among the top winners at the Governor's Award Ceremony May 18, recognizing 19 teams, 18 managers and 19 individual employees nominated by their departments. The top overall winners are:



TEAM OF THE YEAR: DCCA director Catherine Awakuni, manager Jeffrey Ono, and Dean Nishina with Gov. David Ige.



TOP MANAGER: Mark Patterson with DHS director Pankaj Bhanot.

- **State Manager of the Year Mark Patterson, Corrections Manager, Department of Human Services** - Mark Patterson, administrator of the Hawai'i Youth Correctional Facility, "has worked tirelessly to create a *pu'uhonua*, a sanctuary of healing for troubled youth" and provide a place for transformation.

- **Employee of the Year Lowell Spencer, head custodian, Honowai Elementary School, Department of Education** - Lowell Spencer has "transformed this 50-year-old school campus into a well-manicured area, filled with native Hawaiian plants." He has been praised for working with his staff to repair items in innovative ways to keep the buildings in excellent condition.



TOP EMPLOYEE: Lowell Spencer from Honowai School with DOE superintendent Kathy Matayoshi.

- **State Team of the Year – NextEra-Hawaiian Electric Merger Evaluation Team, Department of Commerce and Consumer Affairs** - This DCCA 15-member team "worked tirelessly to analyze more than 100,000 pages of information related to the proposed \$4.3 billion merger between NextEra and the Hawaiian Electric Companies to protect the interests of Hawai'i's consumers."

Maui Brewing owners tops in U.S.

Maui Brewing owners Garrett Marrero and Melanie Oxley took top honors recently as the 2017 National Small Business Person(s) of the Year. The award from the U.S. Small Business Administration recognized the husband-and-wife team for transforming their business, started in 2005, into the largest craft beer company in Hawai'i.

The company produces such popular beers as Bikini Blonde and Big Swell IPA and has revenues exceeding \$10 million. With their new restaurant in Waikiki and two more set to open in Kailua and Kihei, they expect to employ more than 700 people. They emphasize using local ingredients and working with a network of Hawai'i farmers and producers.



SBA WINNERS: Maui Brewing owners Garrett Marrero and Melanie Oxley with Gov. Ige.

Aiea-Pearl City Town Hall draws crowd



LISTENING SESSION: Gov. Ige answered a wide range of questions at a May 3 town hall. (right) Pearl City Highlands students and supporters celebrate the school's teams who represented the state at the World Lego Festival for robotics in Houston.



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