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LCC Faculty Senate Legislative Committee
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I. State Budget Crisis

The 2009 Hawai'i Legislative Session opened today, January 21, 2009, and will last until May 7, 2009. One of the main issues for this session of the Legislature is the State Budget.

The *Honolulu Advertiser* on Sunday had the following headline: “ ‘Fiscal Storm’ forecast as top issue for new Hawaii Legislature” (1/18/09). It is a storm in several ways. The State is required by law to have a balanced budget; in other words, no debt. Because of tax revenue shortfalls, however, there is a projected budget deficit for this fiscal year ending on June 30, 2009 of \$125 million. Based on further projections, a budget deficit of \$1.8 billion is currently projected for this fiscal year and the next two years. The reason for the shortfall is a 25% reduction in State General Fund Tax Revenues for the next two and one-half years. (*Hon. Ad.*, 1/21/09).

How will this deficit be addressed? We'll probably get some answers on Monday, January 26, when Governor Linda Lingle presents her “State of the State” address. Some possible answers might be the elimination of planned pay raises for members of the executive branch of government, the judicial branch, and the legislative branch. Legalized gaming is being considered, as is the deferring of the transit tax for a year or more.

In terms of affecting public workers, in a recent interview, State House Speaker Calvin Say talked about reducing the deficit by looking at items such as the health coverage of State employees. One rumor circulating, for example, is to switch the health coverage match from 60% by the State and 40% by the employee, to 40% by the State and 60% employee. As I said, we should know more about these things with the Governor's address on Monday.

The storm might be getting worse or better with another important report on the economy and the budget, due in March 2009, by the State Council on Revenues. This report will update the economic situation.

II. Governor Linda Lingle, the State Legislature and the UH Board of Regents—see handout.