THE PRICE OF PARADISE

POP Accountability Project

The Cayetano Record

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THE PRICE OF PARADISE
Revised Response

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INTRODUCTION

by

GOVERNOR BEN CAYETANO

Thank you for the opportunity to respond to the POP Accountability Group and to recall how far we have come as this Administration approaches two years in office.

The budget crisis left us unable to fulfill many of the dreams and plans we had and still have. But much has been accomplished, as you will see by reading our responses closely.

Many key initiatives, activities and accomplishments of this Administration are not reflected in promises and statements made during the campaign in 1994. For example:

- To speed the recovery of Hawaii's economy, my Administration will be proposing to the 1997 Legislature a one-time, $1 billion capital improvement budget for 1997-1999.

This needed infusion will boost the troubled construction industry and deliver to Hawaii's people needed improvements such as schools, libraries and improved higher education facilities as well as expanded prison space and other needs.

- This Administration is moving aggressively to establish Kapolei as a second city on Oahu. The recent land exchange agreement with the Campbell Estate for 994 acres for the West Oahu campus of the University of Hawaii and relocation of more than 1,000 state jobs to the new civic center will help provide the core and the impetus for the growth of Kapolei.

- We are moving to create a Children's Discovery Center in Kakaako in the former Kewalo Incinerator Building.

I envision a world-class aquarium nearby that will continue our drive to turn Honolulu's under-utilized waterfront into an educational and recreational attraction for Hawaii's residents and visitors -- especially children.

Through the Hawaii Community Development Authority, we are beginning construction of the Kakaako Makai Gateway Project. This will enhance access to the Kakaako Waterfront Park that is already very popular and heavily used by residents, effectively bringing the entrance out to Ala Moana.

- This Administration has been active in the development of health tourism, an important niche market for the continued growth of our all important visitor industry.

To supplement the excellent medical facilities Hawaii already possesses, we are in ongoing discussions with the M.D. Anderson Cancer in Houston with the goal of that world-renowned institution opening a comprehensive cancer treatment program in Hawaii that would serve residents and visitors alike.

Before I continue, let us look at where we were two years ago. Then, my administration was brand new. The state was in its worst fiscal crisis ever. The budget submitted to you was not mine. We struggled to find answers to the huge fiscal problems before us. State spending had skyrocketed.

Between FY 1987 and FY 1995, general fund expenditures for the Executive Branch grew from $1.6 billion to $3 billion. A whopping 88.9% or an annual increase of 8.3%! Every state department had grown by leaps and bounds except one, the Office of the Lt. Governor, which I held.

Dozens of unnecessary boards and commissions were established to oversee virtually every state agency and to deal with nearly every state problem. A federal court consent decree loomed over our prisons because of overcrowded conditions. Our State Hospital entered its 22nd year without national accreditation because it could not meet national mental health standards.

Our state bureaucracy was a maze of red tape. Our cumbersome state regulatory rules frustrated and slowed private sector economic development adding to Hawaii's reputation as a poor place to do business. And our workers' compensation and no-fault auto insurance premiums were among the highest in the nation. We rolled up our sleeves and went to work. We made the hard decisions. We have made good progress.

First we put our fiscal house in order. Under our financial plan, there is no need for layoffs or furloughs. Moreover, our plan provides enough funding for modest tax relief for our people and modest pay raises for our state workers.

The 12-year old federal consent decree will be lifted this summer after the improvements to the women's prison at Olomana are completed. Recently, the State Hospital regained the national accreditation.

We eliminated more than 20 boards and commissions, 15 nonessential programs and streamlined 60 programs to improve efficiency. We cut red tape. Two years ago, it took five years to build a school. We've cut that time by at least one third and we will do even better this year.

We hired outside engineers from the private sector to cut our backlog of clean water permits. We adopted new rules which will speed up the process. We reduced the size of state government by approximately 3,000 positions.

Over the past two years we have kept the growth of our state government below the rate of inflation and the rate of our population growth.

And with the Legislature's help, we reduced Hawaii's workers' compensation premiums by 27%, a $100 million savings for Hawaii's businesses.

Restoring Hawaii's economy is the challenge that takes up most of my time and attention. Our simple goal is to create more and better jobs for Hawaii's people.

I believe there is good reason for optimism for State as a whole. Hawaii's economy will continue its slow, steady growth and a number of signs point to continued recovery.

To spur Hawaii's economy, more than $1 billion worth of construction has already been released directly by the State for schools, highways, airports and ports, or by speeding up the State permit process to enable private-sector building to go forward.

I insisted on an acceptable environmental impact statement for the $350-million convention center. We broke ground on this project so important to our vital tourist industry on time and we intend to finish on time and on budget. Over a dozen major conventions are already scheduled through the year 2003.

I have visited Korea, China, Japan and the Philippines, as well as many places on the Mainland, to urge business leaders to bring investment and opportunities that will create jobs for Hawaii.

I am determined to establish a pro-business, pro-investment environment in Hawaii. The mission of this government should be to facilitate rather than regulate. We have made significant progress in reforming workers compensation to bring down costs for businesses and consumers.

I have especially encouraged investments in newer and smaller technology-based Hawaii companies active in health, telecommunications and knowledge industries. The advances in diversified agriculture that we have seen following the decline of sugar and pine are truly amazing.

One of the highlights so far has been passage of a bill to ease regulation of Hawaii's telecommunications industry to attract new investment and jobs and to give Hawaii consumers better services and lower prices through competition. The benefits to Hawaii's people are already clear.

Another milestone was the Legislature's passage of the $600-million Hawaiian Home Lands settlement which I strongly supported. The $30 million a year for 20 years will correct an old injustice and avoid costly court cases. It will build homes for Hawaiians who have waited for years, boosting the home building industry and freeing up more affordable housing for others in existing communities.

Our most important accomplishment in the past year and a half, however, is coming to grips with the worst fiscal crisis in State Government history.

My Administration tackled a projected budget shortfall by restructuring and reducing State Government, and encouraging economic diversity and development for Hawaii.

Both spending and the number of employees grew faster in recent years than Hawaii's economy, which has been going through tough times. That could not go on.

Through these cuts, I have protected education as much as possible, asking the public schools and the University of Hawaii to make much smaller percentage cuts than other departments.

I have urged the Department of Education and University administrators to strive to protect classroom instruction and make their cuts in administrative and other areas.

Education remains my top priority. When times get better, as they will, public education -- as well as the social and health services which have also taken severe cuts -- will be the first to benefit.

Through attrition, a reduction in force and a near-total freeze on hiring, the full-time-equivalent number of state workers in the Executive Branch (including UH and DOE) is 3,000 fewer than when I took office. We are continuing to look for ways to make government more effective and efficient.

We all must realize government cannot be all things to all people. Government should be a "last resort," not the first place people turn when there is a problem to solve or something that needs to be done. For this reason I have encouraged public-private partnerships and volunteerism as ways to make our community all it can be.

We must get rid of out-dated programs as well as services that could be more efficiently performed by the private sector. For example, we have gotten the State out of developing market-priced housing and are working to convince the Legislature to streamline the State's housing agencies.

Crime is a growing concern. For our prison system, we are increasing bed space without spending huge amounts of money we do not have. We are expanding prison drug treatment six-fold to reduce the likelihood that prisoners when they are released will commit new crimes and return to prison because of drug abuse problems.

By moving 300 prisoners to Texas temporarily, we have gained some "breathing space" on our overcrowding crisis until expanded facilities and a new federal prison in Hawaii will give us a more lasting solution. I am insisting on professionalism among guards and instituted a drug-testing program along with criminal background checks.

In human services, we are dealing with the changes in welfare being enacted by Congress in the most humane and compassionate way possible, encouraging self-sufficiency and helping people to attain it.

Restoring public confidence in government is one of the most important goals of my Administration. I continue to insist, by words and by example, on the highest level of ethics in this Administration.

I have felt particular pride in the way the people of Hawaii responded to two Mission Aloha disaster relief drives -- one for survivors of the earthquake in Kobe, Japan, and more recently for the victims of Typhoon Angela in the Philippines. More recently, many state workers and volunteers turned out for Operation Kokua, to help clean up the areas of Leeward Oahu and the North Shore hit by heavy rains and flooding.

Though times have been tough here, Hawaii's Aloha Spirit shined through for these special causes, over and above what money and time our people were already giving to the Aloha United Way and many other charitable causes.

That Aloha Spirit which binds us together is the most important ingredient for a bright future for Hawaii. Keeping it strong in the face of economic and social pressure will continue to be the biggest challenge facing Hawaii's people.

Aloha.

EDUCATION

ISSUE: DOE Funding Levels

Campaign statement/promise

"We need to do something about getting more money into the schools. We are dead last in the country when it comes to the percentage of our budget dedicated to education."

POP '94 Citizens Panel

Indicators of whether promise kept

- What is the increase in funding allocated to classrooms?
- What is the proportional funding for education relative to other departments?
- What is the percentage of per pupil spending?

Governor's statement on results/action taken

In 1995, Hawaii faced the worse financial crises in the State's history. Yet, because education continues to be Governor Cayetano's highest priority, in planning the State's budget he always strives to minimize the impact of cuts to our public schools.

Together, lower and higher education represent two-thirds of the State's budget, excluding fixed costs. Combining the Department of Education budget with the proportion of State funds dedicated to lower education costs budgeted in other departments -- such as school bus transportation, school health services and fringe benefits -- brought State funds dedicated to lower education to their highest point, 34.4 percent, in the last ten years.

While funding for other state agencies was reduced by as much as 17 percent, the DOE school instruction and school support budget -- the largest single State program at $621.3 million a year -- was spared any cuts at all.

Instead, cuts of $22.1 million were made to the DOE's administration budget. But even then, the total DOE budget was cut by only three percent.

In September, 1995, Governor Cayetano released $91 million in construction funds for our public schools and libraries statewide. These projects will help deal with the shortage of classrooms, especially in some of Hawaii's fastest growing areas. In January, 1996, Governor Cayetano announced the release of an additional $10 million for building and improving our schools.

Last year, when the Department of Education faced a $1.5 million shortfall in its budget to cover electricity costs, Governor Cayetano asked the State Legislature for an emergency appropriation. Without it, our schools would have had no choice but to use program funds to cover electricity costs.

This was unacceptable to the Governor because it would directly hurt instruction in the classroom. Even in these austere times, cutting instructional funds should not be a consideration.

Federal funding has been an important resource to help reforms and initiatives in our schools. Through the efforts of a citizens' task force, Hawaii received $1.4 million for our public schools, the second year of its Goals 2000 grant from the U.S. Department of Education.

Governor Cayetano strongly supported the Schools-to-Work Opportunities (STWO) program, involving five state agencies and private-sector partners, obtained another $1.7 million from the U.S. Department of Education.

STWO is not the same as traditional high school vocational and technical education. Rather, STWO is a K-to-12 career guidance effort that integrates academic learning with work-based learning. STWO encompasses the entire continuum of guidance and learning, from awareness to exploration to work-based learning. It is accomplished through partnerships among the schools, businesses, and the larger community.

In December, 1995, Governor Cayetano signed an executive order to clear the way for a privately funded $18-million project to expand physical education facilities at McKinley High School including the former site of Kapiolani Community College. This is another outstanding example of the State working with the private sector.

For the 1996-97 school year, the Department of Education will directly receive $695.7 million or 21.7 percent of the State's general fund appropriation. Based on data compiled by the National Center for Educational Statistics in 1994-95, Hawaii ranked 33rd among 50 states in expenditures per pupil. This ranking resulted from a 2.2 percent expenditure reduction due to Hawaii's recent budget crisis, coupled with a 3.1% enrollment increase.

Through careful fiscal planning, Governor Cayetano was able to lift a $3.2-million restriction on the Department of Education for 1996-97. This results in zero restrictions to the education budget.

Education continues to be the Cayetano Administration's highest priority.

ISSUE: Department of Education Decentralization

Campaign statement/promise
Support and facilitate the continuing effort to decentralize decision making and restructure the department of education.
POP '94 Citizens Panel

Indicators of whether promise kept

- Percentage of schools implementing S/CBM.
- Percentage decrease in number of central staff.
- Percentage of schools that filed letter of intent.

Governor's statement on results/action taken

Governor Cayetano has affirmed his faith and commitment to the School/Community-Based Management process, as the Department of Education continues its efforts to decentralize decision-making. Two hundred out of 243 schools have filed letters of intent to implement S/CBM and 125 have done so. In the last year, another 30 schools have implemented S/CBM and another four schools have filed letters of intent.

Through careful fiscal planning and restructuring, the central staff of the Department of Education shrank by over 36 percent to better align and support site-based, shared decision making. The change is not just flattening the system or repositioning people from here to there. It assures that support services and resources are provided to and controlled by the schools, so valuable services do not fall through the cracks. This approach will maximize resources to better serve students and schools, while maintaining equity for all.

ISSUE: Department of Education Restructuring

Campaign statement/promise

Support and facilitate the continuing effort to decentralize decision making and restructure DOE.

POP '94 Citizens Panel

Indicators of whether promise kept

- Process established?
- Has a plan been devised?
- What degree of implementation?

Governor's statement on results/action taken

A new process for the decentralization and restructuring of the Department of Education's state and district offices began with Act 272, SLH 1994. The Omnibus Education Bill required the equitable reallocation of personnel, positions, and operating funds from state and district offices to schools and learning support centers.

The superintendent's deployment committee was charged with restructuring state and district offices. A restructuring concept plan was finished in August, 1995, and a tentative implementation plan developed by December, 1995. A new organizational plan was finalized in May, 1996, and took effect in July, 1996. The DOE is currently operating under the new organizational structure which is 100 percent implemented.

Under the new organizational structure, 404 positions were removed from state and district offices, representing a 36 percent reduction in staff.

ISSUE: New School Facilities

Campaign statement/promise
"I pledge I will build schools on time as needed, that schools and school facilities will be given the highest priority."
The Cayetano Plan

Indicators of whether promise kept
- Number of new schools built.
- Number of new schools proposed.
- Percentage decrease in classroom shortage.
- Number of classrooms built.

Governor's statement on results/action taken

In the last year, two new schools have been built. These are Kihei II (Kamalii) Elementary and Ewa II (Holomua) Elementary. Our plan is to is build ten more schools by the year 2000.

Kamalii Elementary in Kihei, Maui, was built in cooperation with the developer, Dowling Company, through the Maui School Development Partnership. It is Hawaii's second developer-built school. The partnership resulted in a school completed in six months less time, and at a significantly lower cost. Millions of dollars were saved over the traditional building process. Kamalii is designed to accommodate multi-track, year-round scheduling. The Kihei area enjoys open enrollment, allowing parents to chose between Kihei and Kamalii elementary schools.

In September, 1995, Governor Cayetano released $91 million in construction funds for Hawaii's public schools and libraries statewide. These projects will help deal with the shortage of classrooms, especially in some of Hawaii's fastest growing communities, and give our troubled construction industry a needed economic boost. Among the projects for which planning, design or construction funds have been released are:

On Oahu:

* $14.4 million for the Ewa II Elementary School first increment, including administration/library, classroom, cafetorium and other buildings.
* $3.3 million for construction of Kahuku Elementary School's new administration/library building and renovation of present building into three new classrooms.
* $1.3 million for Mililani Intermediate School planning and design funds.
* $1 million for Mokulele Elementary School library expansion and renovation.
* $731,000 for Farrington High School vocational building renovation.
* $225,000 for Nanakuli Elementary new administration/library building.

* $203,000 for design of Kapolei Elementary School's fourth increment, including permanent administration/library building, renovation for classrooms and teachers' preparation rooms.
* $191,000 for an eight-classroom building for Waipahu High School.
* $189,000 for design of an eight-classroom building for Castle High School.
* $129,000 to design the expansion of Aikahi Elementary School's administration/library building.
* $98,000 for a four-classroom addition for Mililani High School.
* $21,000 to construct a new administration building and renovate classrooms for Laie Elementary School.

On the Big Island:

* $20 million for Kealakehe High School to construct the first increment, including administration, library, dining/kitchen, classrooms, locker/shower and other buildings, football and baseball fields and other site work.
* $4.5 million for Waikoloa Elementary School's second increment, including classroom building and cafeteria.
* $2.4 million for five new classrooms for Kealakehe Intermediate School.
* $642,000 for renovation of the existing library and construction of a new six-classroom building at Hilo High School.

On Maui:

* $9.7 million for the second increment of King Kekaulike High School, including 12 general, two science, one business-education, two home-economics, one special-education and one industrial-arts classrooms, a faculty center and computer resources center and land acquisition of 50 acres.
* $3 million for Lahaina Intermediate School's new cafetorium and renovation of temporary dining room into classrooms.
* $365,000 for design of the Baldwin High School gymnasium.
* $151,000 to design a six-classroom building for Maui Waena Intermediate School.
* $150,000 to design a cafetorium for Princess Nahienaena Intermediate School.

On Kauai:

* $23 million for the first increment of Kapaa Intermediate School, including all classroom buildings and support facilities and a new off-site waterline.

Earlier, Governor Cayetano released more funds for schools statewide. This continues his effort to move as quickly as possible to improve the facilities and services the people of Hawaii depend upon, while boosting the troubled construction industry and the whole economy.

Among the major items approved were $2.6 million to construct a new cafetorium for Ewa Beach Elementary School and $2.5 million for renovations at McKinley High School. Windward Community College will get over $1.2 million for equipment and design of campus improvements.

On the Neighbor Islands, over $2.2 million worth of work will be done at Laupahoehoe High and Elementary School. Funds will be spent for King Kekaulike High School. Nearly $1 million will go to acquire land for a new Kapaa Intermediate School on Kauai.

The aggressive building schedule reduced the classroom shortage by 371 in 1994 and another 395 in 1995. With student enrollment growing about 3,500 annually, the net result was an increase of 7.3 percent in classrooms for our students.

ISSUE: Educational System Reform

Campaign statement/promise

"We need to make sure our people can compete. Educational reform is my No. 1 priority."
POP '94 Citizens Panel

Indicators of whether promise kept

- What are the reform proposals?

Governor's statement on results/action taken

The elected Board of Education, not the Governor, directly sets the policies for Hawaii's public schools. The Governor can influence directly influence education only through the budget.

The Governor said during the campaign that education is his number one priority and that the share of State funds committed to the public schools should increase. As noted earlier, combining the Department of Education budget with the proportion of State funds dedicated to lower education costs budgeted in other departments -- such as school bus transportation, school health services and fringe benefits -- brought State funds dedicated to lower education to their highest point, 34.4 percent, in the last 10 years.

While funding for other state agencies was reduced by as much as 17 percent, the DOE school instruction and school support budget -- the largest single State program at $621.3 million a year -- was spared any cuts at all.

Instead, cuts of $22.1 million were made to the DOE's administration budget. But even then, the total DOE budget was cut by only three percent.

The Governor's commitment to reform is demonstrated in previous sections: Department of Education Decentralization and Department of Education Restructuring.

The Governor supported renewed efforts to form a partnership between the Board of Education and the University of Hawaii Board of Regents. In July 1996, five years after signing the 1991 partnership agreement, the BOE and BOR met to discuss "Educational Policy for the 21st Century." Members of both boards once again affirmed the goal and desire to work together to address issues and challenges facing public education today.

The two boards agreed to create the following joint DOE/UH administrative task forces to make recommendations to each board for further consideration and action:

- Task Force on Teacher Preparation
- Task Force on Student Preparation
- Task Force on Educational Technologies for the 21st Century

A number of reforms have been initiated by the Department of Education with the approval of the Board of Education. These include **Success Compact, Comprehensive Assessment and Accountability System, Comprehensive Student Support System, and the Learning Opportunities Academy.**

Recent results indicate that Hawaii students' 1996 American College Testing (ACT) composite scores continue to exceed national averages. Only five states had higher average composite scores. Furthermore, Hawaii's college-bound seniors continued to improve in the Scholastic Assessment Test.

ISSUE: Early Education Development

Campaign statement/promise

"We must innovate in the area of early education. It has been categorically proven that this is a critical time for children in developing the skills and learning in their later years."
The Cayetano Plan

Indicators of whether promise kept

- Availability of preschools to children of all resource levels.
- Number of pre-school programs.
- Number of plans.

Governor's statement on results/action taken

Governor Cayetano has said that nothing we do will be more important than improving the status of Hawaii's children. A quality early childhood education system goes far beyond preparing our children to earn a living. The entire society is uplifted when everyone is better educated.

It has been well documented that children's early experiences from birth through age five have a profound impact on their later lives. The quality of these experiences and

the care children receive will effect their chances for success in school and their ability to become productive, self-sufficient adults.

Today, for economic reasons, access to preschools and other kinds of early childhood education and care is related more to the issues of affordability and quality than availability. Services based in preschools, in other group settings, or in individual homes are growing more accessible to families with young children who have the means to pay for these services.

However, too many children are excluded from receiving quality care and education because of the financial stress on lower-income families. For those who do not face financial barriers, quality remains a concern.

The Cayetano Administration has worked with a broad spectrum of committed persons and professionals to develop a long-term strategy known as the **Good Beginnings** initiative for making quality early childhood education and care (ECEC) services more accessible to Hawaii's families.

Good Beginnings, our strategic plan for early childhood education, recognizes that the vast majority of ECEC services are provided by the private sector in community-based settings and calls for a new public/private partnership better suited to tackling the work that needs to be done. **Good Beginnings** asserts that families, businesses, employers, communities, and government all have a major stake in the quality and availability of services and outlines ways in which all can contribute to this objective.

Implementation of **Good Beginnings** is already underway and basic strategies advanced in the following areas:

Greater involvement and responsibility for planning and implementing early childhood education and care services at the local level.

- Co-sponsoring the 1-2-3 Steps to a Stronger Community project. Funded by the Carnegie Corporation and co-sponsored by the Hawaii Medical Association, 1-2-3 Steps is supporting neighborhood strategies for a system of integrated early childhood services in three targeted pilot communities in Hawaii.
- Funding child-care coordinators in each county who are organizing community councils for each of the islands and building local capacity for planning, governance, and resource development.
- Providing funding for local community development efforts. Child Care and Development Block Grant quality funds are supporting the efforts of the community councils and child-care coordinators to improve local services and design long-term strategies to meet local needs.

Shared responsibility for overall development of programs and services.

- Supported the creation of the Good Beginnings Alliance, a private, non-profit organization, to work closely with communities and state administrators in identifying service needs and shaping corresponding policies and funding priorities
- Mobilizing communities around neighborhood-specific goals and providing technical assistance to community leaders to accomplish them through the Carnegie 1-2-3 Steps to A Stronger Community.
- Restructuring plans for state agencies will facilitate a more collaborative and integrated approach in responding to the needs of families with young children.

Strategic application of funds and resources

- Expanding opportunities for low-income families to enroll their children in preschool programs offering comprehensive education, health, and social services through contracts with appropriate providers in five communities.
- Assisted the City/County of Honolulu in retrofitting public park facilities for the co-location of Head Start preschool programs.
- Providing subsidies to families with special-needs children seeking early childhood education and care services.
- Continuing commitment to providing economically disadvantaged families with access to preschool programs and child care through Preschool Open Doors and Child Care Connection subsidies.
- Enhancing program and service quality through funding training and mentoring opportunities for service providers in preschools and in homes.
- Improving families access to early childhood education and care opportunities by funding information and referral services and consumer education workshops.
- Improving coordination of existing services for economically disadvantaged families through the newly awarded Head Start Collaboration grant.
- Ensuring that infants of teen-age parents have the best possible start in life by supporting pregnant and parenting teen programs in the schools which help them acquire parenting skills while pursuing educational and career goals.
- Began process of streamlining licensing procedures for service providers.

Increased support from business and philanthropy

- An initial commitment of $150,000 for fiscal year 1996/97 has been received from the private sector to begin implementing the **Good Beginnings** initiative which will be used to generate financial support from a variety of funding sources.
- In recognition of Hawaii's leadership role in the development of effective early childhood programs, the Carnegie Corporation is supporting community mobilization efforts around early childhood education and care objectives in three targeted areas on Oahu and the Big Island with additional funds for statewide expansion promised if the first two year phase is successful.

Given competing demands for scarce dollars, the **Good Beginnings** initiative presents a vision for the future. Developing an innovative, effective, well integrated system of services will involve building upon incremental achievements over the next decade.

Yet with the impact of welfare reform soon to come, it is clear that we must pool our efforts to make timely and significant progress in improving availability and access to early childhood education and care for Hawaii's families.

ISSUE: UH Campus at Kapolei

Campaign statement/promise

"We need to begin planning another UH campus at Kapolei as a start to implementing the UH master plan."

POP '94 Citizens Panel

Indicators of whether promise kept

- Site plan.
- Permits.
- Plan for financing.

Governor's statement on results/action taken

In December, 1995, Governor Cayetano and the Trustees of the Estate of James Campbell announced agreement for the State of Hawaii to acquire over 960 acres mauka of the H-1 Freeway at Kapolei for a new campus for the University of Hawaii at West Oahu.

In exchange, the State will return the 59-acre Hawaii Raceway Park to Campbell Estate and commit to relocating 1,000 employees to the Kapolei Civic Center.

Governor Cayetano explained: "This is an innovative approach to improving educational opportunities for the people of Hawaii, encouraging economic activity in Kapolei where most future development on Oahu will take place, and easing traffic on existing highways into downtown Honolulu.

"This land exchange is only the first step towards realizing my vision for West Oahu and people who live there. By building on the slopes of Puu Kapuai, we will create a great campus that can be seen by all. This land deal demonstrates my administration's commitment to higher education and the City of Kapolei.

"It would not be possible to build a new campus on the current 500-acre site located in the flat lands for the simple reason that the State does not have the money," Governor Cayetano said. "This way, we will develop infrastructure on the lower 500 acres and sell it to private developers. The proceeds will be used to build UH-West Oahu."

Paul Cassiday, Campbell Estate trustee, said, "We consider this a win-win exchange for both the people of Hawaii and the Campbell Estate. The belief that we should plan responsibly for the future is something we share with the Governor and his Administration. The new West Oahu campus site is approximately three times the size of the Manoa campus and will be able to accommodate State needs well into the next century."

Under the agreement, the State will:

- Exchange the 59-acre Hawaii Raceway Park with Campbell Estate for 910 acres mauka of the H-1 Freeway overlooking Kapolei. Campbell Estate will use the present raceway site to expand the Kapolei Business Park. The State will support creation of a private auto racing facility at another site after the present lease expires on December 1, 1996.
- Locate offices large enough for 1,000 government jobs at the Kapolei Civic Center. The new offices, to be finished by 1998, will likely be built through a public-private partnership, with a private developer leasing the offices to the State. Groundbreaking is expected in mid-December, 1987. The Estate will give land for the building to the State. When construction starts, the Estate will deed an additional 50 acres of prime land adjacent to the 910-acre site to the State at no extra cost.
- Exchange, based on fair market value, 183 acres previously contributed for the UH-West Oahu campus, with the Estate for another 183 acres located along Farrington Highway.

Under the agreement, Campbell Estate will:

- Provide land for a major North-South road and cooperate with the State in coordinating road and drainage plans for the campus site.
- Provide up to 10 acres of land for a temporary location for the UH-West Oahu campus on other Estate land.

The State Legislature approved the transactions and the Governor signed Act 294, giving the Governor authorization to improve and sell other State lands in Ewa, including the Kapolei site, for UH-West Oahu, for financing the development of the permanent campus.

The Housing Finance Development Corporation approved the issuance of $125 million in revenue bonds for the planning and improve residential infrastructure for 1,300 acres of State lands to be sold for development. On July 24, 1996, the City & County of Honolulu Planning Commission approved the State's recommendations for the final Ewa development plan, which would allow the development of the UH West Oahu campus on the mauka site.

The City Council will be asked to approve the Plan. Work on plans for infrastructure development is scheduled to begin in September 1996.

A team from the University of Hawaii, the Department of Land and Natural Resources and the Attorney General's Office is working with Campbell Estate to document and complete the two land exchanges.

DLNR is evaluating the appraisals for the various parcels involved in the two exchanges. The Attorney General's office is finalizing negotiations over formal exchange documents with the Estate. The Land Board authorized in concept the land exchange for the 941 and 183 acres in August, 1996. DLNR has completed a draft environmental assessment.

ECONOMY

ISSUE: Economic Diversification

Campaign statement/promise

"We need to develop a world-class economy that can compete in global markets for the export of our goods and services while attracting investment capital that maximizes the use of our unique human and natural resources. We need to diversify the economy, strike a better balance among economic, environmental and social objectives, and lay the foundation for a better educated and higher-skilled workforce and population."

The Cayetano Plan

Indicators of whether promise kept

- Percentage increase in industry and businesses not related to tourism and military.
- Has a strategy been developed?
- Has a schedule or procedure been implemented?
- Identify new companies and added tax base.

Governor's statement on results/actions taken

In January, 1996, Governor Cayetano released *Restoring Hawaii 's Economic Momentum 1996*, an agenda for restoring growth in the State's economy. Recognizing the poor economic conditions and the structural changes that have taken place in Hawaii's economy, the report prepared by the Department of Business, Economic Development and Tourism, sets out six priorities:

1. Promoting a positive business environment.
2. Encouraging new investment to reinvigorate the State's economic base.
3. Reaching out through science and technology to new areas of economic growth.
4. Focusing on Asia and the Pacific.
5. Reinforcing Neighbor Island economic growth and development.
6. Investing in education and human resources.

To attain these goals, priority is placed on streamlining government and changing the role of the government to be a facilitator rather than a regulator of business and economic activities. Alliances between the public and private sector are emphasized. In addition, the importance of diversifying the economic base beyond the traditional sectors is highlighted.

While recognizing that tourism is Hawaii's most significant industry and therefore diversification within tourism is essential (for example, business, cultural, sports, and educational tourism), other potentially key sectors are laid out. These include science and high-technology industries and activities, Hawaii-made products including manufactured goods and diversified agriculture products, and Hawaii expertise in certain services.

Diversification within Tourism. Diversification within Hawaii's strong tourism sector would provide both stability and new avenues for long-term growth. We can diversify within tourism both in terms of our geographic markets and functionally.

Geographical Diversification of Tourism

- Efforts are underway to increase the number of direct flights from Asian countries and cities to Honolulu and, especially, the Neighbor Islands. With more non-stop flights, the ease with which travelers from other regions/countries can visit our state improves, enhancing the potential for increased visitors from these areas.
  Examples include the additional flights to Hawaii directly from Osaka, Japan and Vladivostok, Russia, as well as direct flights from Tokyo, Japan to Kona on the Big Island and from the U.S. mainland to Maui.
  Additional direct flights from Los Angeles and other U.S. mainland cities to the Neighbor Islands that have been established will enhance the tourism industry.

- Governor Cayetano announced in July, 1996, the launch of a nationwide initiative by Hawaii to mobilize leaders of government and business across the country to support federal legislation for a visa waiver program for Korean tourists to the U.S. Lieutenant Governor Mazie Hirono held a seminar in that same month urging businesses to support the State's efforts.
  If approved, the program would allow South Korean nationals to come into the U.S. without visas under certain conditions. It is expected to have a significantly positive effect on the number of visitor arrivals from Korea into Hawaii.

- The Governor's Advisory Council on Airline Relations met with executives from United, American, Delta, Hawaiian, and Aloha airlines to discuss the future plans of each company with respect to service to Hawaii to determine how the State can assist them. Meetings with Korean and Continental airlines are scheduled for September 1996. After these meetings, the Council will develop a series of recommendations for further action.

Functional Diversification of Tourism

- Governor Cayetano established the Health Tourism Task Force, which launched several initiatives to promote Hawaii as a place for Asian visitors to receive high-quality health services. The Governor met and made presentations to representatives from the Mayo Clinic (August, 1995) and the M.D. Andersen Cancer Center (June, 1996) to encourage their presence in Hawaii.

- A directory of *Medical and Health Services in Hawaii* is being developed to market Hawaii's medical and medical research capabilities to the Asia market, especially Japan.

- Other health tourism initiatives include: 1. Meetings with resort operators and medical facilities on the Neighbor Islands to encourage development of fitness/wellness packages and promotion of a health-related conference. 2. A meeting in May, 1996, with PREMEDS, a "medical concierge" considering opening an office in Honolulu to service guests from the Asia-Pacific. 3. Research on potential for *onsen* developmen there. 4. Planning for a workshop in late 1996 with medical centers and the visitor industry on promoting health tourism.

- A directory, *Hawaii: Your Learning Destination*, featuring higher education institutions here, is being produced to promote the export of Hawaii's educational services.

- The $350-million Hawaii Convention Center has been designed as a world-class international meeting venue with the latest in technology available. Fiber optics and advanced cabling are linked everywhere to enable telecommunications and audio visual to be used within and transmitted outside the building.
  The design has also incorporated the configuration and technology of a new era learning center with the ability to use up to 450 computers in one room and the incorporation of two theater-type presentation rooms seating 330 and 500.
  The Convention Center will enable Hawaii to attract a broad range of business and professional meetings. As of August 1, 1996, 13 groups have booked the Convention Center, and the first conventioneers could be the American Federation of State, County, and Municipal Employees scheduled to arrive August 17, 1998.

- An analysis of future bookings vs. forecast for the Convention Center is underway. In addition, an analysis of the impact of the Convention Center on demand for additional hotel rooms in Waikiki is currently being worked on. Determination of Waikiki's economic contribution to the State is also underway.

- The Cultural Tourism Program, initiated by the Governor, announced awards of more than $457,000 to promote 26 projects across Hawaii. Projects include development of cultural festivals; theater and concert productions; designating "corridors" of visitor attractions along the south Maui coast and the Big Island's Hamakua Coast; as well as establishing historical walking tours in Kona and Waimea, Kauai. The projects have budgets totaling almost $1.8 million, with a one-to-four ratio of State to private dollars.

- Sports tourism is promoted with some funding provided for the NFL Pro Bowl, Winter League Baseball, PGA golf events, the Honolulu Marathon, Royal Hawaiian Challenge, Japan-Hawaii Golf Cup, Big Man's Camp, and Women's World Volleyball Grand Prix. The economic impact of these events vary. Projects with low impacts are estimated to generate a 1-to-1.15 return (based on State and local tax revenues). The most recent figures for Pro Bowl 1994 alone indicate almost $90 million in additional sales.

- The State co-sponsored the Sixth Pacific Islands Area Seminar entitled "Ocean Resources: Development of Marine Tourism, Fisheries and Coastal Management in the Pacific Islands Area," with the Association for Communication of Transcultural Study of Japan. Fifteen Pacific Island nations, Japan and the State of Hawaii participated.

- The State of Hawaii was one of several local sponsors of the 1995 Hawaii International Film Festival which highlighted films from China. The Hawaii International Film Festival remains one of the most notable film festivals in the world, offering free showings to the Hawaii community, and is best known for its selection of films from Asia and the Pacific. Over 50,000 people attend the festival each year, including international film-makers, distributors, and film critics. In addition, the festival organizers sponsored a Pacific Island conference which was attended by delegates from all across the Pacific.

Diversification into Other Sectors/Industries. In addition to tourism, production and export of Hawaii-made manufactured goods, agricultural products and services are being promoted.

- Hawaii-made products
  - -- The "Made-in-Hawaii" festival showcasing various Hawaii-made products of 120 companies was held on May 17–19, 1996, in Honolulu. The event showcased products from over 120 local companies. It was well-received by participating businesses, with 80 percent of the companies responding that they were very satisfied with the show.

  - -- The State co-sponsored the Arts Hawaii Festival that was held on August 17–18, 1996, at Thomas Square and the Honolulu Academy of Arts with 123 companies and five art and music associations participating.

  - -- The State sponsored a trade show on August 21–22, 1995, for QVC buyers to select 20 products that were featured on a live three-hour telecast from Hawaii on December 16, 1995. The telecast was part of the "Quest for America's Best: QVC's 50-in-50 Tour." More than 360 companies participated and approximately $1-million worth of Hawaii products were sold on the show, making Hawaii's show the most successful of all of the 50 states.

  - -- Negotiations are currently underway for the return of QVC to Hawaii in 1997 as part of QVC's "The Quest for America's Best Tour '97." If successful, 50 products will be selected to be sold on 20 hours of live telecasts from Hawaii.

  - -- The State sponsored a pavilion in Sunset Publishing Corporation's "Tastes of Sunset" trade show held in San Jose, California.

-- Financial support was provided by the State for the fashion symposium "Spring/Summer 1996 Fashion and Fabric Perspective," with expertise provided by a New York–based fashion consultant; the "Ninth Annual Governor's Fashion Awards;" the "Made in Hawaii with Aloha" campaign; start-up capital for a Kauai products store; and membership brochures and posters.
Support was also provided for the "Made with Aloha Festival," featuring made-in-Hawaii foods and products at the Hyatt Regency Hotel; display and sale of Hawaii-made merchandise at the World Wide Uchinanchu Festival 1995 in Okinawa, Japan; the second annual "Art Expo" at the Blaisdell Center which generated sales of artwork and provided new distribution opportunities for participating companies; and the "Recycle Art Expo" in Hilo.

-- The State, through DBEDT and DLNR, supported "Woods Hawaii 1995," the third annual hand-crafted alternate wood products show at the Ala Moana Center.

-- The State published the *Gift and Apparel Manufacturers Directory* which provides information on Hawaii manufacturers that create specialty island products; and a "Made in Hawaii" poster to encourage islanders and visitors to buy local products.

- Hawaii services

-- A *Resort and Infrastructure Consultants Directory*, featuring 54 of Hawaii's professional firms, was released in August 1996 and is being disseminated to Asia-Pacific markets with high potential for the use of such services. The directory describes major services provided by each company and lists past projects with photo. Production costs were mostly paid by the companies featured in the directory.

-- An exchange program is being developed for architects, engineers, and planners with the Asian Productivity Organization in Tokyo to promote local firms, increase goodwill, and develop overseas network opportunities.

-- The Hawaii Film Office exhibited at Location Expo '95, the official trade show of the Association of Film Commissioners International in Los Angeles. Over 5,000 representatives of the Hollywood/Los Angeles production community visited the show. Hawaii's booth won the second place award in design.

Overseas investment attraction

- The Hawaii Investment Promotion Council was formed to establish and strengthen private-public sector cooperation to promote Hawaii as a location for investment and specific business opportunities. The Council is the State's private sector partner.

-- An investment promotion mission to Taiwan, Hong Kong, and Kaoshiung and Guangzhou in Southern China with 56 individuals from 23 Hawaii companies took place in May, 1996. Hawaii business people met potential investors and joint venture partners. So far, over 20 potential investors have come to Hawaii to follow up with Hawaii-based companies and at least 16 investment commitments have been made. In addition, a group of about 30 business people from Guangdong province are planning to visit Hawaii in late October or early November to explore investment opportunities.

-- *Window Magazine*, a Hong Kong–based magazine circulating throughout Asia, ran a cover story on investing in Hawaii following the investment promotion mission.

-- In support of the Council, the Investment Clearinghouse Committee was formed in June, 1996, to develop referrals to service providers who will help with business plans, marketing plans, and other steps to make a business attractive to potential partners.

- In November, 1995, the State of Hawaii successfully petitioned the Immigration and Naturalization Service (INS) to designate Hawaii as a Regional Center with DBEDT as the Regional Center Authority to attract foreign investors to relocate here. Today, Hawaii has the most successful Regional Center in the country. During the first half of 1996, 16 investor petitions were filed with the INS, representing about $9 million in new investment and about 80 jobs. In the same period, only six other petitions were filed in the rest of the United States.

- Work is underway with the Korean Chamber of Commerce of Hawaii and the Center for Korean Studies to present a Korean Investor's Conference scheduled for November 1996.

Science and Technology

- Six new businesses have been added to the Natural Energy Laboratory of Hawaii Authority (NELHA or "Natural Energy Lab") since January 1996. They are engaged primarily in research, but all are aimed at commercialization. The companies use the unique ocean water resources pumped ashore at Keahole Point to produce micro-algae, raise broodstock shrimp, produce giant clams, and breed ornamental reef fish. Three existing businesses have expanded, increasing revenues and employment. In addition, a marketing video was produced to promote the Natural Energy Lab to potential tenants, ocean research institutions, and consultants.

- A brochure of the Maui Research and Technology Park was completed in June, 1996, to attract mainland technology firms by mail and trade-show marketing of the Park.

- The Strategic Technology Market Assessment and Development (STMAD) program was established in DBEDT. STMAD is directed at facilitating increased U.S. technology exports from Hawaii by: 1) conducting comprehensive demand- and supply-side inventories, 2) establishing a benchmark market evaluation database, and, 3) most important, identifying specific projects in the Asia-Pacific markets for development by Hawaii and other U.S. technology suppliers.
  Strong emphasis is placed on targeted trade missions and visiting trade missions to facilitate closing deals between U.S. suppliers and Asia-Pacific customers. STMAD's priority is on helping existing Hawaii technology companies and also attracting U.S. mainland firms to Hawaii.

Community Based Economic Development

- Governor Cayetano has provided continued support to the Hawaii Community-Based Economic Development program. This strategy is especially important to help rural areas formerly dependent on sugar to other job-creating alternatives.

- Under Governor Cayetano's leadership, the State is exploring forestry as part of a rural economic development strategic plan. An interagency executive task force -- comprised of the Department of Land and Natural Resources, Department of Agriculture, Department of Labor and Industrial Relations, Department of Business, Economic Development and Tourism, and Department of Hawaiian Home Lands -- is helping to form a stakeholders' group including representatives from the counties, landowners, environmental groups, community-based organizations, forestry-industry trade associations, and organized labor.

  The Hawaii Forestry Initiative is centered around a community-based planning and collaborative effort to establish diversified sustainable forestry and value-added related industries which are ecologically sound but also build healthy communities and diversify the economy through ecosystem management and natural resource opportunities.

  An Cayetano Administration team participated in site reviews conducted by the United States Forestry Service, USDA, in conjunction with the "President's Plan" for the Northwest Forests. The team visited four rural communities in the Northwest U.S.

  In August, 1996, a team of resource people involved with the President's Plan for the Northwest Forests visited Hawaii and attended community meetings to assist with State of Hawaii rural economic development initiatives in the forestry area.

  In September, 1996, a team of technical and business resource people provided technical and business assistance to the community regarding sustainable forestry.

Strengthening Ties with Asia

- Governor Cayetano has also worked to strengthen ties with Asia-Pacific governments and markets to enhance business and cultural exchange.

  -- The Governor received an official visit from the Philippine president in October, 1995, marking the beginning of more business, educational, and cultural exchanges.

-- Also in October, 1995, the president of the Republic of Korea met with the Governor to enhance the bonds of friendship and forge stronger cultural and business ties between the people of Hawaii and Korea.

-- Governor Cayetano called on Japanese business leaders to join in the economic development and diversification of Hawaii by investing in Waikiki and the long-term development of State-owned property on Honolulu's waterfront.

-- In March, 1996, a seminar on Business Opportunities in the Kansai Region met, a joint project of DBEDT, the Honolulu Japanese Chamber of Commerce, and the Japan-USA Trade Expansion Center.
Eighty individuals representing Hawaii companies and other organizations attended. As a result, several Hawaii companies have taken a special interest in the Kansai area and have expressed interest in participating in future trade promotion activities.

-- In May, 1996, the Governor met with the Chairman of the Korea-U.S. Economic Council in Seoul to encourage more foreign investment into Hawaii. While in Seoul, he also met with the Korean Minister of Foreign Affairs; the Minister of Trade, Industry and Energy; the Chairman of Samsung Group; and the President of Asiana Airlines.

-- Also in May, 1996, Governor Cayetano attended a three-day meeting of the Pacific Basin Economic Council. PBEC's multinational membership includes more than 1,100 corporate members from 19 Asia-Pacific countries. The Governor and Senator Daniel Inouye co-hosted a dinner reception for PBEC attendees.

-- In August, 1996, Governor Cayetano hosted international business representatives who are members of the Asia-Pacific Economic Cooperation, Business Advisory Council. The group met in Hawaii to discuss key issues to be reported to APEC economic leaders in November, 1996, in the Philippines.

ISSUE: International Education Center

Campaign statement/promise
"We can attract a greater number of students and research dollars from around the world in such areas as cross-cultural education, health care, astronomy, marine and agricultural sciences, and volcanic and geological sciences."
The Cayetano Plan

Indicators of promises kept
- Percentage increase in research dollars to universities
- Percentage increase in foreign students at universities

Governor's statement on results/actions taken

- Governor Cayetano attended the Western Governors Conference in November, 1995, which focused on sharing higher education across state lines with the advent of information technology.

- In July, 1996, Governor Cayetano announced Hawaii's commitment to the Western Governors "virtual university," pending funding from the Legislature. The university would promote long-distance learning with faculty from more than 9,000 schools in Arizona, Colorado, Idaho, Montana, Nebraska, New Mexico, North Dakota, Oregon, Utah, Washington, and Wyoming joining those in Hawaii. In this virtual university, teaching and instructional tools include telephones, computers, modems, televisions, e-mail and voice mail.

- DBEDT, with the University of Hawaii, is promoting UH educational programs for travelers at the Korea World Trade Fair 1996 (KOTFA 1996) in Seoul in September, 1996. A similar edu-tourism campaign is scheduled for Tokyo as part of the Hawaii Visitors and Convention Bureau's Hawaii Pavilion at the World Travel Fair in December, and Study USA in Bangkok, Thailand in April, 1997.

- Plans are underway for the first annual Hawaii-Miyagi Educational Forum in May, 1997. The link between UH and Miyagi University will facilitate export opportunities for Hawaii's education industry.

- DBEDT is co-coordinator of the National Conference of Economics Education from the U.S. mainland and other countries in Hawaii in September, 1996.

- In late 1995, the High Technology Development Corporation and the Hawaii Educational Networking Consortium -- an alliance formed by UH, the State Department of Education, and the East-West Center -- agreed to promote the common goals of HTDC and the consortium, and to the extent possible, to integrate the networks of the consortium's affiliated members. The goal is to facilitate the effective use of the Hawaii Telecommunications and Information Resource Center's communications and computing resources to promote economic development and education.

- In December, 1994, a cooperation agreement was signed between the State Department of Agriculture and the Taiwan Agricultural Research Institute for projects such as bio-control, post-harvest treatment, and GIS mapping.

- Using expertise of the University of Hawaii's College of Tropical Agriculture and Human Resources, the State Department of Agriculture, and the Hawaii Agricultural Research Corporation, DBEDT is exploring the development of a cutting-edge research center to serve as the focal point for the development, exchange, and sale of technical and scientific information and services relating to biological control, research, and development.

Hawaii is already conducting research on many commodities including rice, seed corn and flour and has the ability to expand to provide research services not only to Hawaii's agricultural community, but to the entire Asia-Pacific region.

ISSUES: Niche Economies based on Telecommunications Systems

Campaign statement/promise

"We need to encourage investment in knowledge-intensive industries such as information management, software, and multi-media development, as well as communications technology and services. There is a niche for Hawaii in this industry."

The Cayetano Plan

Indicators of whether promise kept

- Percentage increase in telecommunication capacities
- Percentage increase in home computer ownership
- Has PUC deregulated telecommunications?

Governor's statement on results/actions taken

- The NASA Advanced Communications Technology Satellite (ACTS) Program was inaugurated to establish a high data rate (311 mbs) space-based link between Hawaii and sites around the continental U.S. to promote industry collaboration in telemedicine, astronomy, high definition television, global climate modeling, and distance learning.

- The Hawaii Telecommunications Infrastructure Modernization and Expansion (HI-TIME) Project was instituted to develop a strategic plan and mechanism for enhancing the capabilities and competitiveness of Hawaii's telecommunications resources.

- In July, 1996, Governor Cayetano attended a telecommunications symposium to see first-hand the AT&T technologies showcased during the Olympic Games. At an open forum, the Governor was also able to meet with top level leaders in business and government.

- Act 225 was signed in 1995 and set the framework to increase competition in telecommunications. Public Utilities Commission rules to implement the law were approved in 1996.

  Because of these changes, Hawaii is in a good position to deal with the Federal Telecommunications Act of 1996. Many new potential carriers are entering the market both as providers and resellers.

  Most importantly, four companies are or have announced their intent to provide local telephone service in direct competition with the present monopoly carrier. Investments in new infrastructure are increasing rapidly and Hawaii is getting a second fiber-optic link joining the islands.

- Telecommunications applications for cellular antenna sites and fiber optic cables for several sites were approved in 1996. Locations include Koko Head, Waimanalo Ridge, Hawaii Loa College, Mauna Kapu, Kalihi Uka, Mt. Kaala, and Tantalus. Pending cellular sites include two in Kaneohe and one in Diamond Head. Two approved fiber optic cables will be placed at Saddle Road on the Big Island and Haleakala on Maui. A third fiber optic cable application is pending that includes sites statewide.

- A NASA regional data center was established by the State High Technology Development Corporation (HTDC) at the Maui Research and Technology Center with interconnections to the global Internet network and the University of Hawaii's PEACESAT network.

- The High Technology Development Corporation (HTDC) established the Hawaii Telecommunications and Information Resource Center at the Maui Research and Technology Center to serve as a hub for private industry, researchers, educational institutions, and government to interact with Hawaii's computing, telecommunications, training, and educational curriculum resources.

- A key-test quality-assurance lab for one of the world's fastest-growing high-tech firms has been established in Laupahoehoe on the Big Island. The company, which also has offices in the Mililani High Tech Park, has operations in over 100 countries and is expected to generate more than $500 million in sales this year.

ISSUE: World-Class Health-Care Center

Campaign statement/promise

"The demand for health care in the Pacific Rim is huge. We already have fine hospitals and highly regarded medical and public health colleges at the UH. We need to invest more resources in these institutions. And we must develop a strategy to maximize Hawaii's chances of success in this booming market."

The Cayetano Plan

Indicators of whether promise kept

- Percentage increase in health-related industries
- Has a strategy been developed?

Governor's statement on results/actions taken

- Governor Cayetano established the Health Tourism Task Force, which launched several initiatives at promoting Hawaii as a place for Asian visitors to receive high-quality health services.

- The Governor met and made presentations made to representatives from the Mayo Clinic (Aug. 1995) and the M.D. Andersen Cancer Center (June 1996) to encourage their possible presence in Hawaii.

- Work is also underway with the M.D. Andersen Cancer Center to explore opportunities for joint ventures in telemedicine to serve Hawaii and the Asia-Pacific region.

ISSUE: Small Business Support

Campaign statement/promise

"Small business is the lifeblood of our economy. Government should do all it can to help small business in every possible way rather than hinder it. This means cutting government red tape and achieving meaningful reforms which will reduce the high costs of workers' compensation and health insurance."

The Cayetano Plan

Indicators of whether promise kept

- What programs have been initiated to help small business and reduce red tape?

Governor's statement on results/actions taken

- The Business Resource Center was established by consolidating existing resources and personnel within DBEDT. The BRC provides general economic, social, and demographic information and statistical data about potential markets in the U.S. and the Asia-Pacific region, as well as information about Hawaii.
  The BRC is developing an Internet website so the resources of the department will be conveniently available to the local and global communities. The BRC complements the Business Action Center, the one-stop center for licenses and approvals required in conducting business in Hawaii.

- Governor Cayetano has begun an on-going initiative to review State regulations that may adversely affect the costs of doing business in Hawaii.

- Alliances have begun between State agencies and other government and private sector organizations to promote small business. For example, an informal alliance between the Natural Energy Lab and the UH-Hilo Small Business Development Center will provide on-site workshops and counseling to the Natural Energy Lab tenants and the community.

- An incubator area has been established in the Natural Energy Lab for small business start-ups. Variable lease space and on-site support assists businesses just starting out to reduce their risks. In addition, the Natural Energy Lab provides operational, administrative, fiscal, and marketing support to its 22 tenants at the ocean science and technology park.

- DBEDT's Business Advocate now works more closely with regulating agencies to ensure the proposed administrative rules do not unduly burden small businesses.

- A *Response to the Legislative Recommendations from the Hawaii Congress on Small Business* was completed in March, 1996. The Cayetano Administration was supportive of the report but some found recommendations to be beyond the State's immediate control.

- The State contracted with Kapiolani Community College to conduct Entrepreneurship Classes for persons interested in starting small businesses associated with long-term care. A curriculum has been developed and classes will be conducted at community colleges on all islands.

- Transportation issues continue to be a major bottleneck for small businesses. As such, several State agencies and the private sector have established an advisory committee charged with looking at ways Hawaii can improve its competitive position through its air and group transportation systems. The group was formed in response to a 1995 report entitled, *Enhancing Air Carrier Yields; Air Cargo Development in the State of Hawaii*.

ISSUE: Workers' Compensation and Health Insurance Program Reforms

Campaign statement/promise

"Meaningful reform in workers' compensation will be achieved only if all the parties—unions, business, insurers, medical providers, and the State—concede they are all part of the problem and agree to work together to forge a solution."

The Cayetano Plan

Indicators of whether promise kept

- Percentage decrease in workers' compensation premiums
- Reduction in unresolved claims
- Percentage decrease in workers' compensation settlements

Governor's statement on results/actions taken

- Governor Cayetano, with the help of the Legislature, has reduced workers' compensation premiums by 27 percent, a $100-million savings for Hawaii's businesses.

- Governor Cayetano strongly backed and signed into law Act 261 which creates the Hawaii Employers Mutual Insurance Company. HEMIC, a non-profit insurance company owned and operated by business members, will replace the present assigned risk pool as a means to lower costs, provide adequate benefits, establish a safe workplace, and help injured workers return to work quickly. In August, 1996, Governor Cayetano appointed HEMIC's Board of Directors.

- Governor Cayetano supported and signed into law legislation to establish a workers' compensation facilitator unit within the Department of Labor and Industrial Relations to cut red tape and reduce bureaucracy.

- Reforms to the workers' compensation system saved Hawaii employers $17 million last year and resulted in 5,000 fewer claims. The decline in workers' comp costs represents a 5 percent drop, the first since 1989 and only the second drop in the past 20 years. In addition, assigned risk pool rates in 1995 declined by 22 percent.

- Reforms also brought more companies back into the market. Four new companies and two previously licensed ones re-entered the workers' compensation insurance market.

- Workers compensation spending for injured and ill State employees fell $4.1 million from FY95 to FY96, allowing the Department of Human Resource Development to return $4.8 million to the general fund. The savings were the result of DHRD's aggressive return-to-work program, cost containment, increased departmental accountability for temporary disability payments and reductions in the medical schedule fee.

ISSUE: New Industry

Campaign statement/promise

"I want to put in programs...Operation Bootstrap Hawaii, where we provide tax incentives and we do things like that to bring in new industry. Encouraging economic development would include...reducing red tape to make the business environment more appealing to business."

Indicators of whether promise kept

- Percentage increase of new industries not related to tourism or the military
- What prospects have been identified?
- Percentage increase in new service and non-service jobs created
- Status of Operation Bootstrap and other programs to promote new industry

Governor's statement on results/actions taken

- Enterprise Zone Development and Expansion

  -- The Cayetano Administration successfully supported State legislation to expand the types of firms eligible for enterprise zone incentives. These enterprises now include telecommunications, information technology, medical research and telemedicine, business and environmental training, and all agriculture producers in Kauai County. Low-income hiring requirements were eliminated and overall hiring requirements increased.

  -- Governor Cayetano approved the first Kauai Economic Zone in June, 1996, and the fifth Big Island Economic Zone in August, 1996. Applications have been received from the City and County of Honolulu and Maui.

-- Efforts to identify all potentially eligible businesses in each zone and hold orientation workshops continue. Plans to attract "new" businesses to each zone are being developed in conjunction with the counties and private sector trade and business associations.

- Foreign Trade Zone Program
  -- Open-house tours and workshops were held by the Foreign Trade Zone No. 9 in June. 1996 to provide businesses a first-hand look at how they may benefit from the zone, including reducing or waiving of customs duties, special storage and rental rates, and reduced uncertainties involving importing.

- Energy Industries

  -- Governor Cayetano released the first $2 million of a $4 million appropriation for a biomass gasification facility being tested on Maui. Biomass gasification produces electricity at half the cost of direct combustion techniques and could lead to the sale of technology in developing Asian countries. The State's funds will be matched with an additional investment of $9 million from federal and private partners.

- Manufacturing

  -- The Hawaii Strategic Development Corporation made a $500,000 equity investment, matched by private sector funding, in a new company that manufactures medical devices. Located in the Hilo Foreign Trade Zone, the company will eventually employ 150 workers to assemble medical waste disposal devices utilizing new technology for export to the U.S. mainland and foreign markets.

  -- An evaluation of the value of FTZ procedures for a wood manufacturing plant on the Island of Hawaii was completed in February, 1996, and sent to interested parties.

- Ocean Research and Resources

  -- The Natural Energy Laboratory of Hawaii Authority (NELHA) has a new marketing plan to bring new tenants to the facility. Business that can use cold deep sea water, warm surface sea water, or high-solar insulation available on site are being targeted.

  -- The State received a $300,000 commitment to an aquaculture project at the Natural Energy Lab from a firm managing foreign government funds. The Hawaii Strategic Development Corporation is also an investor.

  -- Design of two 55-inch diameter pipelines at the Natural Energy Lab that extend to the shoreline to deliver sea water for tenant expansion in the HOST Park was completed in February, 1996. In April, 1996, the Natural Energy Lab created the world's first closed-cycle OTEC plant using roll-bonded aluminum heat exchangers, a technology to improve efficiency of ocean thermal energy conversion.

- -- The relocation of the West Hawaii Sea Grant Extension Service (SGES) to the Natural Energy Lab was completed in July, 1996. Collaborative efforts between SGES and the Natural Energy Lab will assist NELHA's efforts to publicize itself as an ideal location for ocean research, development, and commercial activities. It also contributes to the education and training of people in West Hawaii.

- -- To get the word out further about NELHA, an Internet home page to provide general information as well as specific detail about how to start a project there was put on-line in December, 1995. In addition, educational and science tours of NELHA were conducted in FY95/96 for approximately 6,000 adults and children.

- -- The Hawaii and Pacific Island Seafood Marketing Alliance was initiated. Formal agreements with as many as eleven countries are being developed. The Alliance will be featured at exhibits such as the Sea Fare International 1996 and a future seminar.

- -- A five-year update of the Hawaii ocean industry portfolio model was completed. The model describes the status of annual revenues, annual revenue growth and employment for ocean R&D, seafood marketing, ocean recreation, maritime, commercial fishing, and aquaculture.

- -- A cooperative agreement was reached between the State of Hawaii and the China Ocean Minerals Research and Development Association for joint projects for the development of ocean manganese crust deposits.

- -- Following the State's participation in the Oceanology 1996 workshop, a United Kingdom visiting trade mission to Hawaii is being organized to showcase Hawaii's ocean R&D businesses.

- Science and Technology Industries

  - -- The State of Hawaii sponsored the Japan-U.S. Science, Technology, and Space Applications Program (JUSSTSAP) to establish bilateral ventures in telecommunications, remote sensing, disaster management, microgravity research, and other industries that can directly benefit Hawaii.

  - -- Eleven technology companies located in the Maui Research and Technology Center, managed by the High Technology Development Corporation, generated an estimated $1.65 million in gross revenues and employed 31 persons in 1995. Two of the 11 companies relocated from the U.S. mainland in that year.

  - -- This year, the Pacific Disaster Center became a tenant at the MRTC. PDC is a joint federal-state government project to develop a facility to manage both military and civilian disasters. PDC will provide centralized information on natural and human-made disasters.

-- In 1995, the Manoa Innovation Center (MIC) had 25 occupants with revenues of more than $4.2 million and 14 full- and part-time workers. A new wing of office space can accommodate up to 12 new technology companies.

-- In central Oahu, the High Technology Development Corporation, with Castle & Cooke Properties, created a technology incubation program at the Mililani Technology Park.

-- The State is seeking to improve the process for importing microorganisms for research or marketing of microbial products. Statutory changes have been completed and revisions to administrative rules are in progress to allow researchers to import microorganisms on a case-by-case basis.

- Improvements in the Business Environment

-- Governor Cayetano signed the Uniform Limited Liability Company law (Act 92) passed by the 1996 Legislature. It allows the formation of a limited liability corporation which permits corporate indemnification but payment of individual taxes. A similar law (Act 93) allows for limited liability partnerships, which protects individuals in these partnerships with corporate indemnity as well.

-- A series of discussion papers was launched in June, 1996, to provide objective analyses of issues and challenges facing the Hawaii economy. Initial reports dealt with regulation of the motor carrier industry (June, 1996) and unemployment insurance system (August, 1996).

-- Governor Cayetano signed Act 155 to authorize Hawaii-chartered state banks to establish interstate branches effective June 1, 1997.

ISSUE: Tourism and HVCB

Campaign statement/promise
"DBEDT has been micro-managing HVCB. That's not good for tourism, that's not good for the HVCB, and that's not good for the people of this state. We will ask questions. What did you do with the money and what were the results?"

Indicators of whether promise kept
- Percentage increase of private sector funding of HVCB
- Percentage increase in discretionary expenditures by HVCB
- Percentage increase in visitor days

Governor's statement on results/actions taken

- Visitor arrivals have increased from January through June, 1996, by 6.3 percent over the same period a year earlier. Hotel occupancy rates have risen to 77.1 percent, almost one percentage point higher than in the previous year.

- Assessment of the options regarding the long-term financing of general tourism promotion and other related issues are underway along with an examination of the State-HVCB relationship to ensure the most efficient and effective use of public funds.

- In April, 1996, the Governor Cayetano met with U.S. Transportation Secretary Frederico Peña to argue for approval of Japan Air Lines' direct flights from Tokyo to Kona and seven-day-a-week flights between Sendai and Honolulu. In that same month, he urged the U.S. Senate Committee to given JAL interim authority while the U.S. and Japan work out a broader air service agreement.

- Crime and safety continue to be important issues affecting tourism. The Department of Public Safety and the Attorney General's Office have been working with Waikiki Improvement Now (WIN) and the Honolulu Police Department to promote public awareness of crime and safety issues in Waikiki and the need to obtain funding for increased correctional facilities and prevention/deterrence programs.

ISSUE: Agricultural Diversification and Research and Development

Campaign statement/promise

"I want to promote diversified agriculture community-based types of programs and support them through financing and funding."

Indicators of whether promise kept

- Percentage increase in new agricultural products and technologies
- Strategy of diversification
- What programs have been established?
- Number of new crops or percent of crop expansion

Governor's statement on results/actions taken

The Governor's overall vision is:

-- To market Hawaii as the agricultural center of the Pacific for production, marketing, and technology transfer.

-- To establish Hawaii as the "Holland of the Pacific" for potted plants and cut flowers.

-- To establish a new production atmosphere for agriculture in Hawaii to be competitive in the world market in the 21st century.

-- To establish agriculture, farming, and related business activities as a growth opportunity for entrepreneurs in Hawaii.

-- To include agriculture as a solution to diversifying Hawaii's economic base.

- The Cayetano Administration awarded a lease to Hawaii Beef Packers Inc. to operate the Hamakua slaughterhouse and livestock processing facility in November, 1995. This will help to reduce transportation costs for Big Island ranchers.

- Start-up of a Micro Loan Program was announced in November, 1995, to provide agricultural loans of up to $10,000 for displaced sugar workers and others in agricultural enterprises.

- Rule changes to support growth of Hawaii's aquatic-life resources and allow saltwater seafood and other ocean species to be sold commercially were approved in July 1996,

- To provide water development for diversified agriculture, the State of Hawaii is repairing Hamakua ditch and installing water lines from the ditch to five Hilo-Hamakua growing areas. With aggressive use of available lands and irrigation, half of the $60 million of fresh vegetables currently imported each year could be replaced by Hawaii-grown produce.

- The State assisted in the development of agricultural cooperatives in Waialua (Waialua Farmer's Coop) and Hamakua (Hamakua/North Hilo Agricultural Coop) through the State Community-Based Economic Development program.

- The Cayetano Administration worked to ease Japan's plant quarantine restrictions which largely discouraged the export of rooted potted plants to Japan from Hawaii.
  With approval of a certification program in December, 1995, Hawaii became the first state to enter Japan's market for interior foliage plants. This provides Hawaii growers an opportunity to double the size of the existing interior potted foliage industry from $12 to $24 million by the year 2000. Three shipments have been made -- dracaena and bamboo in December, 1995, and two shipments of miniature plants on lava rocks in February and, June 1996, with a fourth of rooted palm plants is scheduled for September 1996.

- With this certification program, the State and the Western United States Agricultural Trade Association organized a trade mission to develop of a new market for tropical foliage plants in Japan. A study on supplying the Japan market completed in April 1995.
  Following this, a Hawaii delegation including representatives of the Hawaii Department of Agriculture and Hawaii's foliage industry participated in a trade mission to Japan. A visiting trade mission to Hawaii was received in October, 1995, from Japan's foliage industry. The next step is to expand the export foliage including cut flowers and small potted flowers.

- To reclaim Hawaii's market share of the papaya market, the State Department of Agriculture is working with the industry to increase production by 5 to 10 million pounds by the year 2000, and 15 to 20 million pounds by the year 2010. Also to revitalize the battle against the Papaya Ringspot Virus (PRV), the State is working with industry growers to plan removal of infested trees and the start-up of plantings in disease-free areas. Work is underway in the development of genetically engineered genes for resistance to the PRV.

- The State has continued to address the problem of the banana bunchy top virus by supporting an eradication program for the destruction of all diseased banana plants in Kailua-Kona and Holualoa on the Big Island. House-to-house surveys continue, and research is underway to develop a genetically engineered resistant variety of bananas.

- Irradiation could help Hawaii to experience millions of dollars in the export of these exotic tropical fruits and potentially additional produce in the future. Under a trial project, test shipments of papaya, banana, mango, lychee, rambutan, atemoya, carambola, and avocado have been successfully treated by irradiation and marketed in the U.S. Midwest. The first shipment was made in April, 1995.
  As of August, 1996, eight test shipments had been made, resulting in a proposed rule change to allow papaya, lychee, and star fruit to be treated in Hawaii as well as on the U.S. mainland with irradiation for quarantine de-infestation.

- To support the agriculture industry, the State spent $4.3 million in FY 95 and $1.7 million in FY 96 on agricultural research. Projects include: Low Input Sustainable Agriculture; Firetree Research and Control; Melastome Plant Pests; Anthurium Blight Resistant Cultivars; Pineapple Pest Problems; Biomass-Eucalyptus Plantation for Energy Production; Exotic Tropical Fruits; Animal Waste Management; Livestock Education/Nutrient Management; Yellow Sugarcane Aphid Control; Cut Flowers Nematode Control; Dendrobium Varietal Development; Protea Varietal Study; Benalate Research; Nitrate Research; Pesticide Education Program; Pesticide Testing and Registration; Fruit Fly Post-Harvest and Treatment; Clean Ginger Seed; Biological Control of Phytophthora Blight of Pepper; and Post-Harvest Treatments for Floricultural Crops in Taiwan and Hawaii.

- The State Department of Agriculture is also looking at expanding its ornamental fish industry which is fast-growing and highly lucrative. A committee of ornamental fish breeders and selected agencies was formed to look into the opportunities. In addition, the State is assisting to facilitate the safe introduction and breeding of exotic ornamental fishes.

- The State will be operating its first agricultural park on the island of Kauai. A $2.6 million economic development administration grant was awarded by the U.S. Department of Commerce to help Kauai County recover from the destruction caused by Hurricane Iniki. The agricultural park contains 19 agricultural lots totaling 164 acres. Uses include a nursery, vegetable crops, and possibly aquaculture operations.

- In May 1996, the Board of Land and Natural Resources authorized the cancellation and transfer of a lease from the county to the State to operate the Molokai Agricultural Park. The park, currently made up of 19 lots, is 40 percent developed with a majority of production in vegetable crops and seed corn. The State continues to aggressively pursue further development of the park.

GOVERNMENT

ISSUE: Privatization of Government Services

Campaign statement/promise

"Rather than speculate about possible functions to privatize, there should be a comprehensive evaluation to identify possible services that could warrant being considered for privatization."
POP '94

Indicators of whether promise kept

- Has a group or task force been specifically identified?
- Has its role and mission been defined?
- What is the specific reporting time table?
- Number of services identified for privatization.
- Number of functions privatized.
- What recommendations have been proffered?
- What processes have been accepted for implementation?
- What are the time tables for completion?

Governor's statement on results/action taken

Governor Cayetano initiated a survey of the other 49 states' privatization efforts to identify potential services, functions, and approaches to privatization that may be adapted to Hawaii. To date, we have engaged in the following privatization initiatives.

- Governor Cayetano moved 300 inmates to Texas in late December, 1995, to alleviate severely overcrowded conditions in Hawaii's prisons.
  "The three-year arrangement with the correctional facilities in Texas is beneficial both to the State and Hawaii's inmate population," the Governor said. "The State will save money while it proceeds to complete construction of 346 new bed spaces in existing correctional facilities.
  "Hawaii inmates will remain in Texas under a three-year contract costing $4.5 to 5 million per year, or about $15,330 per inmate annually compared to $30,000 to house an inmate in Hawaii.

- In August, 1995, Governor Cayetano announced that the printing of the Hawaii Residential Landlord/Tenant Code Handbook will be turned over to the private sector, as part of the administration's overall effort to streamline government operations.
  "This effort will save the State at least $20,000 in printing costs alone. Additional money will be saved because the state will not have to commit time and resources to the production, storage and distribution of the handbooks," the Governor said.

- The Tax Department has privatized collection of delinquent taxes in more than 9,000 cases in which people owe up to $5,000 in back income taxes totaling approximately $5.2 million in outstanding income tax liabilities. Use of outside collection services will allow Tax Department personnel to concentrate on larger and more difficult accounts.

- The community of Hana on Maui is turning Hana Medical Center into a non-profit health care organization to promote community based health care services.

- The Department of Land and Natural Resources has entered into curator agreements with two private organizations to assist the Division of State Parks at 'Iao Valley State Park and Hale Kii Pihana Heiau, Maui. The non-profit organizations, Kumu 'Ao and Na Kanaka Maoli O Hawai'i Nei, will help with ground maintenance including removal of alien plants, replanting native flora, and promoting visitor awareness about the unique natural resource features of the parks.

- A recently executed lease with Friends of Iolani Palace is designed to progressively wean the organization from State operating-fund support over a three-year period. In addition, a public/private partnership resulted in the landscaping of the entry driveway at Iolani Palace State Monument.

- The Department of Land and Natural Resources utilizes contractors in a variety of maintenance services including refuse removal, janitorial services, waste oil removal and wastewater treatment plant servicing. The Legislature approved private development of State marina facilities at Kawaihae, Hawaii, and Manele, Lanai.

- DLNR entered into a 20-year privatization contract with the Peregrine Fund, a world-class non-profit organization, to operate the State's Olinda Forest Bird Facility. The newly named Maui Bird Conservation Center had the most successful breeding year at the Olinda facility.

- The Department of Health has developed procedures to give contractors, at their own cost, the option of retaining qualified consultants to review clean water permit requirements from a list prepared by the department. "This new process will allow private consultants to complete the review process for contractors," Governor Cayetano explained, "freeing up Health Department staff to deal with other applications. The Health Department will still have the final say on whether a clean water permit is issued."

- The Poison Control Center and ASK2000 have been shifted to the private sector. Ongoing privatization activities in health care include the development of the Rural Oahu Family Planning Center in partnership with the Waianae Coast Comprehensive Health Center; moving clients from the Waimano Home into community residential facilities; and expansion of the Women, Infants, and Children (WIC) program using private providers such as Kapiolani Medical Center and Queens Medical Center.

- In June, 1996, Governor Cayetano endorsed the creation of the Good Beginnings Alliance to assume the private sector leadership role in sharing responsibility for the development of the early childhood education and care system. The Governor said, "Families, businesses, employers, communities and government all have a major stake in the quality and availability of services and the Good Beginnings initiative outlines ways in which government can a facilitate in reaching common objectives."

ISSUE: Government Efficiency and Productivity

Campaign statement/promise
"We could restructure government to realize efficiencies and economies and reduce or curtail programs which are less needed or outlived their usefulness. The agenda for restructuring government is a long one, and our approach should be systematic. I am establishing a task force on government restructuring to review the roles and responsibilities of the principal departments and to determine the appropriate placement and reassignment of functions."
State of the State Address

Indicators of whether promise kept
- What criteria have been established to determine agency efficiency?
- What review process was used to determine if current measures of effectiveness remain valid for agencies?
- Which agencies were eliminated and by whom? (Governor or Legislature)
- What criteria was used to determine increases in efficiency?
- What sources summarize changes made in agency efficiency?

Governor's statement on results/action taken

Efficiency may be defined as "doing more with less" or "providing more without increasing current resources." Governor Cayetano has focused on initiatives and significant results in government productivity, downsizing government, program reductions, and government restructuring.

Promoting Efficiency. Several initiatives to promote government efficiency are underway: restructuring teams have been established; employee performance system is being revamped; and stronger employee suggestion programs have been initiated. These are part of a larger effort to rethink the philosophy of government services, and reduce the economic impact of government on citizens' lives.

-- ***Restructuring Teams Established.*** Restructuring teams are expected to make recommendations to the next Legislature to streamline current operations, improve processes and reorganize departments. Priority is on two areas: 1) Those departments whose "customers" are businesses (Department of Business, Economic Development and Tourism; Department of Commerce and Consumer Affairs; Department of Labor and Industrial Relations; and Department of Agriculture); 2) Administrative departments with an impact on state government's delivery of services (Department of Budget & Finance, Department of Accounting and General Services, and Department of Human Resources Development).
The business restructuring team is reaching out to the community through group meetings, interviews and a Task Force formed by Governor Cayetano to review State regulations that increase the costs of doing business in Hawaii.

-- ***Employee Performance System.*** The Cayetano Administration determined that the employee performance appraisal system was not effective for measuring efficiency and productivity. As a result, a new process was created and put in place in March, 1996. The new system ensures that in adapting to internal structural changes, each State employee is made aware of what performance is

expected in his or her job, what resources are available, and how best to carry out their department's mission.

-- ***Employee Suggestion Program.*** In September, 1996, Governor Cayetano announced the formation of A Commitment to Excellence (ACE) Innovations Program and his selections to the ACE Committee.
"The ACE Innovations Program is this administration's 'efficiency suggestion box'," said Governor Cayetano. "Its objective is to encourage State employee input as we work to become more efficient and cost effective. State employees are one of the best resources for efficiency saving ideas. They understand the system and perform the daily paperwork."
Employees with cost-savings ideas now receive a monetary reward. The ACE Committee members are business executives from the private sector, volunteering their expertise to shape a more cost-effective government.
"Innovative solutions to help State government do more with less and cut red tape are the Committee's focus," said the Governor.
To date, over 200 suggestions have been submitted, several have been awarded and implemented resulting in the State efficiency improvements. For example, the first submitted saved the State approximately $100,000 annually.

-- ***Community-based Governance.*** In the next decade, governance will continue to shift from a strong centralized State government to our communities playing a more prominent role. The Cayetano Administration is creating the environment for this change. In the last legislative session, three proposals were made to related to create strong private-public partnerships.

1. In early childhood education, the Administration proposed the concept and creation of a defined State relationship with community councils and a private, non-profit statewide planning and resource development entity known as the Good Beginnings Alliance.

2. In health, the State's community hospitals are taking a new form of management as a public benefit corporation.

3. In economic development, the Administration continues to support and encourage community-based economic development.

-- ***Improving Efficiency by Eliminating Needless Requirements and Using Technology.*** A variety of seemingly small but collectively significant changes were proposed in 1996. The Cayetano Administration is continuing to pursue these and similar measures that can have an important impact on government productivity.

- Streamlining the licensing of early childhood education and care programs
- Maximizing federal matching dollars for early intervention for health-care services.
- Decreasing the time for maintaining selected types of records.
- Eliminating needless filing requirements.
- Eliminating cashier window at the Department of Budget and Finance when the function is performed at any bank.
- Reducing specific performance and processing requirements mandated by statute.

- Allowing alternative methods to achieve objectives, such as using in-house appraisals rather than obtaining certified appraisals.
- Using electronic fund transfers and credit/debit cards as an acceptable collection method.
- Using electronic benefit transfer cards as a preferred service delivery method for general assistance, food stamps, and unemployment benefits.
- Using electronic or optical filing of tax returns, which may lead to more electronic filing.

Efficiency Examples. The Cayetano Administration has significantly reduced bureaucratic bottlenecks in several key areas:

-- ***Clearing a $400 Million Logjam.*** In September, 1995, Governor Cayetano announced that his administration had cleared a bureaucratic logjam that will pump at least $400 million worth of new construction into Hawaii's economy. It developed in the State Department of Health which is required to issue clean water permits to ensure that contractors take steps to prevent water pollution resulting from construction. Some major construction projects that received permit approvals as a result of the Governor's action include: Ford Island Causeway, $70 million; Kahekili Widening Project, $36 million; Nansay Peninsula Wall (Hawaii Kai, Oahu), $13 million; Aiea Stream Bridge (at Moanalua Road), $3.6 million; Kahaluu Flood Lagoon, $3.5 million; Maalaea Triangle Development Project (Maui), $2 million; Pearl City Industrial Park, $350,000.

-- ***Streamlining the Permitting Process at the Department of Health.*** The Health Department also streamlined permitting to prevent another logjam. "The Health Department has developed procedures that will give contractors, at their own cost, the option of retaining qualified consultants from a list prepared by the department," said the Governor. "This new process will allow private consultants to complete the review process, freeing Health Department staff to deal with other applications." Governor Cayetano noted the Health Department still has the final say on whether a clean water permit is issued.

-- ***Streamlining Contractor Inspections.*** The Department of Labor and Industrial Relations now offers specialized streamlined inspections for contractors who have implemented a certified safety and health program. Safe job sites deserve streamlined safety inspections. The compliance inspector looks only at the leading causes of worker fatalities, such as falls, electrical problems or trenches, reducing inspection time by 25 percent. "Focused inspections are a win-win for both workers and employers," said the Governor. "We become partners with contractors when they join the Department of Labor and Industrial Relations safety and health professional certification program."

-- ***Paying Vendors on a Timely Basis.*** The Cayetano Administration has cut interest for late payments on bills to less than $165,000 as compared to over $430,000 last year. The departments were asked to impose stricter time lines to avoid late-payment interest costs. This was done by identifying bureaucratic bottlenecks, prioritizing paperwork and expediting payments through the Department of Accounting and General Services.

-- ***Reorganizing the State Community Health System.*** In August, 1996, appointments were made to the eleven-member board of the Hawaii Health Systems Corporation which is responsible for

making the inefficient and expensive state community health system more competitive and, eventually, profitable.

-- ***Using Technology to Deliver Food Stamps.*** To improve management of the Food Stamp Program, the State is introducing electronic benefits transfer (EBT) cards. The change from the current paper coupon to a "credit card" system will simplify the work of the Department of Human Services, issuing banks, and retail outlets. The cost of administration will be eventually reduced and abuses will be easier to trace.

-- ***Using Technology to Access State Government for Consumer Information.*** The Cayetano Administration launched a pilot project to publish bid notices and request for proposals (RFPs) electronically through Hawaii FYI and the Internet World Wide Web (WWW). Notices from State departments soliciting bids and proposals for goods and services will be posted for computer access locally and around the globe. The State also initiated a new consumer-dial program, accessible 24 hours a day, with pre-recorded messages on more than 70 topics such as how to buy a new or used car, the landlord/tenant code, auto towing, consumer scams.

-- ***Using Underutilized Internal Resources.*** Governor Cayetano announced that the state will use inmate work crews to help clean Sand Island State Park and other priority state park lands. "This cooperative arrangement between the Departments of Land and Natural Resources and Public Safety is another example of my administration's ongoing efforts to do more with less in providing state services to the public," the Governor said. "Our state parks are visited by over 15 million residents and visitors annually for camping, hiking and picnics. Public impact is tremendous and requires constant upkeep. Inmate work crews provide a valuable community service in these fiscal times. And, the community service program is an important part of the inmate's rehabilitation and preparation to return to mainstream society."

-- ***Rethinking the Philosophy of Government Services.*** The Cayetano Administration has changed the management of the General Assistance Program by adjusting the level of benefits according to the appropriated funds. This will ensure that the most vulnerable recipients will continue to receive basic assistance as long as they are eligible. The Department of Human Services obtained approval for our own welfare reform, called Pursuit of New Opportunities (PONO), designed to promote independence through gradual reduction of benefits, and to encourage work and self-sufficiency by allowing recipients to retain more of their earnings.

-- ***Reducing the Impact of Government on Consumers.*** The Cayetano Administration is revising the present 120-day rabies quarantine. Under the proposal, dogs and cats meeting certain pre-shipment and post-arrival requirements may have their quarantine reduced to 30 days. The proposal must undergo public hearings before it becomes law.

-- ***Eliminating Other Processing and Regulatory Bottlenecks to Improve Efficiency.*** Examples:

- filing requirements for charitable organizations which duplicate federal and Better Business Bureau filings.
- State and county publication deposits to the state archives.
- regulation of driver training schools and instructors.

- regulation of house-to-house solicitors.
- regulation of vehicles and drivers for hire.
- requirements that all child support payments to go through the Child Enforcement Agency, even if parents have worked out an alternative payment process.

Being Rewarded for Efficiency. In July, 1996, the State received an award of $1.6 million from the U.S. Department of Agriculture for the accurate delivery of food stamp benefits by the State Department of Human Services. Hawaii had an accuracy rate of 96.22 percent for food stamp program management, the second highest rating in the nation. In four of the past five years, Hawaii has won extra funding for superior performance in managing the food stamp program.

ISSUE: Downsizing Government

Campaign statement/promise
"Today, it takes approximately 41 steps to execute a state government contract! As a start, we will cut these steps in half by eliminating unnecessary procedures."
The Cayetano Plan

Indicators of whether promise kept
- Number of steps reduced in executing state contracts.
- Number of departments or agencies consolidated.

Governor's statement on results/action taken
See: Government Efficiency and Productivity, above

Also, consider the change in the size of State government from when Governor Cayetano took office, as an indicator of government efficiency and productivity, downsizing government, program reductions, and government restructuring.

When the Cayetano Administration took office, the State employed 45,604 FTE (full time equivalency) employees. As of June, 1996, the size of State government 42,632 FTE employees -- 2,972 fewer.

August, 1995. Nine months after taking office, Governor Cayetano announced budget cuts resulting in the abolishment of 1,294 state jobs, elimination of state programs, and implementation of significant reductions in more than 65 programs and activities in the Executive Branch. The abolished positions immediately affected 606 state employees (civil service and exempt) plus another 688 vacant positions.

"Hawaii faces its worst fiscal crisis in its history," said Governor Cayetano. "The highest priority of this Administration is to get its fiscal house in order. Some of the departments have had to cut more from their general funds budget than others. Making the tough decisions have been painful and difficult. But we face a harsh reality: state government is spending beyond its means.

"The philosophy guiding this Administration is that government must help those least able to help themselves. This means that government cannot be all things to all people," said Governor Cayetano.

"Total savings after adjusting for unemployment, social security and health fund benefits, will be over $140 million. These cuts represent 11.3 percent of 11,464 state jobs in the Executive Branch, excluding the Department of Education, Office of Library Services and the University of Hawaii.

"Because UH and the DOE have lump sum budgeting, I cannot specifically authorize job cuts there," said Governor Cayetano. "Schools, libraries and the university make up nearly two-thirds of state jobs.

The Office of the Governor suffered the highest percentage of cuts in jobs (22.6 percent).

"We have taken the lead to eliminate duplication of government functions," said the Governor. "As an example, the functions of the Office of Affirmative Action will be transferred to each department's equal employment opportunity officer while the Hawaii Civil Rights Commission oversees enforcement."

The Department of Budget & Finance experienced the second highest cuts in jobs (19.8 percent) followed by the Department of Commerce and Consumer Affairs (19.1 percent). The Department of Human Services suffered the least in job cuts (6.1 percent).

ISSUE: Board and Commission Review

Campaign statement/promise

"One of the first steps that we can take in redesigning the structure of government is to review the need for all boards and commissions and those agencies which are attached to the core departments and offices of state government.

"We will examine all boards and commissions and recommend the termination of those which are no longer needed. This review should especially apply to professional and occupational licensing boards, some of which should probably sunset to remove the onerous burden of unnecessary regulation."

State of the State Address

Indicators of whether promise kept

- Has a review team been established?
- What are the results of the review?
- To what extent were review findings implemented?
- Number of boards and commissions reduced or eliminated.

Governor's statement on results/action taken

Governor Cayetano asked each of his Cabinet members to review the boards and commissions, task forces, councils, and committees attached to their departments. Review criteria were outlined. Twenty boards and commissions have been eliminated since Governor Cayetano took office:

- Motor Vehicle Industry Licensing Board
- Pawnbrokers
- Podiatry
- Hawaii Education Council
- Hawaii Information Network Corporation
- Hawaii Information Network Corporation Advisory Council
- Clean Hawaii Center Governing Board
- Board of Human Services
- Hawaii Fisheries Coordinating Council
- School District Advisory Councils
- Educational Officers Classification & Compensation Appeals Board
- Governor's Agricultural Coordinating Committee
- Governor's Advisory Council for Children & Youth

- Aloha Health Corporation
- California-Hawaii Health Commission
- Hawaii County Public Health Facility Management Advisory Committee
- Kauai County Public Health Facility Management Advisory Committee
- Maui County Public Health Facility Management Advisory Committee
- Honolulu Public Health Facility Management Advisory Committee
- Advisory Committee on Agricultural Products
- Martin Luther King Jr. Commission

The review continues and the Governor expects to introduce significantly more changes in the upcoming legislative session. For example, the Department of Labor and Industrial Relations is proceeding to reorganize and consolidate five job-training related groups into a Workforce Development Council.

ISSUE: Program Reductions

Campaign statement/promise
"Restructure government to realize efficiencies and economies and reduce or curtail programs which are less needed or outlived their usefulness."
State of the State Address

Indicators of whether promise kept
- Which, if any, programs have been reduced, curtailed or eliminated?
- Has a review team been established?
- What are the results of the review?
- To what extent were review findings implemented?

Governor's statement on results/action taken
The State general fund was reduced by $150 million in the first year and another $100 million in the second year. Program reductions include the following:

- Elimination of boards, commissions, and councils.
- Elimination of programs and services.
- Significant program reductions.

Elimination of boards, commissions, and councils. Twenty boards, commissions, councils, and committees created by statute were eliminated. See discussion on Board and Commission Review.

Elimination of programs and services. The Cayetano Administration eliminated the following programs and services:
- Meat inspection and poultry inspection in the Department of Agriculture and returned this function to the federal government, saving the State $770,000 annually.
- Multi-media resource services in the Department of the Attorney General.
- Management Services in the department of budget and finance.
- Molokai Ferry subsidy.
- Visitor safety/detention center funding.

- Office of Affirmative Action.
- School vision and hearing screening, since services are available through the private sector.,
- Litter control program, since services duplicate City & County programs.
- Project Malama, since services are available in other programs.
- Business Education Partnership program.
- Coastal Areas program.
- Main Street program.
- Marine Patrol and of recreational boating enforcement
- Office of International Relations.
- Office of Space Industries.

Similar progress is being made to eliminate more programs and services. For example, the State began to dismantle two loan programs - the Hawaii Small Fishing Vessel Loan Program and Hawaii Large Fishing Vessel Loan Program, which funded the boat purchase or construction of boats. These programs were devised to stimulate growth in the fishing industry, but have not met expectations.

Significant Program Reduction. About 60 programs were reduced at a savings of nearly $59 million.

ISSUE: Government Restructuring

Campaign statement/promise

"We need to improve the efficiency of government. This can be done by eliminating unnecessary operational procedures and processes; eliminating obsolete and inefficient programs; consolidating existing programs; and utilizing alternative and innovative program approaches."
Government needs to be results-driven and not process-driven. Government should be willing to take risks and be receptive to change."

POP '94 Questions

Indicators of whether promise kept

- What criteria was used to determine appropriate placements and reassignment of functions?
- Results of review?
- What functions have been eliminated?

Governor's statement on results/action taken

Year-One Initiatives. Initiatives in the first year focused on laying the groundwork for changes in the way State government does business so that reorganizations can be made more effectively.

Civil Service Reform. The Cayetano Administration is proposing to reform the antiquated classification system and compensation plans to more current methodologies, and alternatives. Among proposals:

- Granting the Director of Human Resources Development the authority to revise and modernize the classification plan.
- Exempting division chiefs from the civil service system and creating an executive exempt service.
- Shortening the 90-day reduction-in-force time period and eliminating "red-circling" of pay.

- Granting counties autonomy to maintain their own personnel administration systems and to act independently of the State on matters relating to wages, hours, and conditions of employment.

Collective Bargaining Reform. During the process of negotiating several contracts, prospective changes in the collective bargaining arena may facilitate the negotiation process and contain negotiated cost. Some specific proposed legislation includes:

- Clarifying management rights in the scope of negotiations.
- Repealing the limited right to strike and making arbitration mandatory.
- Prohibiting implementation of negotiated cost items retroactively.

Compensation and Benefits Reform. The Cayetano Administration looks to reform our total compensation and benefits package to make it fair and equitable, yet reasonably comparable to other large organizations with diverse employee needs. Specific areas being examined include:

- Authorizing the Director of Human Resources Development to determine appropriate salary ranges and flexibility in hiring rates.
- Reducing the rate of accrual and amount of vacation leave credits and the accrual of sick leave credits for new employees.
- Changing the method of computing accrued vacation credit payment upon termination.
- Stipulating the base pay as the basis for computing retirement benefits and limiting continuation of health benefits for the retired employee only.
- Permitting departments to utilize savings for merit bonuses.

Fiscal Management Practices. Initiatives to address structural changes to our fiscal practices, include:

- Expressly prohibiting the investment of State funds in speculative securities.
- Establishing a specific fund for emergency and budget stabilization purposes.
- Establishing a specific fund to be used upon declaration of a state disaster.

Year-One Results. While the legislative acceptance of most of the proposed changes above was only moderate, several restructuring initiatives were accepted. For the most part, these involved realigning agencies to create a clearer focus. Some specific examples include:

- Transferring the harbor patrol function from the Department of Public Safety to the Department of Transportation.
- Transferring the direct service functions of the Office of Children & Youth to the Department of Human Services and retaining only policy development functions in the Governor's Office.
- Transferring the emergency medical services training to the University system, while retaining the service function within the department of health.
- Consolidating two divisions in the Department of Labor and Industrial Relations (employment services and apprenticeship) and one program (office of employment and training administration) into an integrated and streamlined Workforce Development Division to better coordinate employment and training programs.
- In the Department of Land and Natural Resources, consolidating the Division of Water and Land Development, Office of Conservation and Environmental Affairs, and Division of Land Management into a larger land division to better coordinate all aspects of land management, including water and land development, lease management, permit application review, and planning.

The major outcome of the first year of restructuring involves the Office of the Governor. See next discussion on "State Office Integration and Consolidation."

Year-Two Restructuring Initiatives. Governor Cayetano signed into law S.B. 2552 (Act 297), relating to state departments, which sets the policies to reorganize state government. The administration measure lays the groundwork for two consolidations in the next year, one for state administrative departments and another for departments with business-related functions.

The administrative departments involved include the Department of Budget & Finance, Department of Accounting and General Services, and Department of Human Resources Development (formerly the department of personnel services). The business-related departments include primarily the Department of Business, Economic Development and Tourism, Department of Commerce and Consumer Affairs, Department of Agriculture, and Department of Labor and Industrial Relations.

The purpose of these initiatives are to integrate and streamline related processes and achieve heightened effectiveness in State government operations.

ISSUE: State Office Integration and Consolidation

Campaign statement/promise

"We will start with the Office of the Governor. I have already begun the curtailment of the Governor's Agricultural Coordinating Committee and propose its elimination because its functions should be assumed by the Department of Agriculture."

"Similarly, we do not need a separate Office of International Relations, not because our relationships in a global economy are not important but because its mission can be pursued by the Department of Business, Economic Development and Tourism."

State of the State Address

Indicators of whether promise kept

- What criteria was used to determine appropriate placements and reassignment of functions?
- Results of review?
- What functions have been eliminated or consolidated?

Governor's statement on results/action taken

Since taking office a year and a half ago, Governor Cayetano has reorganized the Governor's Office with a net savings for the state of nearly $9 million -- or about one-quarter of the former $34 million budget -- and a net reduction of 95 state workers from this office alone.

"Personnel in worthwhile programs and activities that provide direct services are being moved to the departments, where they belong," the Governor said. "In this way, the Office of the Governor can concentrate on policy development and special, short-term projects that cut across departments and legitimately belong here.

"We now have only 70 people in this office, fewer than a third of when we arrived," Cayetano said. "Still, there has been no reduction in services or any failure to meet our mandates in law."

In December, 1995, the Office of International Relations was eliminated. By July, 1996, so was the Office of Affirmative Action and two Oahu satellite offices.

In July, 1996, Governor Cayetano signed into law two bills to restructure the Office of the Governor and other state departments. Future restructuring will draw on the experience of downsizing the Governor's Office and other efforts of the past year

Governor Cayetano also signed S.B. 2856 (Act 298) relating to the Office of Children and Youth, abolishing that office and transferring its programs and personnel from the Office of the Governor to the Department of Human Services. He also signed into law S.B. 3232 (Act 299), changing the function of the Office of State Planning, renaming it the Office of Planning, and transferring it from the Office of the Governor to the Department of Business, Economic Development and Tourism.

On June 17, 1996, Cayetano signed H.B. 1148 (Act 166) abolishing the Governor's Agriculture Coordinating Committee and transferring its functions from the Governor's Office to the Board of Agriculture and subsequently to the Hawaii Agribusiness Development Corporation after completion and approval of the agribusiness development plan.

In addition, the Executive Office on Aging (EOA) will be transferred to the Department of Human Services for administrative purposes by Executive Memorandum. The functions and programs at the EOA remain intact to preserve the federal funding under the Older Americans Act. The agency's charge remains to plan and develop policy for the aging population.

The Office of Information and Complaint and Office of Volunteer Services have been folded into the Executive Chambers for greater efficiency.

Some housekeeping details remain for the 1997 Legislature to complete the reorganization. Only the Office of Collective Bargaining remains attached to the Office of the Governor.

ISSUE: Office of Children and Youth, the Executive Office on Aging, and the Office of Youth Services Reviews

Campaign statement/promise

"I also propose that we review the Office of Children and Youth, the Executive Office on Aging, and Office of Youth Services to determine whether their functions can be absorbed by existing departments."

State of the State Address

Indicators of whether promise kept

- What criteria was used to determine appropriate placements and reassignment of functions?
- Results of review?
- What functions have been eliminated?

Governor's statement on results/action taken

See previous discussion under "State Office Integration and Consolidation."

ISSUE: Elimination or Consolidation of State Health Planning and Development Agency, Office of Space Industries

Campaign statement/promise

"A thorough review should also be conducted of the many agencies assigned to the principal departments with a view towards elimination or consolidation. As an example, the State Health Planning and Development Agency has not shown over the years that it has been accomplishing its principal objective

of controlling the costs of health facilities. Therefore, it should be terminated. Likewise, the program of the Office of Space Industries is no longer viable, and it too should be shut down."

State of the State Address

Indicators of whether promise kept

- What criteria was used to determine appropriate placements and reassignment of functions?
- Results of review?
- What functions have been eliminated?

Governor's statement on results/action taken

State Health Planning and Development Agency Although the Cayetano Administration introduced legislation to eliminate SHPDA in the 1996 legislative session, the bill was not heard. A series of public hearings is now being held to get community input regarding the elimination of SHPDA.

Office of Space Industries. The office has been eliminated.

ISSUE: Consolidation of Department of Housing the Hawaii Housing Authority, Housing Finance and Development Corporation, and Hawaii Community Development Authority

Campaign statement/promise

"We will consolidate all separate state housing functions into a Department of Housing whose goals will be based on a singular, coherent housing strategy to produce more affordable rentals and housing for our people."

Cayetano Plan

"With respect to housing, there are now four agencies involved: the Hawaii Housing Authority, Housing Finance and Development Corp., Hawaii Community Development Authority, and Department of Hawaiian Home Lands. I propose that the first three agencies be consolidated into a Department of Housing."

State of the State Address

Indicators of whether promise kept

- What criteria was used to determine appropriate placements and reassignment of functions?
- Results of review?
- What functions have been eliminated or consolidated?

Governor's statement on results/action taken

The Legislature declined to pass the Cayetano Administration bill to accomplish this consolidation. A more detailed proposal will be submitted to the next Legislature. The Governor's Executive Assistant for Housing will spearhead efforts to achieve efficiency and savings by consolidating all of the state's housing functions now in several different departments, including the Hawaii Housing Authority under the Department of Human Services and the Housing Finance and Development Corp. under the Department of Budget & Finance.

ISSUE: Planning Between State and Counties

Campaign statement/promise

"To forge a common vision, we must pull together the state, the counties, the private sector and the communities in a coordinated and integrated planning process that is linked to an overall economic development strategy. I would begin that process immediately upon election by establishing a planning council that would include the Governor and the Mayors of the four counties meeting on a regular basis."

POP '94 Citizens Panel

Indicators of whether promise kept

- Do counties report improved planning?
- How often do county and state officials meet?
- What qualitative changes were made to improve planning processes between state and counties?

Governor's statement on results/action taken

The Executive Planning Council comprised of the Governor and the Mayors of each county has been established as a standing policy forum for discussion and resolution of issues of common concern. The Council meets quarterly and has convened four times since September, 1995. Concerns raised by the Mayors and the Governor include state and county jurisdictions, fiscal relations, streamlining governmental permitting and licensing, and consolidating and reducing duplication in governmental services.

Major outcomes of the Council include the resolution of beach liability concerns of the counties through passage of Act 190, SLH 1996, and expeditious permit processing through agreements to transfer a number of state permit functions to the counties.

At the formation of the council, Maui Mayor Linda Lingle said, "This is an opportunity for everyone to learn from each other and I commend the Governor for this great idea. Since the Governor has no direct experience in county government, this is a chance for him to become more knowledgeable about county government. I look forward to this meeting and the exchange of ideas."

Honolulu Mayor Jeremy Harris said, "I look forward to meeting with Governor Cayetano, his staff and the other Mayors to address issues of statewide concern. We all agree that the state and the four counties need to work more closely together, so this will be a good opportunity for us to share some ideas and find some common solutions to our problems."

Kauai Mayor Maryanne Kusaka and Big Island Mayor Stephen Yamashiro believe that getting the chief executives together to improve intergovernmental relations, streamlining governmental operations, and reducing duplicative responsibilities and services is a rare occasion for cooperative public problem solving.

The Council is scheduled to meet again in December, 1996.

ENVIRONMENT

ISSUE: Environmental Programs

Campaign statement/promise
"First, I would increase monitoring of our environmental programs, as well as the number of investigators and attorneys who enforce governmental laws. "
The Cayetano Plan

Indicators of whether promise kept
- Percentage increase in staff to monitor programs.
- Percentage increase in enforcement of violations.

Governor's statement on results/action taken
Monitoring of our environmental programs has increased significantly through the cooperation of the private sector, volunteers, and government agencies. In October, Governor Cayetano commissioned 21 new Conservation and Resources Enforcement Officers, increasing by one-third the 60 -member conservation team of the Department of Land and Natural Resources.

"These officers will be our front line in safeguarding Hawaii's land and ocean for future generations," the Governor said. "I commend and thank them for making the personal choice to spend their careers protecting Hawaii's unique, fragile, and precious natural and cultural resources."

Alien Species. The Coordinating Group on Alien Pest Species (CGAPS) is a consortium of 14 state, federal, and private agencies formed in 1994 to find ways to close the gaps in pest prevention and control systems.

CGAPS has examined Hawaii's current pest prevention and control systems, identified ten of the "most unwanted" alien species, outlined a ten-point action plan, and listed steps the average person can take to help prevent and contain the problem. Their report, "The Silent Invasion of Hawaii," was released in October, 1996.

Since the discovery of a live brown tree snake inside a Scofield Barracks warehouse in December, 1994, there has been a heightened awareness of the real threat that this snake poses to the economic and environmental well-being of Hawaii.

To support a cooperative effort among several State and federal agencies, Governor Cayetano released $500,000 to attack the problem and prevent entry of this pest into the State of Hawaii. A joint trapping exercise at Hickam Air Force Base sponsored by the U.S. Department of Agriculture was held in February, 1996. The dual purpose was to provide training for an emergency response to brown tree snakes in Hawaii, and to determine whether there were snakes in the trapping area. (Fortunately no snakes were caught.)

In addition, a working committee was formed with members from the U.S. Department of Agriculture, the State Departments of Agriculture and Land and Natural Resources, and the Nature Conservancy of Hawaii.

The group will hold training workshops for people working near airports and harbors, around goods and cargo entering Hawaii from Guam, or on military bases that service ships and planes arriving from Guam. The State, meanwhile, is continuing its inspection of incoming flights and cargo from Guam. The State Department of Agriculture currently has three detector trainer/dog teams, with two more teams to join the front line shortly.

Following Governor Cayetano's "get tough on illegal animal owners" policy, Hawaii has seen more cases in which heavy penalties were levied. Among them:

- A Big Island man was sentenced to one year in jail and fined $25,000 for possessing a 30-inch ball python.
- Another Big Island man was fined $2,500, plus community service, and a suspended fine of $20,000 to take effect for any violation committed within a year for possessing a six-foot-nine-inch boa constrictor.
- The State has also stepped up its enforcement which led to a University of Hawaii professor receiving a $10,000 fine for smuggling infested plant materials containing pests that could have infected bananas.
- In addition, several individuals have been fined $1,000 each for possession of snakes in Hawaii.

Although the State has an ongoing amnesty program, a special statewide Amnesty Week was held in March, 1996, in an effort to heighten public awareness about the problem and to remove any illegal alien pest from our communities.

The following 12 alien pest species were turned in during this period: Green Anole, Box Turtle, Jackson's Chameleon, Corn Snake, Microbial Product, Iguana, Burmese Python, Nile Monitor Lizard, Cuban Knight Anole, and Bearded Dragon.

The State Department of Agriculture has an ongoing educational and outreach problem where groups are invited to discuss the department's plan to learn about the problem that alien pest species cause to our environment. In addition, the department participates in numerous special events, fairs, career days throughout the year to heighten the public's awareness.

Governor Cayetano kicked off Operation Miconia in April, 1996. The intent of the high-profile campaign was to encourage community involvement in reporting any sighting of this very threatening weed. Miconia has already destroyed nearly 70 percent of the forest in Tahiti and has the potential to do the same in Hawaii. Mature trees can reach heights of 40 feet, with each leaf measuring about three feet in length, blocking out sunlight for underlying plants to survive. A cooperative effort between several state, county, and private groups led to the launching of this campaign.

Biting flies on Polynesian voyaging canoes sailing to Hawaii from the Marquesas were prevented from entering the state thanks to a multi-agency effort led by the State Department of Agriculture in May, 1995. Besides affecting the quality of life for residents, the midge would have been detrimental to Hawaii's tourist industry. The joint effort of private, State, Federal, and military agencies eliminated the flies at sea by removing all possible breeding sources, spraying the six canoes and seven escort vessels at sea, and fumigating the canoes in port. No trace of any biting flies was found following inspection of the canoes in Hawaii.

Nearshore Monitoring. New, scientifically rigorous coral/reef fish monitoring systems have been established along the Kona coast and at Molokini Marine Life Conservation District. Proposed changes to the North Shore Kauai Ocean Recreation Management Area rules would limit entry to the sea caves there only to non-motorized vessels or those equipped with motors that meet the new EPA marine engine emission standards. In addition, the overall plan for the Wailua River calls for environmental monitoring of the entire area and an assessment of the river's carrying capacity.

Private sector cooperation. Following Governor Cayetano's insistence on public-private partnerships, arrangements have been made with private dive tour operators to provide monitoring and qualitative assessments of the areas they visit. In addition, one tour boat will assist in quantitative surveys in Kealakekua Bay on the Big Island, combined with an established educational effort to inform tourists about coral and means of avoiding damage to coral while they are in the water. A mooring buoy program will also add additional data by involving the users of the day-use moorings in the monitoring of the surrounding marine environment. The partnership program is carried out in conjunction with the UH Marine Option Program and The Ocean Recreation Council of Hawaii (TORCH).

Education Partnership. A partnership program has been established with the Polynesian Voyaging Society to conduct a youth stream monitoring program. A prototype stream stewardship program, Malama Na Kahawai ("to care for streams") has also been developed for use by schools and other citizen groups.

Volunteer Assistance. With the help of a newly hired volunteer coordinator, the Department of Land and Natural Resources has increased recruitment of volunteers to assist with stream/marine monitoring activities.

Parks Ambassador Program. After a visit to Kalalau, Governor Cayetano authorized funding a Park Ambassador position at Kalalau Valley on Kauai to assist with visitor education, site maintenance and hands-on monitoring of the valley. Similar "ambassadors" will soon be created at the Kona Coast State Park on the Big Island and at Kaena Point Natural Area Reserve on Oahu.

New Permit Requirements. Special Use Permits being processed for three boating operations with landing privileges along the Na Pali Coast State Park on Kauai will now require the operators to provide an annual written report assessing any changes in the condition of the cultural and natural resources along the coast which they witness, with recommendations to rectify any adverse changes.

Land Inventory. The Department of Land and Natural Resources is currently conducting a complete review of Conservation District lands. The Conservation District Review Project involves various communities statewide in improving management of such lands. Similarly, DLNR is also developing a comprehensive Shoreline Management Plan to better assess and monitor Hawaii's extensive shoreline.

Enforcement. During the last year, Governor Cayetano authorized the Attorney General's Office to add two positions, one for Superfund work and one for Coastal Zone Management.

Facilities Development. Governor Cayetano approved the release of nearly $2.5 million to help the counties build facilities to control water pollution and maintain a safe and clean environment.

"The allotment is a small investment which pays big dividends in economic activity and environmental well being," said Governor Cayetano. "The Fund provides capital to preserve Hawaii's coastal waters and protect our ground water from contamination. As a substantial economic stimulus, the favorable interest rate means the counties will not have to issue bonds or expend funds at commercial rates. Ultimately, all residents stand to benefit."

This state bond fund allotment leverages $12 million from the federal Environmental Protection Agency (EPA). Low interest loans totaling $14.5 million will be made available to the counties for the construction and expansion of wastewater treatment facilities and other pollution control projects. Loans will be provided at an interest rate two-thirds that of the current state bond issues. The moneys will be released to the State Revolving Fund for Water Pollution Control Projects and administered by the State Department of Health.

The State revolving fund is a creature of the federal Clean Water Act. To date, over $130 million in loans to counties have been given. These loans include:

- $64 million, City and County of Honolulu. Projects include the Waianae Wastewater Treatment Plant expansion.
- $34 million, Hawaii County. Projects include Alii Drive sewers and Ainakou collector sewage projects.
- $21 million, Kauai County. Projects include Lihue Wastewater Treatment Plant expansion.
- $13 million, Maui County. Projects include the Lahaina Wastewater Treatment Plant expansion.

Other environmentally-beneficial projects funded included pumping stations in Kahaluu and Kona, effluent re-use projects in Lahaina and Kealakehe. Sewage effluent can be used for irrigation in place of drinking water to conserve water resources in these areas. Other construction projects such as sediment catchment basins to control polluted runoff can receive funding. Other potential projects include facilities to control pollution from animal waste, landfills and home tank systems.

Coastal Zone Management. Governor Cayetano continues to support the Coastal Zone Management (CZM) program. CZM provides information to developers, contractors, and the general public about the various permits and approvals, their sequencing, the agencies responsible for the permits, resource and environmental issues, and other related matters.

Ongoing work in CZM include studies of beach management and erosion, coral reefs, and runoff pollution. These efforts are intended to protect the resources while providing for their sustainable use, especially since these resources are the foundation of the State's largest industry, tourism, and is important to our island lifestyles.

- An atlas that identifies the various coastal hazards and provides a 100-year history, where data are available, was developed in 1995 by the Coastal Zone Management program. The information will be important for planners, developers, and land- and water-use policy decision makers in designing projects based on the need to protect life and property.
- As part of its public education program, the Coastal Zone Management program produced a 30-minute video describing various coastal hazards in Hawaii and recommending measures to mitigate them, especially with respect to hurricanes.
- Hawaii's coral reef initiative was developed and is being implemented by the Coastal Zone Management program. The Pacific regional and U.S. coral reef initiatives have been based on Hawaii's plan. In addition, Hawaii's initiative has become the model for international coral reef initiatives.
- Act 104, SLH 1995, incorporated the Hawaii Ocean Resources Management Plan into the Coastal Zone Management program and established an advisory committee to provide advice on ocean and coastal issues, interests, and activities from a more comprehensive perspective. This effort enhances coordination and promotes a more systemic approach to functional activities.

ISSUE: Community Groups

Campaign statement/promise

"I would encourage legislation that allows community groups to recover attorneys fees in lawsuits against both public and private violators of environmental laws, thus encouraging citizen groups to help protect the environment."

The Cayetano Plan

Indicators of whether promise kept

- Has legislation been proposed for community groups to recover attorneys fees?

Governor's statement on results/action taken

A multi-agency work group has been established to develop draft legislation to allow attorneys fees to be collected by citizen groups in successful suits against polluters. This is a complex issue and must be carefully considered. The current target for introducing legislation is the 1997 legislative session.

ISSUE: Public Intervenor

Campaign statement/promise

"I would support the creation of a public intervenor to assure compliance with environmental protection and natural resource management laws."

The Cayetano Plan

Indicators of whether promise kept

- Has public intervenor been established?

Governor's statement on results/action taken

The Attorney General has selected an attorney to fill the position of Environmental Intervenor to focus on assuring conformance with the state's environmental laws. The person selected has assisted the State and counties with a variety of marine and Coastal Zone Management issues, such as monitoring and enforcement activities, training of CZM inspectors and resolution of controversies. He also assisted with the Kahuku Wetlands Conservation District Reclassification, the Coastal Non-point Pollution Control Program, the proposed Humpback Whale National Marine Sanctuary, the Hawaii Kai Environmental Impact Report and environmental issues relating to Hawaiian Home Lands.

ISSUE: User Fees

Campaign statement/promise

"I would increase funding for environmental programs by designating part of state fuel taxes for environmental protection. I would levy user fees for state parks, nature area reserves, hiking trails and other attractions to offset the impact on these areas. I would tax those who generate hazardous wastes, discharge pollution into our waters, or apply for a conservation district use application, as well as the sale of pesticides to fund the control of environmental pollution."

The Cayetano Plan

Indicators of whether promise kept

- Portion of state fuel taxes designated for environmental protection.
- User fees established for state parks, nature area reserves, hiking trails, etc.
- Tax levied against those who generate hazardous wastes, discharge pollution into our waters, sale of pesticides, etc.

Governor's statement on results/action taken

The Cayetano Administration has initiated a revenue enhancement program involving all departments. Some of the changes are being made administratively, however, several require legislative action. Those requiring legislative action include increasing fees for the licensing of pesticides, assessing user fees for plant import permits, assessing fees to receive certification of selected pest conditions, recovery of costs to administer wastewater programs, fees for certain OSHA inspections, examination and training, and for the recovery of certain administrative costs for tax "comfort" rulings.

User fees increased in the last two years include the following state wildlife, forestry and parks programs:

- Na Pali Coast State Park landing fees were increased from $10 to $15 per landing in July 1995.
- Lodging fees for cabins at State Parks were increased from a minimum of $10 per night to a minimum of $45 per night in February 1996.
- Hunter license fees increased by $5 through necessitating the purchase of a Hawaii Wildlife Stamp to support wildlife and conservation programs in Hawaii.

Proposed fee increases include:

- Resident commercial fishing licenses from $25 to $100 per year
- Non-resident commercial fishing licenses from $50 to $200 per year
- Resident freshwater recreational license from $3.75 to $10 per year
- Non-resident freshwater recreational license from $7.50 to $25 per year
- Northwestern Hawaiian Island Fishing Permit from $1 to $100 per year
- Bail license from $1 to $100 per year
- Kona crab and lobster closed season sales license from $25 to $100 per year
- Special marine product and sale license from $2.50 to $100 per year.
- Commercial permits for boating and ocean recreation activities would increase from 2% of annual gross revenues to 2-1/2%.
- Mooring and other harbor use fees would increase, on average, by 25%.
- New cabin user fee of $25 per night at Keanakolu Forest, Island of Hawaii.

The Cayetano Administration expects the above combination of fees to generate over $400,000 per year in the State's aquatic programs. Public hearings will begin pending approval of the draft rules by the Attorney General and the Governor.

Other possibilities for revenue enhancement through users fees being considered include:

- Establishing new park user fees including camping, group picnic, park entry, parking and special use permits
- Establishing new recreational marine fishing license fees, both resident and non-resident
- Parking fees at some state parks
- Establishing a demonstration eco-tourism user fee at Makapuu lighthouse on Oahu, pending comments to the environmental assessment
- Increase shoreline certification fees, land document fees, fines and dam safety fees.

ISSUE: Recycling

Campaign statement/promise

"Fifth, I support incentives for recycling newsprint, glass and other recyclable materials."
The Cayetano Plan

Indicators of whether promise kept

- Number of incentive programs to support recycling.
- Percentage change in recycled products.

Governor's statement on results/action taken

- In July, 1996, Governor Cayetano issued Executive Memorandum 96-11 which mandates all State office buildings with greater than 20,000 square feet to recycle white paper, newspaper and cardboard.
- The Legislature created a recycling coordinator position in the Office of Solid Waste Management to increase recycling and recovery of valuable material from the waste stream. This position has been filled.
- The State administers a glass container advance disposal fee. Over $2 million has been collected and most of the money has been distributed to the counties to support glass recovery and recycling efforts.

HAWAIIAN ISSUES

ISSUE: Hawaiian Home Lands Infrastructure

Campaign statement/promise

"You need to develop a strategy for Hawaiian homes. I think that strategy must encompass a few things. One of them is an economic development component that's going to generate revenue in the future for some of the infrastructure you asked me if I'm going to commit to. Some people talk about building 6,000 units for Hawaiian Homes in 4 years. Well, that cannot be achieved unless you take an inventory of the lands and you understand that there's not enough Hawaiian homeland here on Oahu. And so we need to develop a strategy for land exchanges here on Oahu for land on neighbor islands and get this land closer to infrastructure so you can reduce and keep infrastructure costs under control."

POP '94 Citizens Panel

Indicators of whether promise kept

- Creation of Hawaiian Homes strategic economic development plan.
- Inventory of lands completed.
- Strategy for land exchanges.

Governor's statement on results/action taken

- The Department of Hawaiian Home Lands (DHHL) is moving to develop selected sites where market opportunities present themselves. The intent is to reduce large pastoral and agricultural general leases to focus on the development of smaller properties which are well situated and have the potential to generate a higher return.
- Inventory of lands is ongoing. All lands in the current inventory area identified and their approximate size and boundaries have been documented. A land assessment study was conducted in 1992 to identify land use options for these tracts. Work is continuing on the transfer of 16,518 acres of State land into the DHHL inventory.
- Strategy for land exchange is to acquire lands on Oahu for current and future needs, with emphasis on land that can be developed at less cost and with offsite infrastructure available.
  - Land with offsite infrastructure available include:
    - Kapolei Village 6 and Laiopua Village 3. Legislation passed and appraisals are underway for purchase of these parcels as an offset to State settlement obligations.
    - New Lands being transferred to DHHL as part of the 16,518 acres include Camp Andrews, Waiahole Valley, Waimanalo, Kalawahine, Punchbowl, and Moiliili.
    - Acquisition of 89 acres in Maili as part of exchange for DHHL used for schools, under Public Law 101-136.
  - New land for future needs include:
    - 200 acres in East Kapolei to be developed in cooperation with the Housing Finance Development Corporation.
    - 500+ acres at Barbers Point NAS, under Public Law 104-42.

ISSUE: State Master Plan Strategy and Economic Plan

Campaign statement/promise

"I think we could do it in the first year we're in office. They're already along the way. I think we need to bring in some very talented people who can speed up the process, people from the private sector in particular...The department is already embarking on some projects of great promise, like the Lualualei Estates. First time they ever went to a private developer. That's the kind of thing we need to encourage."

POP '94 Citizens Panel

Indicators of whether promise kept

- Plan completed by end of first year in office.
- Projects initiated.

Governor's statement on results/action taken

With readily developable lands being transferred, the Department of Hawaiian Home Lands is emphasizing those lands and is leaning toward awarding the land rapidly instead of going though a lengthy planning process. Larger parcels will need to go through the development plan process.

The Department of Hawaiian Home Lands has initiated projects throughout the State, including developments in Anahola and Hanapepe on Kauai, Waianae, Nanakuli, and Waimanalo on Oahu, Hoolehua and Kalamaula on Molokai, Kula on Maui, and in Kawaihae, Makuu, and Puukapu on the Big Island. In addition, DHHL is also working to acquire lands for future development.

ISSUE: Homestead Land Utilization

Campaign statement/promise

"I think we need to begin on a phase basis. We need to start fairly small. I think if you're talking about fifty, hundred million dollar investment in infrastructure by the second year of the administration after we do all the planning and I think that's achievable. And the State is going to have to put in some General Fund money. It's a question of priorities. And putting the people on homestead land is an important priority to me."

POP '94 Citizens Panel

Indicators of whether promise kept

- Number of people put on homestead land.
- What percentage of the backlog has been reduced?

Governor's statement on results/action taken

- The Department of Hawaiian Home Lands is continuing its efforts to develop lands for homesteading. Among the projects initiated during the past year are the following: Makuu - 177 units; Kawaihae Unit 1 - 195 units; and Hanapepe - 50 units. Plans are underway to develop 47 lots in Waimanalo, 308 lots in Kula and 124 lots in Kalamaula.
- New applicants continue to apply for a homestead award. DHHL currently has more than 28,000 applications for residential, agricultural, or pastoral homestead leases. The list grows by about 100 applications per month. DHHL will continue to use its available funds to address this demand.

- During this administration DHHL has received $30 million as the first installment of the State's obligation to settle long-standing land claims. These funds will be used for infrastructure development on Hawaiian home lands.

ISSUE: Hawaiian Immersion Program

Campaign statement/promise

"Keeping the Hawaiian language alive is an important part...and I fully support the continuance and expansion of the Hawaiian Immersion Program in the public schools."

The Cayetano Plan

Indicators of whether promise kept

- Number of schools with Hawaiian immersion programs.
- Percentage of increase in number of schools.

Governor's statement on results/action taken

As of the 1996-97 school, there is one K-12 Hawaiian Language Immersion Program (HLIP) site, three middle/high school sites and eight elementary sites in operation statewide. Expansion of HLIP to other sites are considered using the following criteria:

- Availability of sufficient funds to fully implement the program.
- Availability of facilities to support current and anticipated growth.
- Availability of staff, certified teachers, administrators, support personnel, clerical, custodial, food service, health aid who are Hawaiian language proficient.
- Availability of appropriate instructional materials.
- Sufficient student, family and community interest to start and maintain the program.
- A long-range plan for the continuation of the program within the district or on the island.

ISSUE: Ceded Lands

Campaign statement/promise

"We must complete the identification and inventory of ceded lands in preparation for discussions on future disposition of those lands."

The Cayetano Plan

Indicators of whether promise kept

- Has ceded land been inventoried?

Governor's statement on results/action taken

The Department of Land and Natural Resources -- in connection with negotiations with the Department of Hawaiian Home Lands and as manager of the public lands trusts -- maintains the central inventory of ceded lands. The DLNR has reorganized the former land management and water development divisions and the Office of Conservation and Environmental Affairs into a new Land Division to better manage the trust. The Land Division will be computerizing certain functions to support lease management.

The Department of Accounting and General Services is completing a computerized inventory of the department's land holdings. Data is still being entered to update and complete the report.

ISSUE: Hawaiian Water Rights

Campaign statement/promise

"We must also work towards resolving the complex legal questions relating to native Hawaiian water rights."

The Cayetano Plan

Indicators of whether promise kept

- Number of agreements reached?
- Has a team or group been assigned to resolve the complex legal question?

Governor's statement on results/action taken

The issues affecting Hawaiian water rights are primarily concerned with obtaining adequate statewide water reserves to meet current and projected water needs, strengthening the relationship between water plans, regulations and development needs, providing a basis for the transfer of surface water between watersheds to needed areas, water rights relating to use of water by landowners with property which is adjacent to water sources, and the rights of kuleana farmers to water for taro production, among others.

Statewide public hearings were held through the months of July and August, 1996. Written comments about the proposed rules have been solicited and will be accepted through September 2, 1996. Decision-making on the proposed rules is tentatively scheduled for late October, 1996.

The Department of Hawaiian Homes Lands is continuing to work to protect its water rights as provided for in the Hawaiian Homes Commission Act of 1920, to insure that sufficient reserves are set aside to meet the current and future needs of Hawaiian homesteaders.

ISSUE: Hawaiian Homestead Trust Obligation

Campaign statement/promise

"The state must make the commitment to fulfill its Hawaiian homesteads trust obligation. Policies which treat native Hawaiians as dependent wards of the state must be abolished, and replaced with dynamic empowerment alternatives. Along with increased state funding and support for Hawaiian homesteads, the Department of Hawaiian Home Lands must have an economic development strategy with its own financial base so that it can make its own decisions and not be dependent on state and federal grants."

POP '94 Citizens Panel

Indicators of whether promise kept

- Increased state funding for Hawaiian homesteads.
- Economic development strategy and financial base for DHHL.

Governor's statement on results/action taken

The current status of Act 14, 1995 Special Session, covering the State's settlement with the Department of Hawaiian Home Lands is:

- The first annual installment of $30 million was paid.
- $2.3 million for uncompensated uses has been paid.
- $1.5 million for Hanapepe sugarcane land has been paid.
- $2.3 million for use of Nanaikapono School has been paid.

- As of December 20, 1995, DHHL received 7,273,164 acres of State land or 44 percent of the 16,518 acre total.
- Waimanalo Regional Settlement: 397 acres for state public lands quitclaim is being surveyed. The Hawaiian Homes Commission has authorized appraisal to proceed for Maili, Oahu, land which includes 22 acres of Waimanalo Elementary School. DHHL has notified the Department of Land and Natural Resources that it intends to acquire up to 170 acres of federal surplus land at Bellows AFS.
- Anahola Regional Settlement: 1,150 acres for DLNR quitclaim has been surveyed and title searches are underway. About 90 acres in Anahola and Moloaa are being appraised for land exchange involving Hanapepe State land.
- General Leases for Nominal Compensation: lands at Kekaha and Humuula under $1 general leases are being appraised for State land at Hanapepe and Lalamilo.
- Federal Claims: Act 14 authorizes the Department of Hawaiian Home Lands to continue pursuit of claims against the federal government. With the efforts of the State, the Hawaiian Home Lands Recovery Act of 1995 was enacted into law. DHHL with the U.S. Department of the Interior is implementing this law, with emphasis on acquiring federal excess fee lands at Barbers Point.

HEALTH CARE and PUBLIC SAFETY

ISSUE: Long-Term Care for the Elderly

Campaign Statement/Promise

"I do believe that there is a growing long-term care crisis. I believe that ... the state developed a project called Family Hope, ... a long-term care insurance program that I conceptually support. You need to fund it through an individual tax of some kind, just like Social Security, and reduce the personal income tax by (the same amount). So that's a wash."

Citizen's panel

Indicators of whether promise kept

- Fund Family Hope or a similar project through an individual tax.
- Long-term care strategy.
- Other options proposed and implemented.
- Funding proposals suggested.

Governor's statement on results/action taken

As we begin to look at our aging society in Hawaii, the demographics are startling. The Executive Office on Aging is taking a proactive stance in helping to prepare the larger community for the explosion of older adults as the Baby Boomers begin to turn 50 in 1996 and 65 in 2011.

The Hawaii Summit 2011, organized by the Executive Office on Aging, is creating scenarios to determine what actions should be taken now to prepare for this demographic change and all the effects it will have on the State.

The Family Hope Fund was not established. The Executive Office on Aging called together the Policy Advisory Group in January, 1996, to discuss concerns for Family Hope. In June 1996, Governor Cayetano addressed the Hawaii Coalition for Affordable Long Term Care and promised to introduce a proposal for a tax-based program, but not in 1997. In the meanwhile the Executive Office on Aging is continuing to look at the range of options.

The State has established a group for joint public and private planning for a single entry point to long-term care. This project will provide information about and access to long-term care so that consumers can make better decisions.

The State is also creating rules for the development of assisted living facilities as an alternative to nursing homes, and also rules to implement the Nurses' Delegation Act. Both efforts are intended to help develop options and lessen the impact of the high costs of long-term care.

In November, 1996, Governor Cayetano named 14 distinguished Hawaii residents to serve on a Blue Ribbon Panel on Living and Dying With Dignity. The panel will recommend public policies on death and dying issues for Hawaii in a report to the Governor over the next year.

"Society has a vital interest in protecting life and safeguarding the ability of health-care providers to cure and care for the ill. At the same time, it is vitally important to individuals to control every moment of their lives up to the final days," Governor Cayetano said in naming the panel. It includes health care providers, clergy, attorneys and concerned citizens.

ISSUE: Employers' Prevention and Wellness Programs

Campaign Statement/Promise

"Prevention is very, very high on my list of priorities. I like the idea of incentives [for employers who institute wellness programs for their employees]. But certainly tax incentives to encourage this kind of management, I think, is something that I would be favorably inclined to."

Citizen's panel

Indicators of whether promise kept

- Tax incentives for wellness programs proposed.
- Prevention programs established.
- Projected cost benefits.

Governor's statement on results/action taken

Governor Cayetano encourages employers to undertake wellness, prevention and safety programs. However, due to current budgetary concerns, no tax incentives for wellness programs have thus far been proposed.

ISSUE: Well-Baby and Prenatal Programs

Campaign Statement/Promise

"I support well-baby and prenatal programs and I support early childhood care and education to help build healthy happy babies and strong families."

Citizen's panel

Indicators of whether promise kept

- Well-baby and prenatal programs maintained and expanded.

Governor's statement on results/action taken

The well-baby and prenatal program has received strong private sector and federal support, helping to offset the cuts in State funding resulting from the budget shortfall.

Project BEGIN (Bringing Early Growth and Development into Neighborhoods). The national Centers for Disease Control and Prevention selected Hawaii as one of 10 national implementation sites to begin developing a nine-year research study of an early childhood intervention program with a grant of $25 million.

The grant was awarded for Project BEGIN (Bringing Early Growth and Development Into Neighborhoods). Project Begin will be administered by the Zero-to-Three Hawaii Project in the state Department of Health, in collaboration with the Hawaii University Affiliated Project.

"'Hawaii stands to benefit from Project BEGIN as it examines the impact of early intervention services on long-term educational and social development," said Governor Cayetano. "The federal grant awarded to Project BEGIN speaks volumes of the need to be responsive to our young children and their families in the delivery of comprehensive health and social services."

Project BEGIN will examine whether early intervention services (during the first three years of life) influence long-term educational and social outcomes. Outcomes include student performance, employment, dependence on social services, anti-social behavior, number of arrests/incarcerations, and the family unit.

The data will be used to shape state and national polices and services for young children and their families. Research results should also contribute significantly to the ongoing debate over the influence of nature (inherent qualities) versus nurture (learned qualities), an issue recently highlighted in the best seller, *The Bell Curve.*

Project BEGIN aims to deliver a family-centered, community-based program of developmental services responsive to individual needs. An integral component will be simplifying access to comprehensive health and social services. Some components of the project will be contracted through community agencies.

Similar interventions, although on a smaller scale, have improved demonstrations of cognitive skills among eligible newborns, and reduced the impact of mild mental retardation in infants exposed to specific environmental risk factors.

Child Care and Development Block Grants. Through Child Care and Development Block Grant awards, the Cayetano Administration is ensuring that more infants of teen-aged parents have the best possible start in life by supporting programs in the schools which help students acquire parenting skills while pursuing educational and career goals. This preventive approach will promote healthy developmental outcomes for babies, while encouraging and enabling teens to become self-sufficient, productive adults capable of supporting and nurturing their children.

Though a partnership with Healthy Mothers/Healthy Babies, teen pregnancy prevention councils have been established on all of the Islands. Through peer education and other avenues, the councils are actively promoting abstinence and sexually responsible behavior among teens, as well as increasing awareness of the consequences of becoming teen parents.

The Carnegie 1-2-3 Steps to a Stronger Community project is providing technical assistance to three targeted areas to develop integrated early childhood services. Part of this project includes as its mission: enhanced prenatal health and planned parenthood services which are culturally competent, integrated with other informal and formal support systems, tailored to

specific community needs and preferences and ultimately will increase the probability of realizing good outcomes for children and families.

Healthy Start. The Queen Emma Foundation has generously contributed $2 million toward the Healthy Start program.

ISSUE: State Hospital Staffing

Campaign Statement/Promise

"We must continue to fund increased staffing at the State Hospital not because the courts [mandated] it, but because it is the right thing to do."

Citizen's panel

Indicators of whether promise kept

- Percentage increase in staffing at State Hospital.

Governor's statement on results/action taken

Fifty-six vacant positions at the Hawaii State Hospital have been filled since January, 1995, in accordance with the consent decree.

ISSUE: Domestic Violence

Campaign Statement/Promise

"Dealing with domestic violence is a very high priority to me. I'd stress prevention, and look to supporting programs to get the families who need early counseling and support.

POP '94 Interview

"I will lead expanded initiatives to protect women at risk, provide shelter and aid, and help children who live in violent homes.

The Cayetano Plan

"I support more shelters for abused women. I want to explore moving the alleged abuser out and leaving the children and spouse in an environment that they are comfortable and familiar with."

POP '94 Interview

Indicators of whether promise kept

- Percentage change in the number of cases.
- Resources increased for programs and shelters.
- Feedback on the success of the programs.
- Support firearm legislation.
- Establish new counseling programs for abusers.
- Legislation proposed.

Governor's statement on results/action taken

Governor Cayetano is strongly committed to the protection of women in abusive relationships as well as the prevention of all forms of domestic violence.

Faced with a 20 percent cut in its budgets for POS (provision of service) contracts, the Department of Human Services did an analysis of all its contracts. Governor Cayetano decided not to cut services across the board. Instead, programs like Child Abuse Prevention and Domestic Violence Shelters were reduced less while other services were reduced more or in some cases terminated.

Governor Cayetano designed a dollar-for-dollar match "challenge" with POS providers that challenged Domestic Violence Shelters to raise money in the community which the Department of Human Services would match equally, up to their original budget. Each shelter was able to raise additional funds in the community and the Cayetano Administration matched those dollars through internal efficiencies.

In addition, $68,000 of unspent federal funds under Title IV-B (Family Preservation and Family Support) were reallocated to the Domestic Violence Shelters rather than being returned to the federal government.

The Cayetano Administration has brought together law enforcement authorities and outside providers to develop programs to deal with domestic violence, and dispensed about $900,000 annually in Byrne grant funds to support such programs.

In April, 1996, the Governor signed Act 60, relating to firearms possession by a person subject to a restraining order.

The Department of Human Services, the Department of Health, and the State Judiciary have dedicated $2.5 million to community-based services for domestic violence and sex assault victims and $1.4 million to counseling services for abusers in 1996.

ISSUE: Crime and Drug Abuse Programs

Campaign Statement/Promise

"The best way to fight crime is to spend money on prevention. Investing our scarce resources up front for education and family services means that we pay less at the back end for crime and welfare."

The Cayetano Plan

Increase resources for drug/alcohol treatment and counseling programs. Develop an anti-drug campaign similar to the successful anti-smoking campaign.

POP '94 Interview & Advertiser

"About 60 percent of people in prison today have committed drug-related offenses. My position on the drug problem is to focus on education and prevention, like smoking."

POP '94 Interview

Indicators of whether promise kept

- Increase resources for drug/alcohol treatment and counseling programs.
- Develop an anti-drug campaign.

Governor's statement on results/action taken

Governor Cayetano has significantly expanded the much needed substance abuse programs within our prison community and launched an anti-drug campaign. This is because an estimated 85 percent of Hawaii's 3,200 prison inmates have a history of substance abuse.

"Drug treatment is required because a large majority of released inmates who fail parole or commit new crimes do so because of substance abuse," said George Iranon, Director of Public Safety. Among the programs are:

Expanded inmate drug treatment. The Legislature approved and Governor Cayetano released urgently requested funds in 1996 to expand the successful drug treatment program at Waiawa Correctional Facility from a 34-inmate capacity by an additional 50 inmates.

This will be accomplished at minimal cost through the use of two 4,000 square-foot tent structures to be in place by the end of October, 1996. The Waiawa program has a proven 80 percent success rate in treating drug offenders -- a significant result. The Cayetano Administration plans to expand the program to 200 inmates. A statewide search for potential sites has been compiled and is currently under review. The expansion of this program will benefit the community by rehabilitating offenders and reducing recidivism rates.

"By increasing the capacity of our prison drug treatment program, we will be slowing down the revolving door of the criminal justice system and improve the chances that drug offenders will stay out of trouble," Governor Cayetano said.

Women's community treatment. Governor Cayetano released $295,000 to reduce overcrowding at the Women's Community Correctional Center by placing 20 inmates in a community-based residential substance abuse program.

"This will help ease overcrowding at the women's prison and prevent crime by improving the chances of inmates with drug problems to go straight when they return to freedom in our community," Governor Cayetano said.

Drug interdiction. In order to curb a problem of drug trafficking in correctional facilities, Governor Cayetano approved an aggressive drug interdiction program using dogs to detect drugs within all correctional facilities; searches of vehicles, staff, and visitors; and more shakedowns (searches) of facilities. Under the Department of Public Safety's new "zero tolerance" policy, there have been 16 employees arrested for drug offenses. Nine have been successfully prosecuted and 14 have been terminated.

Pre-employment drug testing. Entry requirements for new State corrections and law enforcement officers have been increased. Among them is a requirement that all applicants pass a drug test. For the first time, the Cayetano Administration will have instituted standards to help

ensure that all new ACOs are the best trained, educated, physically fit, and psychologically suited persons for their jobs.

Drug testing for current staff. The Department of Public Safety adopted a drug testing policy for employees; however, the United Public Workers and Hawaii Government Employees Association challenged it. It has been suspended until further notice.

Narcotics enforcement. The Cayetano Administration developed a computerized pharmacy alert system encompassing all of the State's pharmacies, which will alert pharmacists to persons suspected of fraudulently obtaining controlled substances. This program has been selected by the U.S. Department of Justice as one of the most successful programs in the country.

ISSUE: State Penal System Reform and Alternative Correction Programs

Campaign statement/promise

"We cannot build ourselves out of the crime problem. If we attempt to do so, we will only compound the problem. This 'solution' can only create more poorly educated children, who will find that their only escape from their inability to function within the system is crime."

The Cayetano Plan

"I do not support building of prisons which cost $72,000 a bed. I'll find more cost-effective ways."

POP 94 Citizens Panel

Indicators of whether promise kept

- Develop cost-effective alternative correction programs.
- Percent reduction in costs.
- Have new prisons been built or planned?

Governor's statement on results/action taken

The State of Hawaii has achieved compliance with more than 90 percent of the federal Spear consent decree. For the first time in over 10 years, the State and the ACLU are preparing a stipulation which will lead to the eventual dismissal of the case.

Highlights of reforms and alternative programs initiated by the Cayetano Administration:

Expansion of prison system. Instead of building expensive new prisons, maximum is being made of current sites. Construction is underway for expansion by 348 prison beds at the Women's prison (64) and the facilities on Maui (80), Kauai (80), and Hawaii (124). In addition, planning is underway to expand the Kulani Correctional Facility on the Big Island by an additional 500 beds.

Accommodating prisoners out of state. Governor Cayetano agreed to move 300 inmates to Texas to reduce costs and overcrowding in Hawaii prisons. It costs $15,330 per inmates each year in Texas compared to about $30,000 per inmate in Hawaii.

Reduced operating costs. The Halawa Correctional Facility reduced its staff overtime costs by more than $1.3 million per year through a new staffing plan. The Department of Public Safety is consulting with the UPW on the expansion of this plan to the seven other facilities.

Other savings are being generated by staff reductions in the director's office and at facilities; reducing food costs by expanding pig and cattle herds at Kulani Correctional Facility to provide enough meat for both Big Island facilities; imposing a mandatory $20 fee for inmate education classes; removing all inmate amenities to parole violators; and requiring inmates to purchase over-the-counter drugs from the inmate store instead of providing them free.

Kauai program. The Kauai Community Correctional Center Warden began an innovative program in which inmates can "earn" early release by serving in a boot camp, laboring on a prison farm, and working in community service projects.

The 32 screened inmates are housed in minimum-security wooden cabins on the prison grounds donated by Kauai County, for which operating costs are half that of the other inmate population. Before their furlough, they are required to proclaim in a public ceremony that they will remain crime-free. Corrections authorities from India visited the program this year and praised it as the one of best seen in the world.

Inmate labor. Nearly 100,000 hours of inmate labor was provided to government and non-profit organizations through more than 500 community service projects, saving taxpayers an estimated $1.2 million annually.

Work industries and training. In the last two years, Hawaii Correctional Industries has reached all-time highs in annual sales ($7.4 million) and inmates employed (350). The renovation of industrial areas at Halawa will increase inmate employment by 75. Administrator Lynn McAuley was selected national manager of the year for 1996 by the Correctional Industries Association for transforming the Hawaii Correctional Industries from the nation's worst to one of the best.

Improved operations. Governor Cayetano in February, 1996, authorized the hiring of a nationally respected corrections consultant, Patrick McManus, to advise the Department of Public Safety on how to improve facility operations and staff training, and to ensure constitutional standards are met and will withstand legal challenges over health and safety conditions, avoiding potential extension of consent decree requirements to other facilities.

Alternatives to prison. The Governor released $940,000 for several initiatives proposed by the Corrections Population Management Commission as alternatives to incarceration. These include:

- Community-based furlough programs to assist male offenders make a successful transition prior to release. These programs assist in job searches and drug counseling, increasing inmates' chances of being law-abiding citizens instead of being re-incarcerated as parole violators. Cost $387,000.

- Community-based substance abuse and sex offender treatment for parolees. Cost $200,000.

- Psychological assessments of sex offenders prior to being considered for parole. Cost $180,000.

- Substance abuse treatment for first-time drug offenders awaiting trial. This is an integral part of the Drug Court program initiated this year to provide treatment for first-time non-violent drug offenders as an alternative to incarceration. Cost $144,000.

- Sex offender treatment for developmentally disabled inmates, who require special services not available from existing sex-offender programs. Cost $32,000.

HOUSING

ISSUE: Affordable Housing

Campaign Statement/Promise

- "sufficient quantities of properly zoned land for housing."
- "...consolidate all separate state housing functions into a department of housing, whose goals will be based on a singular, coherent housing strategy to produce more affordable rentals and housing for our people."
- "We will avoid regulations which contain housing design, subdivision layout and housing densities that give developers no flexibility in their efforts to build affordable housing."
  The Cayetano Plan

Indicators of whether promise kept

- Annual number of acres redistricted Urban by the State Land Use Commission.
- Decrease in "average" conversion time of land from Agriculture designation to Urban district designation.
- Departmental consolidation completed.
- Housing strategy formulated.

Governor's statement on results/action taken

In his effort to produce more affordable rentals and housing, Governor Cayetano is in the process of consolidating the Hawaii Housing Authority, Housing Finance and Development Corporation, and the Hawaii Community Development Authority into an office of housing. A single agency will provide a coherent, long-range housing strategy. This restructuring effort is expected to become a reality in the upcoming legislative session.

Governor Cayetano's blueprint for affordable housing includes the following goals:

– Increase the supply of affordable rental and special needs housing particularly through joint developments with the private sector.

– Increase home ownership opportunities while assisting and facilitating, not competing with, private sector developments.

– Utilize government resources more efficiently and effectively.

To increase the supply of affordable rental and special needs housing, the Cayetano Administration has taken the following actions:

- Provided over $14 million in low interest loans from the Rental Housing Trust Fund to 15 projects with a total development cost of over $91 million for the development of 826 affordable rental units.

- Provided approximately $400,000 in capacity building grants to 9 projects for the development of another 353 affordable rental units.

- Provided over $5 million in annual federal and state tax credits to 6 projects with a total development cost of approximately $60 million for the development of another 597 affordable rental units.

- In July, 1996, Governor Cayetano unveiled a one-stop financing program offering over $160 million to stimulate the development of affordable rentals by the Housing Finance and Development Corporation (HFDC).

To increase home ownership opportunities by assisting and facilitating private sector developments, the Administration has taken the following actions:

- Consolidated state rental housing financial assistance programs into one-stop, one-time applications. Through HFDC's Rental Housing Program, developers only need to make one application for a number of financing tools. These include equity financing, pre-development and feasibility funds, construction and permanent financing, general excise tax waivers, tax credits and HFDC technical assistance.

- Streamlined the affordable housing requirements in land-use reclassification actions by assigning program and compliance requirements to the counties. This action resulted in the elimination of the state imposed 60/40 affordable housing rule.

- Established a down payment loan program for qualified first-time home buyers

To utilize government resources more efficiently and effectively, the Cayetano Administration:

- Approved the transfer of Laiopua and Village 6 Kapolei to the Department of Hawaiian Home Lands to expedite the delivery of 550 homes to Hawaiians and to receive state credits toward Hawaiian claims.

- Started reconstruction of Kamehameha Homes consisting of 221 rental units.

As a result of actions the Cayetano Administration has undertaken to promote affordable housing:

- About 1,112 acres of land statewide were redistricted for urban use with approximately 2,030 affordable and market units approved for residential development since May, 1995.

- About 1,723 acres statewide has been placed under consideration for urban designation by the Land Use Commission, with over 8,000 residential units proposed for development. As of mid-August, 1996, there have been three petitions for redistricting filed with the Land Use Commission for 1996. One of these petitions involves, in part, the provision of affordable housing. The State expects to request urban redistricting of approximately 500 acres for residential development in Ewa, Oahu.

- Provided financial support for the development of approximately 1,200 affordable rental units.

- In May, 1996, Governor Cayetano released over $3 million in the Rental Housing Trust Fund for eight rental housing projects on Oahu, Maui, the Big Island and Kauai to focus on the homeless, elderly, and mentally ill with special needs.

The state Rental Housing Program is another example of the Cayetano Administration's overall strategy to give private developers more flexibility to build rentals and homes for low- and median-income families and the most vulnerable people in our community.

ISSUE: Land Use Reform

Campaign statement/promise
"...streamline and refine the functions of the Land Use Commission to allow the Commission to make decisions in a timely manner to avoid imposing unnecessary delays and costs to housing developers."
The Cayetano Plan

Indicators of whether promise kept
- By what amount of time was the average permit processing time reduced?

Governor's statement on results/action taken
To allow the Land Use Commission to make decisions in a timely manner and thus avoid imposing unnecessary delays and costs on housing developers, Governor Cayetano supported and signed into law Act 235 which requires the Land Use Commission to render a decision within one year from the date of filing a petition. In the past, there was no legal requirement that the process must be concluded within a certain time frame. The Governor also directed the Office of Planning to continue the process of streamlining the land use system in Hawaii.

Governor Cayetano has also created an Executive Planning Council to coordinate planning between the state and counties. Besides land use planning and coordination issues, the Council has also focused on resolving beach liability concerns and streamlined land-use permit processing through agreements to transfer a number of State permitting functions to the counties.

In January, 1996, the Land Use Commission held public hearings on proposed amendments to Chapter 15-15, HAR to implement Act 235, SLH 1995. Later in January, the Commission adopted certain recommended changes to the proposed amendments.

ISSUE: Self-Help Programs

Campaign statement/promise
"With nearly 200,000 acres of land under its control and 17,000 qualified Native Hawaiians awaiting their leases, I believe we must focus on self-help "owner-builder' programs. They are cheaper, quicker, results-driven, and community empowering."
The Cayetano Plan

Indicators of whether promise kept

- Development of infrastructure for self-help housing.
- Development of guidelines facilitating self-help guidelines.

Governor's statement on results/action taken

The self-help building concept provides low-income families with an opportunity for home ownership. Families typically provide 20 to 30 hours of construction work per week for about a year to build their own homes.

The Department of Hawaiian Home Lands has encouraged the use of self-help housing to assist its clients in building affordable homes. Self-help programs are currently being used in Waianae Valley and Anahola, and are planned for future projects in Waimanalo, Kawaihae, Kalamaula, and Kula.

Several self-help projects have been completed recently. These include the 40 single family homes at Waimanalo Village, another 25 single family homes at Waiehu Terrace, and 46 single family homes in Milolii.

For the Waimanalo Village self-help project, the Housing Finance and Development Corporation leased State land to 40 families, provided the development with a low-interest loan to pay for engineering and design costs, provided a general excise tax waiver, and assisted in securing the interim construction and permanent loans provided by the U.S. Department of Agriculture Rural Economic and Community Development. The families completed their homes in January, 1996.

At Waiehu Terrace, 25 improved fee simple lots were set aside for self-help housing construction under the direction of the Self-Help Housing Corporation of Hawaii. The project affords the opportunity of home ownership to families with incomes at 120 percent or below the median income of the County of Maui.

At Milolii on the Big Island, HFDC -- in partnership with the non-profit HCECC, the First Hawaiian Bank, and the State Department of Land and Natural Resources -- cooperated to provide home ownership opportunities for another 46 qualified Milolii families.

ETHICS

ISSUE: Cronyism and Corruption

Campaign Statement/Promise

"We must restore faith in government. And we will begin by reaffirming our belief that government must serve and not be served. As your Governor, I will lead by example as I have over my 20 years in public service. And my cabinet will follow my lead, making it clear to all who serve in my administration that cronyism and corruption will not be tolerated. There is no room for those in my administration who violate this standard."

State of the State Address

Indicators of whether promise kept

- What new policies and procedures have been implemented to address the issue.
- Decrease in complaints to Ethics Commission.

Governor's statement on results/action taken

One of Governor Cayetano's priorities is to restore public trust and confidence in government by making leaders more accountable for their actions. He is doing this by being more open about what government is doing.

Cronyism is being addressed as the Governor raises questions and then asks the Attorney General to investigate questionable past practices, for example, the land deal at Hawaii Raceway Park. When accepting an appointment to the Cabinet, individuals must accept the Governor's ethical philosophy. The Governor, through his actions and policy directives, gives his Cabinet a clear sense of his vision to restore faith in government. The Governor has:

- Canceled non-bid contract with a Washington D.C. law firm responsible for negotiating aviation issues with the federal government which hired former Governor Waihee shortly after he left office. Governor Cayetano said the contract created the appearance of impropriety.

- Supported Act 10, 1995 which allows the Ethics Commission to censure or fine unethical conduct of public officials; to do audits in campaign headquarters and create a "Code of Fair Campaign" practices.

- Given the Attorney General the freedom and flexibility to pursue wrongdoing by government officials and represent the interests of the public.

The Governor has appointed an Attorney General who understands fully that she is "the people's lawyer," and that her supreme loyalty in enforcing the law is not to the Governor nor the Legislature but to the public, the people of Hawaii. This fundamental principle is the cornerstone of public service.

The creed of the Cayetano administration -- "loyalty to the public supersedes our loyalty to each other" -- is clearly demonstrated by the Governor's actions.

ISSUE: Public Integrity and White Collar Crime

Campaign Statement/Promise
"To allay the public's concern about cronyism and corruption in government, we will establish a Public Integrity/White Collar Crime Unit in the Attorney General's Office to fairly and vigorously enforce the law."
State of the State Address

Indicators of whether promise kept
- Has a Public Integrity/White Collar Crime Unit been established?

Governor's statement on results/action taken
To respond to the public's concern about cronyism and corruption in government, the Governor has proposed to establish a white collar crime unit within the Attorney General's office to fairly and vigorously enforce the law.

The Cayetano Administration has taken a vigorous stand on white collar crime. The Department of Taxation's first criminal tax investigation led to prosecution by the Attorney General against seven related corporations in Hawaii. That resulted in guilty pleas, an agreement to pay back taxes owed with interest, and penalties over $950,000.

The State has obtained five convictions, two are still pending, and two more matters are pending before the grand jury. The Department of Taxation is currently investigating other violations of the tax laws.

ISSUE: Campaign Spending Laws

Campaign Statement/Promise
"I set the example personally. If people I bring in violate my standards, they're either going to be dismissed or, if they breach the law, they will be prosecuted."
POP '94 Citizens Panel

Indicators of whether promise kept
- Campaign spending code violators censored, dismissed or prosecuted.

Governor's statement on results/action taken

Campaign spending Commission Rules. The Governor has approved draft administrative rules that will greatly "tighten" how funds are expended by candidates and bring about stricter enforcement of contributions and expenditures. These rules set a clear, high standard for candidates to elective office.

Campaign Spending Commission Enforcement of Violators. The Governor has encouraged the Attorney General to become involved in enforcement of violations of the campaign spending

laws (McCormack case), and to work with the U.S. Attorney, Prosecutors Office, IRS and the State Tax Department to investigate and prosecute violators.

Campaign Spending Commission Enhanced Reporting. The Governor has strongly supported electronic filing of campaign spending reports to facilitate the review of all candidate reports.

ISSUE: Campaign Contributions

Campaign statement/promise
"I am the only major candidate to have agreed to stick with the campaign spending limit. Disclosure of who gives us money is a good way to make sure that, when it comes time for us to act politically, we act in the public's best interest."
POP '94 Citizens Panel

Indicators of whether promise kept
- Evidence of personal adherence to Campaign Spending Commission guidelines.

Governor's statement on results/action taken

Campaign Spending Limit. Both Governor Cayetano and Lieutenant Governor Hirono adhered to voluntary campaign spending limits in 1994. The Governor was the only gubernatorial candidate to adhere voluntarily to spending limits.

In addition,. the Governor received $312,520 in public funds and the Lt. Governor received $134,863 in public funds. There have been no discrepancies cited in either official's disclosure report.

Both the Governor and Lt. Governor have fully complied with the latest reporting requirement of electronic filing for the report to be available on the Internet.

A losing candidate in 1994 filed a complaint against the Governor that the ads were not for fund-raising purposes. The commission will hear the case in the near future.

ISSUE: Corporate Contributions

Campaign statement/promise
"As far as campaign spending reform, I think that we should prohibit all corporations from giving campaign contributions. "
POP '94 Citizens Panel

Indicators of whether promise kept
- What kind of campaign spending reforms has been proposed?

- To what extent are legislative bills which tighten requirements for corporate contributions supported?

Governor's statement on results/action taken

Campaign Spending Reform. In 1995, Governor Cayetano signed into law Act 10 of the Special Session which was a major reform of the campaign spending laws. Although an attempt was made to prohibit corporate contributions, the Legislature placed limits on corporate giving to candidates and other political action committees.

Contributions to the Governor, for example, were reduced from $8,000 to $6,000 in a four year period. Corporations are also limited in contributions to political action committees to $1,000 in an election.

State Contractors. Companies that receive contracts from the government in excess of $50,000 and make $100 in contributions in a two-year period must disclose contributions to the commission. This measure attempts to disclose contributions by companies that may have a special interest.

Confidentiality. The confidentiality of hearings have been removed from the law. The amendments require all complaints and hearings to be aired publicly.

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To Our Readers



By Diane Chang
Senior Editor/Editorial Page Editor

Monday, July 22, 1996



Report shows if leaders fulfilled their promises

A politician's promise is like a New Year's resolution - it may be heartfelt and sincere, but its memory can fade like the days flicking off the calendar.

Enter the Pop Accountability Group (PAG). For 18 months, this cadre of nonpartisan volunteers has compiled progress reports on the promises made by Mayor Jeremy Harris and Gov. Ben Cayetano during their election campaigns.

As of today, the entire text of the report can be called up on the Star-Bulletin's online edition (**http://starbulletin.com/specials/pop/index.html**) or received by mail from PAG's Dolores Foley. The online version will be continually updated.

"We are very excited about the opportunity to get this information to the citizens of Hawaii," said Foley, a UH assistant professor of public administration and one of the leaders of PAG.

PAG is an offshoot of POP '94, a citizens' group that organized during the 1994 election to identify key questions facing the islands.

PAG's project was launched in July 1995, when its members met with Harris and Cayetano to develop indicators to measure actions on each promise.

Foley said PAG's goal was to provide nonjudgmental reports that would allow citizens and the media to form their own evaluations on promises made by the mayor and the governor.

"The intent is to provide a mechanism by which candidates get reminded of their promises and citizens get reminded of their responses," said Foley.

The online version of the report has links for readers to comment instantly by e-mail on the reports of the governor and the mayor. Those receiving the printed version from PAG can comment by mail or fax. Reader comments will be posted online and highlights will be printed occasionally in the Star-Bulletin.

To receive the PAG report, call Dolores Foley at 956-2780 or write her at the Public Administration Program, College of Social Sciences, UH-Manoa, 2550 Campus Road, Crawford 209F, Honolulu, Hawaii 96822.

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