

WEDNESDAY 8/16/17

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LOCAL Section

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Star Advertiser

Ige prudent about \$893M state surplus

Long-term financial obligations must be met before adding programs, the governor insists

By Kevin Dayton
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The state government ended the last fiscal year with a near-record budget surplus of more than \$893 million, but Gov. David Ige's administration is downplaying that seemingly

cheery snapshot of the state's finances.

Administration officials instead are stressing the need for the state to honor its expensive long-term financial obligations to provide raises, pensions and health care to public workers and retirees.

State Director of Finance Wesley Machida said preliminary estimates put the general treasury budget surplus for the year ending June 30 at \$893.8 million, which is the second-largest cash surplus in state history. The all-time record was set last year, when the state closed the books on fiscal 2016 with a surplus of nearly \$1.03 billion.

Four years ago then-Gov.

Neil Abercrombie publicly announced his administration had a "historically unprecedented" surplus of \$844 million at the end of fiscal year 2013, and then proposed to tap some of that cash to help finance new initiatives such as Housing First programs to help the homeless and universal preschool.

Please see **SURPLUS**, A9



STAR-ADVERTISER



It's not like it's a windfall."

David Ige

The governor stressed the need for the state to honor its long-term financial obligations

Service in Kunia



I think it really brings a deeper meaning to attending a service like this, to feel

Hawaii delegates

SURPLUS

Continued from A1

By contrast, Ige said Tuesday he has no plans to launch any major new initiatives with this year's surplus.

"As I've said before, I really do think that we need to be focused on making good on the promises we made in the past," Ige said. "So, pension liabilities (and future health care costs), I really believe we need to get those better handled before we start talking about expanding into new areas."

In the month after the state registered its \$893 million surplus, Machida said, state officials paid out \$1.132 billion to cover various kinds of expenses, including \$400 million in pension contributions, \$275 million in payments for health care coverage for public workers and retirees, and \$105 million to cover

the cost of Medicaid and other health costs.

The Ige administration has adopted a policy of making payments into the Employees Retirement System and the Hawaii Employer-Union Health Benefits Trust Fund at the beginning of each fiscal year instead of throughout the year.

The money is then invested for the full year, which benefits the state in the long run, but the practice tends to drain money out of the general treasury early in the year. The treasury is then replenished with tax collections and other revenue later in the year.

However, Machida also said the latest round of collective bargaining increased the state's wage and fringe benefit costs for the coming year by \$103 million.

One factor that helped to accumulate the surplus is the budget restrictions imposed by the administration, Machida said. Ige has imposed 10 percent re-

strictions on discretionary spending by state departments each year, although departments can apply to have half of that restricted money released, Machida said. "Discretionary spending" excludes fixed costs such as debt payments, wages, health care costs or pension contributions.

"I think that we have implemented smart, strategic financial management processes for state government so that we can take better care of the taxpayer dollars," Ige said.

However, he said the seemingly hefty balance at the end of the fiscal year is not even enough to cover two months of expenses for the state. "It's not like it's a windfall," Ige said.

The public workers' pension fund had an unfunded liability of \$12.44 billion as of June 30, 2016, and the unfunded liability for the public employees' health fund was calculated to be more than \$11.7 billion in 2015.

Deaths from drug overdoses up slightly among teenagers

By Mike Stobbe
Associated Press

NEW YORK >> After years of decline, teen deaths from drug overdoses have inched up, a new U.S. government report shows.

The drop in teen deaths had been a rare bright spot in the opioid epidemic that has seen adult overdose deaths surge — fueled by abuse of prescription painkillers, heroin and newer drugs like fentanyl.

"This is a warning sign that we need to keep paying attention to what's happening with young people," said Katherine Keyes, a Columbia University expert on drug abuse issues who wasn't part of the study.

It's not clear why teen overdose deaths increased in 2015 or whether the trend will continue, said lead researcher Sally Curtin of the U.S. Cen-

ters for Disease Control and Prevention. The CDC released the report today focusing on adolescents age 15 to 19.

The overdose death rate rose to 3.7 per 100,000 teens in 2015 from 3.1 the previous year. Most of the deaths were accidental and mainly caused by heroin, researchers found.

Clearly, drug overdoses have been a far smaller problem in teens than in adults. Tens of thousands of adults die from overdoses each year compared with about 700 to 800 teens.

Another difference: Unlike adults, overdose deaths in teens have not been climbing every year.

To their surprise, CDC researchers found that teen overdose deaths actually fell after 2008, and dropped as low as about 3 per 100,000 during 2012 through 2014.



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Wednesday, Aug 16th, 6:30-8:30pm at Pearl Country Club, Pearl II Room

Saturday, Aug 19th, 11am-1pm at American Financial Services Center Kahala



TRUMP

Continued from A1

that there was blame on "many sides" for the conflict that left one woman dead and many others injured after a car plowed into a group protesting the "Unite the Right" rally. Amid mounting criticism of Trump's failure to condemn the groups responsible for initiating the violence, the president Monday called out the far-right groups in Charlottesville, saying,



As a Jew, as an American, as a human, words cannot express my disgust and disappointment. This is not my President."

Brian Schatz
Democratic U.S. senator