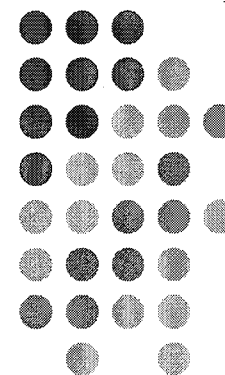
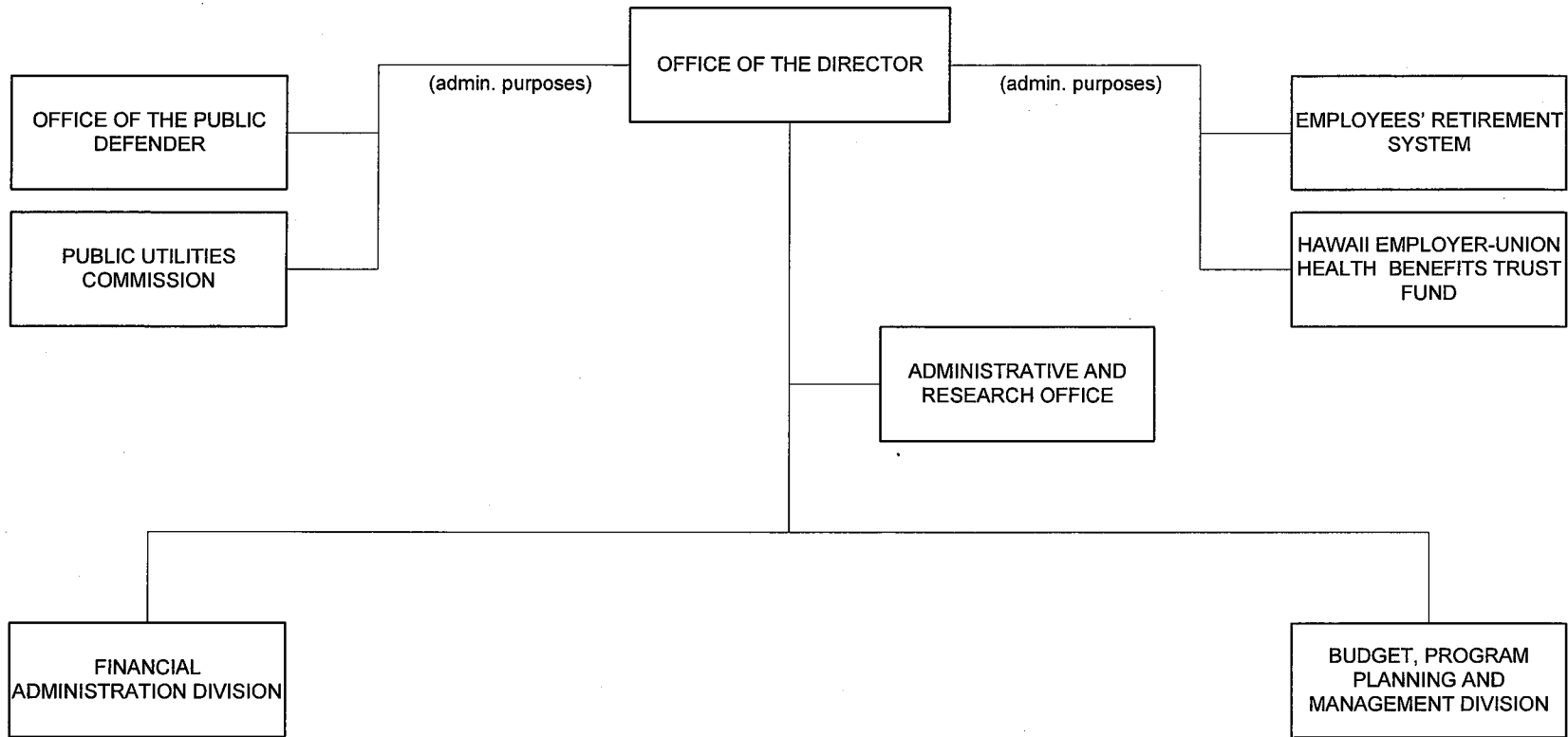

Department of Budget and Finance



STATE OF HAWAII
DEPARTMENT OF BUDGET AND
FINANCE
ORGANIZATION CHART



DEPARTMENT OF BUDGET AND FINANCE

Department Summary

Mission Statement

To enhance long-term productivity and efficiency in government operations by providing quality budget and financial services that prudently allocate and effectively manage available resources.

Department Goals

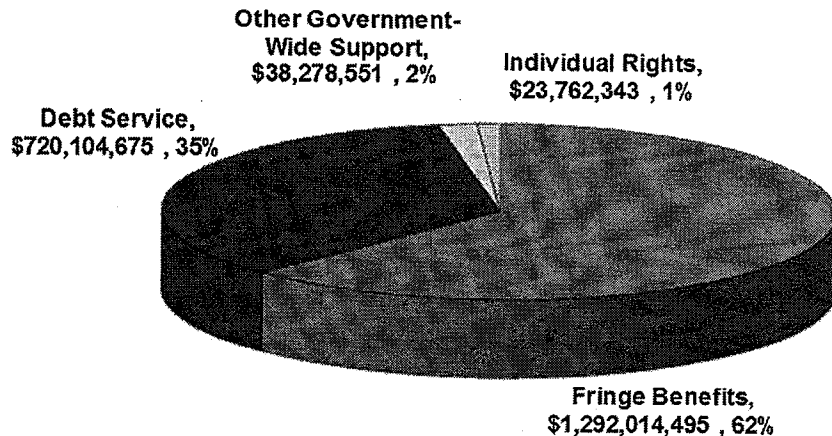
Improve the executive resource allocation process through planning, analysis and recommendation on all phases of program scope and funding; maximize the value, investment, and use of State funds through planning, policy development, timely scheduling of State bond financing and establishment of appropriate cash management controls and procedures; administer retirement and survivor benefits for State and County members and prudently manage the return on investments; administer health and life insurance benefits for eligible active and retired State and County public employees and their dependents by providing quality services and complying with federal and State legal requirements; ensure regulated companies provide adequate and reliable services at just and reasonable rates with a fair opportunity to earn a reasonable rate of return; and to safeguard the rights of indigent individuals in need of assistance in criminal and related cases by providing statutorily entitled and effective legal representation.

Significant Measures of Effectiveness

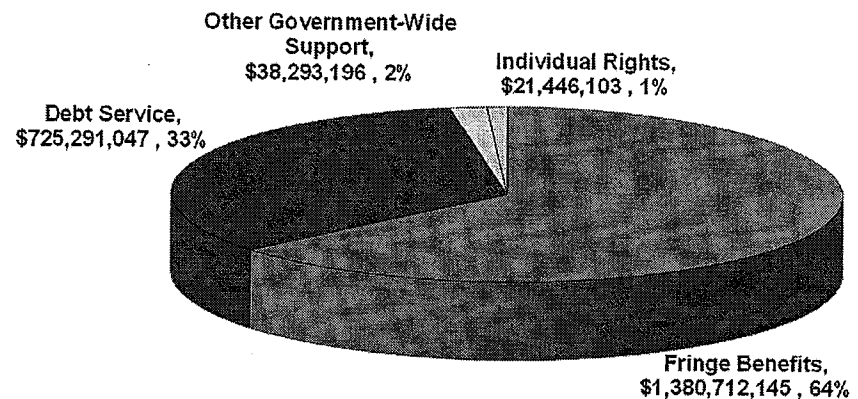
	<u>FY 2014</u>	<u>FY 2015</u>
1. Percentage of recommendations on departments' requests completed by due date	90	90
2. Average annual rate of return on State treasury investments	0.49	0.49
3. Rate of interest paid on State bonds relative to the Bond Buyer Index for bonds of comparable term and credit	90	90

FB 2013-2015 Operating Budget by Major Program Area

FY 2014



FY 2015



DEPARTMENT OF BUDGET AND FINANCE MAJOR FUNCTIONS

- Administers the multi-year program and financial plan and executive budget, management improvement, and financial management programs of the state under the general direction of the Governor.
- Coordinates state budget services and prepares the Governor's budget for submission to the legislature; administers the financial affairs of the State.
- Plans, directs and coordinates the State's investments and financing programs.
- Directs and coordinates a statewide retirement benefits program for state and county government employees.
- Administers health and life insurance benefits for eligible state and county active and retired public employees and dependents.
- Provides comprehensive legal and related services to persons who are financially unable to obtain legal and related services.
- Regulates all chartered, franchised, or certificated public service companies operating in the State.

MAJOR PROGRAM AREAS

The Department of Budget and Finance has programs in the following major program areas:

Government-Wide Support

BUF 101	Departmental Administration and Budget Division
BUF 115	Financial Administration
BUF 141	Employees Retirement System
BUF 143	Employer Union Trust Fund
BUF 721	Debt Service – State
BUF 725	Debt Service – DOE
BUF 728	Debt Service – UH
BUF 741	Retirement Benefits – State

BUF 745	Retirement Benefits – DOE
BUF 748	Retirement Benefits – UH
BUF 761	Health Premium Payments – State
BUF 765	Health Premium Payments – DOE
BUF 768	Health Premium Payments – UH

Individual Rights

BUF 151	Office of the Public Defender
BUF 901	Public Utilities Commission

**Department of Budget and Finance
(Operating Budget)**

		Budget Base		
		FY 2014	FY 2014	FY 2015
Funding Sources:	Positions	132.25	137.25	137.25
General Funds	\$	1,822,617,379	2,035,554,542	2,129,553,378
		62.00	62.00	62.00
Special Funds		11,351,174	13,967,044	11,650,804
		58.00	61.00	61.00
Trust Funds		12,423,498	13,484,860	13,177,121
		1.75	1.75	1.75
Interdepartmental Transfers		105,225	105,225	105,225
		99.00	102.00	102.00
Other Funds		10,828,223	11,048,393	11,255,963
		353.00	364.00	364.00
Total Requirements		1,857,325,499	2,074,160,064	2,165,742,491

Major Adjustments in the Executive Budget Request: (general funds unless noted)

1. Adds \$76,715,088 in FY14 and \$81,901,460 in FY15 for debt service payments.
2. Adds \$17,164,473 in FY14 and \$51,164,754 in FY15 for retirement benefits payments.
3. Adds \$118,145,988 in FY14 and \$172,843,357 in FY15 for health premium payments and OPEB pre-funding (New Day Initiative).
4. Adds 10.00 temporary positions and \$750,000 in FY14 and FY15 to assist with the implementation of the Enterprise Resource Project.
5. Adds \$2,615,870 in FY14 and \$299,630 in FY15 in special funds for the Public Utilities Commission for the expansion and renovation of the Oahu office.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID:
PROGRAM STRUCTURE NO.
PROGRAM TITLE:

DEPARTMENT OF BUDGET AND FINANCE

PROGRAM EXPENDITURES	-----IN DOLLARS-----				-----IN THOUSANDS-----			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	339.00*	353.00*	364.00*	364.00*	364.0*	364.0*	364.0*	364.0*
PERSONAL SERVICES	29,985,019	30,719,238	28,825,486	29,264,611	29,264	29,264	29,264	29,264
OTHER CURRENT EXPENSES	1,660,069,675	1,817,181,749	2,045,019,108	2,136,436,010	2,238,633	2,347,949	2,439,611	2,552,470
EQUIPMENT			315,470	41,870	18			
TOTAL OPERATING COST	1,690,054,694	1,847,900,987	2,074,160,064	2,165,742,491	2,267,915	2,377,213	2,468,875	2,581,734
BY MEANS OF FINANCING								
GENERAL FUND	131.25*	132.25*	137.25*	137.25*	137.2*	137.2*	137.2*	137.2*
	1,654,169,139	1,804,683,144	2,035,554,542	2,129,553,378	2,229,215	2,341,359	2,433,226	2,546,145
SPECIAL FUND	62.00*	62.00*	62.00*	62.00*	62.0*	62.0*	62.0*	62.0*
	12,501,777	13,814,174	13,967,044	11,650,804	14,402	11,616	11,351	11,351
FEDERAL FUNDS	*	*	*	*	*	*	*	*
	239,798	306,558						
TRUST FUNDS	45.00*	58.00*	61.00*	61.00*	61.0*	61.0*	61.0*	61.0*
	12,180,899	12,345,130	13,484,860	13,177,121	12,937	12,877	12,937	12,877
INTERDEPT. TRANSFER	1.75*	1.75*	1.75*	1.75*	1.8*	1.8*	1.8*	1.8*
	108,367	119,858	105,225	105,225	105	105	105	105
REVOLVING FUND	*	*	*	*	*	*	*	*
	26,491	33,136						
OTHER FUNDS	99.00*	99.00*	102.00*	102.00*	102.0*	102.0*	102.0*	102.0*
	10,828,223	16,598,987	11,048,393	11,255,963	11,256	11,256	11,256	11,256
CAPITAL INVESTMENT APPROPRIATIONS								
PLANS	22,000	24,000						
CONSTRUCTION	568,246,000	326,472,000	128,000,000	75,000,000	55,000	45,000	45,000	45,000
TOTAL CAPITAL APPROPRIATIONS	568,268,000	326,496,000	128,000,000	75,000,000	55,000	45,000	45,000	45,000
BY MEANS OF FINANCING								
SPECIAL FUND	22,000	24,000						
G.O. BONDS	568,246,000	326,472,000	128,000,000	75,000,000	55,000	45,000	45,000	45,000
TOTAL POSITIONS	339.00*	353.00*	364.00*	364.00*	364.00*	364.00*	364.00*	364.00*
TOTAL PROGRAM COST	2,258,322,694	2,174,396,987	2,202,160,064	2,240,742,491	2,322,915	2,422,213	2,513,875	2,626,734

**Department of Budget and Finance
(Capital Improvements Budget)**

	<u>FY 2014</u>	<u>FY 2015</u>
Funding Sources:		
General Obligation Bonds	128,000,000	75,000,000
Total Requirements	<u>128,000,000</u>	<u>75,000,000</u>

Highlights of the Executive CIP Budget Request: (general obligation bonds unless noted)

1. Adds \$30,000,000 in FY14 and FY15 for transfers to the Hawaiian Homelands Trust Fund for projects statewide.
2. Adds \$45,000,000 in FY14 and FY15 for transfers to the State Educational Facilities Improvement (SEFI) Special Fund for projects statewide. Adds \$53,000,000 in FY14 for SEFI re-authorization.

STATE OF HAWAII
PROGRAM ID
PROGRAM STRUCTURE NO.
PROGRAM TITLE

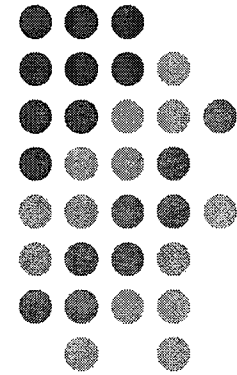
**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT
IN THOUSANDS OF DOLLARS**

REPORT B78
PAGE 283

DEPARTMENT OF BUDGET AND FINANCE

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE COST ELEMENT/MOF	PROJECT TITLE		BUDGET PERIOD						SUCCEED YEARS		
				PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17		FY 17-18	FY 18-19
			PLANS	556	510	22	24							
			DESIGN	1,324	1,324									
			CONSTRUCTION	2,504,466	1,216,748	568,246	326,472	128,000	75,000	55,000	45,000	45,000	45,000	
			EQUIPMENT	2,201	2,201									
			TOTAL	2,508,547	1,220,783	568,268	326,496	128,000	75,000	55,000	45,000	45,000	45,000	
			SPECIAL FUND	46		22	24							
			G.O. BONDS	2,508,501	1,220,783	568,246	326,472	128,000	75,000	55,000	45,000	45,000	45,000	

Operating Budget Details



OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID:
 PROGRAM STRUCTURE NO. 07
 PROGRAM TITLE: FORMAL EDUCATION

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COSTS								
PERSONAL SERVICES								
OTHER CURRENT EXPENSES	939,490,414	1,028,972,549	1,106,220,529	1,161,637,862	1,215,842	1,277,647	1,328,651	1,391,243
TOTAL OPERATING COST	939,490,414	1,028,972,549	1,106,220,529	1,161,637,862	1,215,842	1,277,647	1,328,651	1,391,243
BY MEANS OF FINANCING								
GENERAL FUND	939,490,414	1,028,972,549	1,106,220,529	1,161,637,862	1,215,842	1,277,647	1,328,651	1,391,243
TOTAL POSITIONS								
TOTAL PROGRAM COST	939,490,414 *	1,028,972,549 *	1,106,220,529 *	1,161,637,862 *	1,215,842 *	1,277,647 *	1,328,651 *	1,391,243 *

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF745**
 PROGRAM STRUCTURE NO. **07010192**
 PROGRAM TITLE: **RETIREMENT BENEFITS PAYMENTS - DOE**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COSTS								
PERSONAL SERVICES								
OTHER CURRENT EXPENSES	258,018,325	252,741,189	274,546,967	286,023,146	297,849	303,806	309,882	316,079
TOTAL OPERATING COST	258,018,325	252,741,189	274,546,967	286,023,146	297,849	303,806	309,882	316,079
BY MEANS OF FINANCING								
GENERAL FUND	258,018,325	252,741,189	274,546,967	286,023,146	297,849	303,806	309,882	316,079
TOTAL POSITIONS	*	*	*	*	*	*	*	*
TOTAL PROGRAM COST	258,018,325	252,741,189	274,546,967	286,023,146	297,849	303,806	309,882	316,079

PROGRAM ID: BUF745
PROGRAM STRUCTURE: 07010192
PROGRAM TITLE: RETIREMENT BENEFITS PAYMENTS - DOE

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<u>MEASURES OF EFFECTIVENESS</u>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To provide employer contribution payments for pension accumulation and Social Security/Medicare in an effective and timely manner.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Total employer contribution requirements for pension accumulation and Social Security/Medicare for State employees in the Department of Education including Charter Schools total \$274,546,967 in FY14 and \$286,023,146 in FY15.

C. Description of Activities Performed

The major activity of this program is the determination and payment of employer contributions for pension accumulation and Social Security/Medicare.

D. Statement of Key Policies Pursued

Pension accumulation contributions are based on a percentage of payroll as stipulated in Chapter 88, Hawaii Revised Statutes. Social Security/Medicare contributions are federally mandated and based on assessment rates of 6.2 percent for Social Security and 1.45 percent for Medicare.

E. Identification of Important Program Relationships

Federal, special and general funded programs of the State and all County programs are affected by the retirement program because of the annual employer appropriation requirements. Social Security Administration policy and tax changes also have a direct effect on the State's liability.

F. Description of Major External Trends Affecting the Program

The employer contribution rates for pension accumulation do not reflect the market turmoil that global investment assets have experienced. While the actuarial methodology recognizes some year to year market volatility, future program requirements may be adversely impacted by future investment experience.

G. Discussion of Cost, Effectiveness, and Program Size Data

See discussion above for item F.

H. Discussion of Program Revenue

Employer contributions for the Pension Accumulation Fund received from the State and Counties are based on a percentage of payroll.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF765**
 PROGRAM STRUCTURE NO. **07010194**
 PROGRAM TITLE: **HEALTH PREMIUM PAYMENTS - DOE**

PROGRAM EXPENDITURES	--IN DOLLARS--				--IN THOUSANDS--			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COSTS								
PERSONAL SERVICES								
OTHER CURRENT EXPENSES	199,791,457	225,126,160	231,658,073	253,426,037	277,246	302,445	330,139	360,443
TOTAL OPERATING COST	199,791,457	225,126,160	231,658,073	253,426,037	277,246	302,445	330,139	360,443
BY MEANS OF FINANCING								
GENERAL FUND	199,791,457	225,126,160	231,658,073	253,426,037	277,246	302,445	330,139	360,443
TOTAL POSITIONS								
TOTAL PROGRAM COST	199,791,457*	225,126,160*	231,658,073*	253,426,037*	277,246*	302,445*	330,139*	360,443*

PROGRAM ID: BUF765
 PROGRAM STRUCTURE: 07010194
 PROGRAM TITLE: HEALTH PREMIUM PAYMENTS - DOE

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<u>MEASURES OF EFFECTIVENESS</u>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To provide employer contribution payments for health premiums in an effective and timely manner.

expenditures for retiree benefits, and set employer contributions for active employees at a fixed dollar amount.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Total employer contribution requirements for health benefit premiums for State employees in the Department of Education including Charter Schools total \$231,658,073 in FY14 and \$253,426,037 in FY15.

G. Discussion of Cost, Effectiveness, and Program Size Data

None.

C. Description of Activities Performed

The major activity of this program is the determination and payment of employer contributions for health benefit premiums for eligible State employees, retirees, and their dependents.

H. Discussion of Program Revenue

None.

D. Statement of Key Policies Pursued

Health benefit contributions for employees and their dependents are collectively bargained and are considered fixed cost items. Employer contributions for retirees and their dependents are subject to base monthly contribution limits established in Chapter 87A, Hawaii Revised Statutes.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

E. Identification of Important Program Relationships

None.

J. Further Considerations

None.

F. Description of Major External Trends Affecting the Program

Escalating health care costs is a national issue impacted by a multitude of factors. The establishment in 2001 of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) was intended to control rising costs by giving the Board of Trustees full flexibility in the plan designs, limit future

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF725**
 PROGRAM STRUCTURE NO. **07010196**
 PROGRAM TITLE: **DEBT SERVICE PAYMENTS - DOE**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COSTS								
PERSONAL SERVICES								
OTHER CURRENT EXPENSES	215,164,302	254,331,904	284,657,378	286,707,551	292,687	306,428	309,686	318,686
TOTAL OPERATING COST	215,164,302	254,331,904	284,657,378	286,707,551	292,687	306,428	309,686	318,686
BY MEANS OF FINANCING								
GENERAL FUND	215,164,302	254,331,904	284,657,378	286,707,551	292,687	306,428	309,686	318,686
TOTAL POSITIONS								
TOTAL PROGRAM COST	215,164,302*	254,331,904*	284,657,378*	286,707,551*	292,687*	306,428*	309,686*	318,686*

PROGRAM ID: BUF725
 PROGRAM STRUCTURE: 07010196
 PROGRAM TITLE: DEBT SERVICE PAYMENTS - DOE

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<u>MEASURES OF EFFECTIVENESS</u>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To make and record debt service payments in a timely and accurate manner.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

General Obligation (G.O.) bond debt service costs for the Department of Education (excluding Libraries) are projected to be \$284,657,378 in FY 14 and \$286,707,551 in FY 15. The request reflects a projected increase in debt service costs of \$30,325,474 in FY14 and \$32,375,647 in FY15 over the established FY13 budget ceiling. Increased debt service requirements are due in part, to refunding/restructuring bond issues done in prior years to provide budget relief (debt service savings for prior budget periods and additional bond issuances pursuant to the issuance plan).

C. Description of Activities Performed

Closely monitor the municipal bond market in planning, directing, and coordinating the structure and sale of G.O. bonds to allow the State to obtain the lowest overall cost of financing.

D. Statement of Key Policies Pursued

Adhere to strict Federal and State statutes relating to the tax-exempt status of the bonds.

E. Identification of Important Program Relationships

None.

F. Description of Major External Trends Affecting the Program

Financing costs are impacted directly by the overall financial markets, on a local, national and international level. Specifically, the impacts of these markets on the U.S. municipal bond markets affects the interest rates incurred in the sale of the G.O. bonds. In addition, the condition of the Hawaii's economy and management of the State's budget affect bond ratings, which in turn, have an impact on interest rates paid on the bonds.

G. Discussion of Cost, Effectiveness, and Program Size Data

None.

H. Discussion of Program Revenue

Dependent upon market conditions, a premium on the sale of the bonds may be generated which is credited to the general fund.

I. Summary of Analysis Performed

Financial analyses are conducted during each bond sale to determine the most cost efficient means to structure the bonds while achieving the program goals.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF748**
 PROGRAM STRUCTURE NO. **07030892**
 PROGRAM TITLE: **RETIREMENT BENEFITS PAYMENTS - UH**

PROGRAM EXPENDITURES	--IN DOLLARS--				--IN THOUSANDS--			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COSTS								
PERSONAL SERVICES								
OTHER CURRENT EXPENSES	114,246,239	123,163,259	127,028,002	138,575,844	140,404	143,212	146,077	148,998
TOTAL OPERATING COST	114,246,239	123,163,259	127,028,002	138,575,844	140,404	143,212	146,077	148,998
BY MEANS OF FINANCING								
GENERAL FUND	114,246,239	123,163,259	127,028,002	138,575,844	140,404	143,212	146,077	148,998
TOTAL POSITIONS								
TOTAL PROGRAM COST	114,246,239*	123,163,259*	127,028,002*	138,575,844*	140,404*	143,212*	146,077*	148,998*

PROGRAM ID: BUF748
 PROGRAM STRUCTURE: 07030892
 PROGRAM TITLE: RETIREMENT BENEFITS PAYMENTS - UH

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<u>MEASURES OF EFFECTIVENESS</u>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To provide employer contribution payments for pension accumulation and Social Security/Medicare in an effective and timely manner.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Total employer contribution requirements for pension accumulation and Social Security/Medicare for State employees of the University of Hawaii total \$127,028,002 in FY14 and \$138,575,844 in FY15.

C. Description of Activities Performed

The major activity of this program is the determination and payment of employer contributions for pension accumulation and Social Security/Medicare.

D. Statement of Key Policies Pursued

Pension accumulation contributions are based on a percentage of payroll as stipulated in Chapter 88, Hawaii Revised Statutes. Social Security/Medicare contributions are federally mandated and based on assessment rates of 6.2 percent for Social Security and 1.45 percent for Medicare.

E. Identification of Important Program Relationships

Federal, special and general funded programs of the State and all County programs are affected by the retirement program because of the annual employer appropriation requirements. Social Security Administration policy and tax changes also have a direct effect on the State's liability.

F. Description of Major External Trends Affecting the Program

The employer contribution rates for pension accumulation, does not reflect the market turmoil that global investment assets have experienced. While the actuarial methodology recognizes some year to year market volatility, future program requirements may be adversely impacted by future investment experience.

G. Discussion of Cost, Effectiveness, and Program Size Data

See discussion above for item F.

H. Discussion of Program Revenue

Employer contributions for the Pension Accumulation Fund received from the State and Counties are based on a percentage of payroll.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF768**
 PROGRAM STRUCTURE NO. **07030894**
 PROGRAM TITLE: **HEALTH PREMIUM PAYMENTS - UH**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COSTS								
PERSONAL SERVICES								
OTHER CURRENT EXPENSES	72,638,071	79,482,140	82,978,795	90,795,204	99,333	108,347	118,253	129,092
TOTAL OPERATING COST	72,638,071	79,482,140	82,978,795	90,795,204	99,333	108,347	118,253	129,092
BY MEANS OF FINANCING								
GENERAL FUND	72,638,071	79,482,140	82,978,795	90,795,204	99,333	108,347	118,253	129,092
TOTAL POSITIONS								
TOTAL PROGRAM COST	72,638,071*	79,482,140*	82,978,795*	90,795,204*	99,333*	108,347*	118,253*	129,092*

PROGRAM ID: **BUF768**
 PROGRAM STRUCTURE: **07030894**
 PROGRAM TITLE: **HEALTH PREMIUM PAYMENTS - UH**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To provide employer contribution payments for health premiums in an effective and timely manner.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Total employer contribution requirements for health benefit premiums for State employees of the University of Hawaii total \$82,978,795 in FY14 and \$90,795,204 in FY15.

C. Description of Activities Performed

The major activity of this program is the determination and payment of employer contributions for health benefit premiums for eligible State employees, retirees, and their dependents.

D. Statement of Key Policies Pursued

Health benefit contributions for employees and their dependents are collectively bargained and are considered fixed cost items. Employer contributions for retirees and their dependents are subject to base monthly contribution limits established in Chapter 87A, Hawaii Revised Statutes.

E. Identification of Important Program Relationships

None.

F. Description of Major External Trends Affecting the Program

Escalating health care costs is a national issue impacted by a multitude of factors. The establishment in 2001 of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) was intended to control rising costs by giving

the Board of Trustees full flexibility in the plan designs, limit future expenditures for retiree benefits, and set employer contributions for active employees at a fixed dollar amount.

G. Discussion of Cost, Effectiveness, and Program Size Data

None.

H. Discussion of Program Revenue

None.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF728**
 PROGRAM STRUCTURE NO. **07030896**
 PROGRAM TITLE: **DEBT SERVICE PAYMENTS - UH**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COSTS								
PERSONAL SERVICES								
OTHER CURRENT EXPENSES	79,632,020	94,127,897	105,351,314	106,110,080	108,323	113,409	114,614	117,945
TOTAL OPERATING COST	79,632,020	94,127,897	105,351,314	106,110,080	108,323	113,409	114,614	117,945
BY MEANS OF FINANCING								
GENERAL FUND	79,632,020	94,127,897	105,351,314	106,110,080	108,323	113,409	114,614	117,945
TOTAL POSITIONS	79,632,020*	94,127,897*	105,351,314*	106,110,080*	108,323*	113,409*	114,614*	117,945*
TOTAL PROGRAM COST	79,632,020	94,127,897	105,351,314	106,110,080	108,323	113,409	114,614	117,945

PROGRAM ID: **BUF728**
 PROGRAM STRUCTURE: **07030896**
 PROGRAM TITLE: **DEBT SERVICE PAYMENTS - UH**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To make and record debt service payments in a timely and accurate manner.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

General Obligation (G.O.) bond debt service costs for the University of Hawaii are projected to be \$105,351,314 in FY14 and \$106,110,080 in FY15. The request reflects a projected increase in debt service costs of \$11,223,417 in FY14 and \$11,982,183 in FY15 over the established FY13 budget ceiling. Increased debt service requirements are due in part, to refunding/restructuring bond issues done in prior years to provide budget relief (debt service savings for prior budget periods and additional bond issuances pursuant to the issuance plan).

C. Description of Activities Performed

Closely monitor the municipal bond market in planning, directing, and coordinating the structure and sale of G.O. bonds to allow the State to obtain the lowest overall cost of financing.

D. Statement of Key Policies Pursued

Adhere to strict Federal and State statutes relating to the tax-exempt status of the bonds.

E. Identification of Important Program Relationships

None.

F. Description of Major External Trends Affecting the Program

Financing Costs are impacted directly by the overall financial markets, on a local, national and international level. Specifically, the impacts of these markets on the U.S. municipal bond markets affects the interest rates incurred in the sale of the G.O. bonds. In addition, the condition of the Hawaii's economy and management of the State's budget affect bond ratings, which in turn, have an impact on interest rates paid on the bonds.

G. Discussion of Cost, Effectiveness, and Program Size Data

None.

H. Discussion of Program Revenue

Dependent upon market conditions, a premium on the sale of the bonds may be generated which is credited to the general fund.

I. Summary of Analysis Performed

Financial analyses are conducted during each bond sale to determine the most cost efficient means to structure the bonds while achieving the program goals.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID:
 PROGRAM STRUCTURE NO. 10
 PROGRAM TITLE: INDIVIDUAL RIGHTS

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	391.00*	404.00*	411.00*	411.00*	411.0*	411.0*	411.0*	411.0*
PERSONAL SERVICES	28,470,223	33,209,606	34,403,975	34,244,019	34,244	34,244	34,244	34,244
OTHER CURRENT EXPENSES	12,850,330	18,368,072	21,098,635	18,496,175	18,497	18,497	18,497	18,497
EQUIPMENT	176,682	175,000	178,225					
TOTAL OPERATING COST	41,497,235	51,752,678	55,680,835	52,740,194	52,741	52,741	52,741	52,741
BY MEANS OF FINANCING								
SPECIAL FUND	386.00*	396.00*	403.00*	403.00*	403.0*	403.0*	403.0*	403.0*
	40,350,169	49,287,686	52,125,843	49,975,202	49,976	49,976	49,976	49,976
	*	*	*	*	*	*	*	*
OTHER FEDERAL FUNDS			1,000,000	250,000	250	250	250	250
	5.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
TRUST FUNDS	1,147,066	2,464,992	2,554,992	2,514,992	2,515	2,515	2,515	2,515
TOTAL POSITIONS	391.00*	404.00*	411.00*	411.00*	411.00*	411.00*	411.00*	411.00*
TOTAL PROGRAM COST	41,497,235	51,752,678	55,680,835	52,740,194	52,741	52,741	52,741	52,741

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF901**
 PROGRAM STRUCTURE NO. **10010305**
 PROGRAM TITLE: **PUBLIC UTILITIES COMMISSION**

PROGRAM EXPENDITURES	--IN DOLLARS--				--IN THOUSANDS--			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	62.00*	62.00*	62.00*	62.00*	62.0*	62.0*	62.0*	62.0*
PERSONAL SERVICES	4,617,052	4,784,226	4,900,849	4,900,849	4,901	4,901	4,901	4,901
OTHER CURRENT EXPENSES	5,743,718	6,450,325	8,769,325	6,708,085	9,483	6,715	6,450	6,450
EQUIPMENT			296,870	41,870	18			
TOTAL OPERATING COST	10,360,770	11,234,551	13,967,044	11,650,804	14,402	11,616	11,351	11,351
BY MEANS OF FINANCING	62.00*	62.00*	62.00*	62.00*	62.0*	62.0*	62.0*	62.0*
SPECIAL FUND	10,360,770	11,234,551	13,967,044	11,650,804	14,402	11,616	11,351	11,351
TOTAL POSITIONS	62.00*	62.00*	62.00*	62.00*	62.00*	62.00*	62.00*	62.00*
TOTAL PROGRAM COST	10,360,770	11,234,551	13,967,044	11,650,804	14,402	11,616	11,351	11,351

PROGRAM ID: BUF901
PROGRAM STRUCTURE: 10010305
PROGRAM TITLE: PUBLIC UTILITIES COMMISSION

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. % RATE CASES COMPLTD W/IN APPLIC STATUTORY TIME PD	100	100	100	100	100	100	100	100
2. % NON-RATE MATTERS COMPLTD W/IN APPLC STATU/REG PD	100	100	100	100	100	100	100	100
3. % INFORMAL COMPLAINT RESOLVED IN REASONABLE TIME	91	90	90	90	90	90	90	90
4. NO. REPORTED ACCIDENTS INVOLVING UTILITY EMPLOYEES	87	95	95	95	95	95	95	95
5. AV NO. ELECTRIC SVC INTERRUPTS PER CUSTOMER SVCD	2	2	2	2	2	2	2	2
6. NO. TELECOMM SVC DISRUPTNS LONGER THAN 1 HR	4	2	2	2	2	2	2	2
PROGRAM TARGET GROUPS								
1. ELECTRIC AND GAS COMPANIES	5	5	5	5	5	5	5	5
2. PROPERTY CARRIERS	555	575	575	575	575	575	575	575
3. PASSENGER CARRIERS	743	755	755	755	755	755	755	755
4. WATER COMMON CARRIERS	4	4	4	4	4	4	4	4
5. PRIVATE WATER AND WASTEWATER UTILITY COMPANIES	38	38	38	38	38	38	38	38
6. TELECOMMUNICATIONS COMPANIES	174	175	175	175	175	175	175	175
7. OPERATORS OF SUBSURFACE INSTALLATIONS	80	80	80	80	80	80	80	80
8. PETROLEUM DISTRIBUTORS	0	0	0	0	0	0	0	0
PROGRAM ACTIVITIES								
1. NUMBER OF APPLICATIONS FILED	401	400	400	400	400	400	400	400
2. NO. DECISIONS/ORDERS & ORDERS ISSUED DOCKETD MATTR	853	750	750	750	750	750	750	750
3. NO. OF PUBLIC HEARINGS AND CONTESTED CASE HEARINGS	16	20	20	20	20	20	20	20
4. NUMBER OF CITATIONS ISSUED	12	20	20	20	20	20	20	20
5. NUMBER OF INFORMAL COMPLAINTS FILED	104	220	220	220	220	220	220	220
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
CHARGES FOR CURRENT SERVICES	18,458	18,458	18,458	18,457	18,457	18,457	18,457	18,457
FINES, FORFEITS AND PENALTIES	36	36	37	35	35	35	35	35
NON-REVENUE RECEIPTS	9,755	7,624	7,624	7,623	7,623	7,623	7,623	7,623
TOTAL PROGRAM REVENUES	28,249	26,118	26,119	26,115	26,115	26,115	26,115	26,115
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	9,755	7,624	7,624	7,623	7,623	7,623	7,623	7,623
SPECIAL FUNDS	18,494	18,494	18,495	18,492	18,492	18,492	18,492	18,492
TOTAL PROGRAM REVENUES	28,249	26,118	26,119	26,115	26,115	26,115	26,115	26,115

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To ensure that regulated companies efficiently and safely provide their customers with adequate and reliable services at just and reasonable rates, while providing regulated companies with a fair opportunity to earn a reasonable rate of return.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The budget reflects the established FY13 budget ceiling with the addition of funds required for the expansion and renovation of the Commission's O'ahu Office pursuant to Act 177, Session Laws of Hawaii 2007. The Commission's fiscal biennium 2013-2015 budget request is in compliance with Section 37-68(1)(A)(B).

C. Description of Activities Performed

The Commission is engaged in legislative, judicial, and administrative regulatory activities, such as:

1. Establishing rules and regulations, which include service standards for regulated public utilities and transportation companies'
2. Rendering decisions regarding reasonableness of rates and efficiency in operational and service practices affecting ratepayers and the public; and
3. Processing applications; reviewing requests; and conducting audits, inspections, and companies utilizing services under the Commission's jurisdiction, to ensure compliance with rules and regulations.

D. Statement of Key Policies Pursued

The key policies in which the Commission carries out its regulatory functions are:

1. Regulate public utilities to ensure:
 - a. The public of adequate and reliable services at just and reasonable rates; and
 - b. A fair opportunity for the regulated public utilities to earn a reasonable rate of return;
2. Ensure that the public does not experience discriminatory or preferential services, and avoid and eliminate unfair competitive practices among regulated public utilities and other regulated entities;
3. Promote the objectives of the State Plan to, among other things, achieve dependable, efficient, and economical statewide energy; support research, development, and promotion of renewable energy resources; and preserve the environment, while balancing the cost of energy to ratepayers;
4. Maintain a level of safe, adequate, economical, and efficient motor and water carrier transportation services to ensure and permit the flow of goods for commercial purposes between points within the state at just and reasonable rates and fair practices; and
5. Coordinate and support implementation of applicable regulatory initiatives to ensure safe, adequate, economical, and efficient

services to the ratepayers and public, as well as, ensure regulated entity integrity and sustainability.

E. Identification of Important Program Relationships

Environmental and economic concerns due to public utility operations and conservation and efficient use of energy are related to the objectives of the Departments of Health (“DOH”), Land and Natural Resources (“DLNR”), Labor and Industrial Relations (“DLIR”), and Business, Economic Development, and Tourism, (“DBED&T”). For transportation, excavator, and subsurface installation services the Department of Transportation (“DOT”), county offices statewide, and DLIR are involved in the safety of operations of regulated public utilities.

F. Description of Major External Trends Affecting the Program

1. The Commission continues to participate in the Hawaii Clean Energy Initiative (“HCEI”), which was established via a Memorandum of Understanding between the State of Hawaii and the United States Department of Energy in January 2008. HCEI’S primary goal is to transform the State of Hawaii’s energy economy from one fueled predominantly by imported oil to one fueled by 70% clean, renewable energy by 2030.

Three major legislative mandates, the Renewable Portfolio Standards (“RPS”), the Energy Efficiency Portfolio Standards (“EEPS”) and the Public Benefit Fee (“PBF”) are key energy policies driving the Commission. Given the State’s overall desire to promote clean energy policies to stabilize Hawaii’s economy and move towards energy independence, the majority of the Commission’s time and resources are devoted to this sector. Additionally, the Commission has

aggressively sought to implement the State’s energy policy through the implementation of net energy metering (“NEM”), feed-in-tariffs, renewable energy infrastructure surcharge program, decoupling, third party administration of energy efficiency programs, energy efficiency portfolio standards framework, the development of electricity reliability standards, and an update of the integrated resource planning process to incorporate clean energy scenario planning, among other matters.

2. The Federal Universal Service fund program, created by the U.S. Congress through the Telecommunications Act of 1994, as amended in 1996 (“Act”) is designed primarily: 1) to promote the availability of quality telecommunications services at just, reasonable, and affordable rates; 2) to increase access to advance telecommunications services throughout the Nation; 3) to advance the availability of such services to all consumers, including those in low income, rural, insular, and high cost areas; and 4) at rates reasonably comparable to those charged in urban areas. As provided by the Act, the USF receives contributions from providers of telecommunications services and the moneys paid out to those carriers designated as Eligible Telecommunications Carriers (ETCs), in order to assist them in recovering costs of providing telecommunications services.

In addition to designating ETC’s, the Commission annually certifies to the FCC that all ETCs that receive high-cost USF support are using those funds for their intended purposes. On November 11, 2011, the FCC released a comprehensive order to reform universal service which added broadband as a supported service, changed funding eligibility and distribution,

and adopted a number of specific performances and reporting obligations. The FCC's stated goals of reform are to preserve and advance the availability of fixed and mobile voice and broadband services, and to minimize the USF contribution burden on the public.

3. On December 21, 2011 the United States ("US") Environmental Protection Agency ("EPA") announced standards to limit mercury, acid gasses and other toxic pollution from power plants, aimed at reducing air pollution from coal and oil-fired power plants. The passing of the rule affects coal- and oil- fired electric generating units with a capacity of 25 Mega Watts ("MW") or greater. Existing sources will have up to 4 years to comply with Mercury Air Toxics Standards ("MATS").
4. On December 23, 2010, the US EPA issued a series of rules that put the necessary regulatory framework in place to ensure that industrial facilities can get clean air act permits covering their greenhouse gas ("GHG") emissions when needed if necessary. The EPA tailoring rule ensures that only the largest sources of GHGs, those responsible for 70 percent of the GHG pollution from stationary sources, would require air permits. This rulemaking process is not yet complete.

G. Discussion of Cost, Effectiveness, and Program Size Data

Since the enactment of Act 177, SLH 2007 ("Act 177"), the Commission has experienced several resource (staffing and funding) authorization shortfalls, which hindered its ability to acquire the additional office space required to allow for the full implementation of the Commission's reorganization plan. However, in FY 2012, the Commission was appropriated funding for all reorganization positions pursuant to Act 177, increasing the Commission's total full-time, permanent count to 62; and authorized to implement an Office expansion project in its current location,

the State-owned Kekuanao'a Building. The Commission is currently working with the Department of Accounting and General Services ("DAGS") Public Works Division Planning Branch ("DAGS-PWD") on the short, interim, and long-term/permanent plans for the Commission's office expansion.

During the upcoming biennium, the Commission will coordinate recruitment efforts with DAGS-PWD office expansion plans to efficiently utilize resources that will allow the Commission to effectively meet its program objectives. Additionally, the Commission will continue the organizational restructuring that will focus expertise and cross-functional work groups on new and foreseeable statutory duties and responsibilities that will allow the Commission to better meet its program objectives.

H. Discussion of Program Revenues

Regulated utilities and transportation companies are assessed fees for filings, earnings and penalties. For FY13, it is projected that \$20.5 million will be collected. Funds in excess of \$1 million are lapsed from the Special Fund to the General Fund at the end of each FY. For FY12, \$10.2 million was lapsed and it is estimated that \$9.1 million, \$6.5 million and \$8.8 million will be lapsed to the General Fund in FY13, FY14 and in FY15, respectively.

I. Summary of Analysis Performed

To address existing duties and responsibilities more efficiently, the Commission continues the implementation of a strategic plan that among other things focuses on filling authorized reorganization positions as authorized by Act 177, increasing information

accessibility and improving services to the public. To address newly established and foreseeable additional statutory duties and responsibilities, the Commission has also initiated steps to establish an organizational structure that fosters industry specific knowledge within professional sections in order to elicit more in-depth analysis and recommendations to the commissioners to allow for more informed and comprehensive decision making

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF151**
 PROGRAM STRUCTURE NO. **100301**
 PROGRAM TITLE: **OFFICE OF THE PUBLIC DEFENDER**

PROGRAM EXPENDITURES	-IN DOLLARS-				-IN THOUSANDS-			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	81.00*	81.00*	81.00*	81.00*	81.0*	81.0*	81.0*	81.0*
PERSONAL SERVICES	9,112,285	8,796,850	9,112,285	9,112,285	9,112	9,112	9,112	9,112
OTHER CURRENT EXPENSES	680,413	683,014	683,014	683,014	683	683	683	683
TOTAL OPERATING COST	9,792,698	9,479,864	9,795,299	9,795,299	9,795	9,795	9,795	9,795
BY MEANS OF FINANCING								
GENERAL FUND	81.00*	81.00*	81.00*	81.00*	81.0*	81.0*	81.0*	81.0*
	9,792,698	9,479,864	9,795,299	9,795,299	9,795	9,795	9,795	9,795
TOTAL POSITIONS	81.00*	81.00*	81.00*	81.00*	81.00*	81.00*	81.00*	81.00*
TOTAL PROGRAM COST	9,792,698	9,479,864	9,795,299	9,795,299	9,795	9,795	9,795	9,795

PROGRAM ID: **BUF151**
 PROGRAM STRUCTURE: **100301**
 PROGRAM TITLE: **OFFICE OF THE PUBLIC DEFENDER**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. % ATTORNY CASELDS EXCEED NATL STD FOR FELONY CASES	5	5	5	5	5	5	5	5
2. % ATTRNY CASELDS EXCEED NATL STD FOR MISDMNR CASES	481	481	481	481	481	481	481	481
3. % ATTORNY CASELDS EXCEED NATL STD FOR FAMILY COURT	197	197	197	197	197	197	197	197
4. % ATTRNY CASELDS EXCEED NATL STD FOR APPEALS CASES	5	5	5	5	5	5	5	5
5. ANNL # TRNG HRS COMPL BY PROF STAFF AS % PLNND HRS	90	90	90	90	90	90	90	90
PROGRAM TARGET GROUPS								
1. INDIGENTS REQUIRING SERVICES FOR FELONY CASES	5555	5666	5779	5895	6013	6134	6134	6134
2. INDIGENTS REQUIRING SERVICES FOR MISDEMEANOR CASES	37910	38668	39441	40230	41035	41855	41855	41855
3. INDIGENTS REQUIRING SERVICES FOR APPEALS CASES	142	145	148	151	154	157	157	157
4. INDIGENTS REQUIRING SVCS FOR MENTAL COMMITMNT CASES	240	245	250	255	260	265	265	265
5. INDIGENTS REQUIRING SERVICES FOR FAMILY COURT CASES	7877	8035	8196	8360	8527	8698	8872	9049
6. INDIGENTS REQUIRING SERVICES FOR PRISON CASES	2235	2280	2326	2373	2420	2469	2518	2567
PROGRAM ACTIVITIES								
1. CASES ACCEPTED - FELONY	4975	5075	5177	5281	5387	5495	5605	5715
2. CASES ACCEPTED - MISDEMEANOR	36636	37369	38116	38878	39656	40449	41249	42049
3. CASES ACCEPTED - FAMILY COURT	6534	6665	6798	6934	7073	7214	7354	7494
4. CASES ACCEPTED - APPEAL	142	145	148	151	154	157	160	163
5. CASES ACCEPTED - MENTAL COMMITMENT	240	245	250	255	260	265	270	275

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To safeguard the rights of individuals by providing statutorily entitled and effective legal representation in criminal, mental commitment, and family cases in compliance with the Hawaii Rules of Professional Conduct. Prudently manage deputy public defender and support service resources and caseloads and maintain quality training program for deputy defender staff.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

No new programs are being proposed at this time. The budget request reflects the established FB 2013-15 Executive Biennium Budget Ceiling. The program is in compliance with Section 37-68 (1) (A) (B).

C. Description of Activities Performed

Program activities include providing comprehensive legal and related services to the target group in all police, judicial and related administrative proceedings in the following situations.

- Custodial interrogations and lineups
- Preliminary hearings
- Arraignments
- Pretrial release and bail hearings
- Pretrial motions proceedings
- Pretrial investigations
- Trial proceedings
- Sentencing proceedings
- Minimum term and parole hearings
- Appellate and post-conviction proceedings
- Bench warrant, extradition and material witness proceedings
- Family Court juvenile and adult proceedings

- Order to Show Cause proceedings in spouse abuse and other contempt matters in the Family Courts
- Involuntary commitment and out-patient proceedings
- Legal advisement of persons in police custody and members of the public

D. Statement of Key Policies Pursued

Provide comprehensive legal and other necessary services in criminal and related cases at the least possible cost. The scope of services that must be provided generally is dictated by the Federal and State Constitutions, the State statutes, judicial rules, decisions and opinions, and the canons of professional ethics.

E. Identification of Important Program Relationships

While the program is necessarily affected by the activities of key components within the criminal justice system (police, prosecution, courts, corrections, parole), the adversarial nature of the program's responsibilities precludes significant relationship with other agencies. The Office of the Public Defender is recognized as an agency which is a critical component of the criminal justice system and has a seat on a number of judiciary committees that address issues and problems within the system.

F. Description of Major External Trends Affecting the Program

The Office of the Public Defender is constitutionally mandated to provide legal assistance to all indigent accused persons requesting representation in misdemeanor, family and felony cases. Staffing requirements for the Office of the Public Defender is dependent not only upon the sheer volume of cases handled by the Office, but is also directly related to administrative changes by the Judiciary. When the Judiciary expands by the addition of judges or the addition of court days, workload for the Office increases. The

Judiciary continues to make organizational changes in its effort to process greater numbers of criminal prosecutions in a reduced time period; this in turn has continued to significantly impact the Office. Workload is also impacted by changes in the law increasing the need for representation (i.e., mandatory sentencing laws, sex offender registry). Increase in clerical staffing requirements on Oahu and the neighbor islands are currently required to fulfill the statutory mandate of the Office of the Public Defender.

G. Discussion of Cost, Effectiveness, and Program Size Data

Planned level of program effectiveness is measured in the number of clients provided effective representation. The goal of the agency is to avoid judicial or disciplinary counsel determinations of ineffective assistance of counsel that would reflect a major denial of Federal and State Constitutional rights as well as to operate efficiently within its allocated budgetary guidelines. The program has realized its planned level of effectiveness in the past biennial period.

H. Discussion of Program Revenue

Pursuant to statute, if at any time after counsel is appointed, the court is satisfied that a defendant is financially able to obtain counsel or to make partial payment for the representation, the court may terminate the appointment of counsel, unless the person so represented is willing to pay for the representation. If appointed counsel continues the representation, the court shall direct payment for such representation as the interests of justice may dictate. Any payments directed by the court shall be general fund realizations.

This reimbursement process is employed in those very rare instances where a defendant has subsequent ability to pay for counsel. Additionally, consideration has been given to requiring some contribution from all but the

most impecunious of clients. It is believed that this would require costs of collection and accounting that would far outweigh the benefit.

I. Summary of Analysis Performed

Improvement in future years will be contingent upon program expansion commensurate with the increase in the size of the target group. It remains difficult to anticipate fluctuations in the target group to provide a staffing and funding pattern to assure an optimum level of effectiveness. Nonetheless, policy changes initiated within the Judiciary such as expansion of court days and number of courts, and increased weekly trial setting to reduce case backlogs in felony, district, and family courts have imposed burdens that require relief through expansion of staff resources.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID:
 PROGRAM STRUCTURE NO. **11**
 PROGRAM TITLE: **GOVERNMENT-WIDE SUPPORT**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	196.00*	210.00*	221.00*	221.00*	221.0*	221.0*	221.0*	221.0*
PERSONAL SERVICES	16,255,682	17,138,162	14,812,352	15,251,477	15,251	15,251	15,251	15,251
OTHER CURRENT EXPENSES	714,155,130	781,075,861	929,346,240	967,407,049	1,012,625	1,062,904	1,103,827	1,154,094
EQUIPMENT			18,600					
TOTAL OPERATING COST	730,410,812	798,214,023	944,177,192	982,658,526	1,027,876	1,078,155	1,119,078	1,169,345
BY MEANS OF FINANCING								
GENERAL FUND	50.25*	51.25*	56.25*	56.25*	56.2*	56.2*	56.2*	56.2*
	704,886,027	766,230,731	919,538,714	958,120,217	1,003,578	1,053,917	1,094,780	1,145,107
SPECIAL FUND	*	*	*	*	*	*	*	*
	2,141,007	2,579,623						
FEDERAL FUNDS	*	*	*	*	*	*	*	*
	239,798	306,558						
TRUST FUNDS	45.00*	58.00*	61.00*	61.00*	61.0*	61.0*	61.0*	61.0*
	12,180,899	12,345,130	13,484,860	13,177,121	12,937	12,877	12,937	12,877
INTERDEPT. TRANSFER	1.75*	1.75*	1.75*	1.75*	1.8*	1.8*	1.8*	1.8*
	108,367	119,858	105,225	105,225	105	105	105	105
REVOLVING FUND	*	*	*	*	*	*	*	*
	26,491	33,136						
OTHER FUNDS	99.00*	99.00*	102.00*	102.00*	102.0*	102.0*	102.0*	102.0*
	10,828,223	16,598,987	11,048,393	11,255,963	11,256	11,256	11,256	11,256
CAPITAL INVESTMENT APPROPRIATIONS								
PLANS	22,000	24,000						
CONSTRUCTION	568,246,000	326,472,000	128,000,000	75,000,000	55,000	45,000	45,000	45,000
TOTAL CAPITAL APPROPRIATIONS	568,268,000	326,496,000	128,000,000	75,000,000	55,000	45,000	45,000	45,000
BY MEANS OF FINANCING								
SPECIAL FUND	22,000	24,000						
G.O. BONDS	568,246,000	326,472,000	128,000,000	75,000,000	55,000	45,000	45,000	45,000
TOTAL POSITIONS	196.00*	210.00*	221.00*	221.00*	221.00*	221.00*	221.00*	221.00*
TOTAL PROGRAM COST	1,298,678,812	1,124,710,023	1,072,177,192	1,057,658,526	1,082,876	1,123,155	1,164,078	1,214,345

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF101**
 PROGRAM STRUCTURE NO. **11010305**
 PROGRAM TITLE: **DEPARTMENTAL ADMINISTRATION & BUDGET DIV**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	40.00*	40.00*	43.00*	43.00*	43.0*	43.0*	43.0*	43.0*
PERSONAL SERVICES	5,555,305	6,750,361	3,669,586	3,729,046	3,729	3,729	3,729	3,729
OTHER CURRENT EXPENSES	7,379,509	8,164,503	8,098,583	8,098,583	8,099	8,099	8,099	8,099
EQUIPMENT			3,600					
TOTAL OPERATING COST	12,934,814	14,914,864	11,771,769	11,827,629	11,828	11,828	11,828	11,828
BY MEANS OF FINANCING								
GENERAL FUND	39.25*	39.25*	42.25*	42.25*	42.2*	42.2*	42.2*	42.2*
	10,475,338	11,935,833	11,736,804	11,792,664	11,793	11,793	11,793	11,793
SPECIAL FUND	*	*	*	*	*	*	*	*
	2,141,007	2,579,623						
FEDERAL FUNDS	*	*	*	*	*	*	*	*
	239,798	306,558						
TRUST FUNDS	*	*	*	*	*	*	*	*
	8,548	10,116						
INTERDEPT. TRANSFER	.75*	.75*	.75*	.75*	.8*	.8*	.8*	.8*
	43,632	49,598	34,965	34,965	35	35	35	35
REVOLVING FUND	*	*	*	*	*	*	*	*
	26,491	33,136						
CAPITAL INVESTMENT APPROPRIATIONS								
PLANS	22,000	24,000						
CONSTRUCTION	568,246,000	326,472,000	128,000,000	75,000,000	55,000	45,000	45,000	45,000
TOTAL CAPITAL APPROPRIATIONS	568,268,000	326,496,000	128,000,000	75,000,000	55,000	45,000	45,000	45,000
BY MEANS OF FINANCING								
SPECIAL FUND	22,000	24,000						
G.O. BONDS	568,246,000	326,472,000	128,000,000	75,000,000	55,000	45,000	45,000	45,000
TOTAL POSITIONS	40.00*	40.00*	43.00*	43.00*	43.00*	43.00*	43.00*	43.00*
TOTAL PROGRAM COST	581,202,814	341,410,864	139,771,769	86,827,629	66,828	56,828	56,828	56,828

PROGRAM ID: BUF101
PROGRAM STRUCTURE: 11010305
PROGRAM TITLE: DEPARTMENTAL ADMINISTRATION AND BUDGET DIVISION

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. % OF RECOMMENDATIONS ON DEPT REQUESTS COMPLETED BY DUE DATE	90	90	90	90	90	90	90	90
2. PERCENTAGE OF VENDOR PAYMENTS MADE WITHIN 30 DAYS	84	84	84	84	84	84	84	84
3. % VARIATION IN EXPANDED COST/ENTITLEMENTS VS ANNUAL ALLOTMENT	8	8	8	8	8	8	8	8
4. % PAYROLL-RELATED HRMS TRANSACTIONS COMPLETED WITHIN 5 DAYS OF APPROVAL	92	92	92	92	92	92	92	92
5. % USER IT TROUBLESHOOTING REQUESTS RESPONDED TO WITHIN 2 WORKING DAYS	95	95	95	95	95	95	95	95
6. % PERCENTAGE OF MALFUNCTIONS RESPONDED TO WITHIN 6 WORKING DAYS	95	95	95	95	95	95	95	95
PROGRAM TARGET GROUPS								
1. GOVERNOR AND EXECUTIVE AGENCIES	20	20	20	20	20	20	20	20
PROGRAM ACTIVITIES								
1. NO. OF DEPT PROGRAM PLANS REVIEWED AND PROCESSED	265	265	265	265	265	265	265	265
2. NO. OF PROGRAM BUDGET REQUESTS REVIEWED & PROCESSED	1000	1000	1000	1000	1000	1000	1000	1000
3. NUMBER OF PROGRAM MEMORANDA PREPARED	0	11	0	11	0	11	0	11
4. NUMBER OF VARIANCE REPORTS REVIEWED AND PROCESSED	265	265	265	265	265	265	265	265
5. NO. OF EXPANDED PLANS & ALLOTMENT REQUESTS PROCESSED	4000	4000	4000	4000	4000	4000	4000	4000
6. NUMBER OF REFERRALS PROCESSED	1700	1700	1700	1700	1700	1700	1700	1700
7. NO. OF LEGISLATIVE PROPOSALS REVIEWED FOR GOVERNOR	250	250	250	250	250	250	250	250
8. NO. OF BILLS PASSED BY LEGISLATURE REVIEWED FOR GOVERNOR	260	260	260	260	260	260	260	260
9. NO. OF REORGANIZATION PROPOSALS REVIEWED & PROCESSED	12	12	12	12	12	12	12	12
10. NO. OF CIP ALLOTMENT REQUESTS REVIEWED & PROCESSED	600	600	600	600	600	600	600	600
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS)								
CHARGES FOR CURRENT SERVICES	64,392	65,814	69,573	72,449	75,582	77,731	79,825	79,825
NON-REVENUE RECEIPTS	152,566	150,376	164,580	166,544	173,281	175,286	175,286	175,286
TOTAL PROGRAM REVENUES	216,958	216,190	234,153	238,993	248,863	253,017	255,111	255,111
PROGRAM REVENUES BY FUND (IN THOUSANDS OF DOLLARS)								
GENERAL FUNDS	216,958	216,190	226,642	231,482	236,596	240,750	242,844	242,844
SPECIAL FUNDS			7,511	7,511	12,267	12,267	12,267	12,267
TOTAL PROGRAM REVENUES	216,958	216,190	234,153	238,993	248,863	253,017	255,111	255,111

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To facilitate and improve the executive resource allocation process by thorough planning, programming, and budgeting and analyses, through sound recommendations on all phases of program scope and funding, and by efforts to simplify and more directly tie program performance with resource allocation decisions.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The requests include 3.00 permanent positions and \$64,410 in FY14 and \$120,000 in FY15 for the Administrative and Research Office; \$33,000 in FY14 and FY15 for additional funding for the Bishop Museum Annual Subsidy; and 10.00 temporary positions and \$750,000 in FY14 and FY15 for the Budget, Program Planning and Management Division for staff support for the implementation of the Enterprise Resource Project. The program is in compliance with Section 37-68(1)(A)(B).

C. Description of Activities Performed

Major activities carried out by this program are as follows:

1. Conducts continuous review and advises the Governor on the financial condition of the State.
2. Assists in the preparation, explanation and administration of the State's long-range plans, proposed six-year program and financial plan, and State budget.
3. Performs other staff services for the Governor as required.
4. Advises on and monitors compliance of the budget execution policies and procedures.
5. Conducts comprehensive and in-depth analysis on State programs, operations, problems and issues to provide management with sound, rationale basis for decision-making.
6. Provides information requested by the Legislature.

7. Reviews proposed legislation and recommends appropriate action to the Governor on bills awaiting his signature.
8. Develops, designs, and implements government-wide management improvement projects to increase the effectiveness and economical use of management resources.
9. Provides administrative support activities to the Department.

D. Statement of Key Policies Pursued

The method of attaining program objective is the implementation of legislative policies expressed in Chapter 37, HRS.

E. Identification of Important Program Relationships

This program has significant relationships with the legislature and staff agencies to ensure that the State budget is consistent with applicable laws and policies.

This program also works with the Financial Administration Program (BUF 115) to ensure availability of funds for capital improvement projects.

F. Description of Major External Trends Affecting the Program

The state of the economy, on the national, international, and local levels, is a major focus area of this program. The program must continually assess and evaluate the State's overall financial condition. It is important to keep abreast of local, national, and international economic, social, and financial trends affecting financing and investments. This program must be aware of Federal and State laws, rules and issues related to investments, debt financing, and cash management to ensure that the State's financial policies and procedures are in conformance. When new procedures are necessary to ensure conformance, they must be implemented in a timely manner.

Since the cash resources of the State constitute a significant and important aspect of the financial management of the State, trends in interest rates are closely monitored. The State's investment earnings are determined to a large extent by the prevailing interest rates of short-term securities. The prime-lending rate of the banks, which generally sets the tone for all investment rates, is closely monitored.

G. Discussion of Cost, Effectiveness, and Program Size Data

Measures of effectiveness for this program have been and will continue to be impacted as a result of the reductions in program resources necessary to meet the departmental budget reduction targets in previous budgets.

H. Discussion of Program Revenue

Major program revenues are derived from the following sources:

- a. Interest earned on interest bearing demand accounts.
- b. Interest earned on certificates of time deposits.
- c. Interest earned on U.S. treasury Bills and repurchase agreements primarily acquired for liquidity purposes.
- d. Payments from State Agencies for the reimbursement of interest and principal on reimbursable general obligation bonds.
- e. Collections from properties presumed abandoned.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF115**
 PROGRAM STRUCTURE NO. **11020301**
 PROGRAM TITLE: **FINANCIAL ADMINISTRATION**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	21.00*	22.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
PERSONAL SERVICES	1,177,865	1,197,427	1,301,942	1,363,296	1,363	1,363	1,363	1,363
OTHER CURRENT EXPENSES	7,159,332	7,687,451	7,688,171	7,688,171	7,688	7,688	7,688	7,688
EQUIPMENT			2,400					
TOTAL OPERATING COST	8,337,197	8,884,878	8,992,513	9,051,467	9,051	9,051	9,051	9,051
BY MEANS OF FINANCING								
GENERAL FUND	11.00*	12.00*	14.00*	14.00*	14.0*	14.0*	14.0*	14.0*
	1,335,300	1,814,216	1,903,269	1,962,223	1,962	1,962	1,962	1,962
TRUST FUNDS	9.00*	9.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
	6,937,162	7,000,402	7,018,984	7,018,984	7,019	7,019	7,019	7,019
INTERDEPT. TRANSFER	1.00*	1.00*	1.00*	1.00*	1.0*	1.0*	1.0*	1.0*
	64,735	70,260	70,260	70,260	70	70	70	70
TOTAL POSITIONS	21.00*	22.00*	24.00*	24.00*	24.00*	24.00*	24.00*	24.00*
TOTAL PROGRAM COST	8,337,197	8,884,878	8,992,513	9,051,467	9,051	9,051	9,051	9,051

PROGRAM ID: BUF115
PROGRAM STRUCTURE: 11020301
PROGRAM TITLE: FINANCIAL ADMINISTRATION

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. AV ANN RATE OF RETURN ON STATE TREASRY INVSTMTS	.49	.50	.50	.50	.50	.50	.50	.50
2. RATE OF INT PD ON STATE BONDS REL TO BOND INDEX(%)	90	90	90	90	90	90	90	90
3. % TREASURY TRANSACTNS UNRECONCILED AFTER 30 DAYS	8	8	8	8	8	8	8	8
4. %INCR IN NEW UNCLAIMED PROP HOLDER REPTS FILED	4	4	4	4	4	4	4	4
5. % INCR IN UNCLAIMED PROPERTY AMOUNTS REPORTED	1	1	1	1	1	1	1	1
6. %INCR IN RETURNS OF UNCLMD PROP TO RIGHTFUL OWNERS	5	5	5	5	5	5	5	5
PROGRAM TARGET GROUPS								
1. STATE DEPARTMENTS	20	20	20	20	20	20	20	20
2. STATE INVESTMENT ACCOUNTS	9	9	9	9	9	9	9	9
3. STATE FUND INVESTMENTS (\$ MILLIONS)	1481	1497	1513	1529	1545	1561	1561	1561
4. LOCAL AND MAINLAND FINANCIAL INSTITUTIONS	11	11	11	11	11	11	11	11
5. UNCLAIMED PROPERTY HOLDERS	11800	11800	11800	11800	11800	11800	11800	11800
6. OWNERS OF UNCLAIMED PROPERTY	95000	95000	95000	95000	95000	95000	95000	95000
PROGRAM ACTIVITIES								
1. NO. OF STATE BOND ISSUES UNDERTAKEN	8	7	8	7	8	7	8	7
2. # STATE BOND CALLS AND/OR REDEMPTIONS INITIATED	2	0	2	0	2	0	2	0
3. NO. OF STATE BOND ACCOUNTS/HOLDERS SERVICED	30	30	30	30	30	30	30	30
4. AMOUNT OF STATE FUNDS MANAGED (IN MILLIONS)	4000	4200	4400	4600	4800	5000	5200	5400
5. NO. OF STATE AGENCY ACCOUNTS SERVICED	368	368	368	368	368	368	368	368
6. NO. OF UNCLAIMED PROPERTY CLAIMS PAID	9750	9750	9750	9750	9750	9750	9750	9750
7. AMOUNT OF UNCLAIMED PROPERTY CLAIMS PAID (000'S)	5940	5940	5940	5940	5940	5940	5940	5940
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
REVENUES FROM THE USE OF MONEY AND PROPERTY	10,031	10,031	10,031	10,031	10,031	10,031	10,031	10,031
REVENUE FROM OTHER AGENCIES: FEDERAL	10	10	10	10	10	10	10	10
REVENUE FROM OTHER AGENCIES: ALL OTHER	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
NON-REVENUE RECEIPTS	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
TOTAL PROGRAM REVENUES	33,041	33,041	33,041	33,041	33,041	33,041	33,041	33,041
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	18,041	18,041	18,041	18,041	18,041	18,041	18,041	18,041
ALL OTHER FUNDS	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TOTAL PROGRAM REVENUES	33,041	33,041	33,041	33,041	33,041	33,041	33,041	33,041

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To maximize the value, investment, and use of State funds through proactive planning, the development of prudent statewide financial policies, the timely scheduling of State bond financing and the establishment of appropriate cash management controls and procedures.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

No new programs are being proposed at this time. The requests are for 2.00 permanent positions and \$64,474 in FY14 and \$123,428 in FY15 to ensure that State agencies that issue bonds are in compliance with public debt laws and investor relations to assist issuing agencies in obtaining the best interest rates. The program is in compliance with Section 37-68(1)(A)(B).

C. Description of Activities Performed

One of the major activities of this program is to plan, direct, and coordinate the overall financial policies that govern investments and the issuance and marketing of State of Hawaii bonds.

Other major activities of this program are to receive, safeguard and disburse funds in the State Treasury to meet payment of State obligations and invest moneys in excess of the amount necessary for meeting the immediate requirements of the State.

The program administers the Unclaimed Property function by assuming custody and responsibility for the safekeeping of property presumed to be abandoned. This function includes the return of property presumed abandoned when the rightful owners file appropriate claims.

The program also administers the State's 529 college savings program authorized by Section 256, HRS, to provide a way for families to save for higher education.

D. Statement of Key Policies Pursued

Manage State funds based on criteria of safety, liquidity, and yield to ensure payment of State obligations in a timely manner. Invest funds consistent with the administration's policy which provides that in cases where State monies are in excess of the amount necessary to meet immediate requirements, and where action will not impede or hamper the financial operation of the State, such monies shall be invested in the type of investments permitted under Chapter 36, Hawaii Revised Statutes (HRS), as amended. Section 40-7, HRS, requires an annual count of moneys and securities in the State Treasury.

Determine the specific date and amount of bond sales based on cash requirements of the State and prevailing money market conditions. The debt management program determines the specific date and amount of bond sales based on cash requirements of the State and prevailing market conditions.

E. Identification of Important Program Relationships

Investments of cash in excess of the State's immediate requirements are made on a regular basis with banks and financial institutions. In an effort to maximize the interest earnings for the State, this program works closely with these institutions to obtain the best possible interest rates at any given time.

Relationships with primary banks are important to obtain necessary cash management services to deposit, disburse and transfer funds for daily operations of the State's departments.

To carry out the coordination of the State's Bond Program, direct involvement with other State department programs is necessary in areas such as: 1) directing the activities of and participating in issuing revenue bonds; and 2) evaluating and recommending alternative financing options to meet funding requirements.

This program is instrumental in directing all activities of a bond issue. Essential to planning the issuance and marketing the sale of bonds is a good working relationship with bond counsel, underwriters, investment banking firms and other private sector entities. Coordination of the timing of bond issuances by the State and four Counties is important to avoid having a number of Hawaii issues in the marketplace at any one time which would lead to higher interest costs for all issuers and a negative impact on the marketability of the bonds.

Also important in the marketability of a bond is the bond rating established by national bond rating agencies. Any factors which would possibly affect the State's bond rating are conveyed in a timely manner to these agencies.

F. Description of Major External Trends Affecting the Program

The state of the economy, on the national, international, and local levels, is a major focus area of this program. The program must continually assess and evaluate the State's overall financial condition. It is important to keep abreast of local, national, and international economic, social, and financial trends affecting financing and investments. This program must be aware of Federal and State laws, rules and issues related to investments, debt financing, and cash management to ensure that the State's financial policies and procedures are in conformance. When new procedures are necessary to ensure conformance, they must be implemented in a timely manner.

Since the cash resources of the State constitute a significant and important aspect of the financial management of the State, trends in interest rates are

closely monitored. The State's investment earnings are determined to a large extent by the prevailing interest rates of short-term securities. The prime-lending rate of the banks, which generally sets the tone for all investment rates, is closely monitored. The recent national and global market conditions have impacted the type of acceptable investments and rate of return on the investment portfolio.

Advancements in technology and changes in the banking industry toward electronic processing have required new processes and projects to take advantage of efficiencies available.

G. Discussion of Cost, Effectiveness, and Program Size Data

None.

H. Discussion of Program Revenue

Major program revenues are derived from the following sources:

- a. Interest earned on interest bearing demand accounts.
- b. Interest earned on authorized investments of funds deposited in the State treasury.
- c. Payments from State agencies for the reimbursement of interest and principal on reimbursable general obligation bonds.
- d. Collections from properties presumed abandoned.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF721**
 PROGRAM STRUCTURE NO. **11020303**
 PROGRAM TITLE: **DEBT SERVICE PAYMENTS**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COSTS								
PERSONAL SERVICES								
OTHER CURRENT EXPENSES	249,510,033	294,929,786	330,095,983	332,473,416	339,408	355,342	359,120	369,556
TOTAL OPERATING COST	249,510,033	294,929,786	330,095,983	332,473,416	339,408	355,342	359,120	369,556
BY MEANS OF FINANCING								
GENERAL FUND	249,510,033	294,929,786	330,095,983	332,473,416	339,408	355,342	359,120	369,556
TOTAL POSITIONS	249,510,033*	294,929,786*	330,095,983*	332,473,416*	339,408*	355,342*	359,120*	369,556*
TOTAL PROGRAM COST	249,510,033	294,929,786	330,095,983	332,473,416	339,408	355,342	359,120	369,556

PROGRAM ID: BUF721
PROGRAM STRUCTURE: 11020303
PROGRAM TITLE: DEBT SERVICE PAYMENTS

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<u>MEASURES OF EFFECTIVENESS</u>								
1. TO PROVIDE FUNDS FOR DEBT SERVICE FOR STATE CIP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To make and record debt service payments in a timely and accurate manner.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

General Obligation (G.O.) bond debt service costs for all departments other than the Department of Education (excluding Libraries) and the University of Hawaii are projected to be \$330,095,983 in FY14 and \$332,473,416 in FY15. The request reflects an increase in debt service costs of \$35,166,197 in FY14 and \$37,543,630 in FY15 over the established FY13 budget ceiling. Increased debt service requirements are due in part, to refunding/restructuring bond issues done in prior years to provide budget relief (debt service savings for prior budget periods and additional bond issuances pursuant to the issuance plan).

C. Description of Activities Performed

Closely monitor the municipal bond market in planning, directing, and coordinating the structure and sale of G.O. bonds to allow the State to obtain the lowest overall cost of financing.

D. Statement of Key Policies Pursued

Adhere to strict Federal and State statutes relating to the tax-exempt status of the bonds.

E. Identification of Important Program Relationships

None.

F. Description of Major External Trends Affecting the Program

Financing costs are impacted directly by the overall financial markets, on a local, national and international level. Specifically, the impacts of these markets on the U.S. municipal bond markets affects the interest rates incurred in the sale of the G.O. bonds. In addition, the condition of the Hawaii's economy and management of the State's budget affect bond ratings, which in turn, have an impact on interest rates paid on the bonds.

G. Discussion of Cost, Effectiveness, and Program Size Data

None.

H. Discussion of Program Revenue

Dependent upon market conditions, a premium on the sale of the bonds may be generated which is credited to the general fund.

I. Summary of Analysis Performed

Financial analyses are conducted during each bond sale to determine the most cost efficient means to structure the bonds while achieving the program goals.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF141**
 PROGRAM STRUCTURE NO. **11030601**
 PROGRAM TITLE: **EMPLOYEES' RETIREMENT SYSTEM**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	99.00*	99.00*	102.00*	102.00*	102.0*	102.0*	102.0*	102.0*
PERSONAL SERVICES	6,719,928	6,457,692	6,932,988	7,146,048	7,146	7,146	7,146	7,146
OTHER CURRENT EXPENSES	4,108,295	10,141,295	4,109,105	4,109,915	4,110	4,110	4,110	4,110
EQUIPMENT			6,300					
TOTAL OPERATING COST	10,828,223	16,598,987	11,048,393	11,255,963	11,256	11,256	11,256	11,256
BY MEANS OF FINANCING	99.00*	99.00*	102.00*	102.00*	102.0*	102.0*	102.0*	102.0*
OTHER FUNDS	10,828,223	16,598,987	11,048,393	11,255,963	11,256	11,256	11,256	11,256
TOTAL POSITIONS	99.00*	99.00*	102.00*	102.00*	102.00*	102.00*	102.00*	102.00*
TOTAL PROGRAM COST	10,828,223	16,598,987	11,048,393	11,255,963	11,256	11,256	11,256	11,256

PROGRAM ID: BUF141
 PROGRAM STRUCTURE: 11030601
 PROGRAM TITLE: EMPLOYEES' RETIREMENT SYSTEM

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. AV TIME TO PROC INIT CHECK TO TERMNTG EMPlys (WKS)	3	3	3	3	3	3	3	3
2. % INITIAL MTHLY PENSION PROC WIN 1 MTH AFTR RETIR	100	100	100	100	100	100	100	100
3. ANNUALIZED RETURN ON INVESTMENTS OVER PAST 5 YEARS	8	8	8	8	8	8	8	8
PROGRAM TARGET GROUPS								
1. ACTIVE MEMBERS	69205	69840	70475	71110	71751	72468	72468	72468
2. RETIRED MEMBERS	40390	41420	42450	43480	44535	45426	45426	45426
3. INACTIVE VESTED MEMBERS	6612	6765	6918	7071	7227	7372	7372	7372
PROGRAM ACTIVITIES								
1. ANNUAL NUMBER OF NEW MEMBERS	4000	4000	4000	4000	4000	4000	4000	4000
2. ANNUAL NUMBER OF MEMBERS COUNSELED	14000	14000	14000	14000	14000	14000	14000	14000
3. ANNUAL NUMBER OF RETIREMENT BENEFIT COMPUTATIONS	8000	8500	8500	8500	8500	8500	8500	8500
4. ANNUAL NUMBER OF NEW RETIREES	2000	2000	2000	2000	2000	2000	2000	2000
5. ANNUAL RETIREMNT BENEFIT PAYMNT AMOUNTS (MILLIONS)	960	1000	1050	1100	1155	1213	1213	1213
6. ANNUAL NUMBER OF DECEASED MEMBER CLAIMS	1600	1600	1600	1600	1600	1600	1600	1600
7. ANNUAL NUMBER OF REFUND PAYMENTS	1000	1000	1000	1000	1000	1000	1000	1000
8. ASSETS (BILLIONS OF DOLLARS)	12	13	14	15	15	15	15	15
9. ANNUAL NET INVESTMENT INCOME (MILLIONS)	1100	1200	1200	1200	1200	1200	1200	1200
10. ANNUAL RETURN ON INVESTMENTS	8	8	8	8	8	8	8	8

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To administer the retirement and survivor benefits program for the State and county members and to anticipate and exceed their needs; manage the Employee Retirement System's (ERS) resources in a responsible and cost effective manner; prudently manage investments in accordance with fiduciary standards; and to provide an open and participative work environment for staff.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

No new programs are being proposed at this time. The budget request reflects an increase of 3.00 permanent positions and \$220,170 in FY14 and \$427,740 in FY15. Although this request increases the administrative budget of the ERS, the total cost to the ERS is expected to decrease when considering the expected increase in "net investment income" from the ERS' investment portfolio. The program is in compliance with Section 37-68(1)(A)(B).

C. Description of Activities Performed

The major activities in this program are: pre-retirement counseling services; computation of retirement, disability and death benefits; enrollment of new State and county employees; conducting disability hearings and appeals; processing retirement checks on a timely basis; tax reporting requirements for benefit distributions; management oversight; safeguarding and accounting for the program's investments in stocks, bonds, foreign securities, mortgages, real estate, certificates of deposits, and etc.

D. Statement of Key Policies Pursued

The Board of Trustees establishes policies and procedures to administer

the program and to conduct disability hearings and appeals. The Board also develops asset allocation strategies to prudently maximize the rate of return on investments for the benefit of the State and county government employers and ERS members and pensioner.

E. Identification of Important Program Relationships

Major funding from this program is provided by investment earnings; employer contributions from the State under the following programs BUF741, BUF745, BUF748, employer contributions from the counties, and member contributions.

F. Description of Major External Trends Affecting the Program

ERS' actuary has estimated continued growth in the annual numbers of new retirees. This anticipated increase in the numbers of new retirees will have an impact on the operational and funding requirements of this program. The volatility of the U.S. and international markets continue to impact the growth of the ERS' investment portfolio.

G. Discussion of Cost, Effectiveness, and Program Size Data

The ERS is currently working on implementing significant changes to the ERS computer and office automation system as a result of pension contributions and benefit changes enacted by Act 163/2011 and Act 153/2012. These pension reforms are expected to help improve the long-term funding of the ERS.

The ERS requested Investment Officers to help achieve its goal of preservation of capital with consistent, positive return for the ERS' investment portfolio. The current staffing of the investment office is not adequate given the uncertainty and complexity of modern financial markets

that ERS is invested in, and the current staffing structure is out of line with best practices of other similarly sized public pension plans. The three (3) Investment Officer positions will help provide for continuity and consistency of the investment program over time, and results in greater efficiencies and investment performance. In addition, certain outsourced tasks (such as due diligence on investment manager searches and monitoring of investment managers) will be done by these positions resulting in overall savings to the ERS.

H. Discussion of Program Revenue

Program revenues are received from:

Earnings on investment portfolio consisting of real estate loans and mortgages, preferred and common stocks, government obligations, corporate bonds, certain debt instruments, real property, alternative investments, and other securities and futures contracts as authorized by Section 88-119, Hawaii Revised Statutes.

Employer contributions for the Pension Accumulation Fund received from the State and counties are based on a statutorily determined percentage of payroll.

The Pension Accumulation Fund also receives funds upon retirement of ERS' members when the member's contributions are transferred from the Annuity Savings Fund to the Pension Accumulation Fund. Member contributions are paid into the Annuity Savings Fund based on a statutorily determined percentage of payroll. Since 2006 almost all new members of the ERS are required to make employee contributions.

I. Summary of Analysis Performed

Long-term projections report that the many of the 15,000 eligible members will retire within the next 3 – 5 years. Pension payments now exceed \$1 billion per year and will continue to grow as the number of retirees increase. These increases will impact the funding of the ERS and present further challenges to employers and members, and the ERS investment portfolio to adequately fund the ERS.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF143**
 PROGRAM STRUCTURE NO. **11030603**
 PROGRAM TITLE: **HAWAII EMPLOYER-UNION TRUST FUND**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	36.00*	49.00*	52.00*	52.00*	52.0*	52.0*	52.0*	52.0*
PERSONAL SERVICES	2,802,584	2,732,682	2,907,836	3,013,087	3,013	3,013	3,013	3,013
OTHER CURRENT EXPENSES	2,432,605	2,601,930	3,551,740	3,145,050	2,905	2,845	2,905	2,845
EQUIPMENT			6,300					
TOTAL OPERATING COST	5,235,189	5,334,612	6,465,876	6,158,137	5,918	5,858	5,918	5,858
BY MEANS OF FINANCING								
TRUST FUNDS	36.00*	49.00*	52.00*	52.00*	52.0*	52.0*	52.0*	52.0*
	5,235,189	5,334,612	6,465,876	6,158,137	5,918	5,858	5,918	5,858
TOTAL POSITIONS	36.00*	49.00*	52.00*	52.00*	52.00*	52.00*	52.00*	52.00*
TOTAL PROGRAM COST	5,235,189	5,334,612	6,465,876	6,158,137	5,918	5,858	5,918	5,858

PROGRAM ID: **BUF143**
PROGRAM STRUCTURE: **11030603**
PROGRAM TITLE: **HAWAII EMPLOYER-UNION TRUST FUND**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. % DOCUMENTS IMAGED BY END 1ST WRKNG DAY AFTER RCPT	90	90	90	90	90	90	90	90
2. AV NO. DAYS REQUIRED TO PROCESS ENROLLMNT TRNSCTNS	15	15	15	15	15	15	15	15
3. PERCENTAGE OF ABANDONED CALLS	5	5	5	5	5	5	5	5
4. PERCENTAGE OF REFUNDS PROCESSED WITHIN 60 DAYS	65	65	65	65	65	65	65	65
5. % OF SHORTAGE CONDITIONS CLEARED WITHIN 60 DAYS	70	70	70	70	70	70	70	70
6. % PARTICIPANTS ATTENDING INFO SESSIONS IN ONE YEAR	20	20	20	20	20	20	20	20
7. % OF TIME COMPUTER SYSTEM IS AVAILABLE DURING 1 YR	98	98	98	98	98	98	98	98
8. % COBRA FORM/NOTICES SENT W/IN REQUIRED TIME FRAME	99	99	99	99	99	99	99	99
9. % ELIG RETIREES/SPOUSES ENROLLD IN MEDICARE PART B	98	98	98	98	98	98	98	98
10. NO. OF MINOR & MAJOR HIPAA VIOLATIONS PER YEAR	3	3	3	3	3	3	3	3
PROGRAM TARGET GROUPS								
1. TOTAL EMPLOYEES - (ACTIVES) FULL-TIME (STATE/CNTY)	67000	67000	67000	67000	67000	67000	67000	67000
2. TOTAL EMPLOYEES - RETIRED	42650	42650	42650	42650	42650	42650	42650	42650
3. TOTAL DEPENDENT BENEFICIARIES	78000	78000	78000	78000	78000	78000	78000	78000
4. MEDICARE PREMIUM REIMBURSEMENT RECIPIENTS	42000	42000	42000	42000	42000	42000	42000	42000
5. PERSONNEL AND FINANCE OFFICERS	500	500	500	500	500	500	500	500
PROGRAM ACTIVITIES								
1. NEW ENROLLMENTS (ADDITIONS)	8500	8500	8500	8500	8500	8500	8500	8500
2. TERMINATIONS (DELETIONS, CANCELLATIONS)	8800	8800	8800	8800	8800	8800	8800	8800
3. ENROLLMNT DATA CHGS (INS PLAN, NAME, ADDRESS, ETC.)	27000	27000	27000	27000	27000	27000	27000	27000
4. COBRA ENROLLMENTS	1300	1300	1300	1300	1300	1300	1300	1300
5. OUTREACH/EDUC BENEFIT BRIEFING SESSIONS CONDUCTED	120	120	120	120	120	120	120	120
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
REVENUES FROM THE USE OF MONEY AND PROPERTY	4,831	563	563	563	563	563	563	563
CHARGES FOR CURRENT SERVICES	8,069							
NON-REVENUE RECEIPTS	891,129	857,726	857,726	857,726	857,726	857,726	857,726	857,726
TOTAL PROGRAM REVENUES	904,029	858,289	858,289	858,289	858,289	858,289	858,289	858,289
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
ALL OTHER FUNDS	904,029	858,289	858,289	858,289	858,289	858,289	858,289	858,289
TOTAL PROGRAM REVENUES	904,029	858,289	858,289	858,289	858,289	858,289	858,289	858,289

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To administer health and life insurance benefits for eligible active and retired State and county public employees and their dependents by 1) providing quality service levels to employee-beneficiaries and dependent-beneficiaries, 2) complying with federal and State legal requirements.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The FB 2013-15 Executive Budget Request is based on improving quality service levels to our customers and complying with federal and State legal requirements of the Hawaii Employer-Union Health Benefits Trust Fund ("Trust Fund").

The request includes trust fund authorization of \$112,362 in FY 2014 and \$212,123 in FY 2015 for three additional positions; Information System Specialist, Program Specialist (Benefit Plan) and Program Specialist (BAS Manager). These three positions are critically necessary to support the needs of the Trust Fund to manage file transfer and communications with employers, manage the contracts currently in place with insurance vendors, and properly coordinate and manage the BAS. All of these systems will be vital to the Trust Fund's ability to properly implement the 2014 changes brought about by ACA and the health care changes to be made as a result of the Hawaii Healthcare Initiative.

The request also includes trust fund authorization of \$949,000 in FY 2014 for additional office lease space, cyber risk insurance, actuarial consultant, wellness plan developer/consultant, benefit plan and claim payment audits, HIPAA security risk assessment consultant, new telephone system, and additional maintenance and support hours for BAS and \$541,500 in FY 2015 for additional office lease space, cyber risk insurance, actuarial consultant, benefit plan and claim payment audits, telephone system

maintenance, and additional maintenance and support hours for BAS.

C. Description of Activities Performed

Board of Trustees:

- Determine the nature, scope and specific benefit levels of the benefit plans.
- Negotiate and enter into contracts with administrators and insurance carriers.
- Procure fiduciary liability insurance, fidelity bond, and errors and omissions coverage.
- Establish eligibility criteria and management policies for the Trust Fund.
- Contract for financial audits of the Trust Fund and claims audits of its carriers.
- Oversee all Trust Fund activities.

Trust Fund Staff:

- Train State and County personnel and fiscal officers to enroll eligible employees and retirees in benefit plans; publicize benefit plan information.
- Administer health benefit and life insurance plans.
- Procure insurance carriers and administrators for benefit plans in addition to contracts for consultants, BAS, and other goods and services.

- Maintain the BAS and update as needed to respond to changes in federal and state legislation and other plan changes.
- Collect and disburse enrollment information; process enrollment applications; record cancellations and terminations; update files; respond to inquiries about benefit plan enrollments.
- Collect and reconcile employee payroll deductions and employer contributions in accordance with statutes and collective bargaining agreements; remit premiums to insurance carriers and administrators.
- Collect employer contributions and process reimbursement of Medicare Part B health insurance premiums to eligible retirees and their spouses.
- Administer enrollment records for qualified-beneficiaries eligible under P.L. 99-272. Federal COBRA law mandates a temporary extension of health insurance benefits for these persons.
- Maintain financial records for employees enrolled in the State of Hawaii's Premium Conversion Plan.
- Comply with HIPAA privacy regulations and policies related to health benefit enrollment records.
- Comply with Government Accounting Standards Board ("GASB") No. 43, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, and 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Collect and maintain separate employer accounts for the pre-funding of Other Post-Employment Benefits ("OPEB").

D. Statement of Key Policies Pursued

Each State and County employing agency is responsible to notify their eligible employees about the Trust Fund's benefit plans by distributing information and providing enrollment assistance. In order to receive benefits, employees must file enrollment applications with their employing agency; new retirees file directly with the Trust Fund. Employers, employees, and retirees are required to make timely payments for benefit plans to the Trust Fund office as appropriate. The Trust Fund office services the health and life insurance benefits enrollment needs of State and County employees and retirees.

E. Identification of Important Program Relationships

The Board of Trustees negotiates health benefit and group life insurance plans with insurance carriers. Public employers and employees are notified of premium rates after collective bargaining agreements are negotiated. EUTF also maintains liaison with insurance carriers, legislative committees, Centers for Medicaid and Medicare Services, unions, State and County Directors of Finance and Personnel, and the State Office of Collective Bargaining.

The State and County Directors of Finance pay negotiated and statutory contributions amounts to the Trust Fund. The Trust Fund collects both State and County employer and employee contributions. After processing and reconciling the enrollments and contributions, the Trust Fund remits applicable amounts to insurance carriers or administrators for insurance premiums.

The Trust Fund also notifies employees of premium shortages and their ineligibility to receive benefits if deficiencies are not paid in full. A Benefit Plan Consultant advises the Board and staff on benefit programs. The

consultant provides comprehensive data on benefit plan trends and conducts special studies on benefit improvements as directed by the Board of Trustees.

The State Attorney General's Office provides legal assistance by reviewing health insurance contracts, administrative rules and the Board's program activities for compliance with applicable State and Federal laws.

State agencies having control of special and Federal funds are required by law to reimburse the State general fund for employer health and life insurance plan employer contributions advanced by the State Director of Finance.

F. Description of Major External Trends Affecting the Program

Based on increasing medical and prescription drug trends and claims experience, future rates for health benefit plans are projected to increase. Public employers' contributions for active employees are a specific dollar amount to be negotiated through collective bargaining once rates are approved by the EUTF Board of Trustees. Finally, as the number of retiree subscribers increases in the future and as the longevity of this group also increases, this shift in demographics will result in potentially higher amounts that will need to be budgeted for employer health benefit premiums contributions. The federal Affordable Care Act will present new enrollment requirements in 2014 which may impact member enrollment and plan cost.

G. Discussion of Cost, Effectiveness, and Program Size Data

The administrative workload to collect varying amounts of premiums from employees who were hired after June 30, 1996 and who subsequently retire will progressively increase over the years.

H. Discussion of Program Revenue

Program revenues are received from:

- State and county employers and employees for their share of the Trust Fund administrative fees.
- State and County employers for their share of health and life insurance plan premium contributions.
- State and county employees and retirees for their share of health insurance premium contributions; active employee contributions are paid through payroll deduction; retiree premium payments are paid directly.
- Refunds and interest earned on reserve monies from health and life insurance plans' experience gains.
- Interest income earned on the Trust Fund.
- County employers for their share of pre-funding of OPEB.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF741**
 PROGRAM STRUCTURE NO. **11030605**
 PROGRAM TITLE: **RETIREMENT BENEFITS PAYMENTS**

PROGRAM EXPENDITURES	-IN DOLLARS-				-IN THOUSANDS-			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COSTS								
PERSONAL SERVICES								
OTHER CURRENT EXPENSES	253,560,156	256,807,477	266,941,819	277,918,079	289,229	294,894	300,671	306,565
TOTAL OPERATING COST	253,560,156	256,807,477	266,941,819	277,918,079	289,229	294,894	300,671	306,565
BY MEANS OF FINANCING								
GENERAL FUND	253,560,156	256,807,477	266,941,819	277,918,079	289,229	294,894	300,671	306,565
TOTAL POSITIONS	253,560,156*	256,807,477*	266,941,819*	277,918,079*	289,229*	294,894*	300,671*	306,565*
TOTAL PROGRAM COST	253,560,156	256,807,477	266,941,819	277,918,079	289,229	294,894	300,671	306,565

PROGRAM ID: BUF741
 PROGRAM STRUCTURE: 11030605
 PROGRAM TITLE: RETIREMENT BENEFITS PAYMENTS

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. TO PROVIDE FUNDS FOR RETIREMENT BENEFITS - STATE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To provide employer contribution payments for pension accumulation and Social Security/Medicare in an effective and timely manner.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Total employer contribution requirements for pension accumulation and Social Security/Medicare for State employees in other than the Department of Education and the University of Hawaii total \$266,941,819 in FY14 and \$277,918,079 in FY15.

C. Description of Activities Performed

The major activity of this program is the determination and payment of employer contributions for pension accumulation and Social Security/Medicare.

D. Statement of Key Policies Pursued

Pension accumulation contributions are based on a percentage of payroll as stipulated in Chapter 88, Hawaii Revised Statutes. Social Security/Medicare contributions are federally mandated and based on assessment rates of 6.2 percent for Social Security and 1.45 percent for Medicare.

E. Identification of Important Program Relationships

Federal, special and general funded programs of the State and all County programs are affected by the retirement program because of the annual employer appropriation requirements. Social Security Administration policy and tax changes also have a direct effect on the State's liability.

F. Description of Major External Trends Affecting the Program

The employer contribution rates for pension accumulation do not reflect the market turmoil that global investment assets have experienced. While the actuarial methodology recognizes some year to year market volatility, future program requirements may be adversely impacted by future investment experience.

G. Discussion of Cost, Effectiveness, and Program Size Data

See discussion above for item F.

H. Discussion of Program Revenue

Employer contributions for the Pension Accumulation Fund received from the State and Counties are based on a percentage of payroll.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BUF761**
 PROGRAM STRUCTURE NO. **11030607**
 PROGRAM TITLE: **HEALTH PREMIUM PAYMENTS**

PROGRAM EXPENDITURES	--IN DOLLARS--				--IN THOUSANDS--			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COSTS								
PERSONAL SERVICES								
OTHER CURRENT EXPENSES	190,005,200	200,743,419	308,860,839	333,973,835	361,186	389,926	421,234	455,231
TOTAL OPERATING COST	190,005,200	200,743,419	308,860,839	333,973,835	361,186	389,926	421,234	455,231
BY MEANS OF FINANCING								
GENERAL FUND	190,005,200	200,743,419	308,860,839	333,973,835	361,186	389,926	421,234	455,231
TOTAL POSITIONS								
TOTAL PROGRAM COST	190,005,200 *	200,743,419 *	308,860,839 *	333,973,835 *	361,186 *	389,926 *	421,234 *	455,231 *

PROGRAM ID: BUF761
PROGRAM STRUCTURE: 11030607
PROGRAM TITLE: HEALTH PREMIUM PAYMENTS

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. TO PROVIDE FUNDS FOR HEALTH PREMIUMS - STATE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To provide employer contribution payments for health premiums in an effective and timely manner.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Total employer contribution requirements for health benefit premiums for State employees in other than the Department of Education and the University of Hawaii total \$308,860,839 in FY14 and \$333,973,835 in FY15. The contribution requirements include the pre-funding of Other Post-Employment Benefits.

C. Description of Activities Performed

The major activity of this program is the determination and payment of employer contributions for health benefit premiums for eligible State employees, retirees, and their dependents.

D. Statement of Key Policies Pursued

Health benefit contributions for employees and their dependents are collectively bargained and are considered fixed cost items. Employer contributions for retirees and their dependents are subject to base monthly contribution limits established in Chapter 87A, Hawaii Revised Statutes.

E. Identification of Important Program Relationships

None

F. Description of Major External Trends Affecting the Program

Escalating health care costs is a national issue impacted by a multitude of factors. The establishment in 2001 of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) was intended to control rising costs by giving the Board of Trustees full flexibility in the plan designs, limit future expenditures for retiree benefits, and set employer contributions for active employees at a fixed dollar amount. Other Post-Employment Benefits also brings to light the full cost of providing retiree benefits and with it, unfunded liabilities in excess of pension benefits.

G. Discussion of Cost, Effectiveness, and Program Size Data

None.

H. Discussion of Program Revenue

None.

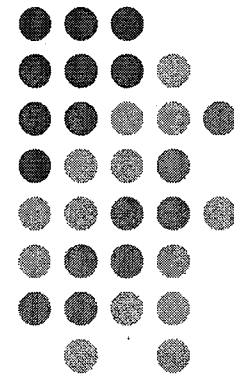
I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

Capital Budget Details



STATE OF HAWAII

PROGRAM ID

PROGRAM STRUCTURE NO.

PROGRAM TITLE

**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT
IN THOUSANDS OF DOLLARS**

REPORT B78

PAGE 37

**BUF-101
11010305**

DEPARTMENTAL ADMINISTRATION & BUDGET DIV

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE	BUDGET PERIOD								SUCCEED YEARS	
					PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17		FY 17-18
00-01	0001		ADDITION	HAWAIIAN HOME LANDS TRUST FUND, STATEWIDE										
			CONSTRUCTION		613,900	483,900	30,000	30,000	30,000	30,000	10,000			
			TOTAL		613,900	483,900	30,000	30,000	30,000	30,000	10,000			
			G.O. BONDS		613,900	483,900	30,000	30,000	30,000	30,000	10,000			
00-02	0002		NEW	STATE EDUCATIONAL FACILITIES IMPROVEMENT FUND, STATEWIDE										
			CONSTRUCTION		1,877,401	719,683	538,246	296,472	98,000	45,000	45,000	45,000	45,000	45,000
			TOTAL		1,877,401	719,683	538,246	296,472	98,000	45,000	45,000	45,000	45,000	45,000
			G.O. BONDS		1,877,401	719,683	538,246	296,472	98,000	45,000	45,000	45,000	45,000	45,000
P12101			NEW	CAPITAL IMPROVEMENTS PROGRAM STAFF COSTS, DLWOP, STATEWIDE										
			PLANS		46		22	24						
			TOTAL		46		22	24						
			SPECIAL FUND		46		22	24						
PROGRAM TOTALS														
			PLANS		556	510	22	24						
			DESIGN		1,324	1,324								
			CONSTRUCTION		2,504,466	1,216,748	568,246	326,472	128,000	75,000	55,000	45,000	45,000	45,000
			EQUIPMENT		2,201	2,201								
			TOTAL		2,508,547	1,220,783	568,268	326,496	128,000	75,000	55,000	45,000	45,000	45,000
			SPECIAL FUND		46		22	24						
			G.O. BONDS		2,508,501	1,220,783	568,246	326,472	128,000	75,000	55,000	45,000	45,000	45,000