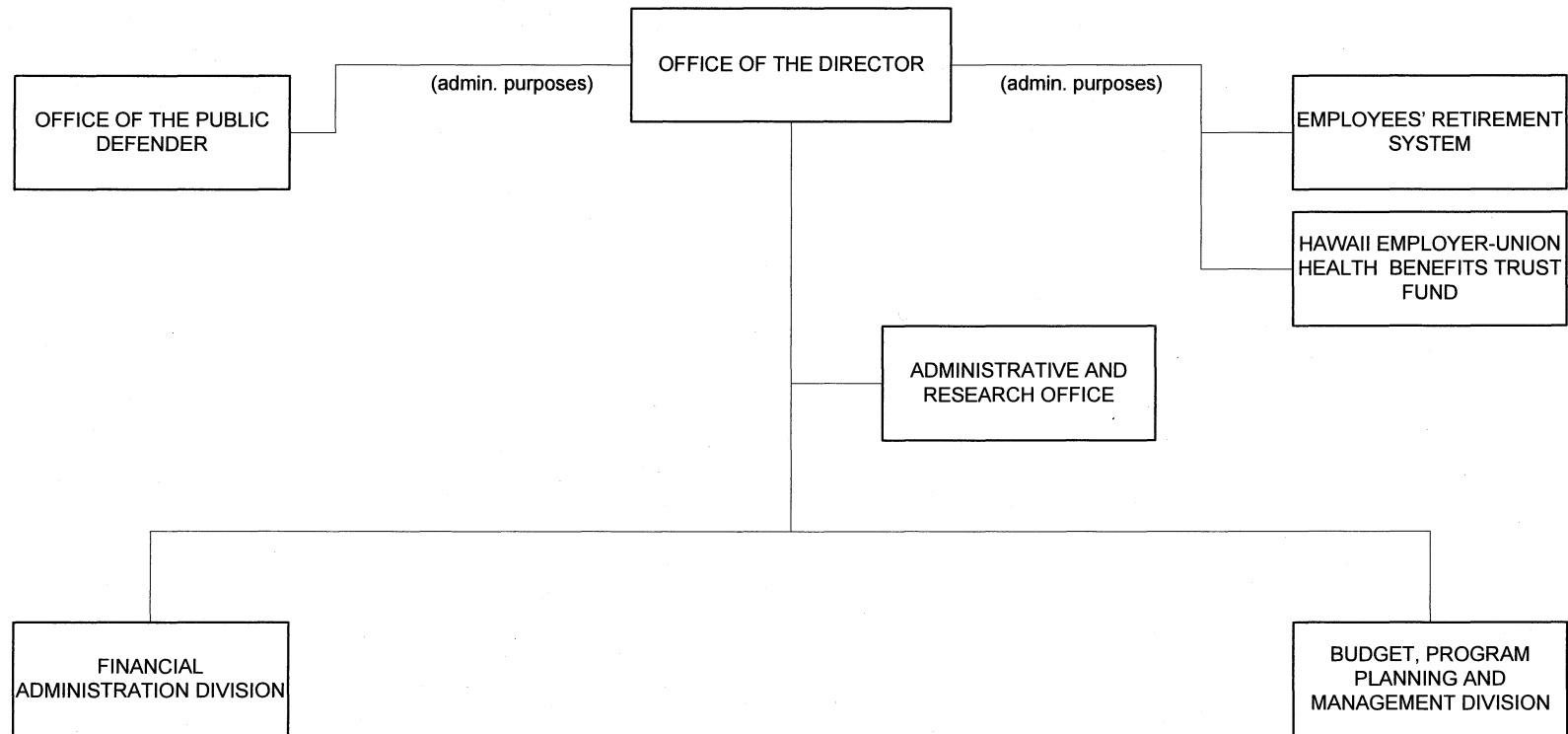




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## **Department of Budget and Finance**

**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.

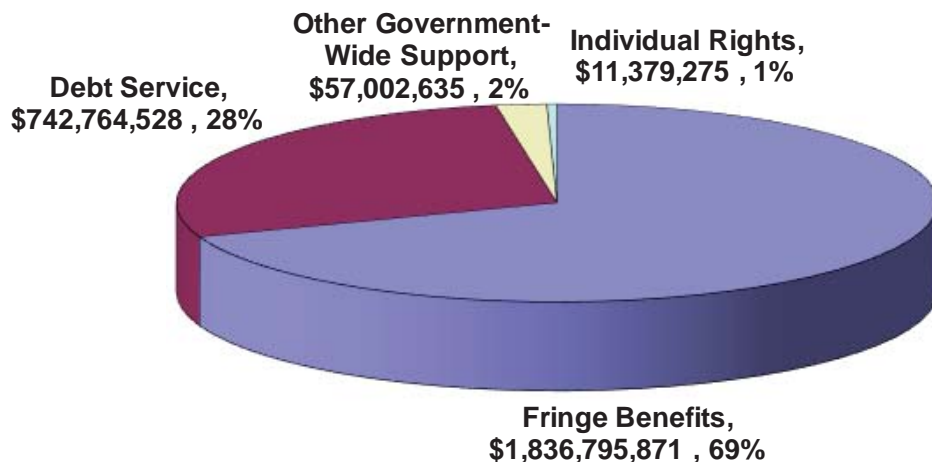
### ***Department Goals***

Improve the executive resource allocation process through the following: planning, analysis and recommendation on all phases of program scope and funding; maximizing 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; administering retirement and survivor benefits for State and County members and prudently managing the return on investments; administering 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; and safeguarding the rights of indigent individuals in need of assistance in criminal and related cases by providing statutorily entitled and effective legal representation.

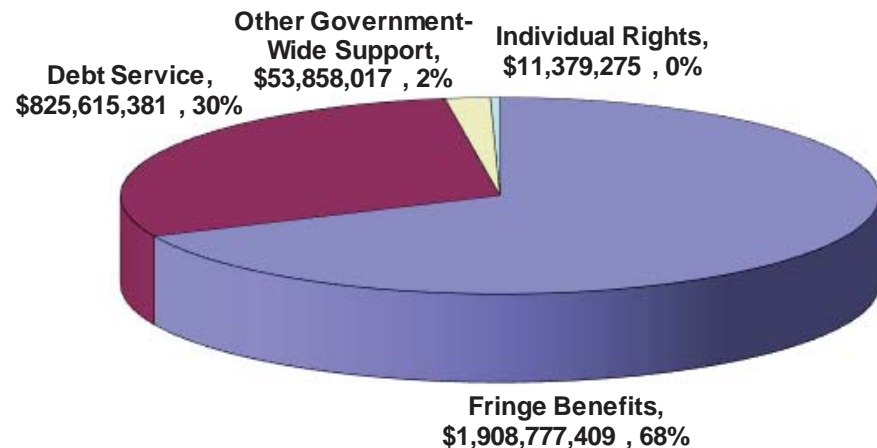
### ***Significant Measures of Effectiveness***

	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>
1. Percentage of recommendations on departments' requests completed by due date	90	90
2. Average annual rate of return on State treasury investments	0.70	0.70

**FB 2017-2019 Operating Budget by Major Program Area**  
**FY 2018**



**FY 2019**



## **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.

## **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 102	Collective Bargaining Statewide
BUF 103	Vacation Payout Statewide
BUF 115	Financial Administration
BUF 141	Employees' Retirement System
BUF 143	Hawaii Employer Union Trust Fund
BUF 721	Debt Service Payments – State
BUF 741	Retirement Benefits – State
BUF 761	Health Premium Payments – State

### **Formal Education**

BUF 725	Debt Service Payments – DOE
BUF 728	Debt Service Payments – UH
BUF 745	Retirement Benefits – DOE
BUF 748	Retirement Benefits – UH
BUF 765	Health Premium Payments – DOE
BUF 768	Health Premium Payments - UH

### **Individual Rights**

BUF 151	Office of the Public Defender
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**Department of Budget and Finance  
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
<b>Funding Sources:</b>	Perm Positions	143.75	143.75	195.75	195.75
	Temp Positions	52.00	52.00	2.00	2.00
General Funds	\$	2,529,508,933	2,529,508,933	2,598,380,471	2,753,236,178
Special Funds	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Special Funds	\$	93,444	93,444	93,444	93,444
Trust Funds	Perm Positions	66.00	66.00	67.00	68.00
	Temp Positions	-	-	-	-
Trust Funds	\$	18,852,371	18,852,371	19,268,763	19,360,592
Interdepartmental Transfers	Perm Positions	1.75	1.75	0.75	0.75
	Temp Positions	-	-	-	-
Interdepartmental Transfers	\$	4,154,430	4,154,430	10,917,798	10,918,489
Revolving Funds	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Revolving Funds	\$	-	-	-	-
Other Funds	Perm Positions	106.00	106.00	108.00	108.00
	Temp Positions	-	-	-	-
Other Funds	\$	13,702,808	13,702,808	19,281,833	16,021,379
		317.50	317.50	371.50	372.50
		52.00	52.00	2.00	2.00
<b>Total Requirements</b>		<b>2,566,311,986</b>	<b>2,566,311,986</b>	<b>2,647,942,309</b>	<b>2,799,630,082</b>

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

1. Decreases debt service payments by \$18,098,408 in FY 18 and increases it by \$64,752,445 in FY 19.
2. Increases retirement benefits payments by \$4,630,533 in general funds and \$6,865,887 in inter-departmental transfer funds in FY 18 and by \$21,195,811 in general funds and \$6,865,887 in inter-departmental transfer funds in FY 19.
3. Increases health premium payments and OPEB pre-funding by \$77,658,671 in FY 18 and by \$133,074,931 in FY 19.
4. Adds \$4,493,450 in FY 18 and FY 19 for centralized vacation payout, statewide. This request also creates a new BUF103 Program ID to segregate statewide vacation payout costs from the operating budget of the department.
5. Adds 1.00 permanent position and \$2,018,171 in other funds in FY 18 and \$107,552 in other funds FY 19 for ERS to implement the requirements of Act 263, SLH 2016.
6. Adds \$1,538,900 in other funds in FY 18 and \$339,900 in other funds in FY 19 to upgrade ERS' accounting system.
7. Increases other funds by \$771,900 in FY 18 and by \$793,100 in FY 19 to cover increased costs for IT maintenance contracts and IT equipment replacement for ERS.
8. Converts 50.00 temporary positions to permanent positions in the Office of the Public Defender.

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO:  
PROGRAM TITLE:

## DEPARTMENT OF BUDGET AND FINANCE

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	309.50*	317.50*	371.50*	372.50*	372.5*	372.5*	372.5*	372.5*
	63.00**	52.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
PERSONAL SERVICES	49,331,208	75,376,899	35,754,307	35,962,919	36,008	36,008	36,008	36,008
OTHER CURRENT EXPENSES	2,267,250,055	2,543,110,229	2,610,875,852	2,763,282,263	2,864,974	2,951,170	3,087,557	3,201,947
EQUIPMENT	2,400	761,350	1,312,150	384,900	48	48	48	48
TOTAL OPERATING COST	2,316,583,663	2,619,248,478	2,647,942,309	2,799,630,082	2,901,030	2,987,226	3,123,613	3,238,003
BY MEANS OF FINANCING								
	137.75*	143.75*	195.75*	195.75*	195.7*	195.7*	195.7*	195.7*
	62.00**	52.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
GENERAL FUND	2,283,242,313	2,566,132,529	2,598,380,471	2,753,236,178	2,854,927	2,941,123	3,077,510	3,191,900
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	1,547,739	2,854,560	93,444	93,444	93	93	93	93
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
FEDERAL FUNDS	478,486	841,250						
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
OTHER FEDERAL FUNDS	5,675	12,196						
	65.00*	66.00*	67.00*	68.00*	68.0*	68.0*	68.0*	68.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	14,051,335	18,774,139	19,268,763	19,360,592	19,404	19,404	19,404	19,404
	1.75*	1.75*	0.75*	0.75*	0.8*	0.8*	0.8*	0.8*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	4,140,882	10,002,294	10,917,798	10,918,489	10,919	10,919	10,919	10,919
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
REVOLVING FUND	102,919	213,261						
	105.00*	106.00*	108.00*	108.00*	108.0*	108.0*	108.0*	108.0*
	1.00**	**	**	**	**	**	**	**
OTHER FUNDS	13,014,314	20,418,249	19,281,833	16,021,379	15,687	15,687	15,687	15,687
CAPITAL IMPROVEMENT COSTS								
DESIGN			1,000					
CONSTRUCTION	38,113,000		873,000					
EQUIPMENT			1,000					
TOTAL CAPITAL EXPENDITURES	38,113,000		875,000					

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO:  
PROGRAM TITLE:

## DEPARTMENT OF BUDGET AND FINANCE

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
BY MEANS OF FINANCING								
G.O. BONDS	38,113,000		875,000					
TOTAL PERM POSITIONS	309.50*	317.50*	371.50*	372.50*	372.5*	372.5*	372.5*	372.5*
TOTAL TEMP POSITIONS	63.00**	52.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
TOTAL PROGRAM COST	2,354,696,663	2,619,248,478	2,648,817,309	2,799,630,082	2,901,030	2,987,226	3,123,613	3,238,003

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

	<u><b>FY 2018</b></u>	<u><b>FY 2019</b></u>
<b>Funding Sources:</b>		
General Obligation Bonds	875,000	-
<b>Total Requirements</b>	<u>875,000</u>	<u>-</u>

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

1. Adds \$875,000 in FY 18 for design, construction, and equipment for facility and energy efficiency improvements to the Bishop Museum on Oahu.



STATE OF HAWAII

PROGRAM ID

PROGRAM STRUCTURE NO.

PROGRAM TITLE

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

REPORT B78

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## DEPARTMENT OF BUDGET AND FINANCE

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD								SUCCEED YEARS
				COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	
			DESIGN	1				1						
			CONSTRUCTION	1,602,670	1,563,684	38,113		873						
			EQUIPMENT	1				1						
			TOTAL	1,602,672	1,563,684	38,113		875						
			G.O. BONDS	1,602,672	1,563,684	38,113		875						



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## **Operating Budget Details**

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	1,187,095,932	1,240,374,449	1,255,780,221	1,340,949,469	1,405,687	1,460,422	1,545,189	1,615,557
TOTAL OPERATING COST	1,187,095,932	1,240,374,449	1,255,780,221	1,340,949,469	1,405,687	1,460,422	1,545,189	1,615,557
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	1,187,095,932	1,240,374,449	1,255,780,221	1,340,949,469	1,405,687	1,460,422	1,545,189	1,615,557
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	1,187,095,932	1,240,374,449	1,255,780,221	1,340,949,469	1,405,687	1,460,422	1,545,189	1,615,557

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO: 0701  
PROGRAM TITLE: LOWER EDUCATION

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	846,095,922	891,562,705	895,457,834	957,691,440	1,004,861	1,044,757	1,106,613	1,158,002
TOTAL OPERATING COST	846,095,922	891,562,705	895,457,834	957,691,440	1,004,861	1,044,757	1,106,613	1,158,002
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	846,095,922	891,562,705	895,457,834	957,691,440	1,004,861	1,044,757	1,106,613	1,158,002
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	846,095,922	891,562,705	895,457,834	957,691,440	1,004,861	1,044,757	1,106,613	1,158,002

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO: 070101  
PROGRAM TITLE: DEPARTMENT OF EDUCATION

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	846,095,922	891,562,705	895,457,834	957,691,440	1,004,861	1,044,757	1,106,613	1,158,002
TOTAL OPERATING COST	846,095,922	891,562,705	895,457,834	957,691,440	1,004,861	1,044,757	1,106,613	1,158,002
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	846,095,922	891,562,705	895,457,834	957,691,440	1,004,861	1,044,757	1,106,613	1,158,002
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	846,095,922	891,562,705	895,457,834	957,691,440	1,004,861	1,044,757	1,106,613	1,158,002

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	311,975,236	321,869,442	320,466,464	327,335,982	333,883	340,560	347,372	354,319
TOTAL OPERATING COST	311,975,236	321,869,442	320,466,464	327,335,982	333,883	340,560	347,372	354,319
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	311,975,236	321,869,442	320,466,464	327,335,982	333,883	340,560	347,372	354,319
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	311,975,236	321,869,442	320,466,464	327,335,982	333,883	340,560	347,372	354,319

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>MEASURES OF EFFECTIVENESS</b>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
NON-REVENUE RECEIPTS	84,585	88,794	91,079	92,900	94,759	96,654	96,654	96,654
TOTAL PROGRAM REVENUES	84,585	88,794	91,079	92,900	94,759	96,654	96,654	96,654
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS	84,585	88,794	91,079	92,900	94,759	96,654	96,654	96,654
TOTAL PROGRAM REVENUES	84,585	88,794	91,079	92,900	94,759	96,654	96,654	96,654

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

## Program Plan Narrative

**BUF745: RETIREMENT BENEFITS PAYMENTS - DOE**

**07 01 01 92**

### **A. Statement of Program Objectives**

To provide funds for retirement benefits payments to support Department of Education personnel.

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

Adjustments to employer contribution requirements for pension accumulation and Social Security/Medicare for State employees in the Department of Education, including Charter Schools, are a decrease of \$1,402,978 in

FY 18, and an increase of \$ 5,466,540 in FY 19 over the established FY 17 budget ceiling.

### **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, HRS. 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 Revenues**

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 EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	245,577,984	268,924,144	281,376,552	303,989,698	325,760	349,254	375,094	403,545
TOTAL OPERATING COST	245,577,984	268,924,144	281,376,552	303,989,698	325,760	349,254	375,094	403,545
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	245,577,984	268,924,144	281,376,552	303,989,698	325,760	349,254	375,094	403,545
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	245,577,984	268,924,144	281,376,552	303,989,698	325,760	349,254	375,094	403,545

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>MEASURES OF EFFECTIVENESS</b>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
CHARGES FOR CURRENT SERVICES	70,653	77,288	82,111	87,225	92,766	98,786	98,786	98,786
TOTAL PROGRAM REVENUES	70,653	77,288	82,111	87,225	92,766	98,786	98,786	98,786
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS	70,653	77,288	82,111	87,225	92,766	98,786	98,786	98,786
TOTAL PROGRAM REVENUES	70,653	77,288	82,111	87,225	92,766	98,786	98,786	98,786

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

## Program Plan Narrative

**BUF765: HEALTH PREMIUM PAYMENTS - DOE**

**07 01 01 94**

### **A. Statement of Program Objectives**

To provide funds for health premium payments to support Department of Education personnel.

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

Total additional employer contribution requirements for health benefit premiums for State employees in the Department of Education (DOE) including Charter Schools are \$12,452,408 in FY 18 and \$35,065,554 in FY 19.

### **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 DOE and Charter School 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, limitation of future expenditures for retiree benefits, and setting of employer contributions for active employees at a fixed dollar amount.

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

None.

### **H. Discussion of Program Revenues**

None.

### **I. Summary of Analysis Performed**

No significant analysis of specific issues was conducted.

### **J. Further Considerations**

None.

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	288,542,702	300,769,119	293,614,818	326,365,760	345,218	354,943	384,147	400,138
TOTAL OPERATING COST	288,542,702	300,769,119	293,614,818	326,365,760	345,218	354,943	384,147	400,138
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	288,542,702	300,769,119	293,614,818	326,365,760	345,218	354,943	384,147	400,138
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	288,542,702	300,769,119	293,614,818	326,365,760	345,218	354,943	384,147	400,138

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

	FY	FY	FY	FY	FY	FY	FY	FY
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23

MEASURES OF EFFECTIVENESS

- 1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM

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

## Program Plan Narrative

**BUF725: DEBT SERVICE PAYMENTS - DOE**

**07 01 01 96**

### **A. Statement of Program Objectives**

To provide funds for debt service to support the Department of Education's Capital Improvement Program.

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

The request reflects a reduction in debt service costs of \$7,154,301 in FY 18 and increase of \$25,596,641 in FY 19 over the established FY 17 budget ceiling. Increased debt service requirements in FY 19 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 Revenues**

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 EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO: 0703  
PROGRAM TITLE: HIGHER EDUCATION

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	341,000,010	348,811,744	360,322,387	383,258,029	400,826	415,665	438,576	457,555
TOTAL OPERATING COST	341,000,010	348,811,744	360,322,387	383,258,029	400,826	415,665	438,576	457,555
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	341,000,010	348,811,744	360,322,387	383,258,029	400,826	415,665	438,576	457,555
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	341,000,010	348,811,744	360,322,387	383,258,029	400,826	415,665	438,576	457,555

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO: 070308  
PROGRAM TITLE: UNIVERSITY OF HAWAII, PAYMENTS

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	341,000,010	348,811,744	360,322,387	383,258,029	400,826	415,665	438,576	457,555
TOTAL OPERATING COST	341,000,010	348,811,744	360,322,387	383,258,029	400,826	415,665	438,576	457,555
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	341,000,010	348,811,744	360,322,387	383,258,029	400,826	415,665	438,576	457,555
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	341,000,010	348,811,744	360,322,387	383,258,029	400,826	415,665	438,576	457,555



# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	143,117,530	140,814,522	147,189,063	150,132,844	153,136	156,198	159,322	162,509
TOTAL OPERATING COST	143,117,530	140,814,522	147,189,063	150,132,844	153,136	156,198	159,322	162,509
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	143,117,530	140,814,522	147,189,063	150,132,844	153,136	156,198	159,322	162,509
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	143,117,530	140,814,522	147,189,063	150,132,844	153,136	156,198	159,322	162,509

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>MEASURES OF EFFECTIVENESS</b>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
NON-REVENUE RECEIPTS	41,009	41,889	42,764	43,619	44,491	45,381	45,381	45,381
TOTAL PROGRAM REVENUES	41,009	41,889	42,764	43,619	44,491	45,381	45,381	45,381
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS	41,009	41,889	42,764	43,619	44,491	45,381	45,381	45,381
TOTAL PROGRAM REVENUES	41,009	41,889	42,764	43,619	44,491	45,381	45,381	45,381

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

## Program Plan Narrative

**BUF748: RETIREMENT BENEFITS PAYMENTS - UH**

**07 03 08 92**

### **A. Statement of Program Objectives**

To provide funds for retirement benefits to support University of Hawaii personnel.

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

Total additional employer contribution requirements for pension accumulation and Social Security/Medicare for State employees of the University of Hawaii are \$6,374,541 in FY 18 and \$9,318,322 in FY 19.

### **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, HRS. 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 Revenues**

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 EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	91,093,213	96,682,974	104,466,873	112,337,655	119,925	128,103	137,082	146,955
TOTAL OPERATING COST	91,093,213	96,682,974	104,466,873	112,337,655	119,925	128,103	137,082	146,955
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	91,093,213	96,682,974	104,466,873	112,337,655	119,925	128,103	137,082	146,955
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	91,093,213	96,682,974	104,466,873	112,337,655	119,925	128,103	137,082	146,955

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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**MEASURES OF EFFECTIVENESS**

1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM

**PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)**

CHARGES FOR CURRENT SERVICES	26,025	27,688	29,350	31,112	33,018	35,087	35,087	35,087
TOTAL PROGRAM REVENUES	26,025	27,688	29,350	31,112	33,018	35,087	35,087	35,087

**PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)**

GENERAL FUNDS	26,025	27,688	29,350	31,112	33,018	35,087	35,087	35,087
TOTAL PROGRAM REVENUES	26,025	27,688	29,350	31,112	33,018	35,087	35,087	35,087

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

## Program Plan Narrative

BUF768: HEALTH PREMIUM PAYMENTS - UH

07 03 08 94

### **A. Statement of Program Objectives**

To provide funds for health premium payments to support University of Hawaii personnel.

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

Total additional employer contribution requirements for health benefit premiums for State employees of the University of Hawaii are \$7,783,899 in FY 18 and \$15,654,681 in FY 19.

### **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 University of Hawaii 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, limitation of future expenditures for retiree benefits, and setting of employer contributions for active employees at a fixed dollar amount.

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

None.

### **H. Discussion of Program Revenues**

None.

### **I. Summary of Analysis Performed**

No significant analysis of specific issues was conducted.

### **J. Further Considerations**

None.

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	106,789,267	111,314,248	108,666,451	120,787,530	127,765	131,364	142,172	148,091
TOTAL OPERATING COST	106,789,267	111,314,248	108,666,451	120,787,530	127,765	131,364	142,172	148,091
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	106,789,267	111,314,248	108,666,451	120,787,530	127,765	131,364	142,172	148,091
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	106,789,267	111,314,248	108,666,451	120,787,530	127,765	131,364	142,172	148,091

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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MEASURES OF EFFECTIVENESS

1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM

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



## Program Plan Narrative

**BUF728: DEBT SERVICE PAYMENTS - UH**

**07 03 08 96**

### **A. Statement of Program Objectives**

To provide funds for debt service to support the University of Hawaii's Capital Improvement Program.

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

The request reflects a reduction of \$2,647,797 in FY 18 and increase of \$9,473,282 in FY 19 over the established FY 17 budget ceiling. Increased debt service requirements in FY 19 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 Revenues**

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 EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	83.50*	84.50*	134.50*	134.50*	134.5*	134.5*	134.5*	134.5*
	50.00**	50.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	10,060,540	10,409,738	10,676,501	10,676,501	10,677	10,677	10,677	10,677
OTHER CURRENT EXPENSES	701,814	702,394	702,774	702,774	703	703	703	703
EQUIPMENT		2,200						
TOTAL OPERATING COST	10,762,354	11,114,332	11,379,275	11,379,275	11,380	11,380	11,380	11,380
BY MEANS OF FINANCING								
	83.50*	84.50*	134.50*	134.50*	134.5*	134.5*	134.5*	134.5*
	50.00**	50.00**	**	**	**	**	**	**
GENERAL FUND	10,762,354	11,114,332	11,379,275	11,379,275	11,380	11,380	11,380	11,380
TOTAL PERM POSITIONS	83.50*	84.50*	134.50*	134.50*	134.5*	134.5*	134.5*	134.5*
TOTAL TEMP POSITIONS	50.00**	50.00**	**	**	**	**	**	**
TOTAL PROGRAM COST	10,762,354	11,114,332	11,379,275	11,379,275	11,380	11,380	11,380	11,380

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:

PROGRAM STRUCTURE NO: 1003

PROGRAM TITLE: LEGAL & JUDICIAL PROTECTION OF RIGHTS

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	83.50*	84.50*	134.50*	134.50*	134.5*	134.5*	134.5*	134.5*
	50.00**	50.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	10,060,540	10,409,738	10,676,501	10,676,501	10,677	10,677	10,677	10,677
OTHER CURRENT EXPENSES	701,814	702,394	702,774	702,774	703	703	703	703
EQUIPMENT		2,200						
TOTAL OPERATING COST	10,762,354	11,114,332	11,379,275	11,379,275	11,380	11,380	11,380	11,380
BY MEANS OF FINANCING								
	83.50*	84.50*	134.50*	134.50*	134.5*	134.5*	134.5*	134.5*
	50.00**	50.00**	**	**	**	**	**	**
GENERAL FUND	10,762,354	11,114,332	11,379,275	11,379,275	11,380	11,380	11,380	11,380
TOTAL PERM POSITIONS	83.50*	84.50*	134.50*	134.50*	134.5*	134.5*	134.5*	134.5*
TOTAL TEMP POSITIONS	50.00**	50.00**	**	**	**	**	**	**
TOTAL PROGRAM COST	10,762,354	11,114,332	11,379,275	11,379,275	11,380	11,380	11,380	11,380

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	83.50*	84.50*	134.50*	134.50*	134.5*	134.5*	134.5*	134.5*
	50.00**	50.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	10,060,540	10,409,738	10,676,501	10,676,501	10,677	10,677	10,677	10,677
OTHER CURRENT EXPENSES	701,814	702,394	702,774	702,774	703	703	703	703
EQUIPMENT		2,200						
TOTAL OPERATING COST	10,762,354	11,114,332	11,379,275	11,379,275	11,380	11,380	11,380	11,380
BY MEANS OF FINANCING								
	83.50*	84.50*	134.50*	134.50*	134.5*	134.5*	134.5*	134.5*
	50.00**	50.00**	**	**	**	**	**	**
GENERAL FUND	10,762,354	11,114,332	11,379,275	11,379,275	11,380	11,380	11,380	11,380
TOTAL PERM POSITIONS	83.50*	84.50*	134.50*	134.50*	134.5*	134.5*	134.5*	134.5*
TOTAL TEMP POSITIONS	50.00**	50.00**	**	**	**	**	**	**
TOTAL PROGRAM COST	10,762,354	11,114,332	11,379,275	11,379,275	11,380	11,380	11,380	11,380

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>MEASURES OF EFFECTIVENESS</b>								
1. % ATTORNY CASELDS EXCEED NATL STD FOR FELONY CASES	0	0	0	0	0	0	0	0
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	481	481	481	481	481
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
<b>PROGRAM TARGET GROUPS</b>								
1. INDIGENTS REQUIRING SERVICES FOR FELONY CASES	8262	6134	6134	6134	6134	6134	6134	6134
2. INDIGENTS REQUIRING SERVICES FOR MISDEMEANOR CASES	31452	41855	41855	41855	41855	41855	41855	41855
3. INDIGENTS REQUIRING SERVICES FOR APPEALS CASES	103	157	157	157	157	157	157	157
4. INDIGENTS REQUIRNG SVCS FOR MENTAL COMMITMNT CASES	581	265	265	265	265	265	265	265
5. INDIGENTS REQUIRNG SERVICES FOR FAMILY COURT CASES	3510	8698	8698	8698	8698	8698	8698	8698
6. INDIGENTS REQUIRING SERVICES FOR PRISON CASES	2162	2469	2469	2469	2469	2469	2469	2469
<b>PROGRAM ACTIVITIES</b>								
1. CASES ACCEPTED - FELONY	7617	5495	5495	5495	5495	5495	5495	5495
2. CASES ACCEPTED - MISDEMEANOR	30278	40449	40449	40449	40449	40449	40449	40449
3. CASES ACCEPTED - FAMILY COURT	3268	7214	7214	7214	7214	7214	7214	7214
4. CASES ACCEPTED - APPEAL	103	157	157	157	157	157	157	157
5. CASES ACCEPTED - MENTAL COMMITMENT	581	265	265	265	265	265	265	265

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

## Program Plan Narrative

BUF151: OFFICE OF THE PUBLIC DEFENDER

10 03 01

### **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 Public Defender staff.

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

Request \$20,126 in FY 18 and FY 19 for full-year funding of 1.00 permanent Clerical Supervisor position authorized by Act 124, SLH 2016.

Request to convert 50 temporary positions to permanent positions. Fulfillment of this request will not require additional funding.

### **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 lowest possible cost. The scope of services that must be provided generally is dictated by the Federal and State Constitutions, 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). Clerical staffing requirements on Oahu and the neighbor islands must be monitored 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

## **Program Plan Narrative**

**BUF151: OFFICE OF THE PUBLIC DEFENDER**

**10 03 01**

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 Revenues**

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.

### **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 EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	226.00*	233.00*	237.00*	238.00*	238.0*	238.0*	238.0*	238.0*
	13.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
PERSONAL SERVICES	39,270,668	64,967,161	25,077,806	25,286,418	25,331	25,331	25,331	25,331
OTHER CURRENT EXPENSES	1,079,452,309	1,302,033,386	1,354,392,857	1,421,630,020	1,458,584	1,490,045	1,541,665	1,585,687
EQUIPMENT	2,400	759,150	1,312,150	384,900	48	48	48	48
TOTAL OPERATING COST	1,118,725,377	1,367,759,697	1,380,782,813	1,447,301,338	1,483,963	1,515,424	1,567,044	1,611,066
BY MEANS OF FINANCING								
	54.25*	59.25*	61.25*	61.25*	61.2*	61.2*	61.2*	61.2*
	12.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
GENERAL FUND	1,085,384,027	1,314,643,748	1,331,220,975	1,400,907,434	1,437,860	1,469,321	1,520,941	1,564,963
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	1,547,739	2,854,560	93,444	93,444	93	93	93	93
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
FEDERAL FUNDS	478,486	841,250						
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
OTHER FEDERAL FUNDS	5,675	12,196						
	65.00*	66.00*	67.00*	68.00*	68.0*	68.0*	68.0*	68.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	14,051,335	18,774,139	19,268,763	19,360,592	19,404	19,404	19,404	19,404
	1.75*	1.75*	0.75*	0.75*	0.8*	0.8*	0.8*	0.8*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	4,140,882	10,002,294	10,917,798	10,918,489	10,919	10,919	10,919	10,919
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
REVOLVING FUND	102,919	213,261						
	105.00*	106.00*	108.00*	108.00*	108.0*	108.0*	108.0*	108.0*
	1.00**	**	**	**	**	**	**	**
OTHER FUNDS	13,014,314	20,418,249	19,281,833	16,021,379	15,687	15,687	15,687	15,687
CAPITAL IMPROVEMENT COSTS								
DESIGN			1,000					
CONSTRUCTION	38,113,000		873,000					
EQUIPMENT			1,000					
TOTAL CAPITAL EXPENDITURES	38,113,000		875,000					



# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:

PROGRAM STRUCTURE NO: 11

PROGRAM TITLE:

GOVERNMENT-WIDE SUPPORT

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
BY MEANS OF FINANCING								
G.O. BONDS	38,113,000		875,000					
TOTAL PERM POSITIONS	226.00*	233.00*	237.00*	238.00*	238.0*	238.0*	238.0*	238.0*
TOTAL TEMP POSITIONS	13.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
TOTAL PROGRAM COST	1,156,838,377	1,367,759,697	1,381,657,813	1,447,301,338	1,483,963	1,515,424	1,567,044	1,611,066

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:

PROGRAM STRUCTURE NO:

1101

PROGRAM TITLE:

EXEC DIRECTN, COORD, & POLICY DEVELOPMENT

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	42.00*	46.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
	12.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
PERSONAL SERVICES	24,654,839	49,624,061	8,238,627	8,264,704	8,264	8,264	8,264	8,264
OTHER CURRENT EXPENSES	8,079,223	8,680,203	8,080,923	8,081,103	8,082	8,082	8,082	8,082
EQUIPMENT		4,500	2,250					
TOTAL OPERATING COST	32,734,062	58,308,764	16,321,800	16,345,807	16,346	16,346	16,346	16,346
BY MEANS OF FINANCING								
	41.25*	45.25*	46.25*	46.25*	46.2*	46.2*	46.2*	46.2*
	12.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
GENERAL FUND	30,556,689	48,490,276	16,181,191	16,204,507	16,205	16,205	16,205	16,205
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	1,547,739	2,854,560	93,444	93,444	93	93	93	93
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
FEDERAL FUNDS	478,486	841,250						
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
OTHER FEDERAL FUNDS	5,675	12,196						
	0.75*	0.75*	0.75*	0.75*	0.8*	0.8*	0.8*	0.8*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	42,554	5,897,221	47,165	47,856	48	48	48	48
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
REVOLVING FUND	102,919	213,261						
CAPITAL IMPROVEMENT COSTS								
DESIGN			1,000					
CONSTRUCTION	38,113,000		873,000					
EQUIPMENT			1,000					
TOTAL CAPITAL EXPENDITURES	38,113,000		875,000					

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:

PROGRAM STRUCTURE NO: 1101

PROGRAM TITLE: EXEC DIRECTN, COORD, & POLICY DEVELOPMENT

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
BY MEANS OF FINANCING								
G.O. BONDS	38,113,000		875,000					
TOTAL PERM POSITIONS	42.00*	46.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
TOTAL TEMP POSITIONS	12.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
TOTAL PROGRAM COST	70,847,062	58,308,764	17,196,800	16,345,807	16,346	16,346	16,346	16,346

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO: 110103  
PROGRAM TITLE: POLICY DEVELOPMENT & COORDINATION

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	42.00*	46.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
	12.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
PERSONAL SERVICES	24,654,839	49,624,061	8,238,627	8,264,704	8,264	8,264	8,264	8,264
OTHER CURRENT EXPENSES	8,079,223	8,680,203	8,080,923	8,081,103	8,082	8,082	8,082	8,082
EQUIPMENT		4,500	2,250					
TOTAL OPERATING COST	32,734,062	58,308,764	16,321,800	16,345,807	16,346	16,346	16,346	16,346
BY MEANS OF FINANCING								
	41.25*	45.25*	46.25*	46.25*	46.2*	46.2*	46.2*	46.2*
	12.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
GENERAL FUND	30,556,689	48,490,276	16,181,191	16,204,507	16,205	16,205	16,205	16,205
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	1,547,739	2,854,560	93,444	93,444	93	93	93	93
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
FEDERAL FUNDS	478,486	841,250						
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
OTHER FEDERAL FUNDS	5,675	12,196						
	0.75*	0.75*	0.75*	0.75*	0.8*	0.8*	0.8*	0.8*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	42,554	5,897,221	47,165	47,856	48	48	48	48
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
REVOLVING FUND	102,919	213,261						
CAPITAL IMPROVEMENT COSTS								
DESIGN			1,000					
CONSTRUCTION	38,113,000		873,000					
EQUIPMENT			1,000					
TOTAL CAPITAL EXPENDITURES	38,113,000		875,000					

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:

PROGRAM STRUCTURE NO: 110103

PROGRAM TITLE: POLICY DEVELOPMENT & COORDINATION

## PROGRAM EXPENDITURES

	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
BY MEANS OF FINANCING								
G.O. BONDS	38,113,000		875,000					
TOTAL PERM POSITIONS	42.00*	46.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
TOTAL TEMP POSITIONS	12.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
TOTAL PROGRAM COST	70,847,062	58,308,764	17,196,800	16,345,807	16,346	16,346	16,346	16,346

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO:  
PROGRAM TITLE:

BUF101  
11010305  
DEPARTMENTAL ADMINISTRATION & BUDGET DIV

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	42.00*	46.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
	12.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
PERSONAL SERVICES	3,729,633	9,657,500	3,651,733	3,677,810	3,678	3,678	3,678	3,678
OTHER CURRENT EXPENSES	8,079,223	8,680,203	8,080,923	8,081,103	8,082	8,082	8,082	8,082
EQUIPMENT		4,500	2,250					
TOTAL OPERATING COST	11,808,856	18,342,203	11,734,906	11,758,913	11,760	11,760	11,760	11,760
BY MEANS OF FINANCING								
	41.25*	45.25*	46.25*	46.25*	46.2*	46.2*	46.2*	46.2*
	12.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
GENERAL FUND	11,766,302	12,444,982	11,687,741	11,711,057	11,712	11,712	11,712	11,712
	0.75*	0.75*	0.75*	0.75*	0.8*	0.8*	0.8*	0.8*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	42,554	5,897,221	47,165	47,856	48	48	48	48
CAPITAL IMPROVEMENT COSTS								
DESIGN			1,000					
CONSTRUCTION	38,113,000		873,000					
EQUIPMENT			1,000					
TOTAL CAPITAL EXPENDITURES	38,113,000		875,000					
BY MEANS OF FINANCING								
G.O. BONDS	38,113,000		875,000					
TOTAL PERM POSITIONS	42.00*	46.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
TOTAL TEMP POSITIONS	12.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
TOTAL PROGRAM COST	49,921,856	18,342,203	12,609,906	11,758,913	11,760	11,760	11,760	11,760

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>MEASURES OF EFFECTIVENESS</b>								
1. % OF RECOMMENDATIONS MADE ON DEPT REQUESTS	90	90	90	90	90	90	90	90
2. % OF VENDOR PAYMENTS MADE WITHIN 30 DAYS	95	95	95	95	95	95	95	95
3. % OF VAR IN EXP FOR FIXED COSTS COMPARE WITH ALLOT	95	95	95	95	95	95	95	95
4. % OF PAYROLL RELATED HRMS TRANSACTION COMPLETED	100	100	100	100	100	100	100	100
5. % OF USER IT TROUBLE SHOOTING REQUESTS RESONDED	100	100	100	100	100	100	100	100
6. % OF PC AND LAN MALFUNCTIONS RESPONDED	100	100	100	100	100	100	100	100
<b>PROGRAM TARGET GROUPS</b>								
1. GOVERNOR AND EXECUTIVE AGENCIES	20	20	20	20	20	20	20	820
2. # OF DEPARTMENTAL DIVISIONS AND ATTACHED AGENCY								
<b>PROGRAM ACTIVITIES</b>								
1. NUMBER OF PROGRAM BUDGET REQUESTS REVIEWED	1000	1000	1000	1000	1000	1000	1000	1000
2. # OF REFERRALS PROCESSED	265	265	265	265	265	265	265	265
3. # OF LEGISLATIVE PROPOSALS REVIEWED FOR THE GOV	1000	1000	1000	1000	1000	1000	1000	1000
4. # OF BILLS PASSED BY THE LEG REVIEWED FOR THE GOV	265	265	265	265	265	265	265	265
5. AVG # OF DELEGATED CLASSIFICATION ACTIONS	215	56	56	56	56	56	56	56
6. # OF NON-ROUTINE HR CONSULTATIVE SERVICES	405	400	400	400	400	400	400	400
7. NUMBER OF CIP ALLOTMENT REQUESTS REVIEWED	1	1	1	1	1	1	1	1
8. # OF POSITIONS PROVIDING HR SUPPORT	4	4	4	4	4	4	4	4
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY	540	540	540	540	540	540	540	540
CHARGES FOR CURRENT SERVICES	71,844	71,810	73,763	77,169	79,205	81,720	84,178	85,208
NON-REVENUE RECEIPTS	6,789	157,851	6,040	6,040	6,040	6,040	6,040	6,040
TOTAL PROGRAM REVENUES	79,173	230,201	80,343	83,749	85,785	88,300	90,758	91,788
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS	71,844	71,810	73,763	77,169	79,205	81,720	84,178	85,208
SPECIAL FUNDS	7,329	158,391	6,580	6,580	6,580	6,580	6,580	6,580
TOTAL PROGRAM REVENUES	79,173	230,201	80,343	83,749	85,785	88,300	90,758	91,788

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

## Program Plan Narrative

BUF101: DEPARTMENTAL ADMINISTRATION & BUDGET DIV

11 01 03 05

### **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)**

Request of \$2,554 in interdepartmental transfer funds for FY 18 and \$3,245 for FY 19, is requested for fringe benefits cost increases.

Request of \$55,476 in general funds for FY 18 and FY 19 is requested for full-year funding for 2.00 permanent Program Budget Analyst V positions authorized by Act 124, SLH 2016.

Request of \$28,116 in general funds for FY 18 and \$51,432 for FY 19 is requested to add 1.00 permanent Information Technology Specialist IV position and funds.

Capital Improvement request of \$875,000 in G.O. Bond funds for FY 18 and is requested to fund facility and energy-efficiency improvements at the Bishop Museum.

This program is in compliance with Section 37-68(1)(A)(B), Hawaii Revised Statutes (HRS).

### **C. Description of Activities Performed**

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 a sound, rational 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 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 the program objectives 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 Division (BUFA 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.



## **Program Plan Narrative**

**BUF101: DEPARTMENTAL ADMINISTRATION & BUDGET DIV**

**11 01 03 05**

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 Revenues**

There are no significant direct revenues collected by this program.

### **I. Summary of Analysis Performed**

No significant analysis of specific issues was conducted.

### **J. Further Considerations**

None.

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO:  
PROGRAM TITLE:

BUF102  
11010307  
COLLECTIVE BARGAINING STATEWIDE

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	0.00*	0.00*	0.00*	0.00*	0.0*	0.0*	0.0*	0.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	20,925,206	39,966,561	93,444	93,444	93	93	93	93
TOTAL OPERATING COST	20,925,206	39,966,561	93,444	93,444	93	93	93	93
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	18,790,387	36,045,294						
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	1,547,739	2,854,560	93,444	93,444	93	93	93	93
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
FEDERAL FUNDS	478,486	841,250						
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
OTHER FEDERAL FUNDS	5,675	12,196						
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
REVOLVING FUND	102,919	213,261						
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	20,925,206	39,966,561	93,444	93,444	93	93	93	93

PROGRAM ID: BUF102  
PROGRAM STRUCTURE: 11010307  
PROGRAM TITLE: COLLECTIVE BARGAINING - STATEWIDE

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>MEASURES OF EFFECTIVENESS</b>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
<b>PROGRAM TARGET GROUPS</b>								
1. STATE EXECUTIVE BRANCH AGENCIES	20	20	20	20	20	20	20	20

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

## Program Plan Narrative

BUF102: COLLECTIVE BARGAINING STATEWIDE

11 01 03 07

### **A. Statement of Program Objectives**

To facilitate the allotment and disbursement of statewide collective bargaining appropriations.

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

None.

### **C. Description of Activities Performed**

Statewide disbursement of funds for collective bargaining.

### **D. Statement of Key Policies Pursued**

Pursuant to Collective Bargaining Agreements, Executive Orders, and enacted specific appropriations.

### **E. Identification of Important Program Relationships**

None.

### **F. Description of Major External Trends Affecting the Program**

None.

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

None.

### **H. Discussion of Program Revenues**

None.

### **I. Summary of Analysis Performed**

No significant analysis of specific issues was conducted.

### **J. Further Considerations**

None.

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID: BUF103  
 PROGRAM STRUCTURE NO: 11010308  
 PROGRAM TITLE: VACATION PAYOUT - STATEWIDE

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	0.00*	0.00*	0.00*	0.00*	0.0*	0.0*	0.0*	0.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES			4,493,450	4,493,450	4,493	4,493	4,493	4,493
TOTAL OPERATING COST	0	0	4,493,450	4,493,450	4,493	4,493	4,493	4,493
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND			4,493,450	4,493,450	4,493	4,493	4,493	4,493
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST			4,493,450	4,493,450	4,493	4,493	4,493	4,493

PROGRAM ID: BUF103  
PROGRAM STRUCTURE: 11010308  
PROGRAM TITLE: VACATION PAYOUT - STATEWIDE

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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MEASURES OF EFFECTIVENESS

1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM

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

## Program Plan Narrative

**BUF103: VACATION PAYOUT - STATEWIDE**

**11 01 03 08**

### **A. Statement of Program Objectives**

To provide a centralized annual vacation payout for all State departments (except the Department of Education (DOE) and the University of Hawaii (UH)).

### **J. Further Considerations**

None.

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

Request of \$4,493,450 in general funds for FY 18 and FY 19 to cover annual vacation payout needs for the State (except DOE and UH).

This program is in compliance with Section 37-68(1)(A)(B), HRS.

### **C. Description of Activities Performed**

Statewide (except DOE and UH) disbursement of funds to cover annual vacation payout needs.

### **D. Statement of Key Policies Pursued**

Pursuant to Collective Bargaining Agreements, Executive Orders, and enacted specific appropriations.

### **E. Identification of Important Program Relationships**

None.

### **F. Description of Major External Trends Affecting the Program**

None.

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

None.

### **H. Discussion of Program Revenues**

None.

### **I. Summary of Analysis Performed**

No significant analysis of specific issues was conducted.

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO: 1102  
PROGRAM TITLE: FISCAL MANAGEMENT

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	23.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	1,541,798	1,619,119	1,632,035	1,632,035	1,632	1,632	1,632	1,632
OTHER CURRENT EXPENSES	342,283,790	360,962,345	352,666,155	390,644,987	412,507	423,784	457,649	476,193
EQUIPMENT		2,250						
TOTAL OPERATING COST	343,825,588	362,583,714	354,298,190	392,277,022	414,139	425,416	459,281	477,825
BY MEANS OF FINANCING								
	13.00*	14.00*	15.00*	15.00*	15.0*	15.0*	15.0*	15.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	336,578,822	350,803,774	342,608,752	380,587,584	402,449	413,726	447,591	466,135
	9.00*	9.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	7,148,438	11,674,867	11,684,692	11,684,692	11,685	11,685	11,685	11,685
	1.00*	1.00*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	98,328	105,073	4,746	4,746	5	5	5	5
TOTAL PERM POSITIONS	23.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	343,825,588	362,583,714	354,298,190	392,277,022	414,139	425,416	459,281	477,825



# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO: **110203**  
PROGRAM TITLE: **FINANCIAL ADMINISTRATION**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	23.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	1,541,798	1,619,119	1,632,035	1,632,035	1,632	1,632	1,632	1,632
OTHER CURRENT EXPENSES	342,283,790	360,962,345	352,666,155	390,644,987	412,507	423,784	457,649	476,193
EQUIPMENT		2,250						
TOTAL OPERATING COST	343,825,588	362,583,714	354,298,190	392,277,022	414,139	425,416	459,281	477,825
BY MEANS OF FINANCING								
	13.00*	14.00*	15.00*	15.00*	15.0*	15.0*	15.0*	15.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	336,578,822	350,803,774	342,608,752	380,587,584	402,449	413,726	447,591	466,135
	9.00*	9.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	7,148,438	11,674,867	11,684,692	11,684,692	11,685	11,685	11,685	11,685
	1.00*	1.00*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	98,328	105,073	4,746	4,746	5	5	5	5
TOTAL PERM POSITIONS	23.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	343,825,588	362,583,714	354,298,190	392,277,022	414,139	425,416	459,281	477,825

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	23.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	1,541,798	1,619,119	1,632,035	1,632,035	1,632	1,632	1,632	1,632
OTHER CURRENT EXPENSES	7,682,286	12,182,776	12,182,896	12,182,896	12,183	12,183	12,183	12,183
EQUIPMENT		2,250						
TOTAL OPERATING COST	9,224,084	13,804,145	13,814,931	13,814,931	13,815	13,815	13,815	13,815
BY MEANS OF FINANCING								
	13.00*	14.00*	15.00*	15.00*	15.0*	15.0*	15.0*	15.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	1,977,318	2,024,205	2,125,493	2,125,493	2,125	2,125	2,125	2,125
	9.00*	9.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	7,148,438	11,674,867	11,684,692	11,684,692	11,685	11,685	11,685	11,685
	1.00*	1.00*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	98,328	105,073	4,746	4,746	5	5	5	5
TOTAL PERM POSITIONS	23.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	9,224,084	13,804,145	13,814,931	13,814,931	13,815	13,815	13,815	13,815

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>MEASURES OF EFFECTIVENESS</b>								
1. AV ANN RATE OF RETURN ON STATE TREASURY INVSTMTS	.67	.70	.70	.70	.70	.70	.70	.70
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	9	8	8	8	8	8	8	8
5. % INCR IN UNCLAIMED PROPERTY AMOUNTS REPORTED	1	1	1	1	1	1	1	1
6. % INC IN RETURNS OF UNCLMD PROP TO RIGHTFUL OWNERS	-7	-5	-5	-5	-5	-5	-5	-5
<b>PROGRAM TARGET GROUPS</b>								
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)	5941	6000	6000	6000	6000	6000	6000	6000
4. LOCAL AND MAINLAND FINANCIAL INSTITUTIONS	12	14	14	14	14	14	14	14
5. UNCLAIMED PROPERTY HOLDERS	17136	17600	17600	17600	17600	17600	17600	17600
6. OWNERS OF UNCLAIMED PROPERTY	1325133	135000	135000	135000	135000	135000	135000	135000
<b>PROGRAM ACTIVITIES</b>								
1. NO. OF STATE BOND ISSUES UNDERTAKEN	12	10	10	10	10	10	10	10
2. # STATE BOND CALLS AND/OR REDEMPTIONS INITIATED	2	2	2	2	2	2	2	2
3. NO. OF STATE BOND ACCOUNTS/HOLDERS SERVICED	30	30	30	30	30	30	30	30
4. AMOUNT OF STATE FUNDS MANAGED (IN MILLIONS)	6600	6700	6700	6700	6700	6700	6700	6700
5. NO. OF STATE AGENCY ACCOUNTS SERVICED	361	361	361	361	361	361	361	361
6. NO. OF UNCLAIMED PROPERTY CLAIMS PAID	10094	10200	10200	10200	10200	10200	10200	10200
7. AMOUNT OF UNCLAIMED PROPERTY CLAIMS PAID (000'S)	11536	12000	12000	12000	12000	12000	12000	12000
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY	18,514	17,482	16,391	15,260	14,083	12,837	12,837	12,837
REVENUE FROM OTHER AGENCIES: FEDERAL	8,678	8,425	8,136	7,791	7,394	6,961	6,911	6,911
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	81,445	35,283	35,129	35,191	36,371	37,619	37,619	37,619
TOTAL PROGRAM REVENUES	123,637	76,190	74,656	73,242	72,848	72,417	72,367	72,367
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS	61,835	61,188	59,654	58,240	57,846	57,415	57,365	57,365
ALL OTHER FUNDS	61,802	15,002	15,002	15,002	15,002	15,002	15,002	15,002
TOTAL PROGRAM REVENUES	123,637	76,190	74,656	73,242	72,848	72,417	72,367	72,367

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

## Program Plan Narrative

**BUF115: FINANCIAL ADMINISTRATION**

**11 02 03 01**

### **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)**

The requests are to change the means of financing of an Accountant V position from interdepartmental funds (-\$105,073) to general funds (\$60,780), and for \$22,794 in general funds for FY 18 and FY 19 for full-year funding of an Accountant III position authorized by Act 124, SLH 2016.

The program is in compliance with Section 37-68(1)(A)(B), HRS.

### **C. Description of Activities Performed**

1. Plan, direct, and coordinate the overall financial policies that govern investments and the issuance and marketing of State of Hawaii bonds.
2. 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.
3. Administer 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.
4. Administer 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 the 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

## Program Plan Narrative

**BUF115: FINANCIAL ADMINISTRATION**

**11 02 03 01**

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 Revenues**

Major program revenues are derived from:

- 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 EXPENDITURES

REPORT: P61-A

PROGRAM ID: BUF721  
 PROGRAM STRUCTURE NO: 11020303  
 PROGRAM TITLE: DEBT SERVICE PAYMENTS - STATE

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	334,601,504	348,779,569	340,483,259	378,462,091	400,324	411,601	445,466	464,010
TOTAL OPERATING COST	334,601,504	348,779,569	340,483,259	378,462,091	400,324	411,601	445,466	464,010
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	334,601,504	348,779,569	340,483,259	378,462,091	400,324	411,601	445,466	464,010
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	334,601,504	348,779,569	340,483,259	378,462,091	400,324	411,601	445,466	464,010

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

	FY	FY	FY	FY	FY	FY	FY	FY
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23

MEASURES OF EFFECTIVENESS

1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM

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

## Program Plan Narrative

**BUF721: DEBT SERVICE PAYMENTS - STATE**

**11 02 03 03**

### **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)**

The request reflects a reduction of \$8,296,310 in debt service costs in FY 18 and increase of \$29,682,522 in FY 19 over the established FY 17 budget ceiling. Increased debt service requirements in FY 19 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 Revenues**

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 EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO: 1103  
PROGRAM TITLE: GENERAL SERVICES

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	161.00*	163.00*	166.00*	167.00*	167.0*	167.0*	167.0*	167.0*
	1.00**	0.00**	0.00**	0.00**	0.0*	0.0*	0.0*	0.0*
PERSONAL SERVICES	13,074,031	13,723,981	15,207,144	15,389,679	15,435	15,435	15,435	15,435
OTHER CURRENT EXPENSES	729,089,296	932,390,838	993,645,779	1,022,903,930	1,037,995	1,058,179	1,075,934	1,101,412
EQUIPMENT	2,400	752,400	1,309,900	384,900	48	48	48	48
TOTAL OPERATING COST	742,165,727	946,867,219	1,010,162,823	1,038,678,509	1,053,478	1,073,662	1,091,417	1,116,895
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	718,248,516	915,349,698	972,431,032	1,004,115,343	1,019,206	1,039,390	1,057,145	1,082,623
	56.00*	57.00*	58.00*	59.00*	59.0*	59.0*	59.0*	59.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	6,902,897	7,099,272	7,584,071	7,675,900	7,719	7,719	7,719	7,719
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	4,000,000	4,000,000	10,865,887	10,865,887	10,866	10,866	10,866	10,866
	105.00*	106.00*	108.00*	108.00*	108.0*	108.0*	108.0*	108.0*
	1.00**	**	**	**	**	**	**	**
OTHER FUNDS	13,014,314	20,418,249	19,281,833	16,021,379	15,687	15,687	15,687	15,687
TOTAL PERM POSITIONS	161.00*	163.00*	166.00*	167.00*	167.0*	167.0*	167.0*	167.0*
TOTAL TEMP POSITIONS	1.00**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	742,165,727	946,867,219	1,010,162,823	1,038,678,509	1,053,478	1,073,662	1,091,417	1,116,895

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO: 110306  
PROGRAM TITLE: EMPLOYEE FRINGE BENEFIT ADMINISTRATION

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	161.00*	163.00*	166.00*	167.00*	167.0*	167.0*	167.0*	167.0*
	1.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	13,074,031	13,723,981	15,207,144	15,389,679	15,435	15,435	15,435	15,435
OTHER CURRENT EXPENSES	729,089,296	932,390,838	993,645,779	1,022,903,930	1,037,995	1,058,179	1,075,934	1,101,412
EQUIPMENT	2,400	752,400	1,309,900	384,900	48	48	48	48
TOTAL OPERATING COST	742,165,727	946,867,219	1,010,162,823	1,038,678,509	1,053,478	1,073,662	1,091,417	1,116,895
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	718,248,516	915,349,698	972,431,032	1,004,115,343	1,019,206	1,039,390	1,057,145	1,082,623
	56.00*	57.00*	58.00*	59.00*	59.0*	59.0*	59.0*	59.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	6,902,897	7,099,272	7,584,071	7,675,900	7,719	7,719	7,719	7,719
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	4,000,000	4,000,000	10,865,887	10,865,887	10,866	10,866	10,866	10,866
	105.00*	106.00*	108.00*	108.00*	108.0*	108.0*	108.0*	108.0*
	1.00**	**	**	**	**	**	**	**
OTHER FUNDS	13,014,314	20,418,249	19,281,833	16,021,379	15,687	15,687	15,687	15,687
TOTAL PERM POSITIONS	161.00*	163.00*	166.00*	167.00*	167.0*	167.0*	167.0*	167.0*
TOTAL TEMP POSITIONS	1.00**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	742,165,727	946,867,219	1,010,162,823	1,038,678,509	1,053,478	1,073,662	1,091,417	1,116,895

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID: BUF141  
 PROGRAM STRUCTURE NO: 11030601  
 PROGRAM TITLE: EMPLOYEES RETIREMENT SYSTEM

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	105.00*	106.00*	108.00*	108.00*	108.0*	108.0*	108.0*	108.0*
	1.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	9,337,384	9,791,319	10,790,043	10,881,109	10,881	10,881	10,881	10,881
OTHER CURRENT EXPENSES	3,676,930	9,876,930	7,184,290	4,757,770	4,758	4,758	4,758	4,758
EQUIPMENT		750,000	1,307,500	382,500	48	48	48	48
TOTAL OPERATING COST	13,014,314	20,418,249	19,281,833	16,021,379	15,687	15,687	15,687	15,687
BY MEANS OF FINANCING	105.00*	106.00*	108.00*	108.00*	108.0*	108.0*	108.0*	108.0*
	1.00**	**	**	**	**	**	**	**
OTHER FUNDS	13,014,314	20,418,249	19,281,833	16,021,379	15,687	15,687	15,687	15,687
TOTAL PERM POSITIONS	105.00*	106.00*	108.00*	108.00*	108.0*	108.0*	108.0*	108.0*
TOTAL TEMP POSITIONS	1.00**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	13,014,314	20,418,249	19,281,833	16,021,379	15,687	15,687	15,687	15,687

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>MEASURES OF EFFECTIVENESS</b>								
1. AV TIME TO PROC INIT CHECK TO TERMNTG EMPlys (WKS)	3	3	3	3	3	3	3	3
2. % INITIAL MTHLY PENSION PROC W/IN 1 MTH AFTR RETIR	100	100	100	100	100	100	100	100
3. ANNUALIZED RETURN ON INVESTMENTS OVER PAST 5 YEARS	6	8	8	8	8	8	8	8
<b>PROGRAM TARGET GROUPS</b>								
1. ACTIVE MEMBERS	67378	66000	66000	66000	66000	66000	66000	66000
2. RETIRED MEMBERS	45506	47000	49000	50000	50000	50000	50000	50000
3. INACTIVE VESTED MEMBERS	7765	8000	8000	8000	8000	8000	8000	8000
<b>PROGRAM ACTIVITIES</b>								
1. ANNUAL NUMBER OF NEW MEMBERS	4252	4000	4000	4000	4000	4000	4000	4000
2. ANNUAL NUMBER OF MEMBERS COUNSELED	40000	45000	45000	45000	45000	45000	45000	45000
3. ANNUAL NUMBER OF RETIREMENT BENEFIT COMPUTATIONS	2726	4250	4250	4250	4250	4250	4250	4250
4. ANNUAL NUMBER OF NEW RETIREES	2082	2100	2100	2100	2100	2100	2100	2100
5. ANNUAL RETIREMNT BENEFIT PAYMNT AMOUNTS (MILLIONS)	1233	1300	1300	1300	1300	1300	1300	1300
6. ANNUAL NUMBER OF DECEASED MEMBER CLAIMS	617	800	800	800	800	800	800	800
7. ANNUAL NUMBER OF REFUND PAYMENTS	867	1000	1000	1000	1000	1000	1000	1000
8. ASSETS (BILLIONS OF DOLLARS)	14	15	15	15	15	15	15	15
9. ANNUAL NET INVESTMENT INCOME (MILLIONS)	-250	1050	1050	1050	1050	1050	1050	1050
10. ANNUAL RETURN ON INVESTMENTS	-1	8	8	8	8	8	8	8

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

## Program Plan Narrative

### **BUF141: EMPLOYEES RETIREMENT SYSTEM**

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#### **A. Statement of Program Objectives**

Administer the retirement and survivor benefits program for the State and county members and to anticipate and exceed their needs; manage the retirement system's 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)**

Request for \$238,200 in other funds for FY 18 and \$13,200 in other funds for FY 19 to improve protection of Employees' Retirement System (ERS) members' personally identifiable information (PII) in ERS' computer systems.

Request for 1.00 permanent Program Specialist V position and \$2,018,171 in other funds for FY 18 and \$107,552 in other funds for FY 19 to modify ERS's V3 pension systems to implement Hawaii Domestic Relations Orders required by Act 263, SLH 2016.

Request for \$1,538,900 in other funds for FY 18 and \$339,900 in other funds for FY 19 to upgrade ERS's accounting system to Oracle Financials v12.2 in order to replace obsolete equipment, purchase Oracle Database Appliances to enhance the security of ERS's computer system, protect sensitive data and improve ERS's disaster recovery capabilities.

Request for \$771,900 in other funds for FY 18 and \$793,100 in other funds for FY 19 to replace and purchase computer hardware and software required to help ensure the security of ERS's existing computer system and protection of members' PII.

Request for 1.00 Permanent Retirement Claims Examiner Position and \$39,726 in other funds for FY 18 and \$75,661 in other funds for FY 19 to address increases in ERS's membership and workload requirements.

Request for \$673,128 in other funds for FY 18 and \$673,128 in other funds for FY 19 for fringe benefit costs increases from 52% to 60%.

Request for \$299,000 in FY 18 and \$316,000 in FY 19 for additional audit, legal, postage, and actuary related costs.

The total costs will be funded from ERS's investment earnings, and member and employer contributions.

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, 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 pensioners.

#### **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 BUF 741, BUF 745, BUF 748, 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 continued 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 continues to impact the growth of the ERS' investment portfolio.

According to the ERS' actuary employee members are also living longer than expected and this should have a direct impact in increasing the liabilities and contribution requirements for pension accumulation. The

## Program Plan Narrative

### **BUF141: EMPLOYEES RETIREMENT SYSTEM**

11 03 06 01

mortality tables which are used by the ERS' actuary to project the future pension liabilities and contribution requirements is highly likely to be updated to reflect this increasing trend during this current biennium.

#### **J. Further Considerations**

None.

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

The ERS' membership of 118,466 has increased by approximately 7% in the last five years and is expected to grow an estimated 6%-11% in the next five to ten years. The growing membership requires an increase in ERS services related to their retirement, disability and death benefits. In addition, recent legislation added more complexity to the already complex ERS retirement system, which is also contributing to the increase in ERS service levels.

#### **H. Discussion of Program Revenues**

Program revenues are received from:

1. Earnings on the 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, HRS.
2. Employer contributions for the Pension Accumulation Fund received from the State and counties are based on a statutorily determined percentage of payroll.
3. 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**

The increase in costs is primarily based on the State's required fringe benefit assessments and to a lesser extent mandatory reimbursements to other State agencies.

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	56.00*	57.00*	58.00*	59.00*	59.0*	59.0*	59.0*	59.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	3,736,647	3,932,662	4,417,101	4,508,570	4,554	4,554	4,554	4,554
OTHER CURRENT EXPENSES	3,163,850	3,164,210	3,164,570	3,164,930	3,165	3,165	3,165	3,165
EQUIPMENT	2,400	2,400	2,400	2,400				
TOTAL OPERATING COST	6,902,897	7,099,272	7,584,071	7,675,900	7,719	7,719	7,719	7,719
BY MEANS OF FINANCING	56.00*	57.00*	58.00*	59.00*	59.0*	59.0*	59.0*	59.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	6,902,897	7,099,272	7,584,071	7,675,900	7,719	7,719	7,719	7,719
TOTAL PERM POSITIONS	56.00*	57.00*	58.00*	59.00*	59.0*	59.0*	59.0*	59.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	6,902,897	7,099,272	7,584,071	7,675,900	7,719	7,719	7,719	7,719

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>MEASURES OF EFFECTIVENESS</b>								
1. PERCENTAGE OF DOCUMENTS PROCESSED WITHIN 60 DAYS	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 CALLS ANSWERED WITH 30 SECONDS	65	65	65	65	65	65	65	65
5. AMOUNT OF REFUNDS OUTSTANDING GREATER THAN 60 DAYS	70	70	70	70	70	70	70	70
6. AMT OF MEDICARE PART B PREMIUM OVERPAYMENTS OS YE	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. NO. OF MINOR & MAJOR HIPAA VIOLATIONS PER YEAR	3	3	3	3	3	3	3	3
<b>PROGRAM TARGET GROUPS</b>								
1. TOTAL EMPLOYEES - (ACTIVES) FULL-TIME (STATE/CNTY)	68568	68600	68600	68600	68600	68600	68600	68600
2. TOTAL EMPLOYEES - RETIRED	45869	46800	46800	46800	46800	46800	46800	46800
3. TOTAL DEPENDENT BENEFICIARIES	84551	83500	83500	83500	83500	83500	83500	83500
4. MEDICARE PREMIUM REIMBURSEMENT RECIPIENTS	49175	50000	50000	50000	50000	50000	50000	50000
5. PERSONNEL AND FINANCE OFFICERS	500	500	500	500	500	500	500	500
<b>PROGRAM ACTIVITIES</b>								
1. NEW ENROLLMENTS (ADDITIONS)	9277	9300	9300	9300	9300	9300	9300	9300
2. TERMINATIONS (DELETIONS, CANCELLATIONS)	11007	11000	11000	11000	11000	11000	11000	11000
3. ENROLLMNT DATA CHGS (INS PLAN, NAME, ADDRESS, ETC.)	29860	30000	30000	30000	30000	30000	30000	30000
4. COBRA ENROLLMENTS	1450	1450	1450	1450	1450	1450	1450	1450
5. OUTREACH/EDUC BENEFIT BRIEFING SESSIONS CONDUCTED	154	137	137	137	137	137	137	137
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY	20,008	88,122	125,668	165,801	211,777	259,938	310,373	363,270
CHARGES FOR CURRENT SERVICES	121,817	1,101						
NON-REVENUE RECEIPTS	1,344,555	1,365,735	1,454,642	1,558,212	1,541,334	1,528,694	1,509,968	1,498,176
TOTAL PROGRAM REVENUES	1,486,380	1,454,958	1,580,310	1,724,013	1,753,111	1,788,632	1,820,341	1,861,446
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
ALL OTHER FUNDS	1,486,380	1,454,958	1,580,310	1,724,013	1,753,111	1,788,632	1,820,341	1,861,446
TOTAL PROGRAM REVENUES	1,486,380	1,454,958	1,580,310	1,724,013	1,753,111	1,788,632	1,820,341	1,861,446

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



## Program Plan Narrative

**BUF143: HAWAII EMPLOYER-UNION TRUST FUND**

**11 03 06 03**

### **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, and 2) complying with federal and State legal requirements.

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

Request for 1.00 permanent Business Analyst position and \$48,314 in trust funds for FY 18 and \$91,829 in trust funds for FY 19.

Request for 1.00 permanent Investment Specialist position and \$48,314 in trust funds for FY 19.

Request for \$44,369 in trust funds for FY 18 and FY 19 for full-year funding of a Benefits Compliance and Audit Specialist position authorized by Act 124, SLH 2016.

Request for \$323,709 in trust funds for FY 18 and FY 19 for fringe benefit costs increases from 52% to 60%.

### **C. Description of Activities Performed**

Board of Trustees:

- \* Determine the nature, scope and specific benefit levels of the benefit plans. Oversee all Employer-Union Health Benefits Trust Fund (EUTF) activities.
- \* Negotiate and enter into contracts with administrators and insurance carriers.
- \* Procure fiduciary liability insurance.
- \* Establish eligibility criteria and management policies for the EUTF.
- \* Contract for claims audits of its carriers.

- \* Retain auditors, actuaries, investment firms and managers, benefit plan consultants, or other professional advisors

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, Benefits Administration System (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 transmit 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 Consolidated Omnibus Budget Reconciliation Act 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.

## Program Plan Narrative

**BUF143: HAWAII EMPLOYER-UNION TRUST FUND**

**11 03 06 03**

- \* Comply with Health Insurance Portability and Accountability Act privacy regulations and policies related to health benefit enrollment records.
- \* Invest monies set aside in the Other Post-Employment Benefits (OPEB) Trust to fund retiree premiums.
- \* Comply with Government Accounting Standards Board No. 43, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, and 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions. Collect and maintain separate employer accounts for the pre-funding of OPEB.

### **D. Statement of Key Policies Pursued**

Each State and county employing agency is responsible to notify their eligible employees about the EUTF's benefit plans by distributing health benefits 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 EUTF office as appropriate. The EUTF 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. The EUTF also maintains liaisons with insurance carriers, legislative committees, the Centers for Medicaid and Medicare Services, unions, State and County Directors of Finance and Personnel Offices, and the State Office of Collective Bargaining.

The State and County Directors of Finance pay negotiated and statutory contributions amounts to the EUTF. The EUTF collects both State and county employer and employee contributions. After processing and reconciling the enrollments and contributions, the EUTF 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's health and life insurance plan and 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 negotiated through collective bargaining once rates are approved by the EUTF Board of Trustees. Finally, with the phasing in of Act 268, SLH 2013, and as the number of retiree subscribers increases in the future and as the longevity of this group also increases, higher amounts will need to be budgeted for employer health benefit premiums contributions.

According to the EUTF's actuary retiree members are living longer than expected and this should increase the liabilities and contribution requirements to fund the retiree health benefits premiums and to also fund the annual required contributions for the OPEB as required by the State law. The mortality tables which are used by the EUTF's actuary to project these future liabilities and contribution requirements for the retiree health benefits is highly likely to also be updated to reflect the increasing trends during this current biennium.

### **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.

## Program Plan Narrative

**BUF143: HAWAII EMPLOYER-UNION TRUST FUND**

**11 03 06 03**

### **H. Discussion of Program Revenues**

Program revenues are received from:

- \* 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.
- \* State and county employers for their share of pre-funding of OPEB.
- \* Net investment earnings on OPEB Trust assets.

### **I. Summary of Analysis Performed**

No significant analysis of specific issues was conducted.

### **J. Further Considerations**

None.

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID: BUF741  
 PROGRAM STRUCTURE NO: 11030605  
 PROGRAM TITLE: RETIREMENT BENEFITS PAYMENTS - STATE

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	328,178,407	341,213,979	347,738,836	354,490,815	361,378	368,403	375,568	382,877
TOTAL OPERATING COST	328,178,407	341,213,979	347,738,836	354,490,815	361,378	368,403	375,568	382,877
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	328,178,407	337,213,979	336,872,949	343,624,928	350,512	357,537	364,702	372,011
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	4,000,000	4,000,000	10,865,887	10,865,887	10,866	10,866	10,866	10,866
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	328,178,407	341,213,979	347,738,836	354,490,815	361,378	368,403	375,568	382,877

PROGRAM ID: **BUF741**  
 PROGRAM STRUCTURE: **11030605**  
 PROGRAM TITLE: **RETIREMENT BENEFITS PAYMENTS - STATE**

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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**MEASURES OF EFFECTIVENESS**

1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM

**PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)**

## NON-REVENUE RECEIPTS

89,103	93,457	96,296	98,223	100,187	102,190	102,190	102,190
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## TOTAL PROGRAM REVENUES

89,103	93,457	96,296	98,223	100,187	102,190	102,190	102,190
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**PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)**

## GENERAL FUNDS

89,103	93,457	96,296	98,223	100,187	102,190	102,190	102,190
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## TOTAL PROGRAM REVENUES

89,103	93,457	96,296	98,223	100,187	102,190	102,190	102,190
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NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.

## Program Plan Narrative

**BUF741: RETIREMENT BENEFITS PAYMENTS - STATE**

**11 03 06 05**

### **A. Statement of Program Objectives**

To provide employer contribution payments for employee retirement benefits and payments of the federally mandated Social Security and Medicare payroll assessments in an effective and timely manner.

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

Request for \$6,524,857 in general funds for FY 18 and \$13,276,836 in general funds for FY 19 for additional employer contribution requirements for pension accumulation and Social Security/Medicare for State employees (other than the Department of Education and the University of Hawaii).

Request for \$6,865,887 in interdepartmental funds and a corresponding decrease in general funds for FY 18 and FY 19 is requested to fund the fringe benefits costs for positions budgeted in the Department of Hawaiian Homelands.

### **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, HRS. 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 Revenues**

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 EXPENDITURES

REPORT: P61-A

PROGRAM ID: BUF761  
 PROGRAM STRUCTURE NO: 11030607  
 PROGRAM TITLE: HEALTH PREMIUM PAYMENTS - STATE

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OTHER CURRENT EXPENSES	394,070,109	578,135,719	635,558,083	660,490,415	668,694	681,853	692,443	710,612
TOTAL OPERATING COST	394,070,109	578,135,719	635,558,083	660,490,415	668,694	681,853	692,443	710,612
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	394,070,109	578,135,719	635,558,083	660,490,415	668,694	681,853	692,443	710,612
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	394,070,109	578,135,719	635,558,083	660,490,415	668,694	681,853	692,443	710,612

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>MEASURES OF EFFECTIVENESS</b>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
CHARGES FOR CURRENT SERVICES	83,385	131,658	136,090	140,788	145,880	151,413	151,413	151,413
TOTAL PROGRAM REVENUES	83,385	131,658	136,090	140,788	145,880	151,413	151,413	151,413
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS	83,385	131,658	136,090	140,788	145,880	151,413	151,413	151,413
TOTAL PROGRAM REVENUES	83,385	131,658	136,090	140,788	145,880	151,413	151,413	151,413

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



## Program Plan Narrative

**BUF761: HEALTH PREMIUM PAYMENTS - STATE**

**11 03 06 07**

### **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 additional employer contribution requirements for health benefit premiums for State employees (other than the Department of Education and the University of Hawaii) are \$57,422,364 in FY 18 and \$82,354,696 in FY 19. The additional contribution requirements also include increases for the pre-funding of Other Post-Employment Benefits (OPEB).

### **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, HRS.

### **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 was intended to control rising costs by giving the Board of Trustees full flexibility in the plan designs, limitation of future expenditures for retiree benefits, and the setting of employer contributions for active employees at a fixed dollar amount. OPEB 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 Revenues**

None.

### **I. Summary of Analysis Performed**

No significant analysis of specific issues was conducted.

### **J. Further Considerations**

None.



## **Capital Budget Details**

STATE OF HAWAII

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

REPORT B78

PROGRAM ID

BUF-101

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PROGRAM STRUCTURE NO.

11010305

PROGRAM TITLE

DEPARTMENTAL ADMINISTRATION &amp; BUDGET DIV

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD								SUCCEED YEARS
				PROJECT TOTAL	PRIOR YRS	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	
			COST ELEMENT/MOF											
00-02	0002		NEW	STATE EDUCATIONAL FACILITIES IMPROVEMENT			FUND, STATEWIDE							
			CONSTRUCTION	998,514	960,401	38,113								
			TOTAL	998,514	960,401	38,113								
			G.O. BONDS	998,514	960,401	38,113								
00-03	0003		NEW	BISHOP MUSEUM, FACILITY AND ENERGY			IMPROVEMENTS, OAHU							
			DESIGN	1			1							
			CONSTRUCTION	873			873							
			EQUIPMENT	1			1							
			TOTAL	875			875							
			G.O. BONDS	875			875							
PROGRAM TOTALS														
			DESIGN	1			1							
			CONSTRUCTION	1,602,670	1,563,684	38,113	873							
			EQUIPMENT	1			1							
			TOTAL	1,602,672	1,563,684	38,113	875							
			G.O. BONDS	1,602,672	1,563,684	38,113	875							