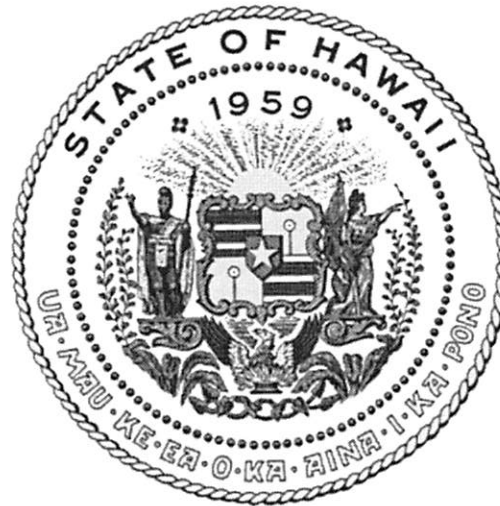


State of Hawaii



The FB 2017-19 Executive Biennium Budget

Budget in Brief

Prepared by the Department of Budget and Finance
December 19, 2016

EXECUTIVE CHAMBERS
State Capitol
Honolulu, Hawai'i 96813

**GOVERNOR'S MESSAGE TO THE
29TH STATE LEGISLATURE OF HAWAII
MEETING IN THE REGULAR SESSION OF 2017**

In compliance with Article VII, Section 8, of the Hawai'i Constitution, I hereby submit to the State Legislature the Executive Budget for Fiscal Biennium (FB) 2017-19 and the Program and Financial Plan for the period 2017-23.

OVERVIEW

Since taking office two years ago, our Administration has been working to align the State's resources to solve our most critical problems and better serve the people of Hawai'i. We are committed to being fiscally responsible and to providing a government that is honest, transparent and responsive to its citizens.

Investing in a quality education system will always be one of our highest priorities and a good investment. Our public schools need more resources at the school level, where they will have the most impact. We need to implement the Blueprint for Public Education – a renewed opportunity to build the best school system in the nation. While public school heat abatement efforts, including classroom air conditioning, are underway, we need increased funds for more energy conservation and heat mitigation projects statewide.

While we have made great strides in addressing homelessness, we must continue to invest in programs and services that get people off the streets and into permanent supportive housing. We need to develop additional affordable housing by leveraging State funds with private funds, and we

will continue to support infrastructure development while being mindful of our limited resources.

The closing of the last sugar plantation on Maui marked the end of an era, but we must take this opportunity to advance our path towards food security through doubling local food production by 2020. Additionally, we must diversify and broaden our economic base by nurturing innovators and entrepreneurs.

Hawai'i's natural resources play a critical role in our culture, way of life and economy. Our Sustainable Hawai'i Initiative was introduced at the recent International Union for the Conservation of Nature World Conservation Congress (IUCN Congress) and we are committed to these efforts, which include protecting our watersheds, doubling our food production and reaching 100 percent clean energy use.

Our departments have taken a hard look at their programs to identify changes that could be made to improve the efficiency and transparency of their operations. Last year, we implemented an electronic signature (E-sign) program that helped to eliminate thousands of paper copies and shorten approval processes. We are making a continuous effort to find solutions and provide the tools that are needed to make government more efficient and effective.

We are mindful that the public's trust demands that we use our resources wisely and are committed to addressing the needs of our communities in a sustainable and responsible manner. Our budget approach and the Executive Biennium Budget, which is aligned with our Administration's strategic priorities, reflect that commitment.

Budget Approach

The State's fiscal stability is critical to ensure the continuation of essential State services. We have made significant progress in strengthening our reserves and addressing our unfunded liabilities through our budget approach that includes:

- Adoption of a formal budget reserve policy
- Adoption of a formal debt management policy
- Strategically targeting annual recurring expenditures
- Aggressively addressing pension and Other Post-Employment Benefits (OPEB) unfunded liabilities to reduce amounts required in the future
- Strengthening budget reserves by depositing additional funds into the Emergency and Budget Reserve Fund (EBRF)

In August 2016, we issued Administrative Directive (AD) No. 16-03, the State Reserve Policy. AD No. 16-03 provides that the State should maintain an amount equal to at least 10 percent of general fund revenue in the EBRF and an amount equal to at least 5 percent of general fund revenue as the general fund balance.

With the Legislature's support, we deposited \$150 million into the EBRF in preparation for future economic downturns. We will also propose to provide additional funding in FY 18 for the EBRF, while resources are available, as we work towards the 10 percent guideline. The proposed Executive Biennium Budget for FY 2017-19 will maintain at least 5 percent of general fund revenue as the general fund balance.

We have also finalized the State's debt management policy, pursuant to Act 149, SLH 2015, and the State's debt affordability study, both of which will be submitted to the 2017 Legislature for your consideration.

Our Administration will again propose to pay the OPEB annual required contribution (ARC) at the 100 percent level in FY 18, ahead of FY 19, as originally scheduled. The ARC amortizes the OPEB \$9.06 billion unfunded liability over a 30-year period so restructuring payments to pay this down more quickly than required by statute should result in significant future savings to the State.

We have worked diligently over the past two years to improve our credit ratings for general obligation (G.O.) bonds. As a result of our Administration's strong budget and financial policies and the actions taken by the Legislature, Hawai'i became the only state to receive multiple rating upgrades in 2016 when both Moody's Investors Service and Standard and Poors upgraded the State's bond ratings from Aa2 to Aa1 and from AA to AA+, respectively, this past September.

Both rating agencies noted the State's strong revenue and financial performance, proactive measures to reduce unfunded liabilities and budgetary control as factors for the upgrades. Consequently, the State was able to issue G.O. bonds at a historically low interest rate after the rating upgrades.

Proceeds from the bond sale will be used to fund improvements to the State's infrastructure and other capital improvement program (CIP) projects that will contribute to the State's economy. The sale also refinanced bonds previously issued at higher interest rates. Because of these efforts, the State will realize lower debt service payments which will allow additional resources to be put toward other State priorities.

Budget Considerations

With the expansion of the visitor and construction industries, both fundamental contributors to Hawai'i's economy, the State's economic outlook has been positive. In recent years, however, general fund tax revenue collections have not been clearly reflective of economic activity, especially when measured against prior year fluctuations in collections.

Further, the State is facing significant increases in funding pension and OPEB liabilities. As we consider the needs of our citizens against this financial backdrop, we must determine what is reasonable and sustainable in the future.

The basic needs of our residents for quality public schools, affordable housing, primary health care and essential social services will always be at the forefront. Our Administration highlights the following:

- The U.S. Congress passed the Every Student Succeeds Act (ESSA) in late 2015. In response, we have formed the Governor's ESSA Team to assist in the implementation of the federal law in our schools, and we have requested funding to support the implementation.

We are committed to supporting ESSA through our Hawai'i Blueprint for Public Education, which will provide us with a renewed opportunity to build the best school system in the nation. To make this possible, we are targeting additional support through the Weighted Student Formula and School Innovation Grants, both of which will most directly support the classroom and improve the learning environments for our students.

- We have been working hard – and working together – to address homelessness, which has affected many communities across the State. It is not only about providing shelters; we must also provide ready access to support services and assistance to transition more individuals and families to permanent housing.

The tight housing market, where it is difficult to find a home to rent or purchase at a reasonable price, exacerbates the situation. Therefore, we must leverage our limited resources to support the development of low-income rental units and housing infrastructure by private developers.

- Due to a delay in the execution of the transfer agreement for the Maui Region health care facilities of the Hawaii Health Systems Corporation (HHSC), additional funding is being requested for HHSC to complete the transfer of the operations of the Maui Region facilities to Kaiser Foundation Hospitals.
- The Aloha+ Challenge established measureable sustainability targets for both the public and private sectors relating to clean energy, local food production, natural resource management, waste reduction, smart sustainable communities and green workforce. As part this effort, our Sustainable Hawai'i Initiative was introduced at the recent IUCN Congress and we are committed to reaching our goals to protect our watersheds and double food production.
- The sugar industry was part of Hawai'i's history for over 180 years. The closing of the last sugar plantation on Maui was significant. Our farmers and our agricultural industry need our support during this transition to more diversified agriculture.

As significant as sugar was to Hawai'i's economy, however, our visitor industry has long been the strongest player. While it has taken 50 years for the maturation of our key industry, we must broaden our economic base by nurturing our innovators and entrepreneurs.

- Although it has been a few years since the Great Recession, we are still in the process of rebuilding many State programs that endured extensive reductions. Many of these programs provide essential services and have been unable to fulfill the full scope of their statutory responsibilities.

Budget Transparency

To increase budget transparency, departments were instructed to review their FY 17 operating budget details for items which did not align with anticipated expenditures. Requests are included to correct the following:

- Underfunded, unfunded or unbudgeted positions
- Specific budget line items which do not align with anticipated expenditures

Act 160, SLH 2015, which becomes effective July 1, 2017, provides that no funds shall be expended to fill a permanent or temporary position if the filling of that position causes the position ceiling to be exceeded, with specified exceptions. Act 160 defines "position ceiling" as the maximum number of permanent and temporary positions that an expending agency is authorized for a particular program.

In anticipation of these requirements, all departments were instructed to specifically review their unbudgeted positions to determine which were critical and should continue as budgeted positions. Because the unbudgeted positions are currently funded, only cost neutral requests (i.e., tradeoff/transfer requests with related increases in permanent or temporary position counts) were allowed.

As such, the Executive Biennium Budget includes requests to convert such unbudgeted positions to budgeted positions. Many other unbudgeted positions are still under review by their respective departments and may take longer to convert depending upon the types of positions.

Act 160 also requires that permanent and temporary position ceilings for each program be provided in the budget documents after July 1, 2017. As such, the Executive Biennium Budget provides permanent and temporary position ceilings by program ID, department and program structure.

THE ECONOMY

The State's economic expansion continued into 2016. Hawai'i's economy continues to show positive growth which is expected to continue into 2017 and 2018.

Hawai'i is consistently a top visitor destination and is still thriving. Based on preliminary data for October 2016, visitor spending increased by 6.8 percent compared to last year for the fifth straight month of year-over-year growth. Visitor arrivals also increased by 4.3 percent, which set a new record of 717,486 visitors for the month of October. The resumption of international flights into Kona International Airport will have a wide-ranging and positive impact on Hawai'i island and the State as a whole.

Since the third quarter of 2009, our visitor industry has only experienced one quarter negative growth (in the fourth quarter of 2014). Year-to-date through October 2016, total visitor spending increased by 4 percent and total visitor arrivals grew by 2.8 percent, on track for another record year.

During the first three quarters of 2016, construction jobs increased by 16.5 percent compared to the same period of 2015, due to the many large developments which began. Major indicators of construction activity for the first two or three quarters of 2016 were mixed and growth projections for construction are expected to flatten through 2017.

Since December 2014, Hawai'i's seasonally adjusted unemployment rate has dropped from 4.1 percent to 3.2 percent in October 2016. While the current rate is slightly higher than the lower rate of 3.1 percent in February and March of this year, it is significant to note that the size of the labor force (692,792) and number of people employed (670,955) are both at record high levels. There are more residents employed than ever before.

Compared to the rest of the nation, only four other states have unemployment rates as low as or lower than 3.2 percent. Hawai'i is faring better than much of the nation, in large part due to the gains made by our visitor and construction industries. As the health of the U.S. economy significantly impacts Hawai'i, it is encouraging that the seasonally adjusted national unemployment rate of 4.6 percent for November 2016 is the lowest since August 2007.

There are concerns, however, about the potential economic and fiscal impacts of actions which may be taken regarding the federal budget. Some federal programs may require State financial support if we want to continue them at current funding levels.

We are optimistic about Hawai'i's economy, but recognize that there are many potential challenges, as cautioned by the Department of Business, Economic Development and Tourism:

- The economies of most countries worldwide are experiencing slowdowns
- Many Hawai'i industries are still recovering
- The Counties of Hawai'i and Kaua'i have just recovered
- Air seat growth is slowing down significantly, which will lead to a slowing down of visitor industry growth
- Construction industry momentum is weakening

Economic downturns are part of every economic cycle. While we cannot predict when things will happen, we can do our best to be prepared. Thus, while the State is in a better financial situation today than ever before, we will continue to work with the Legislature to further support the State's economic growth and improve the State's fiscal position.

REVENUE PROJECTIONS

At its September 9, 2016 meeting, the Council on Revenues (COR) revised its May 2016 general fund tax revenue forecast upward for FY 17 and downward for FY 19 through FY 22. After adjusting the base for FY 16 for actual general fund collections, which came in at 8 percent instead of the projected 6.1 percent, the COR increased its FY 17 projection from 5 percent to 5.5 percent. The cumulative impact of the higher base in FY 16 and increased growth rate is that FY 17 general fund tax revenue is roughly \$145 million more than projected in May 2016.

The FY 18 projection remains unchanged at 5 percent but the projection for FY 19 was decreased from 5 percent to 4.4 percent. The forecast for FY 20 through FY 22 decreased from 4.5 percent to 4.4 percent, while the COR also added the forecast for FY 23 of 4.4 percent. Due to the increased base for FY 16 and the higher projection for FY 17, however, the current forecast results in increased revenue from FY 18 through FY 22.

The COR noted that while Hawai'i's economy continues to be strong, there is uncertainty about the future. The Council raised concerns about the economy reaching the end of its expansionary cycle during the seven-year budget period and the construction cycle having possibly reached its peak.

Preliminary general fund tax revenue collections for the first five months of FY 17 are 0.7 percent more compared to the same period in FY 16. Transient Accommodations Tax collections have increased by 21.1 percent for the four month period, reflecting the strength of the tourism industry and outpacing the growth rates for all other taxes collected.

THE EXECUTIVE BUDGET REQUEST FOR FB 2017-19

The Operating Budget

The development of the Executive Budget for FB 2017-19 began with an operating base budget amount for each department, equivalent to their FY 17 appropriation, less non-recurring expenses and plus collective bargaining, as applicable. These base budget amounts were adjusted by requests for:

- Trade-offs and transfers and conversion of unbudgeted positions to align the budget with current operational requirements
- Select fixed costs and entitlements

- Federal funds based on anticipated grant awards
- Health and safety or immediate requirements of court orders or federal mandates
- Full-year funding for new positions
- Restoration of budget items which had been identified as non-recurring by the Legislature; and
- Other sustainable and reasonable requests necessary for program implementation

For FB 2017-19, the budget includes \$14.254 billion in FY 18 and \$14.377 billion in FY 19 from all means of financing for operating costs. This represents an increase of 4 percent and 4.9 percent, respectively, over the current level. Of these amounts, the net request for general funds is \$7.378 billion in FY 18 and \$7.529 billion in FY 19, resulting in increases of 4.9 percent and 7 percent, respectively.

Significant general fund requests for fixed costs and entitlements include (totals may differ due to rounding):

- -\$18.1 million in FY 18 and \$64.8 million in FY 19 for debt service for CIP projects
- \$77.7 million in FY 18 and \$133.1 million in FY 19 for health premium payments for the Department of Education (DOE), University of Hawaii (UH) and other State programs, which includes \$43.6 million in FY 18 and \$47.4 million to pay OPEB at 100 percent of the ARC
- \$11.5 million in FY 18 and \$28.1 million in FY 19 for retirement benefit payments for DOE, UH and other State programs

- \$22.3 million in FY 18 and \$59.4 million in FY 19 for Medicaid (\$131 million in FY 18 and \$246.2 million in FY 19 in federal funds also requested) which includes:
 - \$9.1 million in FY 18 and \$39.3 million in FY 19 for health care payments (\$115.6 million in FY 18 and \$221.2 million in FY 19 in federal funds also requested)
 - \$4.7 million in FY 18 and \$9.4 million in FY 19 to restore the adult dental benefit (\$7.1 million in FY 18 and \$14.1 million in FY 19 in federal funds also requested)
 - \$1.9 million in FY 18 and \$4.1 million in FY 19 to resume the nursing facility inflation factor (\$2.3 million in FY 18 and \$5 million in FY 19 in federal funds also requested)
 - \$6.6 million in FY 18 and FY 19 for increases in Medicare Part B premiums (\$6 million in FY 18 and FY 19 in federal funds also requested)

Significant requests for priority areas include (general funds unless otherwise noted; most new positions funded for six-months; totals may differ due to rounding):

Education

- \$28 million in FY 18 and FY 19 for DOE's Weighted Student Formula to support the goals and objectives of each school. The \$28 million each year includes \$10 million to close achievement gaps for English Language Learners and \$18 million for a 2 percent increase for inflation.
- \$10 million in FY 18 and FY 19 for DOE's School Innovation Grant Program to support the implementation of ESSA through school level grants to be awarded by the Board of Education

- \$7.7 million in FY 18 and \$8 million in FY 19 for the per pupil adjustment for the Charter Schools
- 10.50 FTE permanent positions and \$185,148 in FY 18 and 10.50 FTE permanent positions and \$370,296 for FY 19 for the Hawai'i State Public Library System (HSPLS) for staffing at the new Nānākuli, 'Aiea, and Naalehu public libraries; Statewide homeless support; and improvement of the HSPLS website
- 4.00 FTE permanent positions and \$5 million in FY 18 and FY 19 for UH's Cancer Center
- 5.00 FTE permanent positions and \$3.5 million in FY 18 and FY 19 for UH's Hawai'i Research and Innovation Initiative
- \$3 million in FY 18 and \$6 million in FY 19 to support the early college high school initiative to achieve the "55 by 25" goal
- \$1.6 million in FY 18 and \$1.5 million in FY 19 for UH's Hawai'i Graduation Initiative
- \$10 million in FY 18 and FY 19 for UH's systemwide needs

Homelessness and Housing

- \$7 million for FY 18 and FY 19 for State rent supplement to provide housing subsidies for homeless families
- \$3 million for FY 18 and FY 19 for the Housing First program which provides housing and supportive services to homeless who may have mental health or addiction issues
- \$2.5 million for FY 18 and FY 19 for the Rapid Re-housing program to move capable families out of shelters

- \$2.1 million in FY 18 and FY 19 for the Department of Human Services (DHS) State Family and Elderly Housing program
- \$1.5 million for FY 18 and FY 19 for DHS' homeless outreach services
- \$1 million for FY 18 and FY 19 for the Department of Health's (DOH) homeless outreach services to persons with serious and persistent mental illness (Interim Case Management)
- \$800,000 in FY 18 and FY 19 for DOH's homeless outreach, counseling and diversion services for unsheltered homeless persons experiencing substance abuse
- \$2 million for FY 18 and FY 19 for homeless property storage
- \$1 million in FY 18 and FY 19 for assistance for highways, security, health and safety relating to homelessness issues

Hawai'i Sustainability Initiative

- \$5 million in FY 18 for a general fund supplement to the Agricultural Loan Revolving Fund
- \$2.5 million in general funds and \$2.5 million in special funds in FY 18 for a general fund supplement to the Hawai'i Water Infrastructure Special Fund and establishment of the special fund ceiling
- \$2 million in FY 18 for the Livestock Feed Subsidy Program

- 3.00 FTE temporary positions and \$18 million in FY 18 and FY 19 to incorporate funds from Act 84, SLH 2015 for native resources, fire protection, forestry, natural area reserves, watershed management, invasive species eradication, and ocean resources
- \$3.5 million in FY 18 and FY 19 for Rapid 'Ōhi'a Death Response, watershed forests, and invasive species control

Innovation Economy

- \$10 million in general funds and \$10 million in revolving funds in FY 18 for Hawai'i Strategic Development Corporation Revolving Fund infusion for the HI Growth Initiative and related revolving fund ceiling increase

Effective, Efficient, and Open Government

- \$2.4 million in FY 18 and \$2.5 million in FY 19 for implementation of the new Hawai'iPay time and attendance project that will convert the current 40-year-old manual and paper-intensive system to meet modern security and disaster recovery standards, including timeliness and accuracy of payments
- \$4 million in FY 18 and FY 19 to restore carrier circuit costs and collocation costs for Enterprise Technology Services (ETS)
- 8.00 FTE temporary positions and \$2.1 million in FY 18 and 11.00 FTE temporary positions and \$2.2 million in FY 19 for staffing support and third party independent verification and validation analysis services for the new payroll and time and attendance system, and integration with the new Human Resources Management System
- \$7.8 million in special funds in FY 18 for the Enhanced 911 Board to upgrade the computer-aided dispatch software on O'ahu and Maui

- \$4.5 million in FY 18 and FY 19 for centralized vacation payouts for all departments
- \$3.1 million in FY 18 and \$2.6 million in FY 19 in trust funds to support a State institutional network (INET)/broadband project
- \$5.3 million in general funds and \$15.8 million in federal funds in FY 18 and FY 19 for the maintenance and operations of DHS' Enterprise System, known as Kauhale On Line Eligibility Assistance (KOLEA), which supports the eligibility determination process for the medical assistance programs

Native Hawaiians

- 15.00 FTE temporary positions and \$1.1 million in FY 18 and FY 19 for the Kaho'olawe Island Reserve Commission

Health

- \$2.8 million in FY 18 and \$7.1 million in FY 19 for Medicaid 1915(c) I/DD Home and Community Based Services Waiver rates adjustments
- \$1.3 million in FY 18 and \$1.6 million in FY 19 for purchase of service contract adjustments for the Child and Adolescent Mental Health Division
- 12.00 FTE permanent positions and \$741,996 in FY 18 and 12.00 FTE permanent positions and \$613,876 in FY 19 to restore the Vector Control Branch to prevent and manage disease outbreaks and public health threats from vector-borne diseases
- \$3 million in FY 18 and FY 19 for the Home Visitation Program and \$6.5 million in FY 18 and FY 19 for the Chronic Disease Prevention and Health Promotion Division to incorporate the funds from Act 118, SLH 2015

- \$4.1 million in FY 18 and FY 19 for the Kupuna Care program
- \$1.7 million in FY 18 and FY 19 for the Aging and Disability Resource Center
- \$36.5 million in FY 18 and \$34.7 million in FY 19 for operational costs for HHSC-Regions

The following requests reduce the HHSC-Regions base budget by the Maui Region subsidy amount and add funds to Maui Health System to initiate the transfer agreement with Kaiser Foundation Hospital.

- -\$33.4 million in FY 18 and FY 19 to reduce HHSC-Regions base budget for Maui Region subsidy
- \$38 million in FY 18 and \$33.4 million in FY 19 for Maui Health System subsidy
- \$10 million in FY 18 for Maui Health System working capital
- \$9.5 million in FY 18 for Maui Health System incremental cost for transition delay

Traffic

- 12.00 FTE permanent positions and \$832,372 in special funds in FY 18 and 12.00 FTE permanent positions and \$1.5 million in special funds and \$216,000 in federal funds in FY 19 to establish the Intelligent Transportation System Branch

Public Safety

- \$3.3 million in FY 18 to house inmates from Halawa Correctional Facility (HCF) in Arizona for six months due to HCF's security electronic project

The Capital Improvements Program Budget

For the CIP budget, a total of \$2,366.5 million in FY 18 and \$781.8 million in FY 19 has been recommended. Of these amounts, the requests for G.O. bonds total \$1,338.8 million and \$151.7 million, respectively.

Our Administration proposes to fund a large amount of the requested projects with G.O. bond funds. Many of these requests address health and safety concerns or critical program needs that have been passed over for many years.

Costs will continue to mount the longer these projects are delayed. It makes good financial sense to address these projects while the State's bond rating is at its highest, which will help to reduce debt service costs. Despite the large issuance, however, the State will still have a host of unmet needs that will need to be addressed in the future.

We have requested a significant amount of funding – \$700 million in G.O. bond funds over the biennium – for projects to address capacity, equity and program support issues at our public schools. Our public school heat abatement efforts, including classroom air conditioning, are underway and we have requested increased funds for more energy conservation and heat mitigation projects statewide.

We have also requested a substantial amount of G.O. bond funds for projects at UH campuses systemwide. Other requests support our Administration's priorities to provide housing which is affordable, to support our agricultural industry, and to support our environmental efforts. Ultimately, all of the requested projects are necessary to maintain and improve our State facilities and resources to allow our programs to better serve Hawai'i's people.

The proposed FB 2017-19 requests support the following priority areas (G.O. bond funds unless otherwise noted; totals may differ due to rounding):

Education

- \$61.7 million for heat abatement improvements at public schools, Statewide
- \$373.7 million in FY 18 to address enrollment capacity issues at public schools, Statewide
- \$138 million in FY 18 to improve the condition of public schools, Statewide
- \$60.5 million in FY 18 for public school equity projects, Statewide
- \$66.2 million in FY 18 for public school program support projects, Statewide
- \$10 million in FY 18 for health and safety projects at public libraries, Statewide
- \$150 million in FY 18 for lump sum CIP at UH campuses, Statewide

Housing

- \$15 million in FY 18 for Phase 1 construction of mixed-use affordable rental housing, juvenile services and shelter center at 902 Alder Street, O'ahu
- \$50 million in FY 18 for the Dwelling Unit Revolving Fund, Statewide
- \$50 million in FY 18 for the Rental Housing Revolving Fund, Statewide
- \$8.4 million in FY 18 for Low Income Housing Tax Credit loans, Statewide

- \$50 million in FY 18 for public housing development, improvements, and renovations, Statewide
- \$5 million in FY 18 for public housing security improvements, Statewide
- \$4 million in FY 18 for public housing vacant unit repairs and renovation, Statewide

Hawai'i Sustainability Initiative

- \$7 million in FY 18 for improvements to the Waiahole Water System, O'ahu
- \$8 million in FY 18 for improvements to the Kunia Agricultural Park, O'ahu
- \$4 million in FY 18 for a State packing and processing facility in Whitmore, Oahu
- \$3.7 million in FY 18 for improvements to the Waimanalo Irrigation System, O'ahu
- \$7.5 million in special funds in FY 18 and FY 19 for the Watershed Initiative, Statewide
- \$5 million in FY 18 for Ala Wai Canal Dredging, O'ahu
- \$6 million in G.O. bond funds and \$100,000 in federal funds in FY 18 and \$3 million in G.O. bond funds and \$100,000 in federal funds in FY 19 for State parks infrastructure and facility improvements, Statewide
- \$12 million in FY 18 for flood damage reconstruction at 'Iao Valley State Monument, Maui

Economy

- \$10 million in FY 18 and \$9 million in FY 19 to address health and safety at Aloha Stadium, O'ahu
- \$1 million in FY 18 for Aloha Stadium Optimization Study, O'ahu
- \$1.5 million in special funds, \$2 million in G.O. bond funds, \$4.7 million in private contribution funds, and \$1.2 million in trust funds in FY 19 for Ka'anapali Beach Restoration and Berm Enhancement, Maui
- \$1 million in FY 18 and FY 19 for master planning of State agency transit-oriented development, Statewide
- \$3 million in FY 18 to complete the Kalaeloa Enterprise Avenue energy corridor to Midway Road, O'ahu

Effective, Efficient, and Open Government

- \$10 million in FY 18 and FY 19 for maintenance of existing State facilities, Statewide
- \$15.2 million in FY 18 for rehabilitation of chambers and parking level waterproofing systems for the State Capitol, O'ahu
- \$3 million in FY 18 and \$1.5 million in FY 19 for State office building remodeling, Statewide
- \$18.8 million in FY 18 for the Tax System Modernization Project

Native Hawaiians

- \$5 million for FY 18 and FY 19 for repair and maintenance of Hawaiian Home Lands existing infrastructure, Statewide

- \$20 million for FY 18 and FY 19 for Hawaiian Home Lands lot development, Statewide
- \$15 million in federal funds for FY 18 and FY 19 for Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) grant development projects, Statewide

Health

- \$2.1 million in G.O. bond funds and \$10.3 million in federal funds in FY 18 for Wastewater Treatment Revolving Fund, Statewide
- \$1.7 million in G.O. bond funds and \$8.3 million in federal funds in FY 18 for Safe Drinking Water Revolving Fund, Statewide
- \$4.4 million in FY 18 for health and safety projects at DOH facilities, Statewide
- \$4.5 million in FY 18 for Hilo Counseling Center and Keawe Health Center Improvements, Hawai'i
- \$6 million in FY 18 and FY 19 for the Maui Health System
- \$21.6 million in FY 18 and \$4.5 million in FY 19 for improvements at various HHSC facilities, Statewide

Public Safety

- \$2.8 million in G.O. bond funds and \$7.7 million in other federal funds in FY 18 and \$1.5 million in G.O. bond funds and \$4.5 million in other federal funds in FY 19 for Upgrades and Improvements to National Guard Readiness Centers and Facilities, Statewide

- \$170,000 in G.O. bond funds and \$750,000 in other federal funds in FY 18 and \$1.6 million in G.O. bond funds and \$5.8 million in other federal funds in FY 19 for Energy Resiliency and Physical Security Projects for Hawai'i Army National Guard Facilities, Statewide
- \$2.5 million in G.O. bond funds and \$1,000 in federal funds in FY 18 and FY 19 for Disaster Warning and Communications Devices, Statewide
- \$38.3 million in FY 19 for additional funding for existing projects at various facilities under the Department of Public Safety, Statewide, to include fire alarm upgrades, domestic water supply upgrades, reroofing, electronic security, electronic door replacements, and various facility renovations
- \$9 million in FY 18 for new consolidated housing for the Women's Community Correctional Center
- \$11 million in FY 18 and \$9.5 million in FY 19 for electrical system infrastructure improvements and upgrades for correctional facilities, Statewide
- \$8.5 million in FY 18 and \$9.5 million in FY 19 for mechanical system infrastructure improvements and upgrades for correctional facilities, Statewide

Airports and Harbors Modernization

- \$50 million in FY 18 for a permanent Federal Inspection Station (Customs) at Kona International Airport at Keahole, Hawai'i
- \$170 million in revenue bond funds in FY 18 for Honolulu International Airport, Ticket Lobby Improvements, O'ahu
- \$50 million in revenue bond funds in FY 18 for Elliott Street support facilities at Honolulu International Airport, O'ahu

- \$30 million in revenue bond funds in FY 18 for Honolulu International Airport, Terminal Improvements at Gates 29 and 34, O'ahu
- \$29.6 million in FY 18 and \$9.7 million in FY 19 in revenue bond funds for holdroom and gate improvements at Kahului Airport, Maui
- \$16.4 million in revenue bond funds and \$3,000 in special funds in FY 18 and FY 19 for Commercial Harbor Facility Improvements, Statewide
- \$7.5 million in revenue bond funds and \$2,000 in special funds in FY 18 for Improvements at Pier 2 and 3 Areas, Nawiliwili Harbor, Kaua'i

Highway Improvements

- \$17.8 million in revenue bond funds and \$71.2 million in federal funds in FY 18 for Daniel K. Inouye Highway Extension, Mamalahoa Highway to Queen Ka'ahumanu Highway, Hawai'i
- \$4.4 million in revenue bond funds and \$17.6 million in federal funds in FY 18 and \$4 million in revenue bond funds and \$16 million in federal funds in FY 19 for Interstate Route H-1, Airport Viaduct Improvements, Vicinity of Valkenburgh Street to Middle Street, O'ahu
- \$19.9 million in revenue bond funds and \$78.5 million in federal funds in FY 18 and \$16.5 million in revenue bond funds and \$66 million in federal funds in FY 19 for various bridges, Statewide

A COLLABORATIVE EFFORT


Our core values – doing the right thing, the right way, for the right reasons – have guided our actions through the past two years. Our Cabinet agencies, through our myriad programs, have been responding to our constituents, and in partnership with the Legislature have worked diligently to improve our State programs and, more importantly, the quality of life for our residents.

Though we may have different perspectives, we can find better solutions when we understand each other's points of view.

Like our parents before us, we will keep striving to make Hawai'i a better place for our keiki while recognizing that our actions today must be sustainable for future generations. And we will always take care of our kupuna and those less fortunate.

It may not always be easy, but we can do this together. We look forward to working with all of you.

Sincerely,



DAVID Y. IGE
Governor of Hawai'i

APPENDIX TO THE GOVERNOR'S MESSAGE

A. THE EXECUTIVE BUDGET RECOMMENDATIONS

The Operating Budget

All Means of Financing

For FB 2017-19, total operating budget requests from all sources of funding amount to \$14,254.3 million in FY 18 and \$14,376.7 million in FY 19, resulting in increases of 4 percent and 4.9 percent, respectively.

<u>Means of Financing</u>	<u>FY 17 Appropriation (\$million)</u>	<u>FY 18 Request (\$million)</u>	<u>FY 19 Request (\$million)</u>
General Funds	7,036.6	7,377.9	7,528.5
Special Funds	2,768.1	2,877.5	2,803.7
Federal Funds	2,587.6	2,750.8	2,821.1
Other Federal Funds	221.9	240.7	225.8
Private Contributions	0.4	0.7	0.7
County Funds	0.2	2.2	2.2
Trust Funds	527.7	431.4	434.6
Interdept. Transfers	97.2	100.5	100.7
Revolving Funds	442.1	453.3	443.3
Other Funds	<u>20.4</u>	<u>19.3</u>	<u>16.0</u>
Total	13,702.3*	14,254.3	14,376.7*
Increase over FY 17		550.0*	672.4*
Percentage increase		4.0%	4.9%

* - Total differs due to rounding

The increases are primarily due to escalating non-discretionary costs (general funds for debt service; health premium payments; retirement benefit payments; and federal and general funds for Medicaid). Also contributing are increases to support lower and higher education and transportation.

General Fund

Total requests from the general fund amount to \$7,377.9 million in FY 18 and \$7,528.5 million in FY 19, which represents an increase of \$341.3 million (4.9 percent) in the first year and \$492 million (7 percent) in the second year over the FY 17 appropriation level. Increased non-discretionary (debt service, health premium payments, retirement benefit payments, and Medicaid) and lower and higher education costs are the primary reasons for these differences.

The Capital Improvement Program Budget

For FB 2017-19, total requests for capital improvements amount to \$2,366.5 million in FY 18 and \$781.8 million in FY 19, to be funded from the following sources:

<u>Means of Financing</u>	<u>FY 18 Request (\$million)</u>	<u>FY 19 Request (\$million)</u>
General Funds	12.7	13.0
Special Funds	59.2	103.4
G.O. Bonds	1,338.8	151.7
G.O. Reimbursable	-	-
Revenue Bonds	618.6	248.1
Federal Funds	306.7	219.7
Other Federal Funds	11.1	12.0
Private Contributions	-	4.7
County Funds	-	-
Trust Funds	-	1.2
Interdept. Transfers	-	-
Revolving Funds	-	-
Other Funds	<u>19.3</u>	<u>25.1</u>
Total	2,366.5*	781.8*

* - Total differs due to rounding

B. THE GENERAL FUND EXPENDITURE CEILING

By law, general fund appropriations must comply with the expenditure ceiling requirements that are set forth in Section 9, Article VII of the Hawaii State Constitution and Section 37-92 of the Hawaii Revised Statutes.

At the aggregate level, including all branches of government, total proposed appropriations from the general fund are within the expenditure ceilings for FYs 17-19.

For the Executive Branch, including appropriations made up to and including the regular session of 2016, the Executive Branch appropriation ceiling has already been exceeded for FY 17 by \$460.8 million (or 6.5 percent). Total proposed appropriation measures from the general fund to be submitted to the Legislature during the regular session of 2017 will result in the appropriation ceiling for the Executive Branch to be exceeded in FY 17 by an additional \$6.1 million or 0.1 percent. These proposed FY 17 appropriations are necessary to cover the current estimated requirements for workers' compensation and claims against the State.

For FB 2017-19, total proposed appropriations from the general fund (which include the Executive Budget for FB 2017-19 and other specific appropriation measures to be submitted) are within the appropriation ceiling in both FY 18 and FY 19.

C. TAX REFUND OR CREDIT AND DEPOSIT TO THE EMERGENCY AND BUDGET RESERVE FUND

Article VII, Section 6, of the Hawaii State Constitution, requires that whenever the State general fund balance at the close of each of two successive fiscal years exceeds 5 percent of general fund revenues for each of the two fiscal years, the Legislature must provide for a tax refund or tax credit to the taxpayers of the State or make a deposit into one or more emergency funds, as provided by law. Section 328L-3, Hawaii Revised Statutes, provides that whenever general fund revenues for each of two successive fiscal years exceed revenues for each of the preceding fiscal years by 5 percent, the Director of Finance is required to transfer 5 percent of the general fund balance to be deposited into the Emergency and Budget Reserve Fund (EBRF) provided that the EBRF balance is less than 10 percent of general fund revenues for the preceding fiscal year.

For FYs 15 and 16, general fund balances were greater than 5 percent of general fund revenues, FYs 15 and 16 general fund revenues were greater than 5 percent of the previous year's revenues, and the FY 16 EBRF balance was less than 10 percent of general fund revenues for FY 15. Accordingly, the Director of Finance transferred 5 percent of the FY 16 general fund balance (\$51.4 million) to the EBRF in FY 17. This action satisfies the Article VII, Section 6 requirements.

D. THE DEBT LIMIT

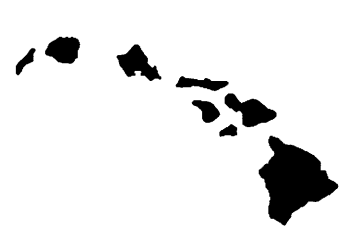
Section 13, Article VII of the Hawaii State Constitution places a debt limit on general obligation bonds that may be issued by the State. It has been determined that the total amount of principal and interest calculated on: a) all bonds issued and outstanding; b) all bonds authorized and unissued; and c) all bonds proposed in the Executive Budget, including State guaranties, will not cause the debt limit to be exceeded at the time of each bond issuance.

BUDGET IN BRIEF
The FB 2017-19 Executive Supplemental Budget

Table of Contents

	Page
Governor's Message	i - xvi
The Operating and Capital Investment Budget - Statewide Summaries	1 - 21
The Operating and Capital Budget - Department Summaries and Highlights	
Plan of Organization	25
Department of Accounting and General Services	26 - 29
Department of Agriculture	30 - 33
Department of the Attorney General	34 - 37
Department of Budget and Finance	38 - 41
Department of Business, Economic Development, and Tourism	42 - 45
Department of Commerce and Consumer Affairs	46 - 49
Department of Defense	50 - 53
Department of Education	54 - 61
Office of the Governor	62 - 65
Department of Hawaiian Home Lands	66 - 69
Department of Health	70 - 79
Department of Human Resources Development	80 - 83
Department of Human Services	84 - 87
Department of Labor and Industrial Relations	88 - 91
Department of Land and Natural Resources	92 - 95
Office of the Lieutenant Governor	96 - 99
Department of Public Safety	100 - 105
Department of Taxation	106 - 109
Department of Transportation	110 - 117
University of Hawaii	118 - 121
Historical Information	123 - 134

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The Operating and Capital Budget - Statewide Summaries

MULTI-YEAR FINANCIAL SUMMARY
GENERAL FUND
FISCAL YEARS 16 - 23
(in millions of dollars)

	<u>Actual*</u> <u>FY 16</u>	<u>Estimated</u> <u>FY 17</u>	<u>Estimated</u> <u>FY 18</u>	<u>Estimated</u> <u>FY 19</u>	<u>Estimated</u> <u>FY 20</u>	<u>Estimated</u> <u>FY 21</u>	<u>Estimated</u> <u>FY 22</u>	<u>Estimated</u> <u>FY 23</u>
REVENUES:								
Executive Branch:								
Tax revenues	6,194.4	6,535.0	6,861.8	7,163.7	7,478.9	7,808.0	8,151.5	8,510.2
Nontax revenues	853.3	783.8	751.3	769.5	788.3	808.9	811.2	812.3
Judicial Branch revenues	35.1	35.9	36.5	37.2	37.8	38.3	38.9	39.5
Other revenues	(0.8)	73.2	(68.5)	(72.9)	(74.2)	(75.7)	(77.1)	(77.5)
TOTAL REVENUES	7,081.9	7,427.9	7,581.2	7,897.4	8,230.7	8,579.5	8,924.6	9,284.5
EXPENDITURES								
Executive Branch:								
Operating	6,571.0	7,036.6	7,377.8	7,528.5	7,664.3	7,798.9	7,986.2	8,151.8
CIP	-	14.3	12.7	13.0	13.0	13.0	13.0	13.0
Specific appropriations/CB	259.9	454.8	5.0	5.0	5.0	5.0	5.0	5.0
Other expenditures/adjustments	-	98.9	229.9	197.8	201.3	204.8	208.3	212.0
Sub-total - Exec Branch	6,830.9	7,604.6	7,625.4	7,744.4	7,883.7	8,021.8	8,212.6	8,381.8
Legislative Branch	38.6	39.1	39.1	39.1	39.1	39.1	39.1	39.1
Judicial Branch	158.2	162.3	166.1	167.0	167.0	167.0	167.0	167.0
OHA	3.2	3.0	3.5	3.5	3.5	3.5	3.5	3.5
Counties	0.4	-	-	-	-	-	-	-
Lapses	(149.1)	(80.0)	(80.0)	(80.0)	(80.0)	(80.0)	(80.0)	(80.0)
TOTAL EXPENDITURES	6,882.2	7,728.9	7,754.2	7,874.1	8,013.3	8,151.4	8,342.3	8,511.4
REV. OVER (UNDER) EXPEND.	199.7	(301.0)	(173.0)	23.3	217.4	428.1	582.3	773.1
CARRY-OVER BALANCE (DEFICIT)								
Beginning	828.1	1,027.8	726.8	553.8	577.1	794.5	1,222.6	1,804.9
Ending	1,027.8	726.8	553.8	577.1	794.5	1,222.6	1,804.9	2,578.0
GF reserves (5% of prior yr revenues)	328.8	354.1	371.4	379.1	394.9	411.5	429.0	446.2
END BAL LESS GF RESERVES	699.0	372.7	182.4	198.0	399.7	811.1	1,375.9	2,131.7
<i>EBRF (add'l \$1M FY16, \$201.4M FY17, \$25M in FY18)</i>	<i>100.9</i>	<i>310.7</i>	<i>342.2</i>	<i>348.8</i>	<i>355.4</i>	<i>362.0</i>	<i>368.6</i>	<i>375.1</i>
<i>EBRF fund balance as % of prior yr revenues</i>	<i>1.53%</i>	<i>4.39%</i>	<i>4.61%</i>	<i>4.60%</i>	<i>4.50%</i>	<i>4.40%</i>	<i>4.30%</i>	<i>4.20%</i>

* unaudited

Note: Due to rounding, details may not add to totals

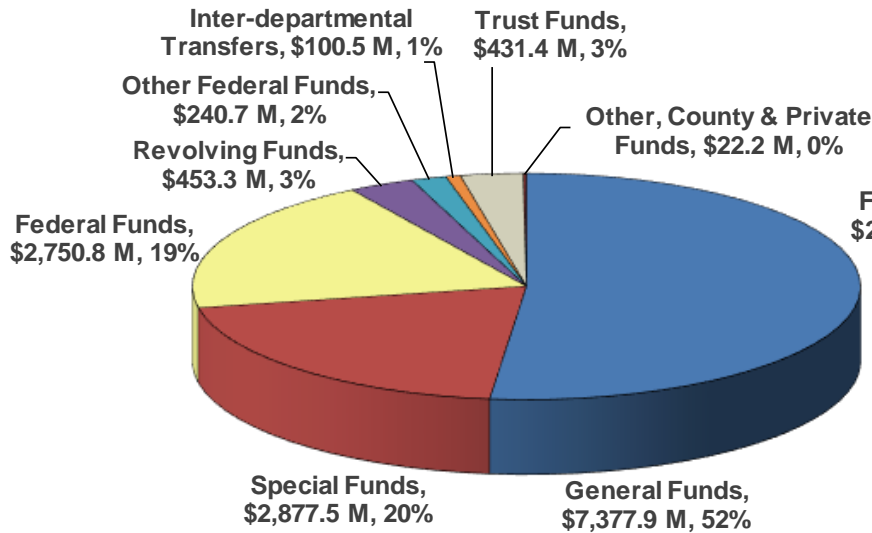
**FB 17-19 Operating Budget
Statewide Totals by Means of Financing**

MOF		Budget Base* FY 2018	% of Total	Budget Base* FY 2019	% of Total	FY 2018	% of Total	FY 2019	% of Total
General Funds	perm	35,240.95		35,240.95		35,479.75		35,499.75	
	temp	2,927.41		2,927.41		2,867.86		2,870.86	
	\$	7,007,928,159	52.0%	7,007,453,131	52.0%	7,377,874,492	51.8%	7,528,549,483	52.4%
Special Funds	perm	7,651.18		7,651.18		7,766.63		7,767.63	
	temp	213.75		213.75		214.25		214.25	
	\$	2,659,176,103	19.7%	2,659,176,103	19.7%	2,877,489,882	20.2%	2,803,677,498	19.5%
Federal Funds	perm	1,804.58		1,804.58		1,799.16		1,799.16	
	temp	375.87		375.87		375.12		375.12	
	\$	2,567,871,321	19.1%	2,567,871,321	19.1%	2,750,814,456	19.3%	2,821,061,733	19.6%
Other Federal Funds	perm	414.98		414.98		417.48		417.48	
	temp	326.19		326.19		323.94		317.94	
	\$	216,994,806	1.6%	216,994,806	1.6%	240,741,998	1.7%	225,810,480	1.6%
Private Contributions	perm	-		-		-		-	
	temp	-		-		-		-	
	\$	433,067	0.0%	433,067	0.0%	738,352	0.0%	747,510	0.0%
County Funds	perm	-		-		20.00		20.00	
	temp	3.00		3.00		3.00		3.00	
	\$	209,721	0.0%	209,721	0.0%	2,209,721	0.0%	2,209,721	0.0%
Trust Funds	perm	89.00		89.00		86.00		87.00	
	temp	10.00		10.00		12.00		12.00	
	\$	471,719,006	3.5%	475,294,006	3.5%	431,372,889	3.0%	434,647,345	3.0%
Interdepartmental Transfers	perm	217.86		217.86		233.36		233.36	
	temp	60.50		60.50		57.50		57.50	
	\$	92,488,015	0.7%	92,488,015	0.7%	100,530,840	0.7%	100,699,507	0.7%
Revolving Funds	perm	287.65		287.65		288.65		288.65	
	temp	136.50		136.50		134.50		134.50	
	\$	441,659,168	3.3%	441,659,168	3.3%	453,270,580	3.2%	443,266,845	3.1%
Other Funds	perm	106.00		106.00		108.00		108.00	
	temp	-		-		-		-	
	\$	13,702,808	0.1%	13,702,808	0.1%	19,281,833	0.1%	16,021,379	0.1%
TOTAL REQUIREMENTS	perm	45,812.20		45,812.20		46,199.03		46,221.03	
	temp	4,053.22		4,053.22		3,988.17		3,985.17	
	\$	13,472,182,174	100.0%	13,475,282,146	100.0%	14,254,325,043	100.0%	14,376,691,501	100.0%

*The FYs 18 and 19 Budget Bases reflect FY 17 appropriations from Act 119, SLH 2015, as amended by Act 124, SLH 2016, plus collective bargaining and specific recurring costs, and minus non-recurring expense adjustments.

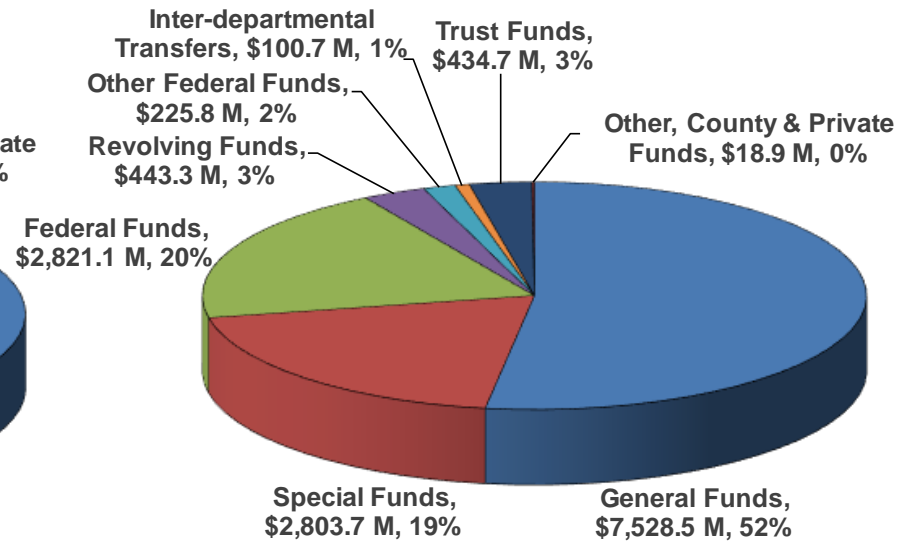
FB 17-19 Operating Budget Statewide Totals by Means of Financing

FY 2018



Total \$14.25 B

FY 2019



Total \$14.38 B

**FB 17-19 Operating Budget
Statewide Totals By Department - All Funds**

		Budget Base*	% of	Budget Base*	% of		% of		% of
		FY 2018	Total	FY 2019	Total	FY 2018	Total	FY 2019	Total
	perm	740.50		740.50		749.00		749.00	
	temp	20.94		20.94		26.44		29.44	
Accounting & General Svcs	\$	199,284,115	1.5%	202,384,087	1.5%	217,699,388	1.5%	212,429,721	1.5%
	perm	331.00		331.00		341.45		341.45	
	temp	32.25		32.25		33.25		33.25	
Agriculture	\$	49,789,873	0.4%	49,789,873	0.4%	64,126,018	0.4%	52,232,809	0.4%
	perm	666.78		666.78		670.78		670.78	
	temp	73.47		73.47		71.72		71.72	
Attorney General	\$	95,388,025	0.7%	95,388,025	0.7%	99,707,581	0.7%	99,630,557	0.7%
	perm	143.00		143.00		169.00		169.00	
	temp	159.96		159.96		160.96		160.96	
Business, Econ. Dev. & Tourism	\$	290,587,735	2.2%	290,587,735	2.2%	299,867,476	2.1%	229,234,932	1.6%
	perm	317.50		317.50		371.50		372.50	
	temp	52.00		52.00		2.00		2.00	
Budget and Finance	\$	2,566,311,986	19.0%	2,566,311,986	19.0%	2,647,942,309	18.6%	2,799,630,082	19.5%
	perm	492.00		492.00		501.00		501.00	
	temp	37.00		37.00		38.00		38.00	
Commerce & Consumer Affairs	\$	78,082,097	0.6%	78,082,097	0.6%	86,323,959	0.6%	84,591,486	0.6%
	perm	256.25		256.25		265.00		265.00	
	temp	204.00		204.00		207.00		207.00	
Defense	\$	130,766,869	1.0%	130,766,869	1.0%	135,842,803	1.0%	131,735,610	0.9%
	perm	20,065.75		20,065.75		20,084.75		20,104.75	
	temp	2,171.05		2,171.05		2,170.00		2,170.00	
Education	\$	1,964,293,539	14.6%	1,964,293,539	14.6%	2,008,492,450	14.1%	2,012,589,833	14.0%
	perm	18.00		18.00		18.00		18.00	
	temp	-		-		-		-	
Charter Schools	\$	78,955,854	0.6%	78,955,854	0.6%	87,002,798	0.6%	87,219,727	0.6%
	perm	555.00		555.00		565.50		565.50	
	temp	1.00		1.00		1.00		1.00	
Public Libraries	\$	40,136,320	0.3%	40,136,320	0.3%	40,571,468	0.3%	40,756,616	0.3%
	perm	23.00		23.00		23.00		23.00	
	temp	24.00		24.00		24.00		24.00	
Governor	\$	3,850,740	0.0%	3,850,740	0.0%	4,000,740	0.0%	4,000,740	0.0%
	perm	204.00		204.00		204.00		204.00	
	temp	2.00		2.00		2.00		2.00	
Hawaiian Home Lands	\$	50,138,613	0.4%	50,138,613	0.4%	31,263,966	0.2%	31,263,966	0.2%
	perm	2,662.12		2,662.12		2,711.25		2,711.25	
	temp	588.30		588.30		579.55		573.55	
Health	\$	1,015,169,079	7.5%	1,015,169,079	7.5%	1,097,358,618	7.7%	1,056,299,285	7.3%

**FB 17-19 Operating Budget
Statewide Totals By Department - All Funds**

		Budget Base*	% of	Budget Base*	% of	FY 2018	% of	FY 2019	% of
		FY 2018	Total	FY 2019	Total				Total
	perm	2,835.25		2,835.25		2,835.25		2,835.25	
	temp	-		-		-		-	
HHSC	\$	690,521,844	5.1%	690,521,844	5.1%	757,387,844	5.3%	731,507,844	5.1%
	perm	100.00		100.00		98.00		98.00	
	temp	-		-		-		-	
Human Resources Development	\$	22,054,750	0.2%	22,054,750	0.2%	24,411,778	0.2%	24,639,778	0.2%
	perm	2,250.75		2,250.75		2,272.75		2,272.75	
	temp	135.00		135.00		122.00		122.00	
Human Services	\$	3,289,356,132	24.4%	3,289,356,132	24.4%	3,499,312,826	24.5%	3,655,272,161	25.4%
	perm	621.55		621.55		631.55		631.55	
	temp	88.50		88.50		86.50		86.50	
Labor and Industrial Relations	\$	470,153,995	3.5%	470,153,995	3.5%	469,854,732	3.3%	472,297,039	3.3%
	perm	827.50		827.50		853.00		853.00	
	temp	113.00		113.00		113.00		113.00	
Land and Natural Resources	\$	128,714,166	1.0%	128,714,166	1.0%	167,829,518	1.2%	153,350,881	1.1%
	perm	3.00		3.00		3.00		3.00	
	temp	11.00		11.00		11.00		11.00	
Lieutenant Governor	\$	1,061,626	0.0%	1,061,626	0.0%	1,061,626	0.0%	1,061,626	0.0%
	perm	2,724.10		2,724.10		2,744.10		2,744.10	
	temp	46.00		46.00		46.00		46.00	
Public Safety	\$	275,180,259	2.0%	275,180,259	2.0%	285,483,194	2.0%	282,648,897	2.0%
	perm	-		-		-		-	
	temp	-		-		-		-	
Subsidies	\$	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	perm	388.00		388.00		388.00		388.00	
	temp	150.00		150.00		150.00		150.00	
Taxation	\$	29,523,935	0.2%	29,523,935	0.2%	29,407,967	0.2%	29,282,967	0.2%
	perm	2,258.50		2,258.50		2,354.50		2,355.50	
	temp	12.00		12.00		12.00		12.00	
Transportation	\$	836,702,556	6.2%	836,702,556	6.2%	1,011,317,546	7.1%	997,022,506	6.9%
	perm	7,328.65		7,328.65		7,344.65		7,344.65	
	temp	131.75		131.75		131.75		131.75	
University of Hawaii	\$	1,166,158,066	8.7%	1,166,158,066	8.7%	1,188,058,438	8.3%	1,187,992,438	8.3%
	perm	45,812.20		45,812.20		46,199.03		46,221.03	
	temp	4,053.22		4,053.22		3,988.17		3,985.17	
TOTAL REQUIREMENTS	\$	13,472,182,174	100.0%	13,475,282,146	100.0%	14,254,325,043	100.0%	14,376,691,501	100.0%

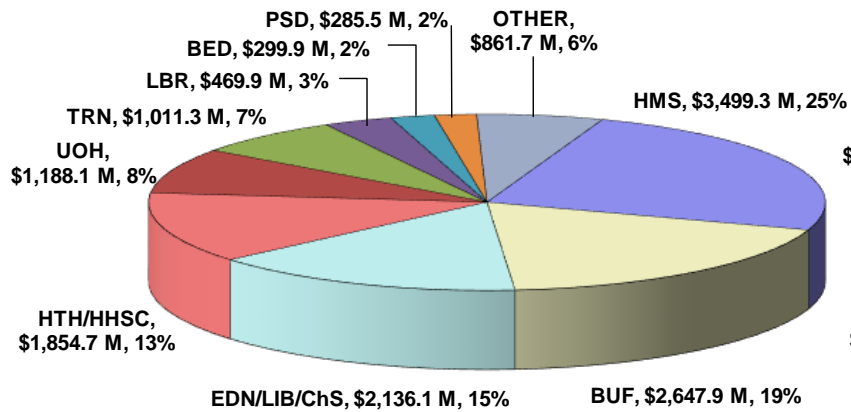
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FB 17-19 Operating Budget

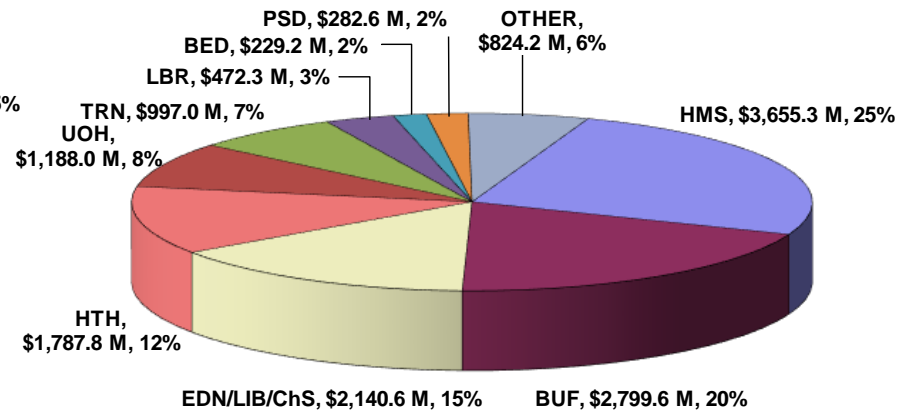
Statewide Totals by Department - All Funds

FY 2018



Total \$14.25 B

FY 2019



Total \$14.38 B

**FB 17-19 Operating Budget
Statewide Totals By Department - General Funds**

		Budget Base*	% of	Budget Base*	% of		% of		% of
		FY 2018	Total	FY 2019	Total	FY 2018	Total	FY 2019	Total
	perm	574.00		574.00		586.50		586.50	
	temp	13.94		13.94		19.44		22.44	
Accounting & General Svcs	\$	96,239,478	1.4%	95,764,450	1.4%	107,245,237	1.5%	106,200,570	1.4%
	perm	181.68		181.68		190.68		190.68	
	temp	1.00		1.00		1.00		1.00	
Agriculture	\$	13,916,085	0.2%	13,916,085	0.2%	24,182,203	0.3%	14,856,521	0.2%
	perm	343.61		343.61		343.11		343.11	
	temp	23.86		23.86		23.86		23.86	
Attorney General	\$	30,807,457	0.4%	30,807,457	0.4%	34,407,645	0.5%	34,357,645	0.5%
	perm	79.50		79.50		102.50		102.50	
	temp	8.71		8.71		11.71		11.71	
Business, Econ. Dev. & Tourism	\$	10,155,581	0.1%	10,155,581	0.1%	22,124,857	0.3%	12,286,313	0.2%
	perm	143.75		143.75		195.75		195.75	
	temp	52.00		52.00		2.00		2.00	
Budget and Finance	\$	2,529,508,933	36.1%	2,529,508,933	36.1%	2,598,380,471	35.2%	2,753,236,178	36.6%
	perm	-		-		-		-	
	temp	-		-		-		-	
Commerce & Consumer Affairs	\$	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	perm	155.60		155.60		163.35		163.35	
	temp	67.75		67.75		70.25		70.25	
Defense	\$	18,976,662	0.3%	18,976,662	0.3%	22,232,500	0.3%	19,682,027	0.3%
	perm	19,315.25		19,315.25		19,334.25		19,354.25	
	temp	2,011.55		2,011.55		2,010.50		2,010.50	
Education	\$	1,594,837,278	22.8%	1,594,837,278	22.8%	1,639,299,552	22.2%	1,643,396,935	21.8%
	perm	16.12		16.12		16.12		16.12	
	temp	-		-		-		-	
Charter Schools	\$	76,950,387	1.1%	76,950,387	1.1%	84,695,098	1.1%	84,912,027	1.1%
	perm	555.00		555.00		565.50		565.50	
	temp	1.00		1.00		1.00		1.00	
Public Libraries	\$	34,771,076	0.5%	34,771,076	0.5%	35,206,224	0.5%	35,391,372	0.5%
	perm	23.00		23.00		23.00		23.00	
	temp	24.00		24.00		24.00		24.00	
Governor	\$	3,850,740	0.1%	3,850,740	0.1%	4,000,740	0.1%	4,000,740	0.1%
	perm	200.00		200.00		200.00		200.00	
	temp	-		-		-		-	
Hawaiian Home Lands	\$	18,254,843	0.3%	18,254,843	0.3%	25,120,730	0.3%	25,120,730	0.3%
	perm	2,144.16		2,144.16		2,193.29		2,193.29	
	temp	341.30		341.30		331.30		331.30	
Health	\$	448,901,463	6.4%	448,901,463	6.4%	475,758,896	6.4%	478,765,782	6.4%

**FB 17-19 Operating Budget
Statewide Totals By Department - General Funds**

		Budget Base*	% of	Budget Base*	% of	FY 2018	% of	FY 2019	% of
		FY 2018	Total	FY 2019	Total		Total		Total
	perm	-		-		-		-	
	temp	-		-		-		-	
HHSC	\$	110,483,003	1.6%	110,483,003	1.6%	171,349,003	2.3%	145,469,003	1.9%
	perm	99.00		99.00		97.00		97.00	
	temp	-		-		-		-	
Human Resources Development	\$	16,293,469	0.2%	16,293,469	0.2%	18,650,497	0.3%	18,878,497	0.3%
	perm	1,147.48		1,147.48		1,141.15		1,141.15	
	temp	31.93		31.93		19.43		19.43	
Human Services	\$	1,202,732,204	17.2%	1,202,732,204	17.2%	1,256,182,589	17.0%	1,293,938,918	17.2%
	perm	183.11		183.11		189.11		189.11	
	temp	14.12		14.12		14.12		14.12	
Labor and Industrial Relations	\$	15,322,993	0.2%	15,322,993	0.2%	15,991,908	0.2%	18,368,624	0.2%
	perm	448.50		448.50		471.25		471.25	
	temp	64.00		64.00		67.00		67.00	
Land and Natural Resources	\$	33,871,690	0.5%	33,871,690	0.5%	58,004,186	0.8%	57,670,742	0.8%
	perm	3.00		3.00		3.00		3.00	
	temp	11.00		11.00		11.00		11.00	
Lieutenant Governor	\$	1,061,626	0.0%	1,061,626	0.0%	1,061,626	0.0%	1,061,626	0.0%
	perm	2,647.10		2,647.10		2,667.10		2,667.10	
	temp	-		-		-		-	
Public Safety	\$	251,402,257	3.6%	251,402,257	3.6%	261,605,192	3.5%	258,770,895	3.4%
	perm	-		-		-		-	
	temp	-		-		-		-	
Subsidies	\$	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	perm	388.00		388.00		388.00		388.00	
	temp	143.00		143.00		143.00		143.00	
Taxation	\$	28,451,266	0.4%	28,451,266	0.4%	28,335,298	0.4%	28,210,298	0.4%
	perm	-		-		-		-	
	temp	-		-		-		-	
Transportation	\$	-	0.0%	-	0.0%	1,000,000	0.0%	1,000,000	0.0%
	perm	6,593.09		6,593.09		6,609.09		6,609.09	
	temp	118.25		118.25		118.25		118.25	
University of Hawaii	\$	471,139,668	6.7%	471,139,668	6.7%	493,040,040	6.7%	492,974,040	6.5%
	perm	35,240.95		35,240.95		35,479.75		35,499.75	
	temp	2,927.41		2,927.41		2,867.86		2,870.86	
TOTAL REQUIREMENTS	\$	7,007,928,159	100.0%	7,007,453,131	100.0%	7,377,874,492	100.0%	7,528,549,483	100.0%

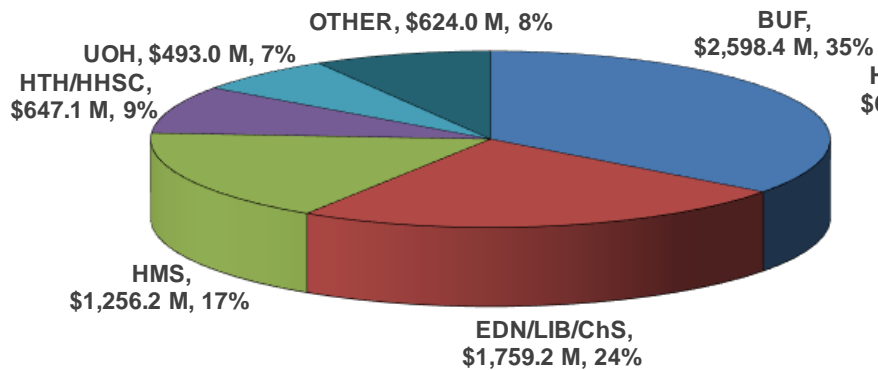
*The FYs 18 and 19 Budget Bases reflect FY 17 appropriations from Act 119, SLH 2015, as amended by Act 124, SLH 2016, plus collective bargaining and specific recurring costs, and minus non-recurring expense adjustments.

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FB 17-19 Operating Budget

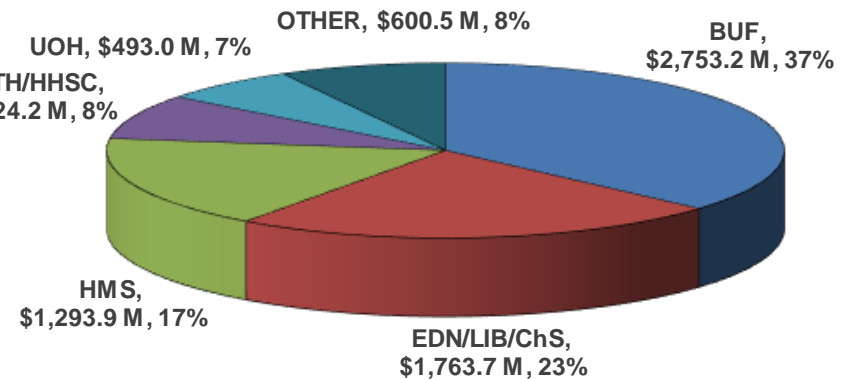
Statewide Totals by Department - General Fund

FY 2018



Total \$7.38 B

FY 2019



Total \$7.53 B

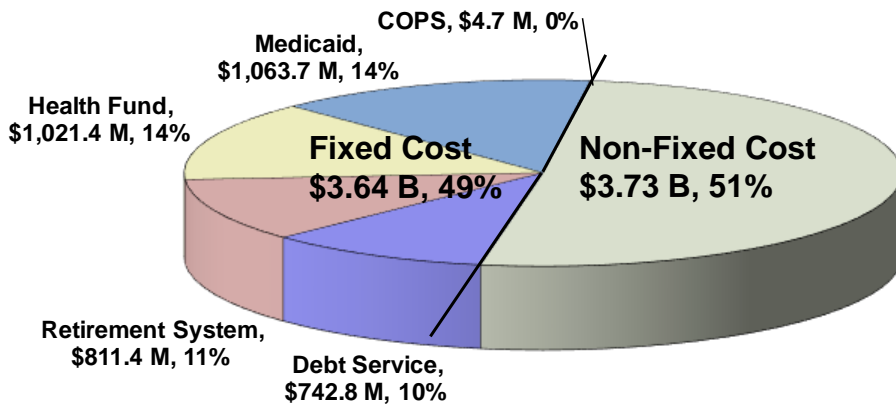
**FB 17-19 Operating Budget
Statewide Totals by Fixed vs. Non-Fixed
General Funds**

Fixed:	FY 2018	as % of Ttl	FY 2019	as % of Ttl
Medicaid	1,063,679,505	14.4%	1,100,841,558	14.6%
Health Fund	1,021,401,508	13.8%	1,076,817,768	14.3%
Retirement System	811,394,363	11.0%	827,959,641	11.0%
Debt Service	742,764,528	10.1%	825,615,381	11.0%
Certificate of Participation	4,739,600	0.1%	4,739,600	0.1%
Fixed Sub-total:	3,643,979,504	49.4%	3,835,973,948	51.0%
Non-Fixed:	FY 2018	as % of Ttl	FY 2019	as % of Ttl
Accounting & General Svcs	102,505,637	1.4%	101,460,970	1.3%
Agriculture	24,182,203	0.3%	14,856,521	0.2%
Attorney General	34,407,645	0.5%	34,357,645	0.5%
Business, Econ. Dev. & Tourism	22,124,857	0.3%	12,286,313	0.2%
Budget and Finance	29,685,959	0.4%	29,709,275	0.4%
Commerce & Consumer Affairs	-	0.0%	-	0.0%
Defense	22,232,500	0.3%	19,682,027	0.3%
Education	1,639,299,552	22.2%	1,643,396,935	21.8%
Charter Schools	84,695,098	1.1%	84,912,027	1.1%
Public Libraries	35,206,224	0.5%	35,391,372	0.5%
Governor	4,000,740	0.1%	4,000,740	0.1%
Hawaiian Home Lands	18,254,843	0.2%	18,254,843	0.2%
Health	475,758,896	6.4%	478,765,782	6.4%
HHSC	171,349,003	2.3%	145,469,003	1.9%
Human Resources Development	18,650,497	0.3%	18,878,497	0.3%
Human Services	192,503,084	2.6%	193,097,360	2.6%
Labor and Industrial Relations	15,991,908	0.2%	18,368,624	0.2%
Land and Natural Resources	58,004,186	0.8%	57,670,742	0.8%
Lieutenant Governor	1,061,626	0.0%	1,061,626	0.0%
Public Safety	261,605,192	3.5%	258,770,895	3.4%
Subsidies	-	0.0%	-	0.0%
Taxation	28,335,298	0.4%	28,210,298	0.4%
Transportation	1,000,000	0.0%	1,000,000	0.0%
University of Hawaii	493,040,040	6.7%	492,974,040	6.5%
Non-Fixed Sub-total:	3,733,894,988	50.6%	3,692,575,535	49.0%
Total Request	7,377,874,492	100.0%	7,528,549,483	100.0%

FB 17-19 Operating Budget

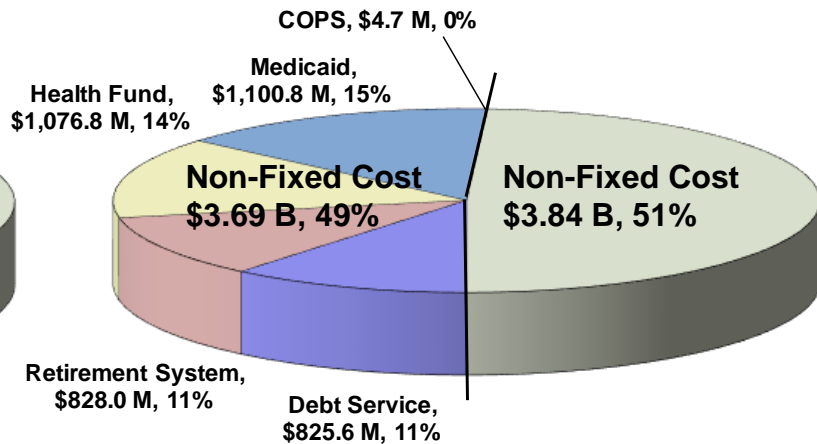
Statewide Totals by Fixed vs. Non-Fixed - General Funds

FY 2018



Total \$7,377.9 M

FY 2019



Total \$7,528.5 M

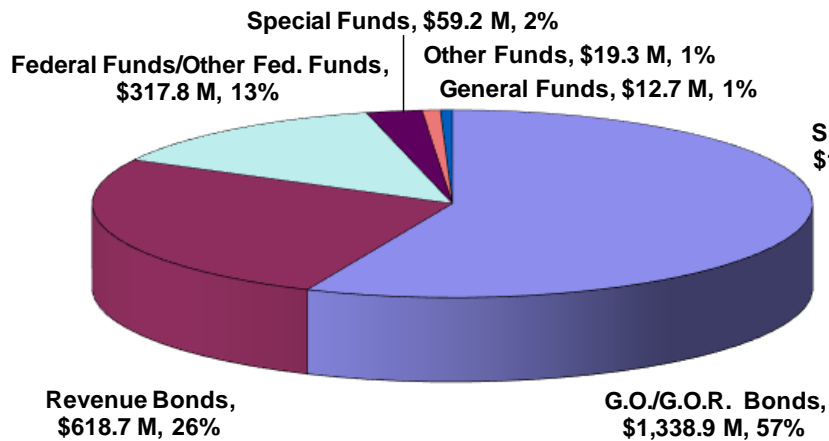
FB 17-19 CIP Budget
Statewide Totals by Means of Financing

	FY 2018	% of Total	FY 2019	% of Total
General Funds	12,742,000	0.5%	13,048,000	1.7%
Special Funds	59,152,000	2.5%	103,361,000	13.2%
General Obligation Bonds	1,338,849,000	56.6%	151,676,000	19.4%
Reimbursable				
Bonds	-	0.0%	-	0.0%
Revenue Bonds	618,647,000	26.1%	248,067,000	31.7%
Federal Funds	306,663,000	13.0%	219,744,000	28.1%
Other Federal Funds	11,092,000	0.5%	11,972,000	1.5%
Private Contributions	-	0.0%	4,650,000	0.6%
County Funds	-	0.0%	-	0.0%
Trust Funds	-	0.0%	1,150,000	0.1%
Interdepartmental Transfers	-	0.0%	-	0.0%
Revolving Funds	-	0.0%	-	0.0%
Other Funds	19,325,000	0.8%	28,125,000	3.6%
TOTAL REQUIREMENTS	2,366,470,000	100.0%	781,793,000	100.0%

FB 17-19 CIP Budget

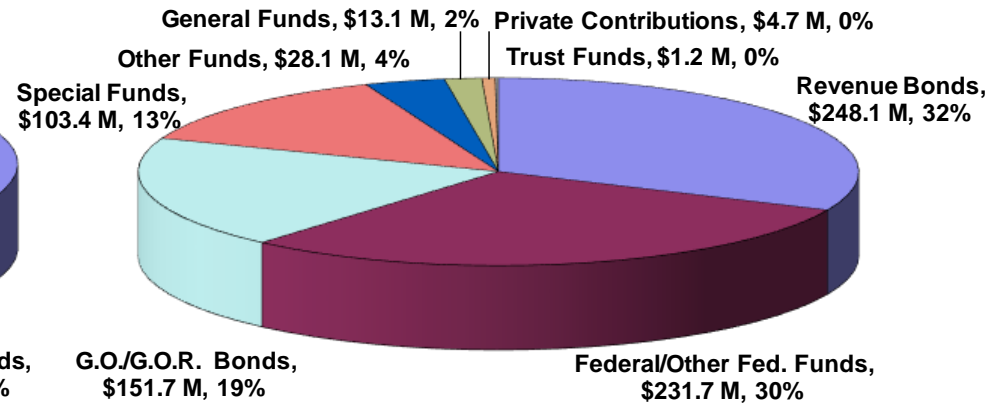
Statewide Totals by Means of Financing

FY 2018



Total \$2.37 B

FY 2019



Total \$781.8 M

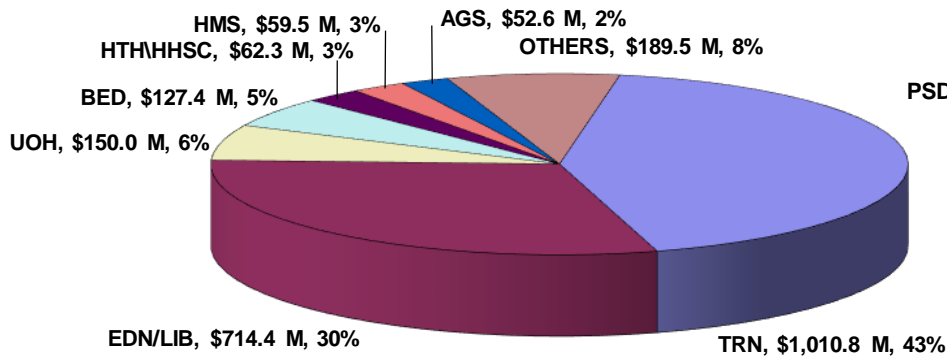
FB 17-19 CIP Budget
Statewide Totals By Department - All Funds

	FY 2018	% of Total	FY 2019	% of Total
Accounting and General Services	52,628,000	2.2%	36,434,000	4.7%
Agriculture	29,580,000	1.2%	3,950,000	0.5%
Attorney General	-	0.0%	-	0.0%
Business, Econ. Dev. & Tourism	127,400,000	5.4%	1,000,000	0.1%
Budget and Finance	875,000	0.0%	-	0.0%
Commerce and Consumer Affairs	-	0.0%	-	0.0%
Defense	24,091,000	1.0%	24,045,000	3.1%
Education	704,349,000	29.8%	4,349,000	0.6%
Public Libraries	10,000,000	0.4%	-	0.0%
Governor	1,000	0.0%	1,000	0.0%
Hawaiian Home Lands	40,000,000	1.7%	40,000,000	5.1%
Health	34,734,000	1.5%	-	0.0%
HHSC	27,602,000	1.2%	10,500,000	1.3%
Human Resources Development	-	0.0%	-	0.0%
Human Services	59,521,000	2.5%	-	0.0%
Labor and Industrial Relations	-	0.0%	-	0.0%
Land and Natural Resources	46,065,000	1.9%	29,865,000	3.8%
Lieutenant Governor	-	0.0%	-	0.0%
Public Safety	29,500,000	1.2%	57,300,000	7.3%
Subsidies	-	0.0%	-	0.0%
Taxation	19,345,000	0.8%	-	0.0%
Transportation	1,010,779,000	42.7%	574,349,000	73.5%
University of Hawaii	150,000,000	6.3%	-	0.0%
TOTAL REQUIREMENTS	2,366,470,000	100.0%	781,793,000	100.0%

FB 17-19 CIP Budget

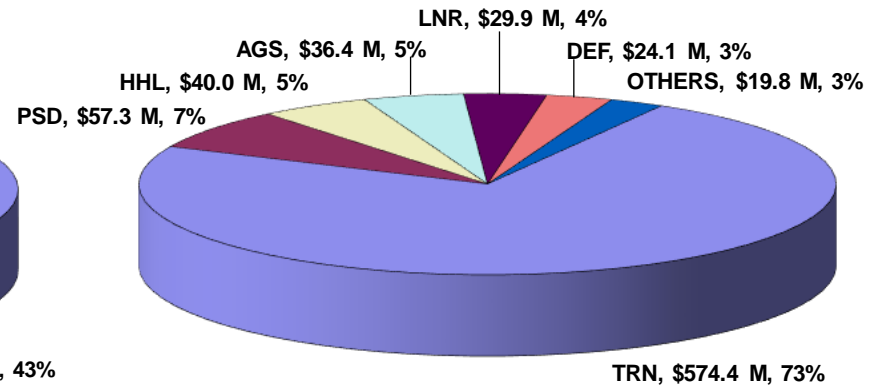
Statewide Totals by Departments - All Funds

FY 2018



Total \$2.37 B

FY 2019



Total \$781.8 M

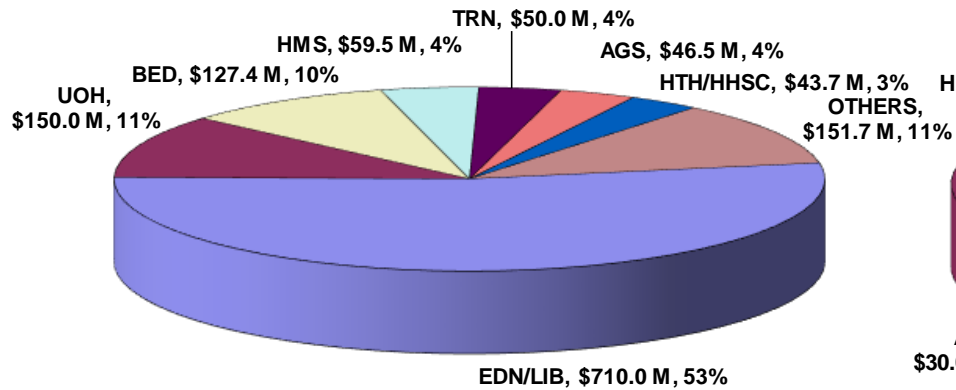
FB 17-19 CIP Budget
Statewide Totals By Department - General Obligation (GO) & GO Reimbursable Bonds

	FY 2018	% of Total	FY 2019	% of Total
Accounting and General Services	46,500,000	3.5%	30,000,000	19.8%
Agriculture	29,580,000	2.2%	3,950,000	2.6%
Budget and Finance	875,000	0.1%	-	0.0%
Business, Econ. Dev. & Tourism	127,400,000	9.5%	1,000,000	0.7%
Defense	13,001,000	1.0%	12,075,000	8.0%
Education	700,000,000	52.3%	-	0.0%
Public Libraries	10,000,000	0.7%	-	0.0%
Governor	1,000	0.0%	1,000	0.0%
Hawaiian Home Lands	25,000,000	1.9%	25,000,000	16.5%
Health	16,074,000	1.2%	-	0.0%
HHSC	27,602,000	2.1%	10,500,000	6.9%
Human Services	59,521,000	4.4%	-	0.0%
Labor and Industrial Relations	-	0.0%	-	0.0%
Land and Natural Resources	34,450,000	2.6%	11,850,000	7.8%
Public Safety	29,500,000	2.2%	57,300,000	37.8%
Subsidies	-	0.0%	-	0.0%
Taxation	19,345,000	1.4%	-	0.0%
Transportation	50,000,000	3.7%	-	0.0%
University of Hawaii	150,000,000	11.2%	-	0.0%
TOTAL REQUIREMENTS	1,338,849,000	100.0%	151,676,000	100.0%
General Obligation Bonds	1,338,849,000	100.0%	151,676,000	100.0%
Reimbursable G.O. Bonds	-	0.0%	-	0.0%
TOTAL REQUIREMENTS	1,338,849,000	100.0%	151,676,000	100.0%

FB 17-19 CIP Budget

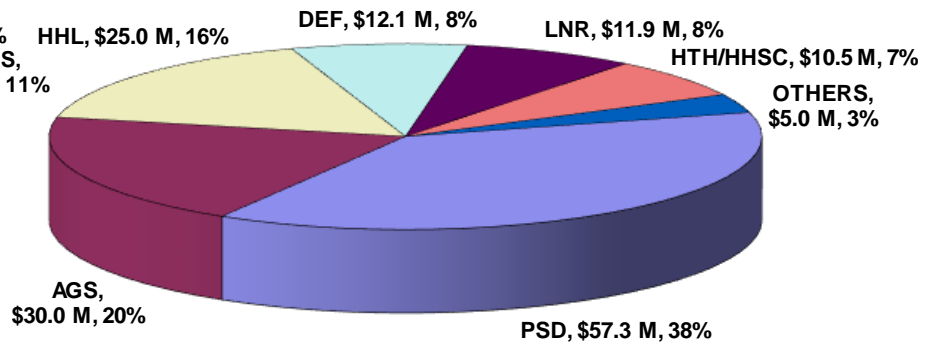
Statewide Totals by Departments - G.O./G.O.R. Bonds

FY 2018



Total \$1,338.8 M

FY 2019



Total \$151.7 M

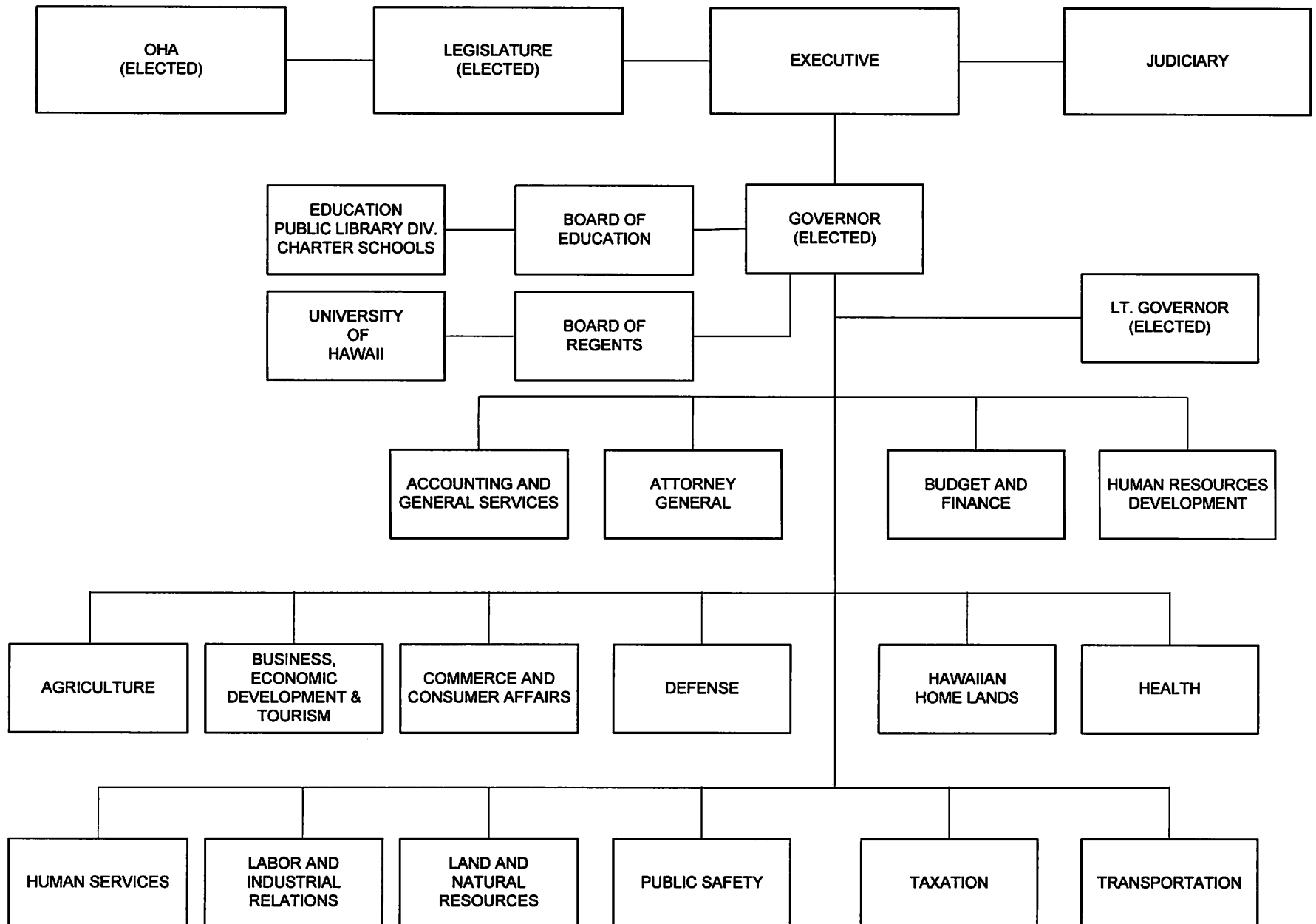
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The Operating and Capital Budget - Department Summaries and Highlights

STATE GOVERNMENT OF HAWAII

PLAN OF ORGANIZATION



DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

Department Summary

Mission Statement

To provide the physical, financial, and technical infrastructure to support state departments and agencies in accomplishing their missions.

Department Goals

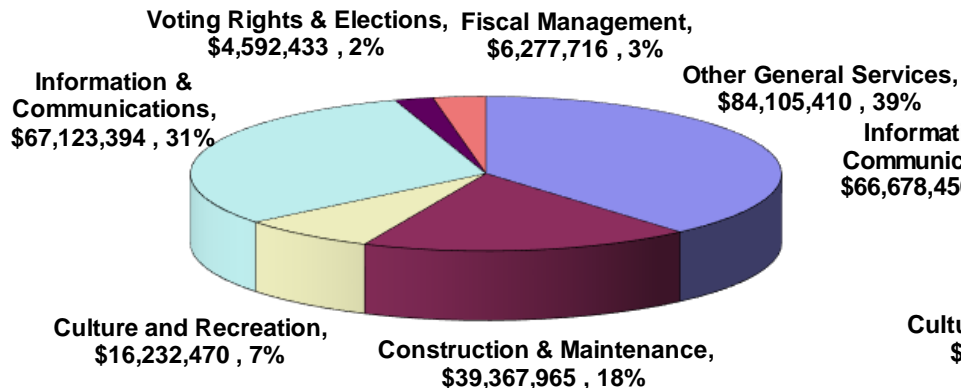
To strive for quality and consistency in the delivery of essential support services to other state departments and agencies. The department's activities reflect a continuing commitment towards cost efficiency, productivity, relevancy and timeliness of services.

Significant Measures of Effectiveness

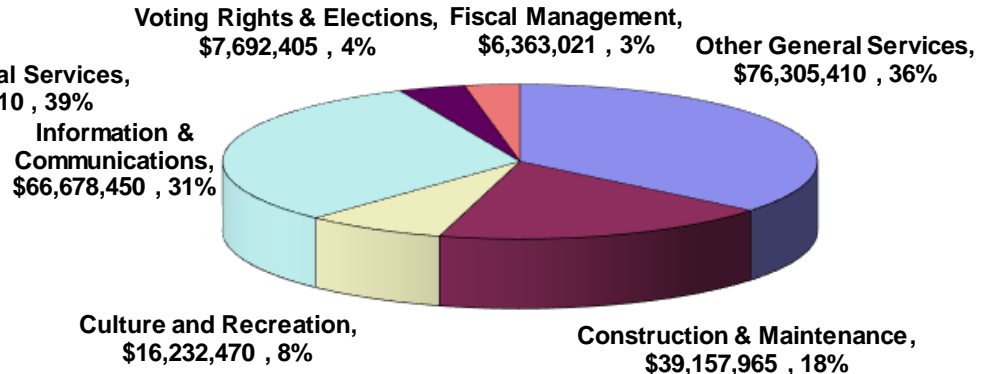
	<u>FY 2018</u>	<u>FY 2019</u>
1. Average in-house time to process payments to vendors (days)	5	5
2. Percentage of mainframe production jobs run on schedule	99	99
3. Average cost of change orders as a percentage of average actual construction cost	3	3

FB 2017-2019 Operating Budget by Major Program Area

FY 2018



FY 2019



DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

MAJOR FUNCTIONS

- Maintains the State's accounting systems; records the State's financial transactions; verifies expenditures before payments; audits fiscal records of State agencies; and preparation of the State's Comprehensive Annual Financial Report.
- Coordinates and directs engineering, architectural, office leasing, and centralized services that include public building and school repair and maintenance (neighbor islands), custodial services, and grounds maintenance.
- Develops, implements, and manages statewide information technology governance, State information technology strategic plans, and technology standards.
- Administers the statewide information processing and telecommunication services and programs.
- Performs land survey work for government agencies.
- Preserves government records and historical material.
- Administers the State's risk management activities.
- Manages the State's motor pool and parking activities.
- Coordinates procurement activities under Chapter 103D and 103F, HRS.
- Manages and operates Aloha Stadium; guides and promotes culture, the arts, history and humanities.
- Directs the statewide elections systems; ensures full disclosure of campaign contributions and expenditures.
- Provides legal guidance and assistance on HRS Chapter 92F (UIPA) and part 1 of HRS Chapter 92 (Sunshine law).

MAJOR PROGRAM AREAS

The Department of Accounting and General Services has programs in the following major program areas:

Formal Education

AGS 807 School Repair & Maintenance,
Neighbor Island Districts

Culture and Recreation

AGS 818 King Kamehameha
Celebration Commission
AGS 881 State Foundation on Culture
& the Arts
AGS 889 Spectator Events and Shows
– Aloha Stadium

Individual Rights

AGS 105 Enforcement of Information
Practices

Government-Wide Support

AGS 101 Accounting Sys Dev &
Maintenance

AGS 102 Expenditure Examination

AGS 103 Recording and Reporting

AGS 104 Internal Post Audit

AGS 111 Archives – Records
Management

AGS 130 Enterprise Technology Services-
Governance and Innovation

AGS 131 Enterprise Technology Services –
Operations and Infrastructure
Maintenance

AGS 203 State Risk Management and
Insurance Administration

AGS 211 Land Survey

AGS 221 Public Works – Planning,
Design, & Construction

AGS 223 Office Leasing

AGS 231 Central Services – Custodial

AGS 232 Central Services – Grounds
Maintenance

AGS 233 Central Services - Building
Repairs and Alterations

AGS 240 State Procurement

AGS 244 Surplus Property Management

AGS 251 Automotive Management – Motor
Pool

AGS 252 Automotive Management –
Parking Control

AGS 871 Campaign Spending Commission

AGS 879 Office of Elections

AGS 891 Enhanced 911 Board

AGS 901 General Administrative Services

Department of Accounting and General Services
(Operating Budget)

		Budget Base	Budget Base		
		FY 2018	FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	574.00	574.00	586.50	586.50
	Temp Positions	13.94	13.94	19.44	22.44
General Funds	\$	96,239,478	95,764,450	107,245,237	106,200,570
	Perm Positions	65.50	65.50	66.50	66.50
	Temp Positions	5.00	5.00	5.00	5.00
Special Funds	\$	24,854,911	24,854,911	32,701,843	24,901,843
	Perm Positions	5.00	5.00	5.00	5.00
	Temp Positions	1.00	1.00	1.00	1.00
Federal Funds	\$	856,496	856,496	856,496	856,496
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Other Federal Funds	\$	606,936	606,936	606,936	606,936
	Perm Positions	5.00	5.00	-	-
	Temp Positions	1.00	1.00	1.00	1.00
Trust Funds	\$	1,239,420	4,814,420	507,502	4,082,502
	Perm Positions	42.00	42.00	42.00	42.00
	Temp Positions	-	-	-	-
Interdepartmental Transfers	\$	37,572,194	37,572,194	37,866,694	37,866,694
	Perm Positions	49.00	49.00	49.00	49.00
	Temp Positions	-	-	-	-
Revolving Funds	\$	37,914,680	37,914,680	37,914,680	37,914,680
		740.50	740.50	749.00	749.00
		20.94	20.94	26.44	29.44
Total Requirements		199,284,115	202,384,087	217,699,388	212,429,721

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

1. Adds \$2,412,483 in FY 18 and \$2,459,788 in FY 19 in the Accounting Systems Development and Maintenance program for on-going services for the new Payroll System & Time and Attendance System.
2. Reduces 5.00 permanent positions and \$731,918 in trust funds and adds 5.00 permanent positions and \$505,585 in both FY 18 and FY 19 to reflect changes in the means of financing for administrative expenses in the Campaign Spending Commission.
3. Adds 8.00 temporary positions in FY 18 and 11.00 temporary positions in FY 19, and \$2,117,251 in FY 18 and \$2,221,207 in FY 19 in the Office of Enterprise Technology Services (OETS) for staffing support and third party independent verification and validation analysis services for the new Payroll System & Time and Attendance System, and integration with the new Human Resources Management System.
4. Increases the Enhanced 911 Board Special Fund ceiling in FY 18 by \$7,800,000 to upgrade Computer Aided Dispatch software on Oahu and Maui.
5. Adds \$3,975,000 in FY 18 and FY 19 in OETS for the carrier circuit and collocation costs.
6. Adds \$200,000 in FY 18 and FY 19 in OETS for telecommunications site tower maintenance.

Department of Accounting and General Services
(Capital Improvements Budget)

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Funds	6,128,000	6,434,000
General Obligation Bonds	46,500,000	30,000,000
Total Requirements	<u><u>52,628,000</u></u>	<u><u>36,434,000</u></u>

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

1. Lapses unexpended \$8,000,000 in FY 18, in the Public Works Division (PWD) for CIP program staff costs, Statewide. Funds were authorized in Act 119, SLH 2015, as amended by Act 124, SLH 2016.
2. Adds \$6,128,000 in FY 18 and \$6,434,000 in FY 19 in general funds in the PWD for CIP program staff costs, Statewide.
3. Adds \$10,000,000 in FY 18 and FY 19 in the PWD for lump sum maintenance of existing facilities, PWD, Statewide.
4. Adds \$5,000,000 in FY 18 and FY 19 in the Enterprise Technology Services (ETS) program for lump sum health and safety, Information and Communications Services Division, Statewide.
5. Adds \$15,200,000 in FY 18 in the PWD for State Capitol building, rehabilitation of chambers/parking level waterproofing systems, Oahu.
6. Adds \$10,000,000 in FY 18 and \$9,000,000 in FY 19 in the Spectator Events and Shows - Aloha Stadium program for lump sum health and safety, Aloha Stadium, Oahu.
7. Adds \$400,000 in FY 18 and \$4,500,000 in FY 19 in the PWD for Washington Place health and safety and Queen's Gallery renovation, Oahu.
8. Adds \$1,000,000 in FY 18 in the Spectator Events and Shows - Aloha Stadium program for Aloha Stadium Optimization, Oahu.
9. Adds \$3,000,000 in FY 18 and \$1,500,000 in FY 19 for in the PWD for lump sum State office building remodeling, Statewide.
10. Adds \$1,000,000 in FY 18 in the PWD for lump sum advance planning, Statewide.
11. Adds \$900,000 in FY 18 in the ETS program for upgrade and expansion of critical data systems, Oahu.

DEPARTMENT OF AGRICULTURE

Department Summary

Mission Statement

To further expand the role of Hawaii's agricultural industry to benefit the well-being of our island society by diversifying the economy, protecting resources important for agricultural production, and gaining greater self-sufficiency in food and renewable energy production.

Department Goals

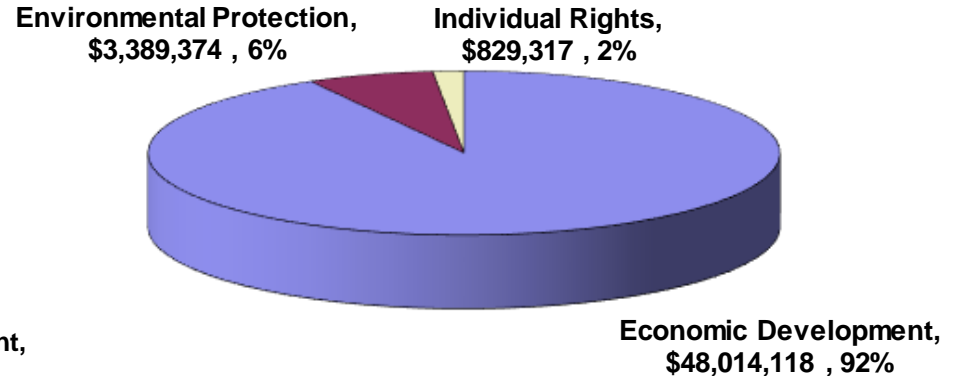
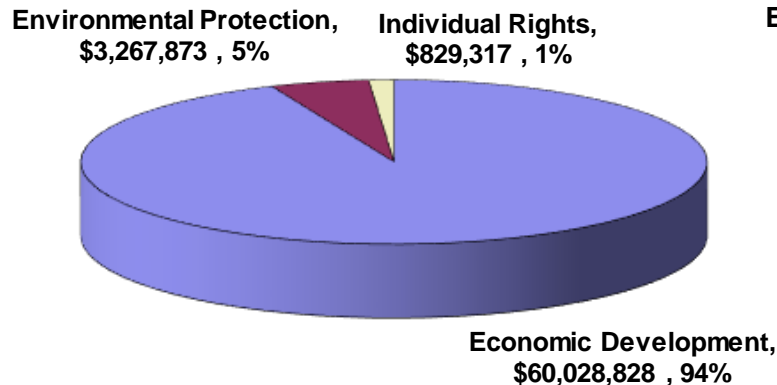
To conserve and develop essential agricultural resources and infrastructure; to gain access to and develop local, domestic, and international markets for Hawaii's agricultural products; to conserve and protect suitable agricultural lands and water; to promote Hawaii's food self-sufficiency; to raise public awareness of the importance of agriculture to the State's economy, environment, and as a profession; to implement programs to safeguard Hawaii's farmers, consumers, and natural resources; to prevent the introduction and establishment of plants, animals and diseases that are detrimental to Hawaii's agriculture and environment.

Significant Measures of Effectiveness

1. Number of intercepted pest species not established in Hawaii.
2. Agricultural lands leased (acres).

<u>FY 2018</u>	<u>FY 2019</u>
510	520
15,000	20,000

FB 2017-2019 Operating Budget by Major Program Area



DEPARTMENT OF AGRICULTURE MAJOR FUNCTIONS

- Carries out programs to conserve, develop, and utilize the agricultural resources and infrastructure of the State and facilitates the transition of plantation agriculture to diversified farming.
- Enforces laws, and formulates and enforces rules and regulations to further control the management of these resources.
- Reviews and develops agricultural goals and objectives compatible with statewide expansion and diversification of Hawaii's agricultural base.
- Prevents the introduction of plant pests and diseases, provides certification services to facilitate the export of certain plant materials, and controls and eradicates insects and noxious weeds and controls the distribution and usage of pesticides.
- Administers the aquaculture development, State animal health, and agricultural and aquacultural loan programs.
- Maintains official State primary measurement standards; ensures accuracy of commercial measuring devices.
- Establishes and enforces grade standards for agricultural commodities producers in the State in cooperation with the industry, and achieves stability within the State milk industry by ensuring the availability of an adequate supply of wholesale milk for the consuming public.
- Supports the marketing of various agricultural commodities.

MAJOR PROGRAM AREAS

The Department of Agriculture has programs in the following major program areas:

Economic Development

AGR 101	Financial Assistance for Agriculture
AGR 122	Plant Pest and Disease Control
AGR 131	Rabies Quarantine
AGR 132	Animal Disease Control
AGR 141	Agricultural Resource Management
AGR 151	Quality and Price Assurance
AGR 153	Aquaculture Development
AGR 161	Agribusiness Development and Research

AGR 171	Agricultural Development and Marketing
AGR 192	General Administration for Agriculture

Environmental Protection

AGR 846	Pesticides
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Individual Rights

AGR 812	Measurement Standards
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**Department of Agriculture
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	181.68	181.68	190.68	190.68
	Temp Positions	1.00	1.00	1.00	1.00
General Funds	\$	13,916,085	13,916,085	24,182,203	14,856,521
	Perm Positions	129.82	129.82	130.27	130.27
	Temp Positions	1.25	1.25	1.25	1.25
Special Funds	\$	20,021,441	20,021,441	23,084,570	20,448,397
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Federal Funds	\$	259,503	259,503	259,503	259,503
	Perm Positions	2.00	2.00	2.00	2.00
	Temp Positions	8.00	8.00	9.00	9.00
Other Federal Funds	\$	1,580,918	1,580,918	1,688,399	1,714,780
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Trust Funds	\$	812,962	812,962	812,962	812,962
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Interdepartmental Transfers	\$	212,095	212,095	212,095	212,095
	Perm Positions	17.50	17.50	18.50	18.50
	Temp Positions	22.00	22.00	22.00	22.00
Revolving Funds	\$	12,986,869	12,986,869	13,886,286	13,928,551
		331.00	331.00	341.45	341.45
		32.25	32.25	33.25	33.25
Total Requirements		49,789,873	49,789,873	64,126,018	52,232,809

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

1. Adds \$5,000,000 in FY 18 for a general fund supplement to the Agricultural Loan Revolving Fund.
2. Adds \$2,500,000 in FY 18 for a general fund supplement to the Hawaii Water Infrastructure Special Fund and increases the special fund ceiling by \$2,500,000.
3. Adds 3.00 permanent positions and \$79,236 in FY 18 and \$158,472 in FY 19 for the Pesticides Branch.
4. Adds 3.00 permanent positions and \$200,000 in both FY 18 and FY 19 to enfold positions and funds into the budget for the Agricultural Food Safety Certification Program created through Act 106/SLH 2016.
5. Adds \$2,000,000 in FY 18 for the Livestock Feed Subsidy Program.
6. Adds 2.00 permanent positions and \$258,298 in FY 18 and \$324,796 in FY 19 to enfold positions and funds into the budget for the Industrial Hemp Program created through Act 228/SLH 2016.

**Department of Agriculture
(Capital Improvements Budget)**

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	29,580,000	3,950,000
Total Requirements	<u>29,580,000</u>	<u>3,950,000</u>

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

1. Adds \$1,200,000 in FY 18 for design and construction for improvements to the Animal Quarantine sewage pre-treatment facility in Halawa, Oahu.
2. Adds \$1,500,000 in FY 18 for plans and design for improvements to the Halawa Animal Industry facility, Oahu.
3. Adds \$180,000 in FY 18 for plans of a biological control containment facility on Oahu.
4. Adds \$7,000,000 in FY 18 for plans, design and construction for improvements to the Waiahole Water System, Oahu.

DEPARTMENT OF THE ATTORNEY GENERAL

Department Summary

Mission Statement

To provide legal and other services to the State, including the agencies, officers, and employees of the executive, legislative, and judicial branches of the Hawaii government.

Department Goals

To safeguard the rights and interests of the people of the State of Hawaii by being the defender of and advocate for the people and undertaking appropriate legal and other actions on their behalf; to protect the State's interest in legal matters by providing timely legal advice and representation to the executive, legislative, and judicial branches; to preserve, protect, and defend the constitution and laws of the State of Hawaii and the United States; to enforce the State's constitution and laws, and to facilitate the enforcement of federal law; and to assist and coordinate statewide programs and activities that improve the criminal justice system and law enforcement.

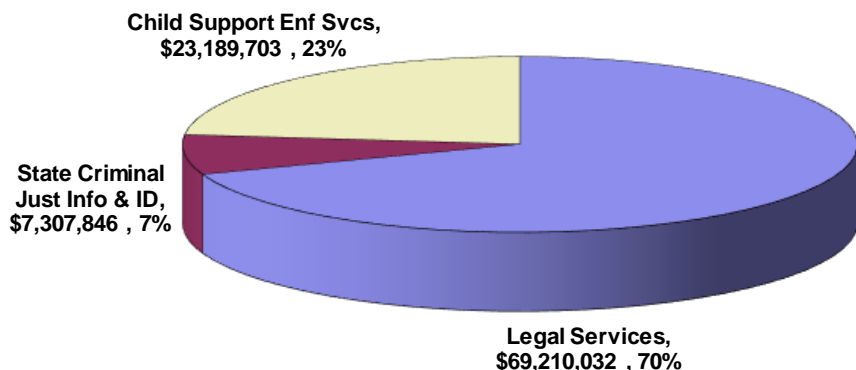
Significant Measures of Effectiveness

1. Number of cases settled, tried, or decided
2. Percentage of complete dispositions on CJIS-Hawaii
3. Efficiency rating: Dollars collected per dollar expended

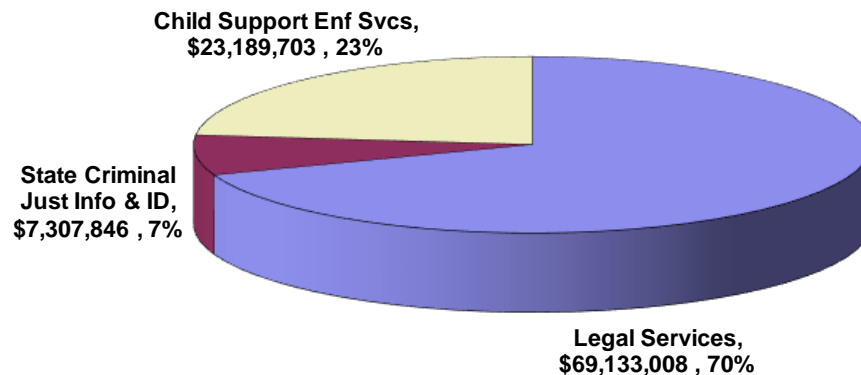
<u>FY 2018</u>	<u>FY 2019</u>
13,835	13,835
94	94
5	5

FB 2017-2019 Operating Budget by Major Program Area

FY 2018



FY 2019



DEPARTMENT OF THE ATTORNEY GENERAL MAJOR FUNCTIONS

- Provides legal services to State agencies and employees; represents the State in all civil litigation in which the State is a party; conducts civil and criminal investigations; drafts and approves as to form the legality of various documents.
- Prosecutes criminal offenses, such as Medicaid fraud, welfare fraud, tax fraud, unemployment fraud, organized crime, and other crime against the public order; and initiates, develops and performs or coordinates programs, projects and activities on the subject of crime and crime prevention.
- Oversees the actions of the trustees of charitable trusts and brings any abuse or deviation by the trustees to the attention of the probate court for possible correction.
- Enforces the federal and State antitrust laws.
- Responsible for the enforcement of the Master Settlement Agreement pursuant to the Hawaii Revised Statutes Chapter 675 (HRS Chapter 675, State's Tobacco Liability Act); and the Cigarette Tax Stamp requirements and prohibition against the sale of Gray Market cigarettes.
- Maintains the automated statewide information system that collects, maintains, and disseminates individual criminal history record information for those arrested and fingerprinted.
- Administers the Child Support Enforcement Program, which involves initiating legal or administrative actions required to secure financial support for children.
- Provides a fair and impartial administrative forum for the expeditious resolution of child support disputes through the Office of Child Support hearings.

MAJOR PROGRAM AREAS

The Department of the Attorney General has programs in the following major program areas:

Social Services

ATG 500 Child Support Enforcement Services

Public Safety

ATG 231 State Criminal Justice Information and Identification

Government-Wide Support

ATG 100 Legal Services

**Department of the Attorney General
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	343.61	343.61	343.11	343.11
	Temp Positions	23.86	23.86	23.86	23.86
General Funds	\$	30,807,457	30,807,457	34,407,645	34,357,645
	Perm Positions	24.60	24.60	24.60	24.60
	Temp Positions	0.50	0.50	-	-
Special Funds	\$	3,448,382	3,448,382	3,545,696	3,496,946
	Perm Positions	5.20	5.20	5.20	5.20
	Temp Positions	9.95	9.95	11.20	11.20
Federal Funds	\$	11,654,969	11,654,969	11,782,423	11,782,423
	Perm Positions	157.86	157.86	157.86	157.86
	Temp Positions	7.66	7.66	8.16	8.16
Other Federal Funds	\$	21,014,311	21,014,311	21,246,618	21,100,368
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Trust Funds	\$	6,174,732	6,174,732	6,174,732	6,174,732
	Perm Positions	107.11	107.11	111.61	111.61
	Temp Positions	30.50	30.50	27.50	27.50
Interdepartmental Transfers	\$	15,596,805	15,596,805	15,859,098	16,027,074
	Perm Positions	28.40	28.40	28.40	28.40
	Temp Positions	1.00	1.00	1.00	1.00
Revolving Funds	\$	6,691,369	6,691,369	6,691,369	6,691,369
		666.78	666.78	670.78	670.78
		73.47	73.47	71.72	71.72
Total Requirements		95,388,025	95,388,025	99,707,581	99,630,557

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

1. Adds \$600,000 in FY 18 and FY 19 to increase funding for litigation expenses.
2. Adds 2.00 temporary positions and \$225,177 in federal funds in FY 18 and FY 19 to reflect unbudgeted federal fund positions established for the Crime Prevention and Justice Assistance Division.
3. Adds 3.00 permanent positions and \$179,976 in FY 18 and \$347,952 in FY 19 in interdepartmental transfer funds for client funded positions, including a Legal Clerk for the Department of Education and Deputy Attorney Generals for the Hawaii Public Housing Authority and the Charter School Commission.
4. Converts 1.00 temporary federal funded position to 1.00 permanent general funded position for the Internet Crimes Against Children program.
5. Adds \$306,000 for various information systems (Criminal Justice Information System, Hawaii Justice Information System, and the Automated Fingerprint Identification System) within the State Criminal Justice Information and Identification program.
6. Adds \$2,500,000 in FY 18 and FY 19 for State Security Operations.

Department of the Attorney General
(Capital Improvements Budget)

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	-	-
Federal Funds	-	-
	<hr/>	<hr/>
Total Requirements	-	-
	<hr/>	<hr/>

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

1. None.

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.

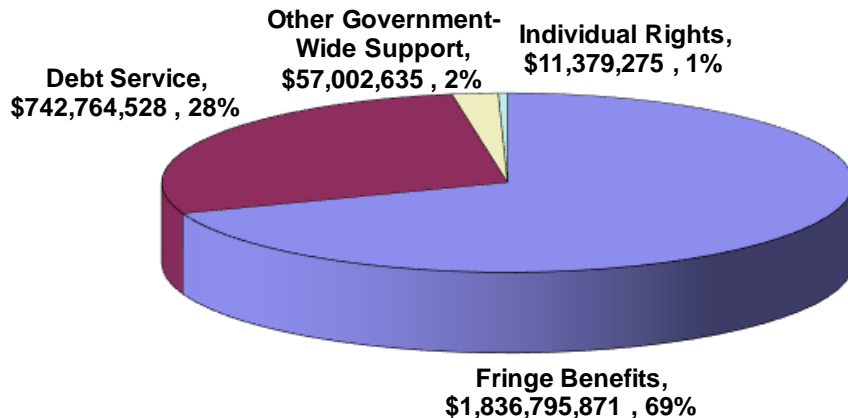
Department Goals

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.

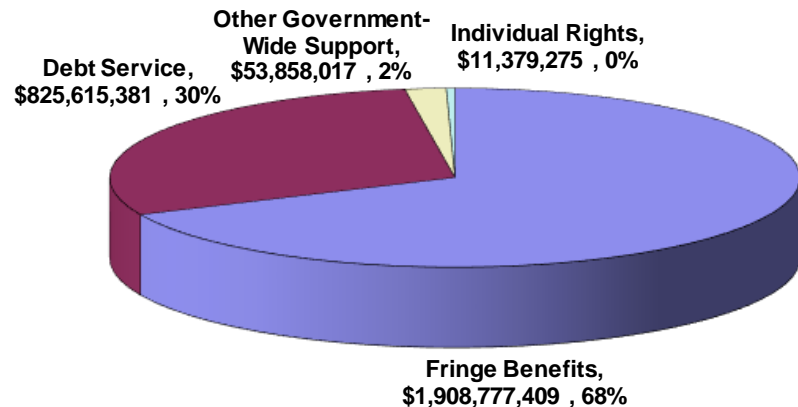
Significant Measures of Effectiveness

	<u>FY 2018</u>	<u>FY 2019</u>
1. Percentage of recommendations on departments' requests completed by due date	90	90
2. Average annual rate of return on State treasury investments	0.70	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
Funding Sources:	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
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Special Funds	\$	93,444	93,444	93,444	93,444
	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
	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
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Revolving 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
Total Requirements		<u>2,566,311,986</u>	<u>2,566,311,986</u>	<u>2,647,942,309</u>	<u>2,799,630,082</u>

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.

Department of Budget and Finance
(Capital Improvements Budget)

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

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

Department Summary

Mission Statement

To achieve a Hawaii economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all Hawaii's citizens to prosper.

Department Goals

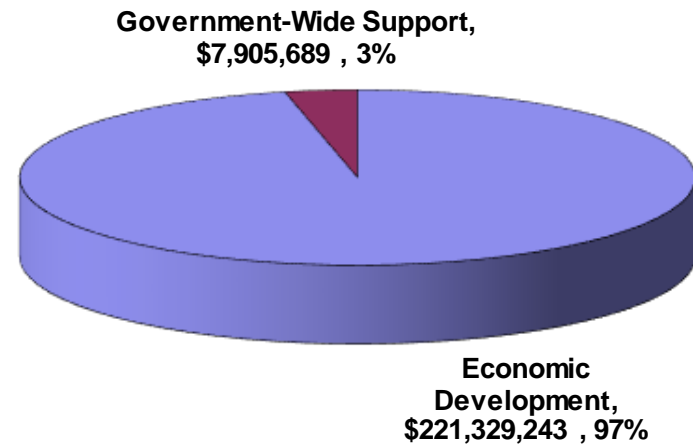
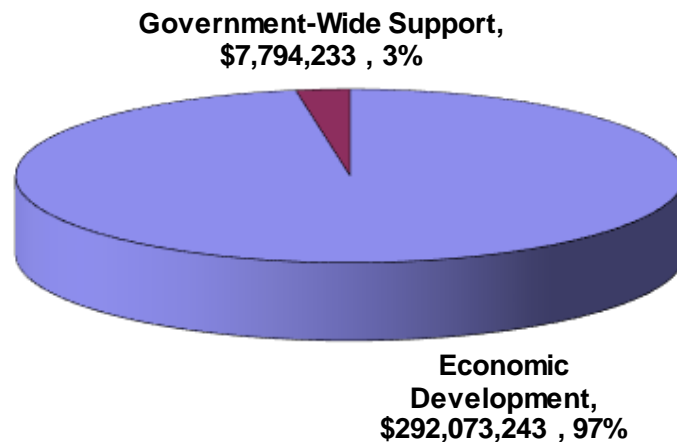
Lead efforts to facilitate structural economic adjustments to improve the competitiveness of Hawaii businesses and create the conditions to reward productivity and entrepreneurship.

Significant Measures of Effectiveness

	<u>FY 2018</u>	<u>FY 2019</u>
1. Total Visitor Expenditures (\$ billions)	14.9	14.9
2. \$ Value of Total/Proj Sales-Trade & Export Promo	16,000	17,500
3. # of Companies Asstd at HTDC Incubation Centers	275	275

FB 2017-2019 Operating Budget by Major Program Area

<u>FY 2018</u>	<u>FY 2019</u>
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DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

MAJOR FUNCTIONS

- Meeting the Demand for Housing – Support the creation of low- and moderate- income homes for Hawaii's residents through financing of private sector developments with long-term affordability.
- Planning Dynamic Communities – Plan and develop live-work-play communities to attract and retain a workforce with the skills required for an innovation-driven and globally-competitive economy.
- Hawaii Clean Energy Initiative – Transform how Hawaii uses energy by accelerating the production of renewable and alternative energy, increasing energy efficiency and developing and adopting new technologies thereby ensuring energy security and long-term environmental quality, and benefits to residents.
- Sustaining the Visitor Industry – Develop and implement Hawaii's tourism strategic and marketing plan; managing programs and activities to sustain a healthy visitor industry through alignment of global marketing programs with Hawaii's distinctive products, natural resources, the Hawaiian host culture and multi-cultures.
- Providing Economic Data and Research – Enhance economic development in Hawaii by providing government agencies and the business community with data, analysis, and policy recommendations accessible online.
- Global Links – Increase the flow of people, products, services and ideas between Hawaii and its export markets.
- Creation of an Innovation Infrastructure – Create the infrastructure that enables Hawaii's creative and entrepreneurial talent to turn ideas into products and services.
- Improving Hawaii's Business Environment – Lead public sector efforts to bring about a business environment that is market-driven, and rewards productivity and entrepreneurship.

MAJOR PROGRAM AREAS

The Department of Business, Economic Development and Tourism has programs in the following major program areas:

Economic Development

BED 100	Strategic Marketing & Support
BED 105	Creative Industries Division
BED 107	Foreign Trade Zone
BED 113	Tourism
BED 120	Hawaii State Energy Office
BED 128	Office of Aerospace
BED 138	Hawaii Green Infrastructure Authority
BED 142	General Support for Economic Development
BED 143	High Technology Development Corporation
BED 145	Hawaii Strategic Development Corporation
BED 146	Natural Energy Laboratory of Hawaii Authority
BED 150	Hawaii Community Development Authority

BED 160	Hawaii Housing Finance and Development Corporation
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Government-Wide Support

BED 103	Statewide Land Use Management
BED 130	Economic Planning and Research
BED 144	Statewide Planning and Coordination

Department of Business, Economic Development and Tourism
(Operating Budget)

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	79.50	79.50	102.50	102.50
	Temp Positions	8.71	8.71	11.71	11.71
General Funds	\$	10,155,581	10,155,581	22,124,857	12,286,313
	Perm Positions	25.50	25.50	28.50	28.50
	Temp Positions	90.25	90.25	90.25	90.25
Special Funds	\$	214,308,418	214,308,418	235,160,418	185,312,418
	Perm Positions	5.00	5.00	5.00	5.00
	Temp Positions	6.00	6.00	6.00	6.00
Federal Funds	\$	5,485,688	5,485,688	5,485,688	5,485,688
	Perm Positions	-	-	-	-
	Temp Positions	9.00	9.00	9.00	9.00
Other Federal Funds	\$	964,713	964,713	4,864,713	3,964,713
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Trust Funds	\$	38,000,000	38,000,000	200,000	200,000
	Perm Positions	33.00	33.00	33.00	33.00
	Temp Positions	46.00	46.00	44.00	44.00
Revolving Funds	\$	21,673,335	21,673,335	32,031,800	21,985,800
		143.00	143.00	169.00	169.00
		159.96	159.96	160.96	160.96
Total Requirements		290,587,735	290,587,735	299,867,476	229,234,932

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

1. Adds 1.00 temporary position and \$27,618 in FY 18 and \$55,236 in FY 19 to enfold the position and funds into the budget for the Special Action Team on Affordable Rental Housing created through Act 127/SLH 2016.
2. Adds 1.00 permanent position and \$29,868 in FY 18 and \$59,736 in FY 19 to enfold the position and funds into the budget for staff support for the Inter-Agency Council for Transit-Oriented Development created through Act 130/SLH 2016.
3. Adds 1.00 permanent position and \$50,000 in FY 18 and \$100,000 in FY 19 for an Executive Director position for the Office of Aerospace Development.
4. Adds \$10 million for a general fund infusion for the HI Growth Initiative and increases the revolving fund ceiling by \$10 million in FY 18.
5. Reduces \$38,000,000 in trust funds from both FY 18 and FY 19 to reflect the abolishment of the Rental Housing Trust Fund.
6. Adds 19.00 permanent positions and \$1,450,000 in both FY 18 and FY 19 to convert CIP project funded positions to operating funded positions.
7. Transfers \$50,000,000 in special funds in FY 18 from the Hawaii State Energy Office to the Hawaii Green Infrastructure Authority to provide ceiling for Green Energy Market Securitization (GEMS) Program loans. Reduces \$50,000,000 in special funds in FY 19 from the Hawaii State Energy Office's base budget (no authorization for FY 19 for GEMS Program loans).

Department of Business, Economic Development and Tourism
(Capital Improvements Budget)

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	127,400,000	1,000,000
Total Requirements	<u>127,400,000</u>	<u>1,000,000</u>

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

1. Adds \$50,000,000 in FY 18 for a cash infusion to the Rental Housing Revolving Fund, Statewide.
2. Adds \$50,000,000 in FY 18 for a cash infusion to the Dwelling Unit Revolving Fund, Statewide.
3. Adds \$8,400,000 in FY 18 for Low Income Housing Tax Credit loans, Statewide.
4. Adds \$3,000,000 in FY 18 for design and construction to complete the Kalaeloa Enterprise Avenue energy corridor to Midway Road, Oahu.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

Department Summary

Mission Statement

To promote a strong and healthy business environment by upholding fairness and public confidence in the marketplace, and by increasing knowledge and opportunity for our businesses and citizens.

Department Goals

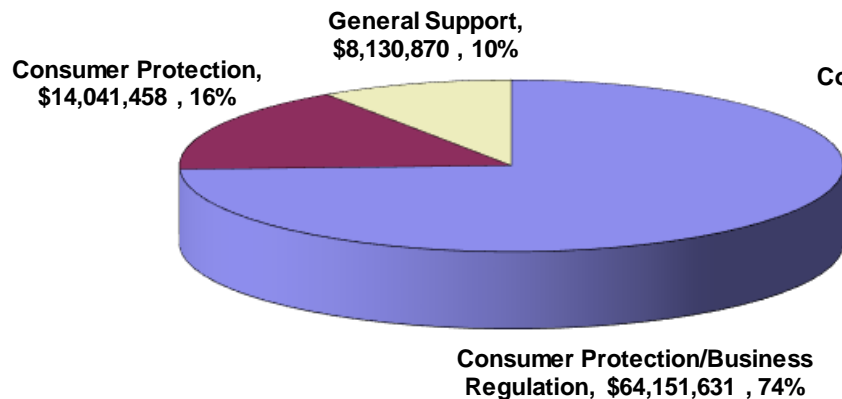
To develop rational business regulation; to achieve fairness and public confidence in the marketplace; and to foster sound consumer practices.

Significant Measures of Effectiveness

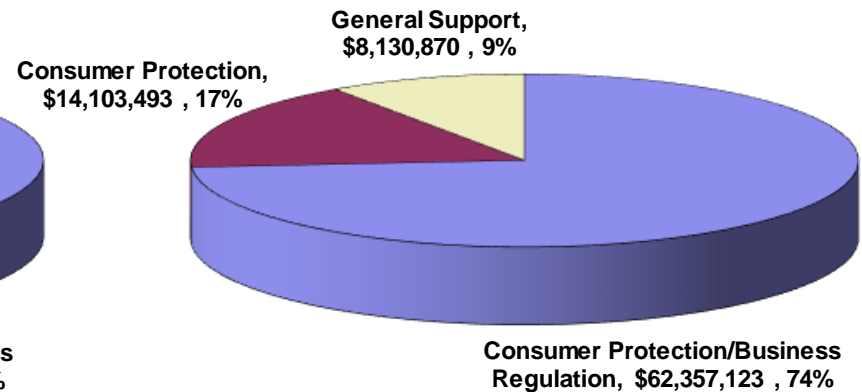
	<u>FY 2018</u>	<u>FY 2019</u>
1. Percent of recommended court orders (license violations) in favor of state	95	95
2. Percent of license renewals reviewed and processed in a timely manner pursuant to internal standards	94	94
3. Percent of complaints (cable tv subscribers) addressed within 30 days	99	99

FB 2017-2019 Operating Budget by Major Program Area

FY 2018



FY 2019



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS MAJOR FUNCTIONS

- Develops standards relating to the licensing of and general supervision over the conduct of the financial services industry, the securities industry, professions, businesses, trades, and insurance companies.
- Coordinates consumer protection activities in the State; conducts investigations, research, and enforces laws, rules, and regulations in the area of consumer protection; provides consumer education services and programs.
- Represents, protects, and advances the interest of consumers of utility and interisland water carrier services; conducts investigations; assists and cooperates with Federal, State, and local agencies to protect the consumer's interests.
- Regulates public utilities to ensure regulated companies efficiently and safely provide customers with adequate and reliable services at just and reasonable rates while providing regulated companies with a fair opportunity to earn a reasonable rate of return.
- Grants or denies the issuance of financial services industry, professional, business and trade licenses and registrations; directs investigations or examinations, holds hearings, and suspends, revokes or reinstates licenses and registrations; adopts, amends or repeals such rules as deemed necessary to fully effectuate the provisions of the laws within the Department's scope and jurisdiction.
- Administers the laws of the State relating to corporations; partnerships; companies; trademarks, tradenames; miscellaneous business registrations; the financial services industry; the securities industry; the insurance industry; and provides advice on business formation.
- Ensures that cable subscribers are provided with services that meet acceptable standards of quality, dependability and fair rates; monitors the operations and management of cable television operators; administers the public access television entities' contracts; and promotes the adoption and deployment of broadband services throughout the State.

MAJOR PROGRAM AREAS

The Department of Commerce and Consumer Affairs has programs in the following major program areas:

Individual Rights - Protection of the Consumer

CCA 102	Cable Television
CCA 103	Consumer Advocate for Communication, Utilities, and Transportation Services
CCA 104	Financial Services Regulation
CCA 105	Professional and Vocational Licensing
CCA 106	Insurance Regulatory Services

CCA 107	Post-Secondary Education Authorization
CCA 110	Office of Consumer Protection
CCA 111	Business Registration and Securities Regulation
CCA 112	Regulated Industries Complaints Office
CCA 191	General Support
CCA 901	Public Utilities Commission

**Department of Commerce and Consumer Affairs
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	484.00	484.00	493.00	493.00
	Temp Positions	30.00	30.00	29.00	29.00
Special Funds	\$	75,040,078	75,040,078	79,964,751	78,690,242
	Perm Positions	-	-	-	-
	Temp Positions	4.00	4.00	4.00	4.00
Other Federal Funds	\$	250,000	250,000	250,000	250,000
	Perm Positions	8.00	8.00	8.00	8.00
	Temp Positions	3.00	3.00	5.00	5.00
Trust Funds	\$	2,792,019	2,792,019	6,109,208	5,651,244
		492.00	492.00	501.00	501.00
		37.00	37.00	38.00	38.00
Total Requirements		78,082,097	78,082,097	86,323,959	84,591,486

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

1. Adds \$3,144,640 in trust funds for FY 18 and \$2,620,676 in trust funds in FY 19 to support a State institutional network (INET)/broadband project.
2. Adds \$942,000 in special funds in FY18 for consultant and training cost for the Public Utilities Commission.
3. Increases special fund ceiling by \$500,000 in FY 18 and FY 19 to facilitate the disbursement of funds from the Driver Education Fund.
4. Adds \$420,000 in special funds in FY 18 and \$70,000 in special funds for FY 19 for IT projects.

Department of Commerce and Consumer Affairs
(Capital Improvements Budget)

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	-	-
Federal Funds	-	-
	<hr/>	<hr/>
Total Requirements	<hr/> <hr/>	<hr/> <hr/>

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

1. None.

DEPARTMENT OF DEFENSE

Department Summary

Mission Statement

To assist authorities in providing for the safety, welfare, and defense of the people of Hawaii.

Department Goals

To maintain readiness to respond to the needs of the people in the event of disaster, either natural or human-caused; to administer policies and programs related to veterans and their families and improve our State Veterans Cemeteries; and to provide at-risk youth with opportunity to obtain their high school diplomas and become productive citizens.

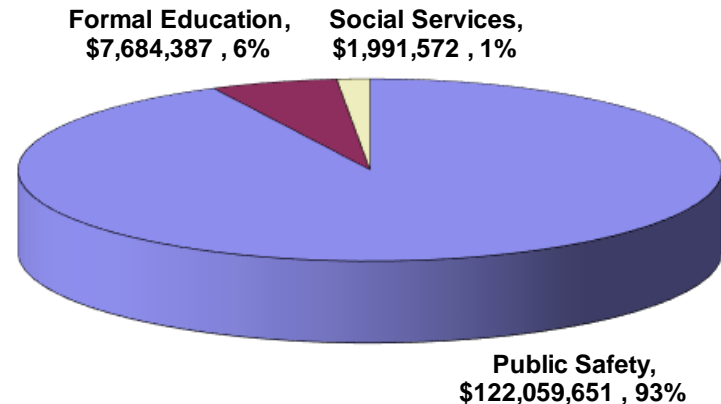
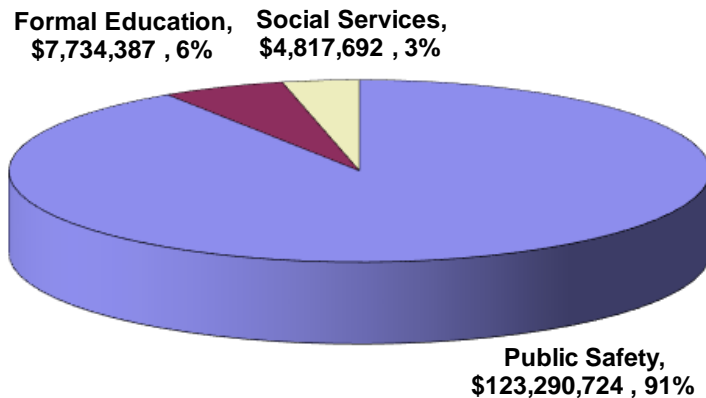
Significant Measures of Effectiveness

	<u>FY 2018</u>	<u>FY 2019</u>
1. Percent of veterans' services plan achieved	95	95
2. Percent of corps members finding employment within one year of graduation	100	100

FB 2017-2019 Operating Budget by Major Program Area

FY 2018

FY 2019



DEPARTMENT OF DEFENSE MAJOR FUNCTIONS

- Provides for the defense, safety and welfare of the people of Hawaii.
- Maintains its readiness to respond to the needs of the people in the event of war or devastation originating from either natural or human-caused disasters.
- To meet its federal mission as part of the military reserve component, the Hawaii National Guard, consisting of the Army and Air National Guard divisions, is manned, trained, equipped and ready for call to active duty by the President in times of national emergency. To meet its State mission, the Hawaii National Guard responds when necessary to protect life and property, preserve peace, order and public safety as directed by competent State authority.
- Coordinates the emergency management planning of all public and private organizations within the islands, minimizes the loss of life and property damage, restores essential public services, and expedites the recovery of individuals in the event of natural or human-caused mass casualty situations.
- Administers the Youth Challenge Academy, which serves youth at risk by providing life-transforming experience through training under military-like conditions.
- Office of Veterans Services – Responsible for the statewide administration, conduct, and coordination of all functions and activities prescribed under Chapter 363, Veterans Rights and Benefits, HRS, for veterans and their dependents.
- Office of Homeland Security – Provides a comprehensive program, to protect our people, infrastructure, and government from terrorism and threats of attack as prescribed under Chapter 26, Executive and Administrative Departments, Section 21, Department of Defense.

MAJOR PROGRAM AREAS

The Department of Defense has programs in the following major program areas:

Social Services

DEF 112 Services to Veterans

Formal Education

DEF 114 Hawaii National Guard Youth Challenge Academy

Public Safety

DEF 110 Amelioration of Physical Disasters

**Department of Defense
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	155.60	155.60	163.35	163.35
	Temp Positions	67.75	67.75	70.25	70.25
General Funds	\$	18,976,662	18,976,662	22,232,500	19,682,027
	Perm Positions	7.50	7.50	7.50	7.50
	Temp Positions	13.50	13.50	14.00	14.00
Federal Funds	\$	24,720,183	24,720,183	24,599,428	24,599,428
	Perm Positions	93.15	93.15	94.15	94.15
	Temp Positions	122.75	122.75	122.75	122.75
Other Federal Funds	\$	87,070,024	87,070,024	89,010,875	87,454,155
		256.25	256.25	265.00	265.00
		204.00	204.00	207.00	207.00
Total Requirements		130,766,869	130,766,869	135,842,803	131,735,610

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

1. Adds 1.00 temporary position and \$80,000 in FY 18 and FY 19 for a Hawaii State Fusion Center Director .
2. Adds 2.00 permanent positions (Account Clerk V and Accountant IV) and \$48,223 in FY 18 and \$86,346 in FY 19 for fiscal administrative support.
3. Adds 2.00 permanent position (Air Conditioning Mechanic and Electrician) and \$126,112 in FY 18 and \$108,224 in FY 19 to provide repairs and maintenance services at Defense facilities.
4. Adds \$400,000 (\$100,000 in general funds and \$300,000 in other federal funds) for the National Guard Youth Challenge Academy (increases per cadet funding from \$17,000 to \$18,000), statewide.
5. Converts 2.00 permanent positions (Homeland Security Planner and Hawaii State Fusion Center Analyst) from federal funds to general funds.
6. Adds \$768,000 in FY 18 to provide tree trimming services (Phase I) at the Hawaii State Veterans Cemetery in Kaneohe.
7. Adds \$752,000 in FY 18 to complete various repair and maintenance projects at Defense facilities.
8. Adds \$238,000 in FY 18 for various repair and maintenance projects at the Emergency Operations Center.
9. Adds \$325,000 in FY 18 for an emergency generator for the new sewer lift station in Diamond Head Crater (joint project with the Department of Land and Natural Resources).
10. Adds \$1,906,720 (\$270,000 in general funds and \$1,636,720 in other federal funds) for the Maui Cemetery Restoration Project, Phase II.
11. Adds \$43,017 in FY18 and \$44,739 in FY19 to fund pay differential related to the Multi-Skilled Worker Team positions at the Hawaii State Veterans Cemetery.
12. Adds 1.00 permanent position (Veterans Services Counselor) and \$50,772 in FY18 and FY19, to continue funding to focus on women's issues (Act 209, SLH 2016).

Department of Defense
(Capital Improvements Budget)

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	13,001,000	12,075,000
Federal Funds	1,000	1,000
Other Federal Funds	11,089,000	11,969,000
Total Requirements	<u>24,091,000</u>	<u>24,045,000</u>

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

1. Adds \$3,000,000 in FY 18 and FY 19 for Retrofit Public Buildings with Hurricane Protective Measures, Statewide.
2. Adds \$800,000 in FY 18 to complete the Youth Challenge Academy, B1786 and B1787 Railing Replacement and Other Improvements, Kalaeloa project.
3. Adds \$10,557,000 (\$2,817,000 in GOB and \$7,740,000 in other federal funds) in FY 18 and \$6,015,000 (\$1,510,000 in GOB and \$4,505,000 in other federal funds) in FY 19 for Upgrades and Improvements to National Guard Readiness Centers and Facilities, Statewide.
4. Adds \$920,000 (\$170,000 in GOB and \$750,000 in other federal funds) in FY 18 and \$7,330,000 (\$1,580,000 in GOB and \$5,750,000 in other federal funds) in FY 19 for Energy Resiliency and Physical Security Projects for Hawaii Army National Guard Facilities, Statewide.
5. Adds \$2,500,000 (\$2,499,000 in GOB and \$1,000 in federal funds) in FY 18 and \$2,500,000 (\$2,499,000 in GOB and \$1,000 in federal funds) in FY 19 for Disaster Warning and Communications Devices, Statewide.
6. Adds \$5,449,000 (\$2,850,000 in GOB and \$2,599,000 in other federal funds) in FY 18 and \$1,886,000 (\$172,000 in GOB and \$1,714,000 in other federal funds) in FY 19 for Combined Support Maintenance Shop 2, Keaukaha Military Reservation, Hawaii.
7. Adds \$500,000 in FY18 for Birkhimer Tunnel, ADA Restroom Improvements, Oahu.
8. Adds \$141,000 in FY18 and \$1,616,000 in FY19 to renovate Building 306A, for the Hawaii State Fusion Center, Oahu.

DEPARTMENT OF EDUCATION

Department Summary

Mission Statement

- Public Education System – To serve our community by developing the academic achievement, character, and social-emotional well-being of our students to the fullest potential. To work with partners, families, and communities to ensure that all students reach their aspirations from early learning through college, career, and citizenship.
- Public Charter School Commission – To authorize high-quality public charter schools throughout the State.
- Hawaii State Public Library System – To provide Hawaii's residents, in all walks of life, and at each stage of their lives, with access to education, information, programs and services, and to teach and nurture the love of reading and the habit of life-long learning.

Department Goals

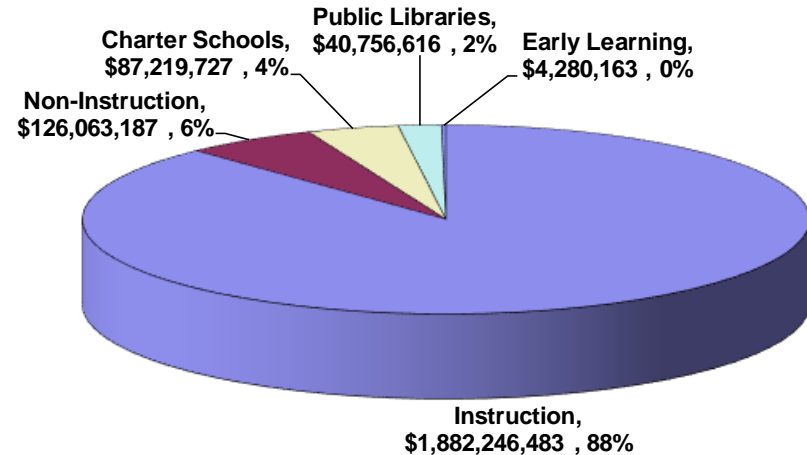
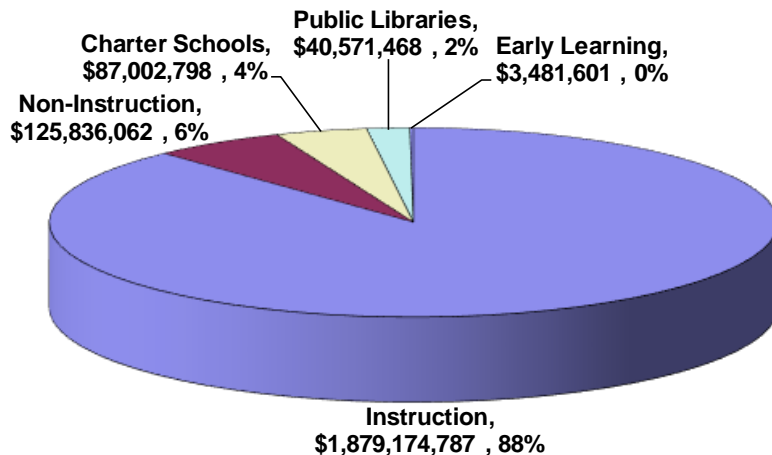
- Public Education System – Student Success: All students demonstrate they are on a path toward success in college, career, and citizenship; Staff Success: Public schools have a high-performing culture where employees have the training, support, and professional development to contribute effectively to student success; and Successful Systems of Support: The system and culture of public schools work to effectively organize financial, human, and community resources in support of student success.
- Hawaii State Public Library System – Increase access to public library services and collections through innovative and effective methods and technologies; seek additional revenue sources and partnerships and make the best use of existing resources.

Significant Measures of Effectiveness

1. Percentage of freshmen graduating in four years
2. Attendance Rate

<u>FY 2018</u>	<u>FY 2019</u>
82.5	83
94	94

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



DEPARTMENT OF EDUCATION MAJOR FUNCTIONS

- Under the direction of the Board of Education, the Department of Education manages the statewide system of public schools.
- The scope of educational programs and services of the public schools regularly encompasses grades kindergarten through twelve, and such pre-school programs and community/adult education programs as may be established by law.
- In addition to regular programs of instruction and support services, public schools offer special programs and services for qualified students with disabilities, gifted and talented students, students with limited English language proficiency, and students who are economically and culturally disadvantaged, school-alienated, or institutionally confined.
- The Board of Education also oversees the Hawaii State Public Library System. The Hawaii State Public Library System operates the Hawaii State Library, the Library for the Blind and Physically Handicapped, public libraries, community public and school libraries, and bookmobile services.
- The State Public Charter School Commission is placed within the Department of Education for administrative purposes. The Commission has statewide chartering authority and provides oversight of the public charter schools.
- The Executive Office on Early Learning is responsible for the performance, development, and control of programs and activities relating to a comprehensive early childhood system for children.

MAJOR PROGRAM AREAS

The Department of Education has programs in the following major program area:

Formal Education

EDN 100	School-Based Budgeting
EDN 150	Special Education and Student Support Services
EDN 200	Instructional Support
EDN 300	State Administration
EDN 400	School Support
EDN 407	Public Libraries

EDN 500	School Community Services
EDN 600	Charter Schools
EDN 612	Charter Schools Commission and Administration
EDN 700	Early Learning

**Department of Education
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	19,315.25	19,315.25	19,334.25	19,354.25
	Temp Positions	2,011.55	2,011.55	2,010.50	2,010.50
General Funds	\$	1,594,837,278	1,594,837,278	1,639,299,552	1,643,396,935
	Perm Positions	737.50	737.50	737.50	737.50
	Temp Positions	6.00	6.00	6.00	6.00
Special Funds	\$	52,301,103	52,301,103	52,301,103	52,301,103
	Perm Positions	5.00	5.00	5.00	5.00
	Temp Positions	150.50	150.50	150.50	150.50
Federal Funds	\$	259,873,695	259,873,695	260,288,685	260,288,685
	Perm Positions	-	-	-	-
	Temp Positions	1.00	1.00	1.00	1.00
Other Federal Funds	\$	7,792,147	7,792,147	8,853,794	8,853,794
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Trust Funds	\$	17,640,000	17,640,000	15,900,000	15,900,000
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Interdepartmental Transfers	\$	7,765,636	7,765,636	7,765,636	7,765,636
	Perm Positions	8.00	8.00	8.00	8.00
	Temp Positions	2.00	2.00	2.00	2.00
Revolving Funds	\$	24,083,680	24,083,680	24,083,680	24,083,680
		20,065.75	20,065.75	20,084.75	20,104.75
		2,171.05	2,171.05	2,170.00	2,170.00
Total Requirements		1,964,293,539	1,964,293,539	2,008,492,450	2,012,589,833

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

1. Adds \$28,000,000 in FY 18 and FY 19 (\$10,000,000 for English Language Learners; \$18,000,000 for 2% increase for inflation) for the Weighted Student Formula, which supports goals and objectives of schools based on enrollment and weighting factors.
2. Adds \$10,000,000 in FY 18 and FY 19 to fund school-level grants to be awarded by the Board of Education to encourage innovation in public schools to support the federal Every Student Succeeds Act.
3. Adds \$3,000,000 in FY 18 and \$6,000,000 in FY 19 to support the early college high school initiative to achieve the "55 by 25" goal.
4. Adds 4.00 permanent positions and \$110,874 (six-month salaries) in FY 18 and \$221,748 in FY 19 for the Student Transportation Services Program to better manage school transportation services.
5. Adds 2.00 permanent positions and \$333,100 in FY 18 and 22.00 permanent positions and \$1,131,662 in FY 19 to expand and support the Pre-K program administered by the Executive Office on Early Learning.

**Department of Education
(Capital Improvements Budget)**

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Funds	4,349,000	4,349,000
General Obligation Bonds	700,000,000	-
Total Requirements	<u><u>704,349,000</u></u>	<u><u>4,349,000</u></u>

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

1. Adds \$373,678,000 in FY 18 for Lump Sum - Capacity, Statewide to address classroom capacity issues in public schools.
2. Adds \$60,476,000 in FY 18 for Lump Sum - Equity, Statewide to provide equitable facilities, which may include science facility upgrades and special education renovations, in public schools.
3. Adds \$61,680,000 in FY 18 for Heat Abatement, Statewide.
4. Adds \$137,991,000 in FY 18 for Lump Sum - Condition, Statewide to address repair and maintenance in public schools.
5. Adds \$66,175,000 in FY 18 for Lump Sum - Program Support, Statewide to provide support spaces, which may include libraries, cafeterias, and administration renovations, in public schools.
6. Adds \$4,349,000 in general funds in FY 18 and FY 19 for CIP project positions.

**Department of Education - Charter Schools
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	16.12	16.12	16.12	16.12
	Temp Positions	-	-	-	-
General Funds	\$	76,950,387	76,950,387	84,695,098	84,912,027
	Perm Positions	1.88	1.88	1.88	1.88
	Temp Positions	-	-	-	-
Federal Funds	\$	2,005,467	2,005,467	2,307,700	2,307,700
		18.00	18.00	18.00	18.00
		-	-	-	-
Total Requirements		78,955,854	78,955,854	87,002,798	87,219,727

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

1. Adds \$7,744,711 in FY 18 and \$7,961,640 in FY 19 for Charter Schools (EDN 600) to equalize the per pupil funding based on the Department of Education's FB 17-19 budget and projected enrollment.

Department of Education - Charter Schools
(Capital Improvements Budget)

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	-	-
Federal Funds	-	-
	<hr/>	
Total Requirements	-	-
	<hr/>	

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

1. None.

**Department of Education - Public Libraries
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	555.00	555.00	565.50	565.50
	Temp Positions	1.00	1.00	1.00	1.00
General Funds	\$	34,771,076	34,771,076	35,206,224	35,391,372
Special Funds	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
	\$	4,000,000	4,000,000	4,000,000	4,000,000
Federal Funds	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
	\$	1,365,244	1,365,244	1,365,244	1,365,244
		555.00	555.00	565.50	565.50
		1.00	1.00	1.00	1.00
Total Requirements		40,136,320	40,136,320	40,571,468	40,756,616

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

1. Adds 6.50 permanent positions and \$101,598 (6-month salaries) in FY 18 and \$203,196 in FY 19 for the new Nanakuli Public Library scheduled to open in late 2017.
2. Adds \$250,000 in FY 18 and FY 19 for repair and maintenance to address high priority projects Statewide.
3. Adds 1.00 permanent position and \$19,464 (6-month salary) in FY 18 and \$38,928 in FY 19 for a groundskeeper at the Aiea Public Library.
4. Adds 1.00 permanent position and \$15,234 (6-month salary) in FY 18 and \$30,468 in FY 19 for additional staffing at the Naalehu Public Library.
5. Adds 2.00 permanent positions and \$48,852 (6-month salaries) in FY 18 and \$97,704 in FY 19 to address homeless issues at libraries Statewide and to improve the Hawaii State Public Library System website.

Department of Education - Libraries
(Capital Improvements Budget)

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	10,000,000	-
Total Requirements	10,000,000	-

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

1. Adds \$10,000,000 in FY 18 for Health and Safety, Statewide.

OFFICE OF THE GOVERNOR

Department Summary

Mission Statement

To enhance the effectiveness and efficiency of State programs by providing Executive direction, policy development, program coordination, and planning and budgeting.

Department Goals

Improving the economic and social well-being of the citizens of Hawaii as measured by standard benchmarks; lead departments in working cooperatively across departmental divisions to deliver public services at the lowest possible costs; and lead the Executive Branch to successfully shepherd bills through the Legislature that reflect priorities of the Governor's administration.

Significant Measures of Effectiveness

No applicable data.

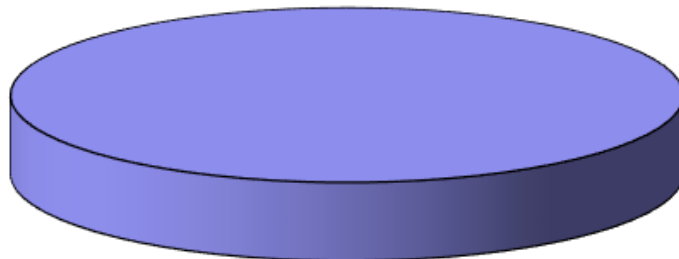
FY 2018

FY 2019

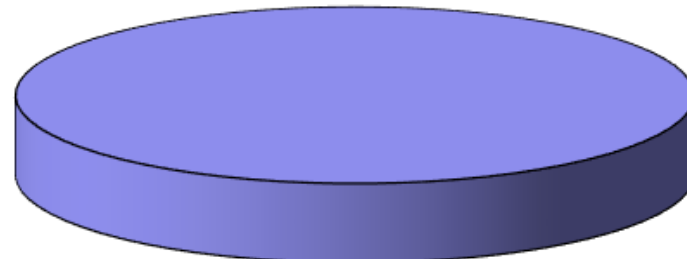
FB 2017-2019 Operating Budget by Major Program Area

FY 2018

FY 2019



Office of the Governor,
\$4,000,740 , 100%



Office of the Governor,
\$4,000,740 , 100%

OFFICE OF THE GOVERNOR MAJOR FUNCTIONS

- Restore the public's trust in State government by committing to reforms that increase efficiency, reduce waste, and improve transparency and accountability.
- Communicate the Governor's policies and actions through diverse media.
- Ensure State departments work cooperatively to deliver needed public services to Hawai'i's most vulnerable communities.
- Maximize efforts to expend and pursue additional federal funds to support statewide infrastructure improvements, education, health, and human services programs.
- Develop and maintain intergovernmental relationships by hosting dignitaries and representing Hawai'i at events that advance our State's global reach.
- Recruit outstanding public servants and retain a quality public workforce.
- Settle collective bargaining issues in ways that advance the interests of the people of Hawai'i.
- Ensuring the responsible management of the State's six-year financial plan to maintain the State's financial health.

MAJOR PROGRAM AREAS

The Office of the Governor has a program in the following major program area:

Government-Wide Support

GOV 100 Office of the Governor

**Office of the Governor
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	23.00	23.00	23.00	23.00
	Temp Positions	24.00	24.00	24.00	24.00
General Funds	\$	3,850,740	3,850,740	4,000,740	4,000,740
		23.00	23.00	23.00	23.00
		24.00	24.00	24.00	24.00
Total Requirements		3,850,740	3,850,740	4,000,740	4,000,740

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

1. Adds \$150,000 in FY 18 and FY 19 for ongoing expenses to continue representation in the National Governor's Association and the Western Governor's Association.

**Office of the Governor
(Capital Improvements Budget)**

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	1,000	1,000
Total Requirements	<u>1,000</u>	<u>1,000</u>

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

1. Adds \$1,000 in FY18 and FY19 for the Project Adjustment Fund, Statewide.

DEPARTMENT OF HAWAIIAN HOME LANDS

Department Summary

Mission Statement

To manage the Hawaiian Home Lands Trust effectively and to develop and deliver Hawaiian home lands to native Hawaiians. We will partner with others toward developing self-sufficient and healthy communities.

Department Goals

To effectively manage the Hawaiian Home Lands Trust (HHLT) lands, water, and related resources; to develop and deliver lands for award to beneficiaries on an on-going basis; to develop and deliver program services that meet the housing needs of native Hawaiians; to effectively manage the HHLT financial resources; to effectively manage the department's human resources and to establish better relationships with the native Hawaiian community, governmental agencies, homestead communities, and the community at large.

Significant Measures of Effectiveness

1. Lot development as a % of lots planned

FY 2018

100

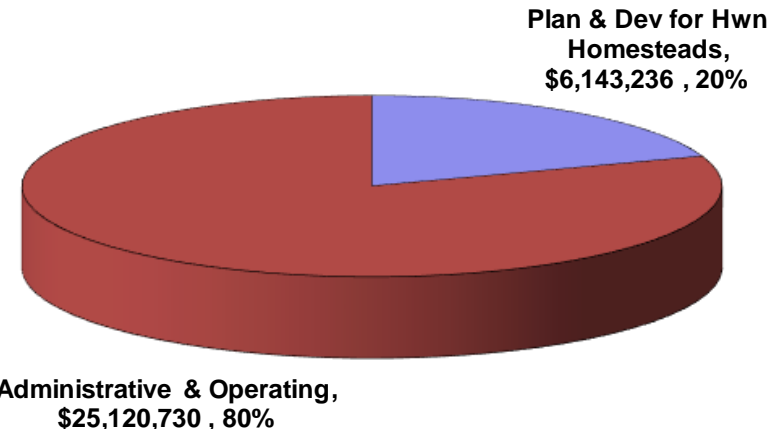
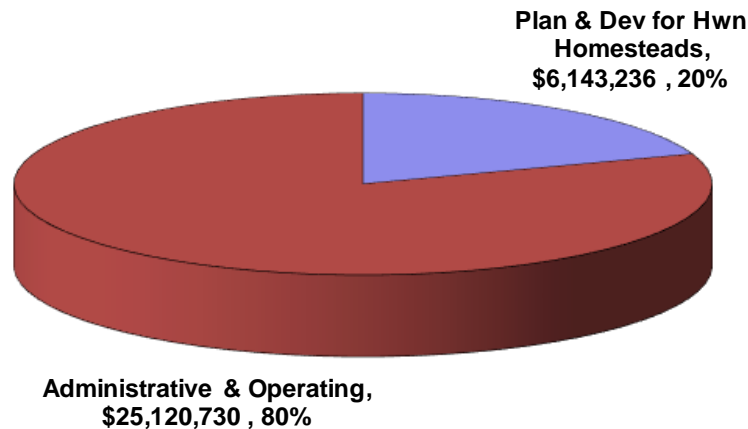
FY 2019

100

FB 2017-2019 Operating Budget by Major Program Area

FY 2018

FY 2019



DEPARTMENT OF HAWAIIAN HOME LANDS MAJOR FUNCTIONS

- Identifying and assessing the needs of beneficiaries of the Hawaiian Homes Commission Act through research and planning; compiling data needed for the development and utilization of Hawaiian home lands and other physical resources of the Hawaiian Homes Trust; identifying Hawaiian home lands by physical characteristics, lands use, and planned use of the lands; and developing and updating regional master plans for designated areas.
- Developing, marketing, disposing of, and managing Hawaiian home lands not immediately needed or not suitable for homestead purposes by issuing general leases, revocable permits, licenses, and rights-of-entry to generate income to finance homestead lot development activities.
- Developing Hawaiian home lands for homesteading and income-producing purposes by designing and constructing off-site and on-site improvements.
- Developing waiting lists of applicants for homestead leases; awarding homestead leases; providing loans for home building, repair, and replacement and for development of farms and ranches; managing homestead areas on the islands of Oahu, Hawaii, Maui, Molokai, Kauai and Lanai; and providing for the maintenance, repair, and operation of water systems, roads, and facilities.

MAJOR PROGRAM AREAS

The Department of Hawaiian Home Lands has a program in the following major program area:

Social Services

- HHL 602 Planning and Development for Hawaiian Homesteads
- HHL 625 Administration and Operating Support

**Department of Hawaiian Home Lands
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	200.00	200.00	200.00	200.00
	Temp Positions	-	-	-	-
General Funds	\$	18,254,843	18,254,843	25,120,730	25,120,730
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Special Funds	\$	4,824,709	4,824,709	4,824,709	4,824,709
	Perm Positions	4.00	4.00	4.00	4.00
	Temp Positions	2.00	2.00	2.00	2.00
Federal Funds	\$	23,318,527	23,318,527	1,318,527	1,318,527
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Trust Funds	\$	3,740,534	3,740,534	-	-
		204.00	204.00	204.00	204.00
		2.00	2.00	2.00	2.00
Total Requirements		50,138,613	50,138,613	31,263,966	31,263,966

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

1. Adds \$6,865,887 in both FY 18 and FY 19 to reflect the fringe benefit cost of the department's general funded positions. Funds will be transferred to the Department of Budget and Finance.
2. Reduces \$22,000,000 in federal funds in both FY 18 and FY 19 for the Native Hawaiian Housing Block Grant.
3. Reduces \$3,740,534 in trust funds in both FY 18 and FY 19 to reflect the trust funds that will now be unappropriated.

Department of Hawaiian Home Lands
(Capital Improvements Budget)

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	25,000,000	25,000,000
Federal Funds	15,000,000	15,000,000
	<hr/>	<hr/>
Total Requirements	<u><u>40,000,000</u></u>	<u><u>40,000,000</u></u>

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

1. Adds \$5,000,000 for both FY 18 and FY 19 for lump sum repair and maintenance of Hawaiian Home Lands existing infrastructure, Statewide.
2. Adds \$20,000,000 for both FY 18 and FY 19 for lump sum Hawaiian Home Lands lot development, Statewide.
3. Adds \$15,000,000 in federal funds for both FY 18 and FY 19 for NAHASDA development projects, Statewide.

DEPARTMENT OF HEALTH

Department Summary

Mission Statement

To administer programs designed to protect, preserve, care for, and improve the physical and mental health of the people of the State.

Department Goals

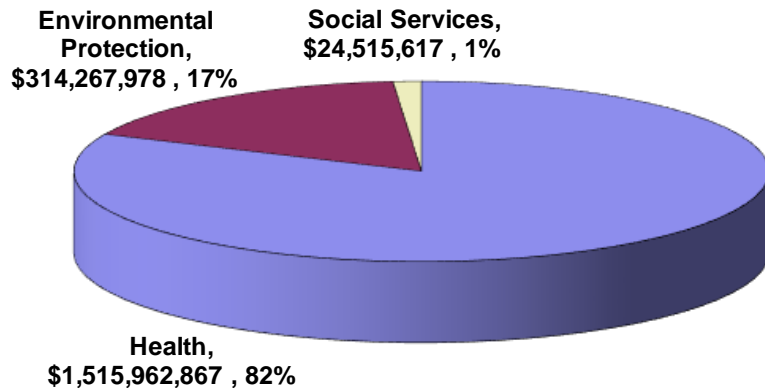
To monitor, protect and enhance the health of all people in Hawaii by providing leadership in assessment, policy development, and assurance to promote health and well-being; to preserve a clean, healthy and natural environment; and to assure basic health care for all.

Significant Measures of Effectiveness

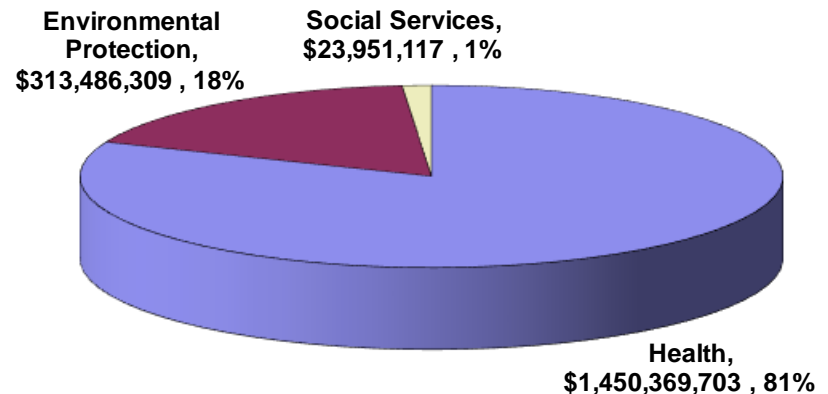
	<u>FY 2018</u>	<u>FY 2019</u>
1. Mortality rate (per thousands)	8	8
2. Average life span of residents (years)	82.4	82.4
3. Percentage of reported vaccine preventable diseases investigated	100	100

FB 2017-2019 Operating Budget by Major Program Area

FY 2018



FY 2019



DEPARTMENT OF HEALTH MAJOR FUNCTIONS

- Plans, directs and administers statewide programs to protect, preserve and improve the physical, mental and environmental health of Hawaii's residents.
- Administers programs for the prevention, control and treatment of infectious and communicable diseases; coordinates bioterrorism preparedness planning activities and integrating these activities with surveillance and response mechanisms.
- Administers community based programs that provide and coordinate health intervention services and support for at-risk families, populations and communities who are most likely to experience unhealthy outcomes.
- Provides public health nursing intervention services in the areas of communicable disease, disaster outbreaks care coordination, follow-up and monitoring for at-risk populations and nursing supervision, oversight and intervention in the public schools.
- Plans, coordinates and provides statewide mental health services which include treatment, consultative and preventive components for individuals; also plans, coordinates and implements statewide services relative to alcohol and drug abuse.
- Provides services and support to individuals with developmental disabilities or intellectual disabilities and their families to attain quality of life.
- Plans, provides and promotes health services to mothers, children and youth and family planning services. Also provides basic dental treatment services for the control of oral diseases and abnormalities to institutionalized patients at Hawaii State Hospital, Hale Mohalu, Kalaupapa Settlement and through the four Oahu health centers.
- Implements and maintains the statewide programs for air, water, noise, radiation and indoor air pollution control; noise, safe drinking water, solid waste and wastewater management, and programs which protect consumers from unsafe foods, drugs, cosmetics, and medical devices.
- Administers the statewide emergency medical services system.
- Administers a statewide laboratories program which conducts analysis in support of environmental health and communicable disease monitoring and control activities.

MAJOR PROGRAM AREAS

The Department of Health has programs in the following major program areas:

Environmental Protection

HTH 840 Environmental Management
HTH 849 Environmental Health Administration
HTH 850 Office of Environmental Quality Control

Health

HTH 100 Communicable Disease and Public Health
Nursing
HTH 131 Disease Outbreak Control
HTH 210 Hawaii Health Systems Corporation –
Corporate Office
HTH 211 Kahuku Hospital
HTH 212 Hawaii Health Systems Corporation –
Regions
HTH 213 Alii Community Care
HTH 214 Maui Health System, a KFH, LLC
HTH 420 Adult Mental Health – Outpatient
HTH 430 Adult Mental Health – Inpatient
HTH 440 Alcohol and Drug Abuse Division
HTH 460 Child and Adolescent Mental Health
HTH 495 Behavioral Health Administration
HTH 501 Developmental Disabilities
HTH 560 Family Health Services
HTH 590 Chronic Disease Prevention and Health
Promotion
HTH 595 Health Resources Administration
HTH 610 Environmental Health Services
HTH 710 State Laboratory Services
HTH 720 Health Care Assurance

HTH 730 Emergency Medical Services and Injury
Prevention System
HTH 760 Health Status Monitoring
HTH 905 Developmental Disabilities Council
HTH 906 State Health Planning and Development
Agency
HTH 907 General Administration
HTH 908 Office of Language Access

Social Services

HTH 520 Disability and Communication Access
Board
HTH 904 Executive Office on Aging

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**Department of Health
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	2,144.16	2,144.16	2,193.29	2,193.29
	Temp Positions	341.30	341.30	331.30	331.30
General Funds	\$	448,901,463	448,901,463	475,758,896	478,765,782
	Perm Positions	128.50	128.50	133.50	133.50
	Temp Positions	27.00	27.00	29.00	29.00
Special Funds	\$	202,224,703	202,224,703	203,625,712	203,689,801
	Perm Positions	256.36	256.36	251.86	251.86
	Temp Positions	66.10	66.10	68.10	68.10
Federal Funds	\$	91,883,932	91,883,932	133,658,736	89,723,357
	Perm Positions	81.10	81.10	80.60	80.60
	Temp Positions	150.90	150.90	148.15	142.15
Other Federal Funds	\$	57,013,432	57,013,432	68,693,531	68,498,602
	Perm Positions	7.00	7.00	7.00	7.00
	Temp Positions	3.00	3.00	3.00	3.00
Interdepartmental Transfers	\$	3,904,367	3,904,367	4,027,031	4,027,031
	Perm Positions	45.00	45.00	45.00	45.00
	Temp Positions	-	-	-	-
Revolving Funds	\$	211,241,182	211,241,182	211,594,712	211,594,712
		2,662.12	2,662.12	2,711.25	2,711.25
		588.30	588.30	579.55	573.55
Total Requirements		1,015,169,079	1,015,169,079	1,097,358,618	1,056,299,285

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

1. Adds \$1,000,000 in FY 18 and FY 19 for homeless outreach services to persons with serious and persistent mental illness (Interim Case Management).
2. Adds \$800,000 in FY 18 and FY 19 for homeless outreach, counseling and diversion services for unsheltered homeless persons experiencing substance abuse.
3. Adds \$1,800,000 in FY18 for Army and Air Force Exchange Service (AAFES) Building lease rent.
4. Adds \$2,754,980 in FY 18 and \$7,118,914 in FY 19 for Medicaid 1915(c) I/DD Home and Community Based Services Waiver rates adjustments.
5. Adds \$1,340,000 in FY 18 and \$1,613,000 in FY 19 for the purchase of service contracts adjustments for the Child and Adolescent Mental Health Division.
6. Adds 12.00 permanent positions and \$741,996 in FY18 and \$613,876 in FY 19 to restore the Vector Control Branch to prevent and manage disease outbreaks and public health threats from vector-borne diseases.
7. Adds 5.00 permanent positions and \$890,000 in special funds in FY 18 and FY 19 for the Medical Marijuana Dispensary Licensing program.

8. Adds \$150,000 in FY 18 and FY 19 for the Telehealth Pilot project which will assist in improving access and control healthcare costs.
9. Adds \$3,000,000 in FY 18 and FY 19 for the Home Visitation Program to incorporate the funds from Act 118, SLH 2015.
10. Adds \$6,507,305 in FY 18 and FY 19 for the Chronic Disease Prevention and Health Promotion Division program to incorporate the funds from Act 118, SLH 2015.
11. Adds \$985,813 in FY 18 and \$1,171,936 in FY 19 for statewide emergency ambulance services.
12. Adds \$4,145,695 in FY 18 and FY 19 for the Kupuna care program.
13. Adds \$1,700,000 in FY 18 and FY 19 for the Aging and Disability Resource Center.
14. Trade-off/transfer requests to realign the budget and reflect approved reorganizations for various programs and necessary operating requirements.
15. Adjustments to reflect the change in means of financing between federal funds (major recurring federal funds) and other federal funds and anticipated federal awards.

**Department of Health
(Capital Improvements Budget)**

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	16,074,000	
Federal Funds	18,660,000	
	<hr/>	
Total Requirements	<u><u>34,734,000</u></u>	<u><u>-</u></u>

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

1. Adds \$2,070,000 and \$10,348,000 in federal funds in FY 18 for Wastewater Treatment Revolving Fund, Statewide.
2. Adds \$1,663,000 and \$8,312,000 in federal funds in FY 18 for Safe Drinking Water Revolving Fund, Statewide.
3. Adds \$4,413,000 in FY 18 for Department of Health, Health and Safety, Statewide.
4. Adds \$4,500,000 in FY 18 for Hilo Counseling Center and Keawe Health Center Improvements, Hawaii.

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**Department of Health - Hawaii Health Systems Corporation
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
General Funds	\$	110,483,003	110,483,003	171,349,003	145,469,003
	Perm Positions	2,835.25	2,835.25	2,835.25	2,835.25
	Temp Positions	-	-	-	-
Special Funds	\$	580,038,841	580,038,841	586,038,841	586,038,841
		2,835.25	2,835.25	2,835.25	2,835.25
		-	-	-	-
Total Requirements		690,521,844	690,521,844	757,387,844	731,507,844

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

1. Adds \$36,486,000 in FY 18 and \$34,686,000 in FY 19 for operational costs for the Hawaii Health Systems Corporation (HHSC)-Regions.
2. Reduces \$33,420,000 in FY 18 and FY 19 from base budget for Maui Subsidy.
3. Adds \$38,000,000 in FY 18 and \$33,420,000 in FY 19 for Maui Health System subsidy.
4. Adds \$10,000,000 in FY 18 for Maui Health System working capital.
5. Adds \$9,500,000 in FY 18 for Maui Health System incremental cost for transition delay.
6. Adds \$5,000,000 in special funds in FY 18 and FY 19 for HHSC - Corporate operational costs.
7. Adds \$1,000,000 in special funds in FY 18 and FY 19 for Ali'i Community Care operational costs.
8. Adds \$300,000 in FY 18 and FY 19 for Kahuku Hospital operational costs.

Department of Health - Hawaii Health Systems Corporation
(Capital Improvements Budget)

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	27,602,000	10,500,000
Total Requirements	<u>27,602,000</u>	<u>10,500,000</u>

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

1. Adds \$6,000,000 in FY18 and FY19 for the Maui Health System.
2. Adds \$3,500,000 in FY18 and FY19 for Hilo Medical Center, Acute Hospital Renovations.
3. Adds \$3,000,000 in FY18 for East Hawaii Region, Radiology Renovation and Replacement.
4. Adds \$2,000,000 in FY18 for Kona Community Hospital, Ceiling Mitigation Phase 3.
5. Adds \$1,500,000 in FY18 for Kona Community Hospital, Remodel Maintenance Area to Relocate Lab.
6. Adds \$1,431,000 in FY18 for Samuel Mahelona Memorial Hospital, Repair Structural Deterioration to Long Term Care Building.
7. Adds \$1,000,000 in FY18 and FY19 for Maluhia Hospital, Upgrade 2nd and 3rd Floor Air Conditioning.
8. Adds \$1,000,000 in FY18 for Leahi Hospital, Upgrade Patient Rooms.
9. Adds \$1,000,000 in FY18 for Kohala Hospital, Hospital Remodel.
10. Adds \$1,000,000 in FY18 for Hilo Medical Center, Ultrasound Equipment and Renovation.

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Department Summary

Mission Statement

To provide timely and responsive leadership, resources, and services to fully support the State in the recruitment, management, and retention of a high-performing workforce.

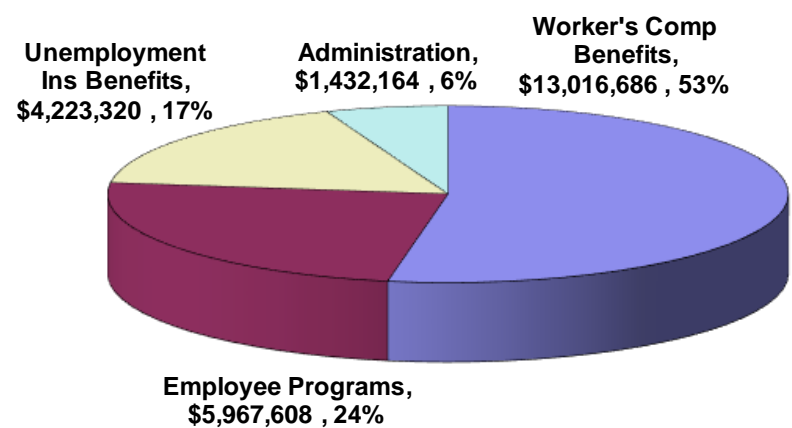
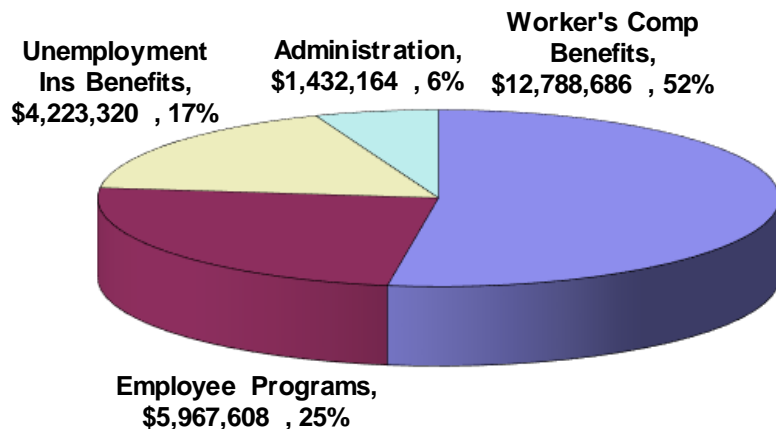
Department Goals

To maximize employee productivity and performance toward excellence in the department; increase the effectiveness and efficiency of the State's Human Resources system to maximize productivity and performance toward excellence; and promote proactive State Workforce Planning.

Significant Measures of Effectiveness

	<u>FY 2018</u>	<u>FY 2019</u>
1. % of certificates issued within 5 calendar days where list of eligibles exists	94	94
2. % of certificates issued within 95 calendar days where list of eligibles does not exist	70	70
3. % contract grievances settled without third party assistance	94	94

FB 2017-2019 Operating Budget by Major Program Area



DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT MAJOR FUNCTIONS

- Administers the State human resources program, provides administrative support services to statutorily and executively assigned commissions and boards, and represents the State on other commissions and committees.
- Plans, organizes, directs and coordinates the various activities of the State human resources program in personnel development and training, recruitment, examination, position classification, pay administration, workers' compensation payments, and labor relations within the scope of laws, rules and established policies.
- Develops and administers classification and compensation system(s) for civil service positions including the establishment and maintenance of classes and their experience and training requirements; the pricing of classes; and the assignment of positions to classes, bargaining units and other administrative units.
- Establishes and maintains statewide policies, procedures, programs, and services that provide guidance and support to the line departments of the Executive Branch with regard to employee relations, employee benefits programs; reports on the workforce composition and employment trends; and statewide employee development programs.
- Plans and administers statewide (except for DOE and UH) workers' compensation program, claims management, Return to Work Priority Program, and a safety and accident prevention program.
- Conducts statewide staffing and consultative advisory services, including human resources research and development projects to forecast, plan for and effectuate effective staffing strategies before staffing issues become acute or impact public services; implements strategies to attract and retain employees by competitively filling positions, and develops and administers a statewide recruitment program.

MAJOR PROGRAM AREAS

The Department of Human Resources Development has a program in the following major program area:

Government-Wide Support

HRD 102 Work Force Attraction, Selection,
 Classification, and Effectiveness

HRD191 Supporting Services-Human Resources
 Development

**Department of Human Resources Development
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	99.00	99.00	97.00	97.00
	Temp Positions	-	-	-	-
General Funds	\$	16,293,469	16,293,469	18,650,497	18,878,497
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Special Funds	\$	700,000	700,000	700,000	700,000
	Perm Positions	1.00	1.00	1.00	1.00
	Temp Positions	-	-	-	-
Interdepartmental Transfers	\$	5,061,281	5,061,281	5,061,281	5,061,281
		100.00	100.00	98.00	98.00
		-	-	-	-
Total Requirements		22,054,750	22,054,750	24,411,778	24,639,778

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

1. Adds \$2,396,000 in FY 18 and \$2,624,000 in FY 19 for workers' compensation claims.
2. Adds \$101,080 in FY 18 and FY 19 for a learning management system and self-directed learning library.
3. Reduces 2.0 permanent positions and \$140,052 in FY 18 and FY 19 to transfer out information technology positions to the Office of Enterprise Technology Services to support the Human Resources Management System.

**Department of Human Resources Development
(Capital Improvements Budget)**

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

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

1. None.

DEPARTMENT OF HUMAN SERVICES

Department Summary

Mission Statement

To provide timely, efficient and effective programs, services and benefits for the purpose of achieving the outcome of empowering Hawaii's most vulnerable people; and to expand their capacity for self-sufficiency, self-determination, independence, healthy choices, quality of life and personal dignity.

Department Goals

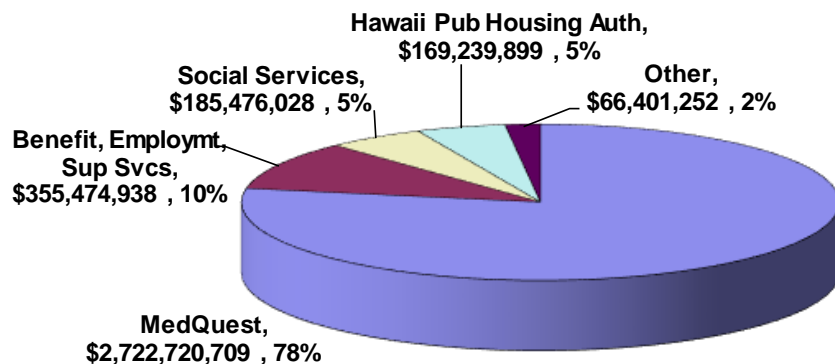
Align programs, services and benefits to provide recipients with access to an array of needed services; modernize the service delivery model through business process transformation and sharing of critical information internally and externally to improve outcomes of individuals and communities in which they live; improve individual and departmental outcomes through data driven decisions; leverage and invest in technology to increase operational efficiency and reduce administrative burden; and strengthen public-private partnerships to develop a modern integrated health and human services delivery system.

Significant Measures of Effectiveness

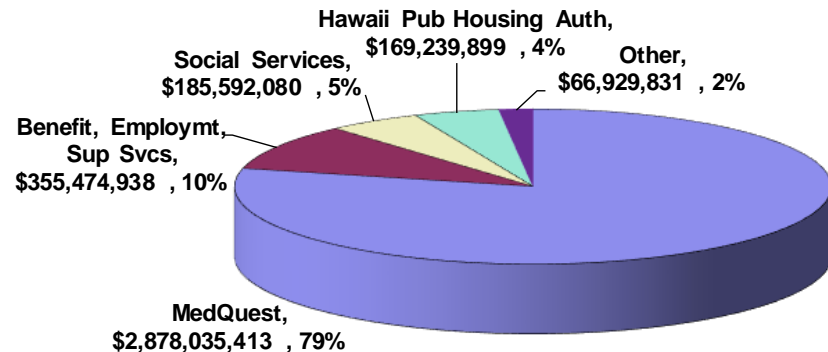
	<u>FY 2018</u>	<u>FY 2019</u>
1. Percent of eligible youth who complete high school or GED while at HYCF	50	20
2. Public housing average monthly rent payment (\$)	175	175
3. Percent of work program participants who meet federal work participation requirements	35	35

FB 2017-2019 Operating Budget by Major Program Area

FY 2018



FY 2019



DEPARTMENT OF HUMAN SERVICES MAJOR FUNCTIONS

- Provides employment related services, childcare services, and economic assistance to eligible families and individuals.
- Provides medical assistance programs to eligible families and individuals.
- Provides child welfare and adult protective and community services to eligible families and individuals.
- Provides a continuum of prevention, rehabilitation and treatment services and programs for at risk youth.
- Serves as a catalyst to provide Hawaii residents with affordable housing and shelter.
- Administers programs of vocational rehabilitation, independent living rehabilitation, services for the blind, and disability determination.

MAJOR PROGRAM AREAS

The Department of Human Services has programs in the following major program areas:

Employment					
HMS 802	Vocational Rehabilitation	HMS 236	Case Management for Self-Sufficiency	HMS 601	Adult Protective and Community Services
Social Services		HMS 237	Employment and Training	HMS 605	Community-Based Residential Support
HMS 202	Aged, Blind and Disabled Payments	HMS 238	Disability Determination	HMS 901	General Support for Social Services
HMS 204	General Assistance Payments	HMS 301	Child Protective Services	HMS 902	General Support for Health Care Payments
HMS 206	Federal Assistance Payments	HMS 302	General Support for Child Care	HMS 903	General Support for Self-Sufficiency Services
HMS 211	Cash Support for Families-Self-Sufficiency	HMS 303	Child Protective Services Payments	HMS 904	General Administration – DHS
HMS 220	Rental Housing Services	HMS 305	Cash Support for Child Care	Individual Rights	
HMS 222	Rental Assistance Services	HMS 401	Health Care Payments	HMS 888	Commission on the Status of Women
HMS 224	Homeless Services	HMS 501	In-Community Youth Programs		
HMS 229	Hawaii Public Housing Authority Administration	HMS 503	Hawaii Youth Correctional Facility		

**Department of Human Services
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	1,147.48	1,147.48	1,141.15	1,141.15
	Temp Positions	31.93	31.93	19.43	19.43
General Funds	\$	1,202,732,204	1,202,732,204	1,256,182,589	1,293,938,918
	Perm Positions	0.56	0.56	0.56	0.56
	Temp Positions	-	-	-	-
Special Funds	\$	3,923,604	3,923,604	3,923,604	3,923,604
	Perm Positions	1,059.71	1,059.71	1,088.04	1,088.04
	Temp Positions	83.07	83.07	82.57	82.57
Federal Funds	\$	2,047,446,525	2,047,446,525	2,203,952,834	2,322,155,840
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Other Federal Funds	\$	17,889,212	17,889,212	17,889,212	17,889,212
Private Contributions	\$	10,000	10,000	10,000	10,000
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Interdepartmental Transfers	\$	7,169,481	7,169,481	7,169,481	7,169,481
	Perm Positions	43.00	43.00	43.00	43.00
	Temp Positions	20.00	20.00	20.00	20.00
Revolving Funds	\$	10,185,106	10,185,106	10,185,106	10,185,106
		2,250.75	2,250.75	2,272.75	2,272.75
		135.00	135.00	122.00	122.00
Total Requirements		3,289,356,132	3,289,356,132	3,499,312,826	3,655,272,161

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

1. Increases Medicaid health care payments by \$9,124,551 in general funds and \$115,643,620 in federal funds in FY 18 and by \$39,340,423 in general funds and \$221,163,042 in federal funds in FY 19.
2. Adds \$4,704,480 in general funds and \$7,056,720 in federal funds in FY 18 and \$9,408,960 in general funds and \$14,113,440 in federal funds in FY 19 to restore Adult Dental Benefits for Medicaid clients.
3. Adds \$1,886,205 in general funds and \$2,309,090 in federal funds in FY 18 and \$4,052,472 in general funds and \$4,961,033 in federal funds in FY 19 to resume the nursing facility inflation factor.
4. Increases Medicare Part B premium payments for qualified Medicaid clients by \$6,571,599 in general funds and \$5,999,697 in federal funds in FY 18 and FY 19.
5. Adds 7.00 permanent positions and \$16,898,478 in FY 18 and \$16,855,478 in FY 19 for Housing First, Rapid Re-Housing, Housing Subsidies, homeless outreach services, and other homeless initiatives.
6. Adds \$4,558,858 in general funds and \$2,454,770 in federal funds in FY 18 and \$4,634,292 in general funds and \$2,495,388 in federal funds in FY 19 to cover Foster Care Board rate settlement increases.
7. Adds \$5,250,000 in general funds and \$15,750,000 in federal funds in FY 18 and FY 19 for the maintenance and operation costs of the Kauhale On Line Eligibility Assistance system.
8. Adds \$2,100,000 in FY 18 and FY 19 to support Hawaii Public Housing Authority's operations of State Family and Elderly Housing.

**Department of Human Services
(Capital Improvements Budget)**

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	59,521,000	-
Total Requirements	<u>59,521,000</u>	<u>-</u>

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

1. Adds \$50,000,000 in FY 18 for plans, design, construction, and equipment for public housing development, improvements, and renovations, Statewide.
2. Adds \$5,000,000 in FY 18 for plans, design, construction, and equipment for public housing security improvements, Statewide.
3. Adds \$4,000,000 in FY 18 for plans, design, construction, and equipment for public housing vacant unit repairs and renovation, Statewide.
4. Adds \$521,000 in FY18 for design and construction for Ho'opono Flood Zone Remediation on Oahu.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

Department Summary

Mission Statement

To increase the economic security, physical and economic well-being and productivity of workers and ensure the growth and development of industry.

Department Goals

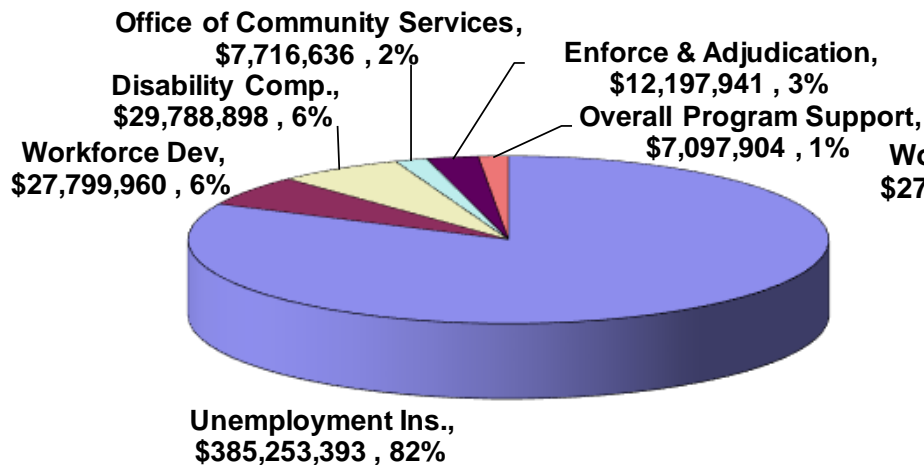
To promote access to employment and assess the needs and skills of the workforce; to alleviate the economic hardship of workers during periods of disability or temporary unemployment; to protect the employment rights of workers and assure a safe and healthy workplace; to develop, deliver and coordinate information to meet labor market supply and demand; and to promote the harmonious working relationship between business, labor, educators, and government agencies.

Significant Measures of Effectiveness

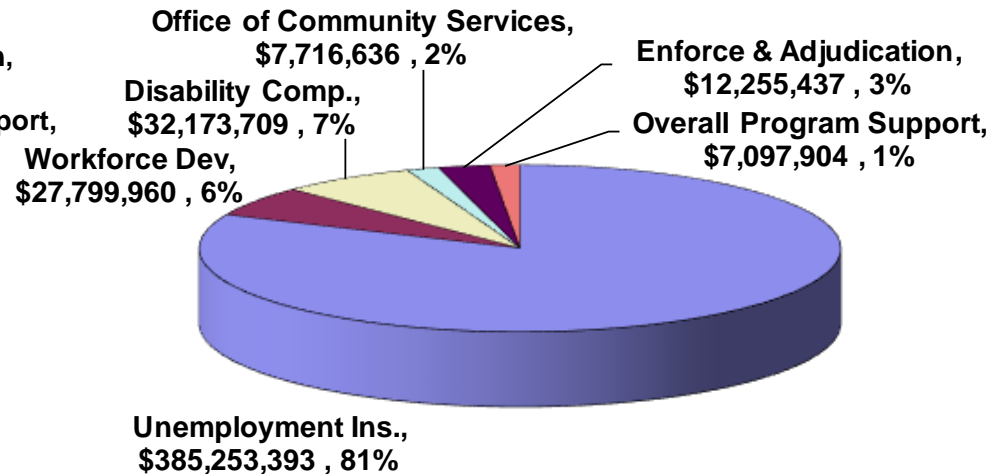
	<u>FY 2018</u>	<u>FY 2019</u>
1. Percentage of job applicants who found jobs	41	41
2. Number of insured employees as a percentage of the total labor force	94	94
3. Percentage of federally mandated statistical reports that meet deadlines	99	99

FB 2017-2019 Operating Budget by Major Program Area

FY 2018



FY 2019



DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS MAJOR FUNCTIONS

- Administers federal and State programs designed to improve the economic security, occupational safety and health, working conditions, and productivity of workers, and maintain favorable labor-management relationships throughout the State.
- Administers comprehensive employment and training services to both job seekers and employers through a system of employment offices located statewide.
- Administers the State Unemployment Insurance program. Ensures that fair hearings before impartial appeals referees are provided to employers and claimants with respect to determinations made by the department regarding unemployment insurance benefits, disaster unemployment insurance, and other security decisions.
- Administers and enforces the State's occupational safety and health laws.
- Administers all activities pertinent to the management of the Workers' Compensation, Temporary Disability Insurance, and Prepaid Health Care laws and programs.
- Administers and enforces State labor laws dealing with wages and other compensation, hours, child labor, family leave, and related rules and regulations.
- Conducts program, labor market, and economic research to augment and enhance management decisions and policy making capabilities.

MAJOR PROGRAM AREAS

The Department of Labor and Industrial Relations has programs in the following major program area:

Employment

LBR 111	Workforce Development
LBR 135	Workforce Development Council
LBR 143	Hawaii Occupational Safety and Health Program
LBR 152	Wage Standards Program
LBR 153	Hawaii Civil Rights Commission
LBR 161	Hawaii Labor Relations Board
LBR 171	Unemployment Insurance Program

LBR 183	Disability Compensation Program
LBR 812	Labor and Industrial Relations Appeals Board
LBR 871	Employment Security Appeals Referees' Office
LBR 901	Research and Statistics
LBR 902	General Administration
LBR 903	Office of Community Services

**Department of Labor and Industrial Relations
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	183.11	183.11	189.11	189.11
	Temp Positions	14.12	14.12	14.12	14.12
General Funds	\$	15,322,993	15,322,993	15,991,908	18,368,624
	Perm Positions	22.00	22.00	22.00	22.00
Special Funds	Temp Positions	22.00	22.00	22.00	22.00
	\$	12,339,275	12,339,275	12,339,275	12,339,275
	Perm Positions	334.87	334.87	303.87	303.87
	Temp Positions	19.00	19.00	17.00	17.00
Federal Funds	\$	50,186,156	50,186,156	47,037,146	47,037,146
	Perm Positions	72.57	72.57	73.57	73.57
Other Federal Funds	Temp Positions	7.88	7.88	7.88	7.88
	\$	7,600,983	7,600,983	7,096,190	7,096,190
	Perm Positions	-	-	20.00	20.00
	Temp Positions	-	-	-	-
County Funds	\$	-	-	2,000,000	2,000,000
	Perm Positions	9.00	9.00	11.00	11.00
Trust Funds	Temp Positions	5.00	5.00	5.00	5.00
	\$	381,851,406	381,851,406	381,937,031	382,002,622
	Perm Positions	-	-	12.00	12.00
	Temp Positions	20.00	20.00	20.00	20.00
Interdepartmental Transfers	\$	2,783,182	2,783,182	3,383,182	3,383,182
	Perm Positions	-	-	-	-
Revolving Funds	Temp Positions	0.50	0.50	0.50	0.50
	\$	70,000	70,000	70,000	70,000
		621.55	621.55	631.55	631.55
		88.50	88.50	86.50	86.50
Total Requirements		470,153,995	470,153,995	469,854,732	472,297,039

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

1. Adds 1.00 permanent position and \$515,386 in FY 18 and \$2,810,772 in FY 19 for the Disability Compensation Division (DCD) modernization project for the electronic filing of claims and digitizing case files.
2. Adds 1.00 permanent position and \$33,851 in FY 18 and \$57,685 in FY 19 in the DCD to administer/manage the Professional Employer Organization program.
3. Adds 1.00 permanent position and \$60,530 in FY 18 and FY 19 in the Office of Community Services (OCS) to enfold a position and funds into the budget for grant administration authorized for OCS in Act 189, SLH 2016.
4. Decreases interdepartmental fund ceiling by \$700,000 in FY 18 and FY 19 in the OCS program to align with actual needs.
5. Increases federal fund ceiling in FY 18 and FY 19 by \$205,000 for anticipated federal awards for the Community Services Block Grant.

Department of Labor and Industrial Relations
(Capital Improvements Budget)

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	-	-
Federal Funds	-	-
	<hr/>	<hr/>
Total Requirements	-	-
	<hr/>	<hr/>

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

1. None.

DEPARTMENT OF LAND AND NATURAL RESOURCES

Department Summary

Mission Statement

To enhance, protect, conserve, and manage Hawaii's unique and limited natural, cultural and historic resources held in public trust for current and future generations for the people of Hawaii nei, and its visitors, in partnership with others in the public and private sectors.

Department Goals

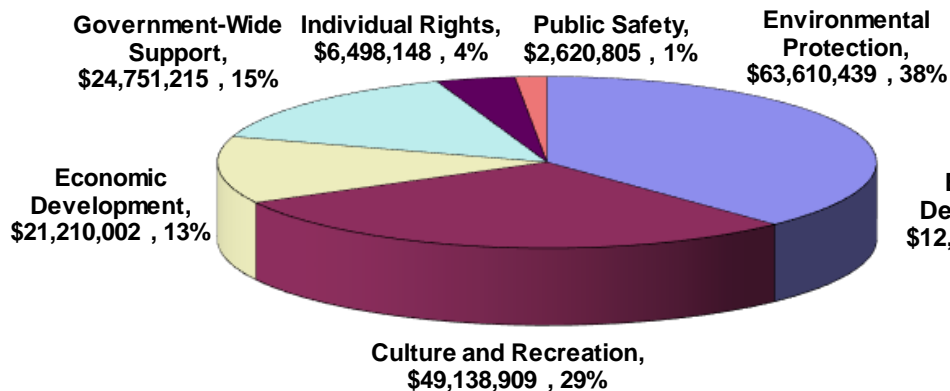
To seek, develop and implement cost-effective strategies for the long-term sustainable management, maintenance, protection and utilization of existing and potential ocean, land, natural and cultural resources of the State of Hawaii in an integrated manner and in partnership with others from the public and private sectors. Additionally, prevent the establishment of invasive species detrimental to native habitats, while promoting responsible use, understanding, and respect for Hawaii's resources.

Significant Measures of Effectiveness

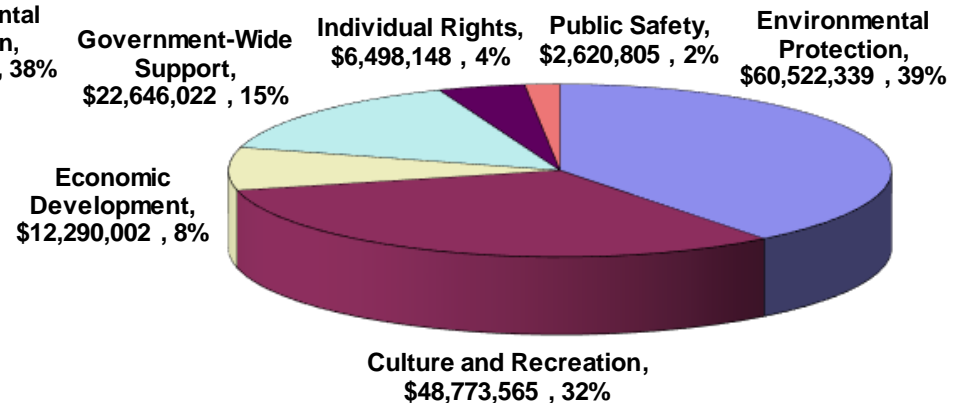
	<u>FY 2018</u>	<u>FY 2019</u>
1. Dollar amount of revenues transferred to OHA (\$000)	2,116	2,116
2. No. of permits (camping and cabin) issued statewide	20,106	20,709
3. Marine protected areas and artificial reefs newly created (acres)	2	2
4. No. of acres enrolled in watershed partnerships as % of plan	100	100

FB 2017-2019 Operating Budget by Major Program Area

FY 2018



FY 2019



DEPARTMENT OF LAND AND NATURAL RESOURCES

MAJOR FUNCTIONS

- Implement programs to conserve, protect, develop and utilize the State's natural and cultural resources.
- Preserve and enhance native and indigenous fish and other aquatic species and their habitats for residents and visitors.
- Promote the safe and responsible use of Hawaii's natural resources through firm, fair and effective law enforcement.
- Provide accurate, timely and permanent system of registering and recording land title and related documents and maps.
- Manage the conservation, protection, planning, and utilization of the State's water resources for social, economic and environmental requirements.
- Provide safe and enjoyable recreation opportunities.
- Develop and maintain a comprehensive program of historic preservation to promote the use and conservation of historical and cultural sites.
- Collects and disseminates data relating to natural resources. Cooperates and partners with public and private agencies to maximize funding leverage.

MAJOR PROGRAM AREAS

The Department of Land and Natural Resources has programs in the following major program areas:

Economic Development

LNR 141 Water and Land Development
LNR 153 Fisheries Management
LNR 172 Forestry-Resource Management and
 Development

Environmental Protection

LNR 401 Ecosystem Protection and Restoration
LNR 402 Native Resources and Fire Protection Program
LNR 404 Water Resources
LNR 405 Conservation and Resources Enforcement
LNR 407 Natural Area Reserves and Watershed
 Management
LNR 906 LNR-Natural and Physical Environment

Culture and Recreation

LNR 801 Ocean-Based Recreation
LNR 802 Historic Preservation
LNR 804 Forest and Outdoor Recreation
LNR 805 District Resource Management
LNR 806 Parks Administration and Operation

Public Safety

LNR 810 Prevention of Natural Disasters

Individual Rights

LNR 111 Conveyances and Recordings

Government Wide Support

LNR 101 Public Lands Management

**Department of Land and Natural Resources
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	448.50	448.50	471.25	471.25
	Temp Positions	64.00	64.00	67.00	67.00
General Funds	\$	33,871,690	33,871,690	58,004,186	57,670,742
	Perm Positions	340.00	340.00	341.00	341.00
	Temp Positions	4.25	4.25	4.25	4.25
Special Funds	\$	65,098,594	65,098,594	74,685,052	72,579,859
	Perm Positions	30.50	30.50	32.25	32.25
	Temp Positions	19.75	19.75	17.75	17.75
Federal Funds	\$	13,446,697	13,446,697	13,675,621	13,795,621
	Perm Positions	7.50	7.50	8.50	8.50
	Temp Positions	14.00	14.00	13.00	13.00
Other Federal Funds	\$	13,407,081	13,407,081	18,727,426	6,567,426
	Perm Positions	1.00	1.00	-	-
	Temp Positions	1.00	1.00	1.00	1.00
Trust Funds	\$	540,497	540,497	387,626	387,626
	Perm Positions	-	-	-	-
	Temp Positions	7.00	7.00	7.00	7.00
Interdepartmental Transfers	\$	1,679,079	1,679,079	1,679,079	1,679,079
	Perm Positions	-	-	-	-
	Temp Positions	3.00	3.00	3.00	3.00
Revolving Funds	\$	670,528	670,528	670,528	670,528
		827.50	827.50	853.00	853.00
		113.00	113.00	113.00	113.00
Total Requirements		128,714,166	128,714,166	167,829,518	153,350,881

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

1. Adds 3.0 temporary positions and \$18,049,108 in FY 18 and FY 19 that was appropriated by Act 84, SLH 2015 for native resources, fire protection, forestry, natural area reserves, watershed management, invasive species eradication, and ocean resources.
2. Adds \$3,500,000 in FY 18 and FY 19 for Rapid Ohia Death Response, watershed forests, and invasive species control.
3. Adds 15.0 temporary positions and \$1,065,147 in FY 18 and \$1,097,047 in FY 19 for the Kahoolawe Island Reserve Commission.
4. Adds \$500,000 in FY 18 to install an integrated information management system, and digitize records for the State Historic Preservation Division.
5. Adds 7.0 permanent positions and \$134,656 in FY 18 and \$269,312 in FY 19 for State Parks operations.
6. Adds \$4,428,250 in FY 18 and \$2,200,000 in FY 19 in special funds for land management expenditures.
7. Adds \$2,459,570 in FY 18 and \$2,535,069 in FY 19 in special funds to reimburse the state general fund for the payment of debt service.

**Department of Land and Natural Resources
(Capital Improvements Budget)**

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Funds	2,265,000	2,265,000
General Obligation Bonds	34,450,000	11,850,000
Special Funds	8,750,000	9,850,000
Federal Funds	600,000	100,000
Private Contributions	-	4,650,000
Trust Funds	-	1,150,000
	<hr/>	<hr/>
Total Requirements	46,065,000	29,865,000
	<hr/> <hr/>	<hr/> <hr/>

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

1. Adds \$2,265,000 in general funds in FY 18 and FY 19 for Capital Improvements Program Staff Costs, Statewide.
2. Adds \$7,500,000 in special funds in FY 18 and FY 19 for the Watershed Initiative, Statewide.
3. Adds \$4,000,000 in FY 18 and FY 19 for rockfall, flood, and State Parks hazard mitigation efforts, Statewide.
4. Adds \$4,500,000 in FY 18 for dam assessments, maintenance, and remediation, Statewide.
5. Adds \$5,000,000 in FY 18 for Ala Wai Canal Dredging, Oahu.
6. Adds \$9,300,000 (\$1,500,000 in special funds, \$2,000,000 in GOB, \$4,650,000 in private contribution funds, and \$1,150,000 in trust funds) in FY 19 for Kaanapali Beach Restoration and Berm Enhancement, Maui.
7. Adds \$6,100,000 (\$6,000,000 in GOB and \$100,000 in federal funds) in FY 18 and \$3,100,000 (\$3,000,000 in GOB and \$100,000 in federal funds) in FY 19 for State Parks Infrastructure and Facility Improvements, Statewide.
8. Adds \$2,500,000 (\$2,000,000 in GOB and \$500,000 in federal funds) in FY 18 and \$2,000,000 in GOB in FY 19 to improve boating and ocean recreation facilities, Statewide.
9. Adds \$12,000,000 in FY 18 for Flood Damage Reconstruction at Iao Valley State Monument, Maui.

OFFICE OF THE LIEUTENANT GOVERNOR

Department Summary

Mission Statement

To enhance the efficiency and effectiveness of State programs by providing leadership and executive management and by developing policies and priorities to give program direction.

Department Goals

To provide effective leadership and executive management, and to protect the public's interest by ensuring that government processes are open.

Significant Measures of Effectiveness

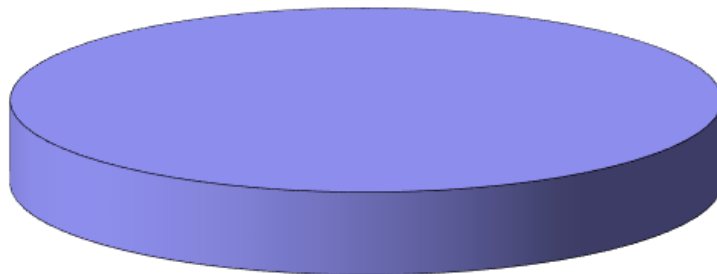
1. Total revenue from sales as a percentage of cost of publication

FY 2018
105

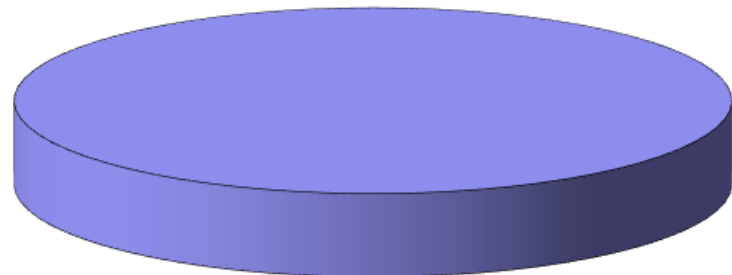
FY 2019
105

FB 2017-2019 Operating Budget by Major Program Area

FY 2018 **FY 2019**



Office of the
Lieutenant Governor,
\$1,061,626 , 100%



Office of the
Lieutenant Governor,
\$1,061,626 , 100%

OFFICE OF THE LIEUTENANT GOVERNOR MAJOR FUNCTIONS

- Exercises the executive powers whenever the Governor is absent from the State or is unable to discharge the powers and duties of the office.
- Performs duties and undertakes projects assigned by the Governor.
- Serves as the Secretary of State for intergovernmental relations.

MAJOR PROGRAM AREAS

The Office of the Lieutenant Governor has a program in the following major program area:

Government-Wide Support

LTG 100 Office of the Lieutenant Governor

**Office of the Lieutenant Governor
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	3.00	3.00	3.00	3.00
	Temp Positions	11.00	11.00	11.00	11.00
General Funds	\$	1,061,626	1,061,626	1,061,626	1,061,626
		3.00	3.00	3.00	3.00
		11.00	11.00	11.00	11.00
Total Requirements		1,061,626	1,061,626	1,061,626	1,061,626

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

1. None.

**Office of the Lieutenant Governor
(Capital Improvements Budget)**

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	-	-
Federal Funds	-	-
	<hr/>	<hr/>
Total Requirements	<hr/> - <hr/>	<hr/> - <hr/>

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

1. None.

DEPARTMENT OF PUBLIC SAFETY

Department Summary

Mission Statement

To uphold justice and public safety by providing correctional and law enforcement services to Hawaii's communities with professionalism, integrity and fairness.

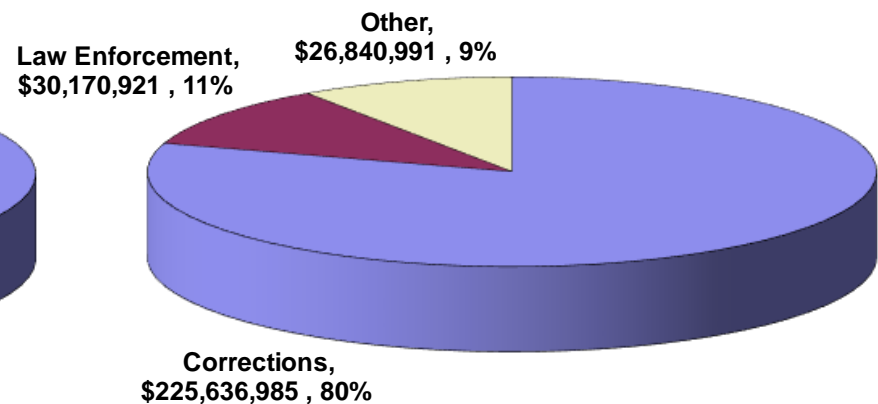
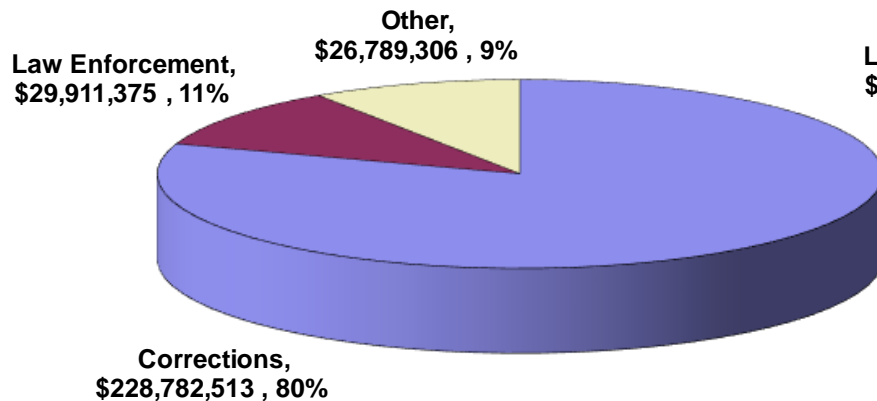
Department Goals

To protect the individual and property from injury and loss caused by criminal actions by providing and coordinating services, facilities, security, and legislation to preserve the peace; to prevent and deter crimes; to detect, apprehend, detain, and rehabilitate criminals; and, where appropriate, to compensate victims of crime.

Significant Measures of Effectiveness

	<u>FY 2018</u>	<u>FY 2019</u>
1. Number of arrests made by departmental law enforcement officers	4,200	4,200
2. Number of escapes from confinement facilities	0	0
3. Number of parole violators returned to prison	300	300

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



DEPARTMENT OF PUBLIC SAFETY MAJOR FUNCTIONS

- Administer various public safety programs that are designed to prevent and deter criminal acts, and to incarcerate and rehabilitate criminal offenders.
- Administer the operations of eight correctional institutions throughout the State for the custody and care of offenders detained or committed by the courts to the department in safe, clean, and humane conditions of confinement.
- Provide a continuum of treatment programs and services to facilitate the reintegration of inmates into the community.
- Administer a correctional industries program which employs inmates in work programs that produce goods and services for government agencies and nonprofit organizations, and affords inmates job training and work experience to enhance their employment prospects when they return to the community.
- Determine minimum terms of imprisonment for convicted felons; grant release of felons from institutions under conditions of parole; and report on petitions for pardon referred by the Governor.
- Administer diversionary programs as well as alternatives to incarceration; conduct bail evaluations; and supervises offenders conditionally released by the courts.
- Administer statewide law enforcement programs that protect the public as well as safeguard State property and facilities; enforces laws, rules, and regulations to prevent and control crime; and provides law enforcement services at the Honolulu International Airport.
- Regulate the manufacture, distribution, sale, prescription, and dispensing of controlled substances in the State by issuing applications and permits to conduct transactions; and investigates and enforces laws, rules and regulations relative to controlled substances.
- Mitigate the suffering and losses of victims and survivors of certain crimes by providing them with compensation for crime related losses; and, compensate private citizens (Good Samaritans) who suffer personal injury or property damage in the course of preventing a crime or apprehending a criminal.

MAJOR PROGRAM AREAS

The Department of Public Safety has programs in the following major program area:

Public Safety

Corrections

PSD 402	Halawa Correctional Facility
PSD 403	Kulani Correctional Facility
PSD 404	Waiawa Correctional Facility
PSD 405	Hawaii Community Correctional Center
PSD 406	Maui Community Correctional Center
PSD 407	Oahu Community Correctional Center
PSD 408	Kauai Community Correctional Center
PSD 409	Women's Community Correctional Center
PSD 410	Intake Service Centers
PSD 420	Corrections Program Services
PSD 421	Health Care
PSD 422	Hawaii Correctional Industries
PSD 808	Non-State Facilities

Law Enforcement

PSD 502	Narcotics Enforcement
PSD 503	Sheriff

Other

PSD 611	Adult Parole Determinations
PSD 612	Adult Parole Supervision and Counseling
PSD 613	Crime Victim Compensation Commission
PSD 900	General Administration

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**Department of Public Safety
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	2,647.10	2,647.10	2,667.10	2,667.10
	Temp Positions	-	-	-	-
General Funds	\$	251,402,257	251,402,257	261,605,192	258,770,895
	Perm Positions	8.00	8.00	8.00	8.00
Special Funds	Temp Positions	-	-	-	-
	\$	2,984,824	2,984,824	3,084,824	3,084,824
Federal Funds	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Other Federal Funds	\$	1,615,989	1,615,989	1,615,989	1,615,989
	Perm Positions	-	-	-	-
County Funds	Temp Positions	1.00	1.00	1.00	1.00
	\$	1,059,315	1,059,315	1,059,315	1,059,315
Trust Funds	Perm Positions	-	-	-	-
	Temp Positions	3.00	3.00	3.00	3.00
Interdepartmental Transfers	\$	209,721	209,721	209,721	209,721
	Perm Positions	-	-	-	-
Revolving Funds	Temp Positions	-	-	-	-
	\$	75,065	75,065	75,065	75,065
Total Requirements	Perm Positions	59.00	59.00	59.00	59.00
	Temp Positions	-	-	-	-
	\$	6,589,465	6,589,465	6,589,465	6,589,465
	Perm Positions	10.00	10.00	10.00	10.00
	Temp Positions	42.00	42.00	42.00	42.00
	\$	11,243,623	11,243,623	11,243,623	11,243,623
		2,724.10	2,724.10	2,744.10	2,744.10
		46.00	46.00	46.00	46.00
Total Requirements		275,180,259	275,180,259	285,483,194	282,648,897

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

1. Adds \$3,344,801 in FY 18 for the continued housing of 248 Halawa Correctional Facility (HCF) inmates in Arizona for 6 months to complete the HCF Security Electronic Project.
2. Adds \$284,288 in FY 18 and FY 19 for physician malpractice insurance as a result of the Slingluff vs. State of Hawaii ruling.
3. Adds 3.00 permanent positions (Adult Corrections Officers) and \$91,023 in FY 18 and \$171,893 in FY 19 for rover posts at Kulani Correctional Facility.
4. Adds 6.00 permanent positions (Lieutenant and Deputy Sheriffs) and \$249,090 in FY 18 and \$414,563 in FY 19 to provide security staffing at the new Kona Judiciary Complex.
5. Adds \$704,000 in FY 18 and FY 19 to increase the number of inmate patients receiving Hepatitis C treatment from 19 to 30 annually.
6. Adds 1.00 permanent position (Pre-audit Clerk) and \$26,901 in FY 18 and \$40,592 in FY 19 to provide payroll support.
7. Adds 2.00 permanent positions (Deputy Sheriffs) and \$81,680 in FY 18 and \$135,488 in FY 19 to provide additional security staffing for various courts in the Maui District.

**Department of Public Safety
(Capital Improvements Budget)**

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	29,500,000	57,300,000
Total Requirements	<u>29,500,000</u>	<u>57,300,000</u>

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

1. Adds \$38,300,000 in FY 19 for Lump Sum CIP to provide additional funding for existing projects at various facilities including fire alarm upgrades, domestic water supply upgrades, reroofing, electronic security, electronic door replacements, and various facility renovations.
2. Adds \$9,000,000 in FY 18 for Women's Community Correctional Center for new consolidated housing and other improvements.
3. Adds \$11,000,000 in FY 18 and \$9,500,000 in FY 19 for Lump Sum CIP for electrical system infrastructure improvements and upgrades for correctional facilities, Statewide.
4. Adds \$8,500,000 in FY 18 and \$9,500,000 in FY 19 for Lump Sum CIP for mechanical system infrastructure improvements and upgrades for correctional facilities, Statewide.
5. Adds \$1,000,000 in FY 18 for Statewide Master Plan to update the 2003 master plan.

DEPARTMENT OF TAXATION

Department Summary

Mission Statement

To administer the tax laws of the State of Hawaii in a consistent, uniform and fair manner.

Department Goals

To provide complete customer service; to increase collection capabilities through efficient allocation of resources; to simplify taxpayer filings, provide a more user-friendly interface with the public, and expedite delinquent referrals; to automate tax filings, billings and collections; to expand capacity for research and revenue analysis; and to permit more flexibility in accommodating tax law changes and initiatives to improve tax administration.

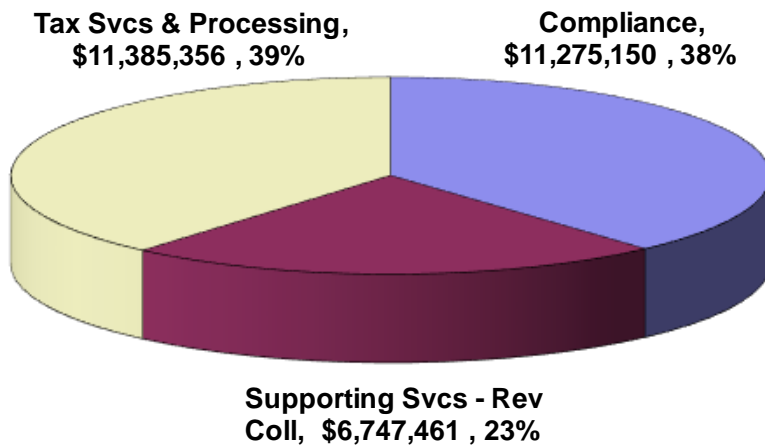
Significant Measures of Effectiveness

1. Average annual percentage call answer rate
2. Percent of tax returns audited resulting in adjustments
3. Average business days to deposit checks received from taxpayers

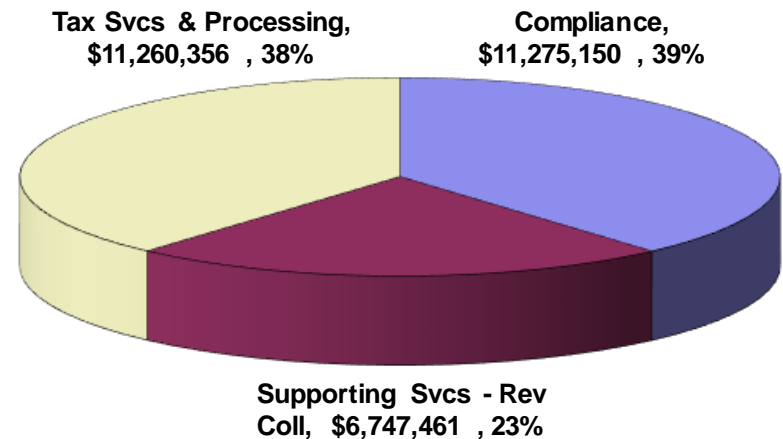
<u>FY 2018</u>	<u>FY 2019</u>
75	75
53	53
8	8

FB 2017-2019 Operating Budget by Major Program Area

FY 2018



FY 2019



DEPARTMENT OF TAXATION MAJOR FUNCTIONS

- Administers and enforces the tax laws of Hawaii and the collection of taxes and other payments.
- Coordinates a centralized system for receiving and processing of all tax returns, payments and documents.
- Provides complete customer service, assistance and information on all taxes administered by the department to customers who walk in, call-in, correspond or e-mail.
- Administers a comprehensive and uniform compliance program based on self-assessment and voluntary compliance.
- Conducts audits and investigations of all types of tax returns.
- Conducts and enforces collection of delinquent taxes by appropriate collection procedures.
- Plans, organizes and coordinates a tax research and tax planning program.
- Provides administrative and research support to the Council on Revenues which prepares revenue estimates for the State on a quarterly basis.

MAJOR PROGRAM AREAS

The Department of Taxation has a program in the following major program area:

Government-Wide Support

TAX 100	Compliance
TAX 105	Tax Services and Processing
TAX 107	Supporting Services – Revenue Collection

**Department of Taxation
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	388.00	388.00	388.00	388.00
	Temp Positions	143.00	143.00	143.00	143.00
General Funds	\$	28,451,266	28,451,266	28,335,298	28,210,298
	Perm Positions	-	-	-	-
	Temp Positions	7.00	7.00	7.00	7.00
Special Funds	\$	1,072,669	1,072,669	1,072,669	1,072,669
		388.00	388.00	388.00	388.00
		150.00	150.00	150.00	150.00
Total Requirements		29,523,935	29,523,935	29,407,967	29,282,967

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

1. Reduces \$281,000 in FY18 and \$406,000 in FY19 from Tax System Modernization Project.
2. Adds \$106,032 in FY 18 and FY 19 to fully fund positions authorized in Act 124/SLH 2016.
3. Adds \$59,000 in FY 18 and FY 19 for safety and security services for DoTax, Statewide.

**Department of Taxation
(Capital Improvements Budget)**

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	19,345,000	-
Total Requirements	19,345,000	-

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

1. Adds \$18,845,000 in FY18 for the design and construction of the Tax System Modernization Project.
2. Adds \$500,000 in FY18 for infrastructure and equipment for the safety and security of DoTax, Statewide.

DEPARTMENT OF TRANSPORTATION

Department Summary

Mission Statement

To provide a safe, efficient, accessible, and sustainable inter-modal transportation system that ensures the mobility of people and and enhances and/or preserves economic prosperity and the quality of life.

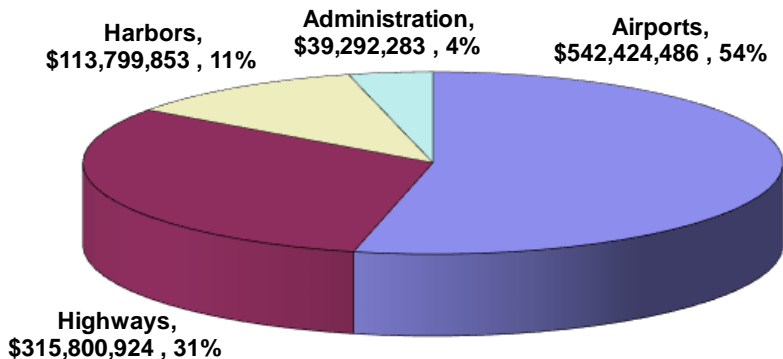
Department Goals

Achieve an integrated multi-modal transportation system through upgrades and expansions to assure mobility and accessibility to support and sustain cargo and passenger operations; ensure the safety and security of the air, land and water transportation systems; advance sustainable transportation system solutions that result in energy efficiency and savings; protect and enhance Hawaii's unique environment and improve the quality of life; support Hawaii's economic vitality; implement a statewide planning process that is comprehensive, cooperative and continuing; and improve the overall financial program through greater efficiency, development, management and oversight of revenue sources.

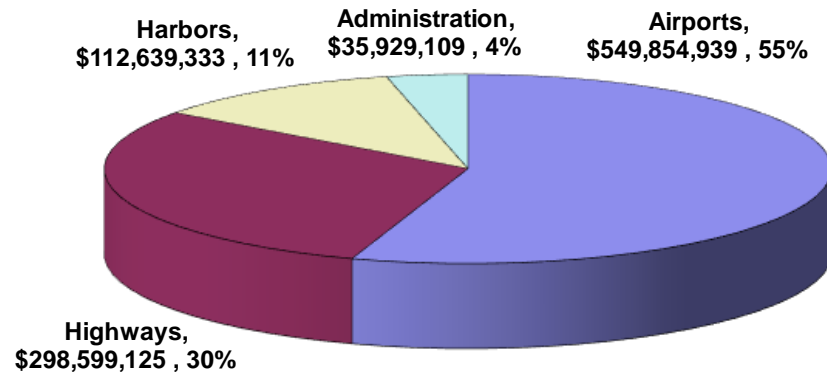
Significant Measures of Effectiveness

	<u>FY 2018</u>	<u>FY 2019</u>
1. Through-put cost per passenger (Airports Division)	\$11.19	\$12.54
2. Tons of cargo processed per acre of container yard (Harbors Division)	54,746	55,731
3. Maintenance cost per 10 lane-miles (Highways Division)	436,514	438,059

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



FY 2019



DEPARTMENT OF TRANSPORTATION MAJOR FUNCTIONS

- Carries out programs to improve, maintain, and operate transportation facilities of the State.
- Administers the operations of the airports program of the State government by equipping, regulating and protecting the state system of public airports and related facilities. Plans, designs, develops, acquires, and constructs new and expanded airports and facilities as well as reconstructs existing airports and facilities.
- Plans, designs, and supervises the construction and maintenance of the State Highway System. Alters, modifies, or revises such highway system as may be required.
- Administers and maintains the operations of the harbors program of the State government by equipping, regulating, and protecting the State system of harbors and related facilities. Plans, develops, acquires, and constructs new and expanding harbors and facilities as well as maintaining and reconstructing existing harbors and facilities.
- Provides for the determination of statewide transportation needs, the continuous survey and inventory of planned resources, and the creation of statewide, inter and multi modal transportation systems network plans.
- Encourages, fosters and assists in the development of aeronautical, water, and land transportation in the State; and provides for the protection and promotion of safety in aeronautics and water transportation.
- Plans, reviews, and implements a comprehensive uniform state highway safety program to comply with applicable federal and state laws.
- Administers driver's license and civil identification programs.
- Serves on the State Highway Safety Council which advises the governor on highway safety; serves on the Aloha Tower Development Corporation board to undertake the redevelopment of the Aloha Tower complex; and cooperates with the Medical Advisory Board which advises the examiner of drivers on medical criteria and vision standards for motor vehicle drivers.

MAJOR PROGRAM AREAS

The Department of Transportation has programs in the following major program area:

Transportation Facilities and Services

Airports

TRN 102	Honolulu International Airport
TRN 104	General Aviation
TRN 111	Hilo International Airport
TRN 114	Kona International Airport at Keahole
TRN 116	Waimea-Kohala Airport
TRN 118	Upolu Airport
TRN 131	Kahului Airport
TRN 133	Hana Airport
TRN 135	Kapalua Airport
TRN 141	Molokai Airport
TRN 143	Kalaupapa Airport
TRN 151	Lanai Airport
TRN 161	Lihue Airport
TRN 163	Port Allen Airport
TRN 195	Airports Administration

Harbors

TRN 301	Honolulu Harbor
TRN 303	Kalaeloa Barbers Point Harbor
TRN 311	Hilo Harbor
TRN 313	Kawaihae Harbor
TRN 331	Kahului Harbor
TRN 333	Hana Harbor
TRN 341	Kaunakakai Harbor
TRN 351	Kaumalapau Harbor
TRN 361	Nawiliwili Harbor
TRN 363	Port Allen Harbor
TRN 395	Harbors Administration

Highways

TRN 501	Oahu Highways
TRN 511	Hawaii Highways
TRN 531	Maui Highways
TRN 561	Kauai Highways
TRN 595	Highways Administration
TRN 597	Highways Safety

Administration

TRN 695	Aloha Tower Development Corporation
TRN 995	General Administration

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**Department of Transportation
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
General Funds	\$	-	-	1,000,000	1,000,000
	Perm Positions	2,250.70	2,250.70	2,346.70	2,347.70
	Temp Positions	11.00	11.00	11.00	11.00
Special Funds	\$	815,424,240	815,424,240	979,866,504	969,702,656
	Perm Positions	7.00	7.00	7.00	7.00
	Temp Positions	1.00	1.00	1.00	1.00
Federal Funds	\$	20,109,515	20,109,515	28,967,701	24,827,351
	Perm Positions	0.80	0.80	0.80	0.80
	Temp Positions	-	-	-	-
Other Federal Funds	\$	745,734	745,734	754,989	754,989
Private Contributions	\$	423,067	423,067	728,352	737,510
		2,258.50	2,258.50	2,354.50	2,355.50
		12.00	12.00	12.00	12.00
Total Requirements		836,702,556	836,702,556	1,011,317,546	997,022,506

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

1. Adds \$22,919,021 in FY 18 and \$23,294,060 in FY 19 in various means of financing for fringe benefit increases.
2. Adjustments to reflect anticipated federal grants and other federal grants.
3. Airports Division- Trade-off/transfer \$7,257,659 in FY 18 and \$8,152,967 in FY 19 for energy savings contract maintenance and lease payments.
4. Airports Division- Adds 81.00 permanent positions (6 months salary) and \$2,719,783 in FY 18 and \$5,125,965 in FY 19 for staffing at various airports for the Pass/ID Offices, Visitor Information Program, Airports Operations Controllers, Aircraft Rescue and Fire Fighting (ARFF), and Grounds Maintenance Program.
5. Airports Division- Adds \$7,054,357 in FY 18 and \$8,975,731 in FY 19 for anticipated increases for security services.
6. Airports Division- Adds \$10,650,000 (\$2,405,250 in special funds and \$8,244,750 in federal funds) in FY 18 and \$4,375,000 (\$769,000 in special funds and \$3,606,000 in federal funds) in FY 19 to replace various ARFF vehicles.
7. Airports Division- Adds \$27,950,000 in FY 18 and \$30,500,000 in FY 19 for Special Maintenance Projects.
8. Harbors Division- Trade-off/transfer 3.00 permanent positions and \$6,073,500 in FY 18 and \$2,300,675 in FY 19 for energy savings contract maintenance and lease payments and various requests.
9. Harbors Division- Adds \$15,000,000 in FY 18 and FY 19 for Special Maintenance Projects.
10. Highways Division- Trade-off/transfer \$10,083,224 (\$9,838,581 in special funds, \$238,301 in federal funds, and \$6,342 in other federal funds) in FY 18 and \$8,570,130 (\$8,325,487 in special funds, \$238,301 in federal funds, and \$6,342 in other federal funds) for energy savings contract maintenance and lease payments and various requests.
11. Highways Division- Adds 12.00 permanent positions (6 months salary) and \$832,372 in FY 18 and \$1,666,439 (\$1,450,439 in special funds and \$216,000 in federal funds) in FY 19 to establish the Intelligent Transportation System Branch.

12. Highways Division- Adds \$70,943,000 in FY 18 and FY 19 for Special Maintenance Projects.
13. Highways Division- Adds \$1,000,000 in general funds in FY 18 and FY 19 for Assistance for Highways, Security, Health and Safety Relating to Residentially Challenged Issues.
14. Administration Division- Adds \$4,268,600 in FY 18 and \$1,350,000 in FY 19 for the Disaster Recovery and Continuity of Operations Refresh Project.
15. Administration Division- Adds \$500,000 in FY 18 and FY 19 for Environmental Consultant Services.
16. Administration Division- Adds \$500,000 in FY 18 and FY 19 for Consultant Services for Community Outreach and Government Affairs.
17. Administration Division- Adds \$300,000 in FY 18 for Multilingual Translation of Driver's Training Manual.
18. Administration Division- Adds \$175,000 in FY 18 and \$65,000 in FY 19 for Automated Budget-to-Actuals Reporting capabilities.
19. Administration Division- Adds \$50,000 in FY 18 and FY 19 for the Maui Metropolitan Planning Organization.

**Department of Transportation
(Capital Improvements Budget)**

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
Special Funds	50,402,000	93,511,000
General Obligation Bonds	50,000,000	-
Revenue Bonds	618,647,000	248,067,000
Federal Funds	272,402,000	204,643,000
Other Federal Funds	3,000	3,000
Other Funds	19,325,000	28,125,000
Total Requirements	1,010,779,000	574,349,000

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

1. Airports Division- Adds \$50,000,000 in general obligation bond funds in FY 18 for Kona International Airport at Keahole, Federal Inspection Station, Hawaii.
2. Airports Division- Adds \$170,000,000 in FY 18 for Honolulu International Airport, Ticket Lobby Improvements, Oahu.
3. Airport Division - Adds \$2,000,000 in FY 18 and \$53,001,000 (\$19,118,000 in special funds, \$5,882,000 in revenue bond funds, \$1,000 in federal funds and \$28,000,000 in other funds (passenger facility charges)) in FY 19 for Honolulu International Airport, Aircraft Apron Reconstruction, Oahu.
4. Airports Division- Adds \$50,000,000 in FY 18 for Honolulu International Airport, Elliott Street Support Facilities, Oahu.
5. Airports Division- Adds \$30,000,000 in FY 18 for Honolulu International Airport, Terminal Improvements at Gates 29 and 34, Oahu.
6. Airports Division- Adds \$64,000,000 in FY 18 for Kahului Airport, Lease Lots, Maui.
7. Airports Division - Adds \$29,573,000 in FY 18 and \$9,725,000 in FY 19 for Kahului Airport, Holdroom and Gate Improvements, Maui.
8. Airports Division - Adds \$1,623,000 in FY 18 and \$16,225,000 in FY 19 for Lihue Airport, Ticket Lobby and Holdroom Improvements, Kauai.

9. Airports Division - Adds \$3,501,000 (\$3,500,000 in special funds and \$1,000 in federal funds) in FY 18 and \$40,502,000 (\$40,500,000 in special funds and \$2,000 in federal funds) in FY 19 for Airfield Improvements, Statewide.
10. Harbors Division- Adds \$16,353,000 (\$16,350,000 in revenue bond funds and \$3,000 in special funds) in FY 18 and FY 19 for Commercial Harbor Facility Improvements, Statewide.
11. Harbors Division- Adds \$7,502,000 (\$7,500,000 in revenue bond funds and \$2,000 in special funds) in FY 18 for Improvements at Pier 2 and 3 Areas, Nawiliwili Harbor, Kauai.
12. Highways Division- Adds \$89,000,000 (\$17,800,000 in revenue bond funds and \$71,200,000 in federal funds) in FY 18 for Daniel K. Inouye Highway Extension, Mamalahoa Highway to Queen Kaahumanu Highway, Hawaii.
13. Highways Division- Adds \$38,000,000 (\$7,600,000 in revenue bond funds and \$30,400,000 in federal funds) in FY 18 and \$12,000,000 (\$2,400,000 in revenue bond funds and \$9,600,000 in federal funds) in FY 19 for Highway Shoreline Protection, Statewide.
14. Highways Division- Adds \$22,000,000 (\$4,400,000 in revenue bond funds and \$17,600,000 in federal funds) in FY 18 and \$20,000,000 (\$4,000,000 in revenue bond funds and \$16,000,000 in federal funds) in FY 19 for Interstate Route H-1, Airport Viaduct Improvements, Vicinity of Valkenburgh Street to Middle Street, Oahu.
15. Highways Division- Adds \$98,450,000 (\$19,930,000 in revenue bond funds and \$78,520,000 in federal funds) in FY 18 and \$82,450,000 (\$16,490,000 in revenue bond funds and \$65,960,000 in federal funds) in FY 19 for various bridges, Statewide.
16. Highways Division- Adds \$3,750,000 (\$750,000 in revenue bond funds and \$3,000,000 in federal funds) in FY 19 for Paia Bypass, Maui.

UNIVERSITY OF HAWAII

Department Summary

Mission Statement

To serve the public by creating, preserving, and transmitting knowledge in a multi-cultural environment.

Department Goals

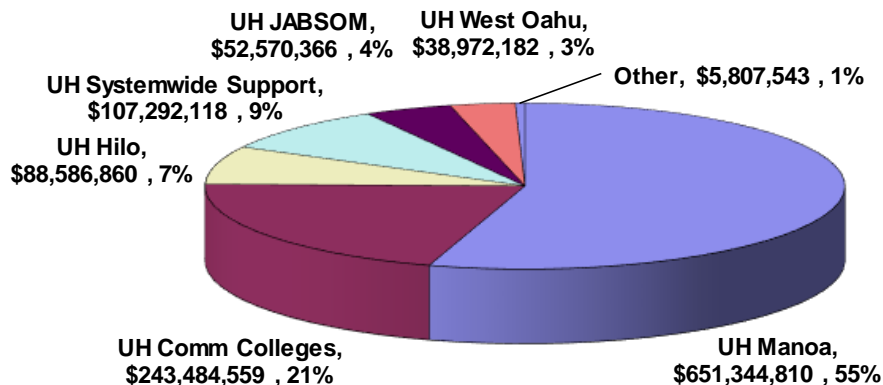
To achieve educational effectiveness and student success; provide a learning, research, and service network; be a model local, regional, and global university; maximize investment in faculty, staff, students, and their environment; and provide resources and stewardship.

Significant Measures of Effectiveness

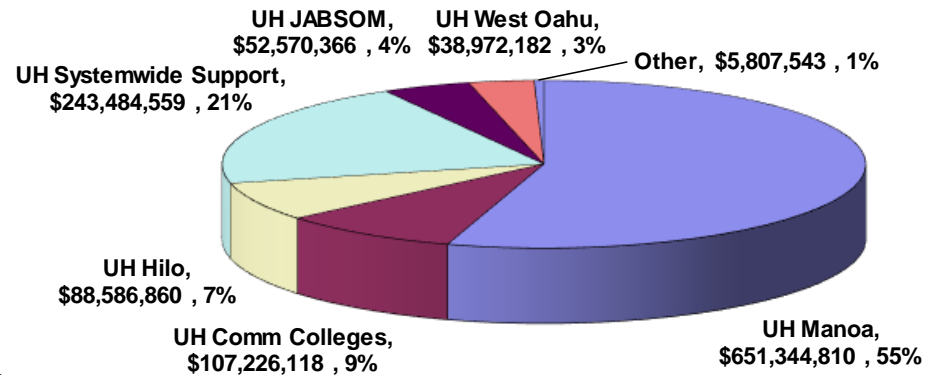
	<u>FY 2018</u>	<u>FY 2019</u>
1. Number of degrees and certificates of achievement earned	13,194	13,721
2. Extramural fund support (\$ millions)	441.6	454.9
3. Number of degrees in STEM fields	2,873	2,988

FB 2017-2019 Operating Budget by Major Program Area

FY 2018



FY 2019



UNIVERSITY OF HAWAII MAJOR FUNCTIONS

- Provides instruction, research and public service in the fields of the liberal arts and sciences, agriculture, professional education, medicine, law, health sciences, business administration, engineering sciences and such other branches of the higher learning as the Board of Regents prescribes.
- Administers and operates a system of community colleges; coordinates academic programs which include college transfer, general education, vocational, technical, semi-professional, and continuing education programs; coordinates community service programs with the various campuses, community agencies and groups; and coordinates student-related programs & services.
- Operates a summer session which gives variety and flexibility to the instructional programs of the University; provides college-level instruction to students who wish to obtain it during the summer; accommodates teaching institutes, workshops, and special courses with schedules of varying lengths; sponsors lecture series and other cultural events during the summer and supervises overseas study tours offered for credit.
- Provides key personnel in the government policy-making process with timely research, analyses and data concerning governmental and related problems to enable them to make informed decisions among alternative courses of action.
- Participates in intercollegiate athletics programs for men and women; contributes toward the availability of non-academic cultural, social, recreational and intellectual programs made available to the students, faculty and community at large; and provides a limited intercollegiate program for a variety of minor sports.

MAJOR PROGRAM AREAS

The University of Hawaii has programs in the following major program areas:

Formal Education

UOH 100	University of Hawaii, Manoa
UOH 110	University of Hawaii, John A. Burns School of Medicine
UOH 210	University of Hawaii, Hilo
UOH 220	Small Business Development

UOH 700	University of Hawaii, West Oahu
UOH 800	University of Hawaii, Community Colleges
UOH 900	University of Hawaii, Systemwide Support

Culture and Recreation

UOH 881	Aquaria
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University of Hawaii
(Operating Budget)

		Budget Base	Budget Base		
		FY 2018	FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	6,593.09	6,593.09	6,609.09	6,609.09
	Temp Positions	118.25	118.25	118.25	118.25
General Funds	\$	471,139,668	471,139,668	493,040,040	492,974,040
	Perm Positions	599.25	599.25	599.25	599.25
	Temp Positions	9.50	9.50	9.50	9.50
Special Funds	\$	576,476,867	576,476,867	576,476,867	576,476,867
	Perm Positions	82.56	82.56	82.56	82.56
	Temp Positions	4.00	4.00	4.00	4.00
Federal Funds	\$	13,642,735	13,642,735	13,642,735	13,642,735
	Perm Positions	53.75	53.75	53.75	53.75
	Temp Positions	-	-	-	-
Revolving Funds	\$	104,898,796	104,898,796	104,898,796	104,898,796
		7,328.65	7,328.65	7,344.65	7,344.65
		131.75	131.75	131.75	131.75
Total Requirements		1,166,158,066	1,166,158,066	1,188,058,438	1,187,992,438

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

1. Adds \$1,550,372 in FY 18 and \$1,484,372 in FY 19 for Hawaii Graduation Initiatives, which includes Distance Education Support, On-line Degree Development and expansion of the Dual Credit program.
2. Adds 4.00 permanent positions and \$5,000,000 in FY 18 and FY 19 for operational support for the University of Hawaii (UH) Cancer Center.
3. Adds 5.00 permanent positions and \$3,500,000 in FY 18 and FY 19 for the Hawaii Research and Innovation Initiative to strengthen and increase the research enterprise at the University of Hawaii and to support entrepreneurship in the UH community.
4. Adds 7.00 permanent positions and \$1,850,000 in FY 18 and FY 19 to support compliance with Title IX and the Violence Against Women Act, and to address sex discrimination and gender-based violence on college campuses.
5. Adds \$10,000,000 in FY 18 and FY 19 to provide additional support systemwide for UH's four strategic directions, including the Hawaii Graduation Initiative, the Hawaii Innovation Initiative, 21st Century Facilities, and High Performance Mission-Driven System.

University of Hawaii
(Capital Improvements Budget)

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	150,000,000	-
Total Requirements	150,000,000	-

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

1. Adds \$150,000,000 in FY 18 for Lump Sum CIP for Higher Education, Statewide.

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Historical Information

General Fund Revenues, Expenditures and Fund Balance
(in \$ millions)

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over Exp.</u>	<u>Fund Balance</u>
2008	5,244.0	5,406.9	(162.9)	330.4 ⁽¹⁾
2009	5,008.0	5,375.2	(367.2)	(36.8)
2010	4,852.4	4,837.8	14.6	(22.2)
2011	5,116.9	4,968.7	148.2	126.0 ⁽²⁾
2012	5,660.6	5,511.3	149.3	275.3 ⁽²⁾
2013	6,234.4	5,665.7	568.8	844.0 ^{(1), (2)}
2014	6,096.2	6,275.4	(179.2)	664.8 ⁽¹⁾
2015	6,576.7	6,413.4	163.3	828.1 ^{(1), (2)}
2016	7,081.9	6,882.2	199.7	1,027.8 ^{(1), (2)}

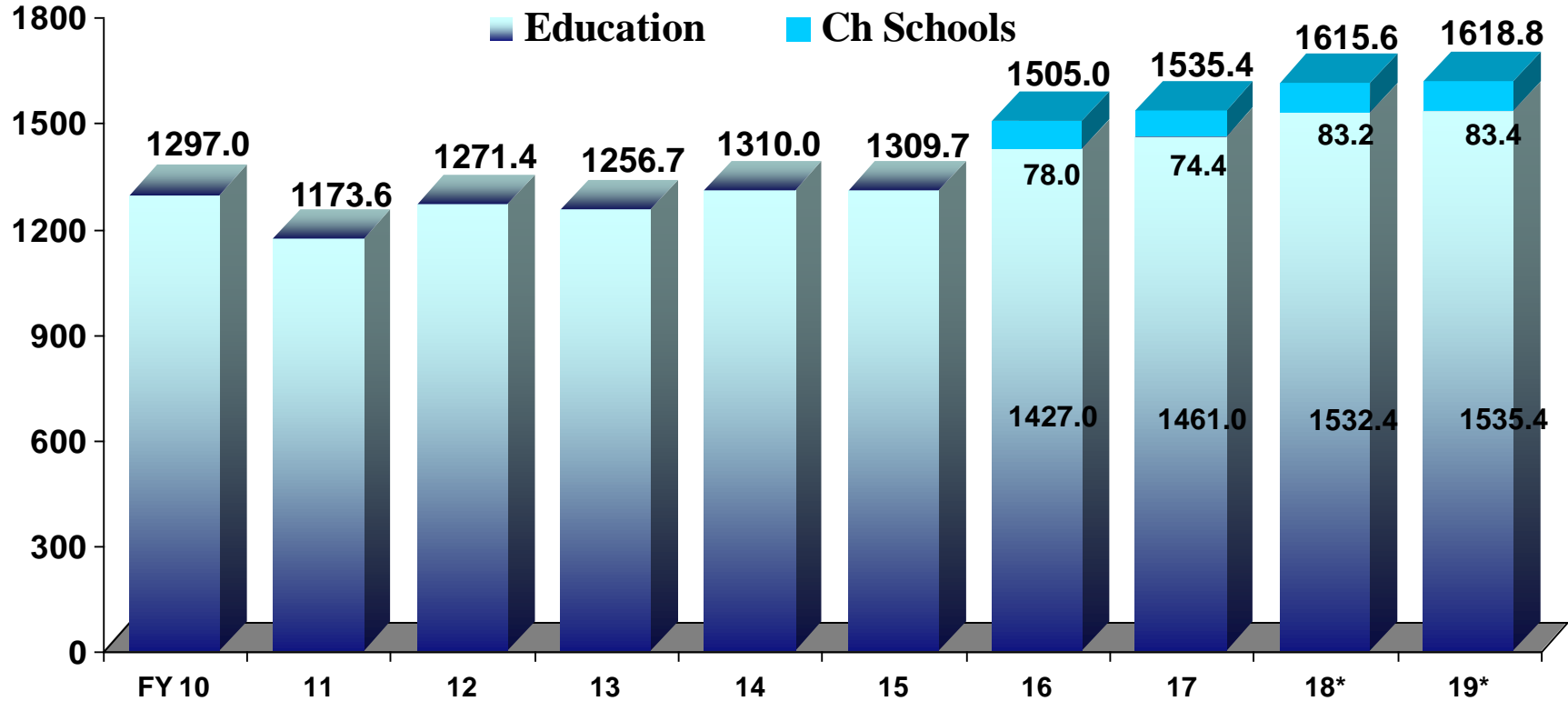
* Note: (1) Fiscal year in which the fund balance exceeded 5% of revenues
(2) Fiscal year (after FY 2009) in which revenues exceeded the preceding
fiscal year's revenues by 5%

Department of Education Instruction General Fund Operating Appropriations

\$ millions

(DB&F 12/11/16)

■ Education ■ Ch Schools



Enrollment (Thousands)**

Regular	153.4	152.9	155.1	156.8	158.6	153.8	153.5	153.7	152.2	152.2
Special	17.4	17.0	17.0	17.0	16.9	16.5	16.4	16.4	16.5	16.5
Charter	7.8	8.2	9.1	10.1	10.3	10.4	10.5	10.5	11.1	11.1

*FY 18 and FY 19 reflect the Executive request.

**FY 18 and FY 19 reflect projected enrollment.

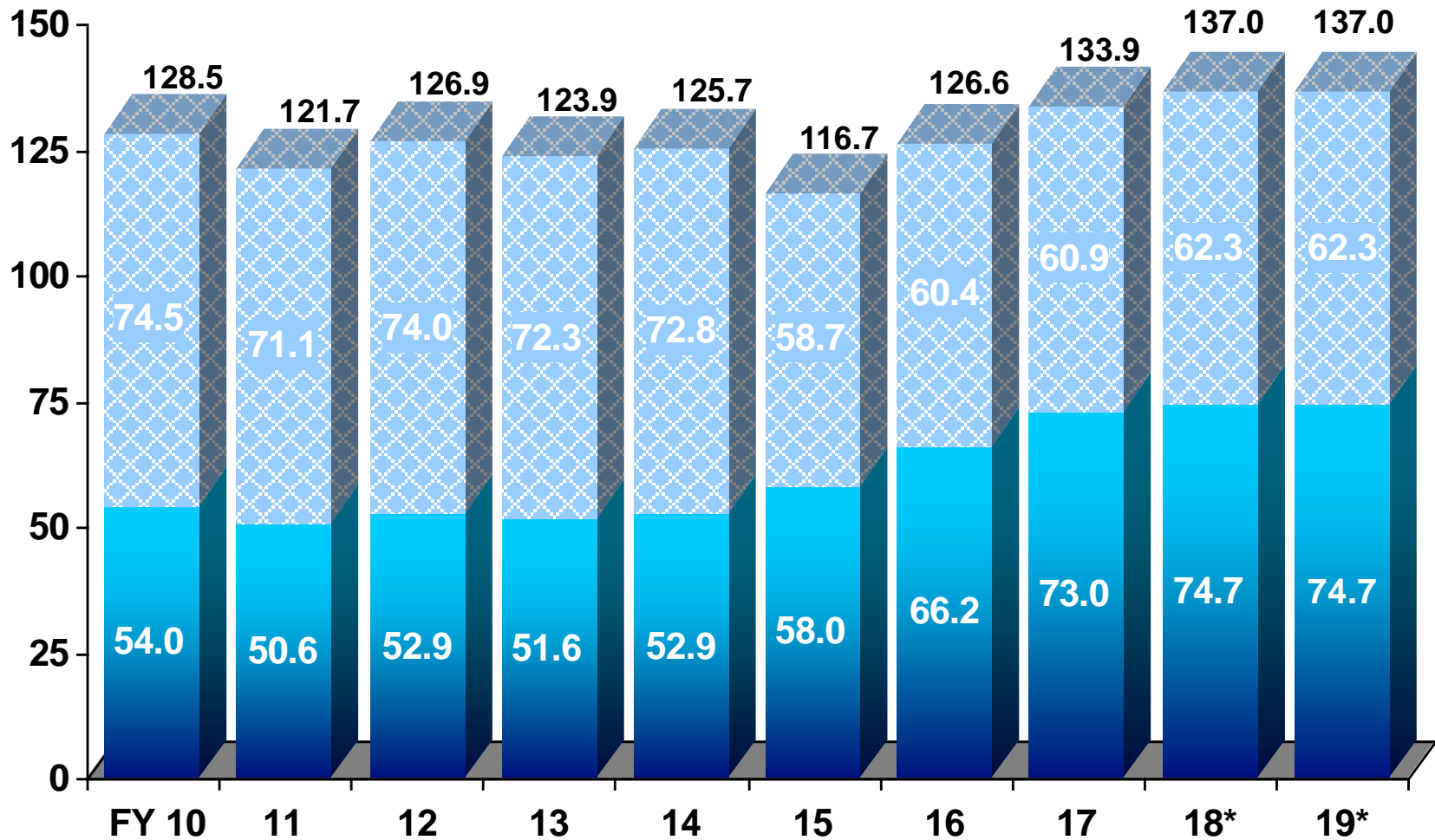
Adult Mental Health General Fund Appropriations

(DB&F 12/11/16)

\$ millions

■ State Hosp

■ Adult



*FY 18 and FY 19 reflect the Executive request

University of Hawaii Operating Appropriations Net of Fringe & Debt Svc

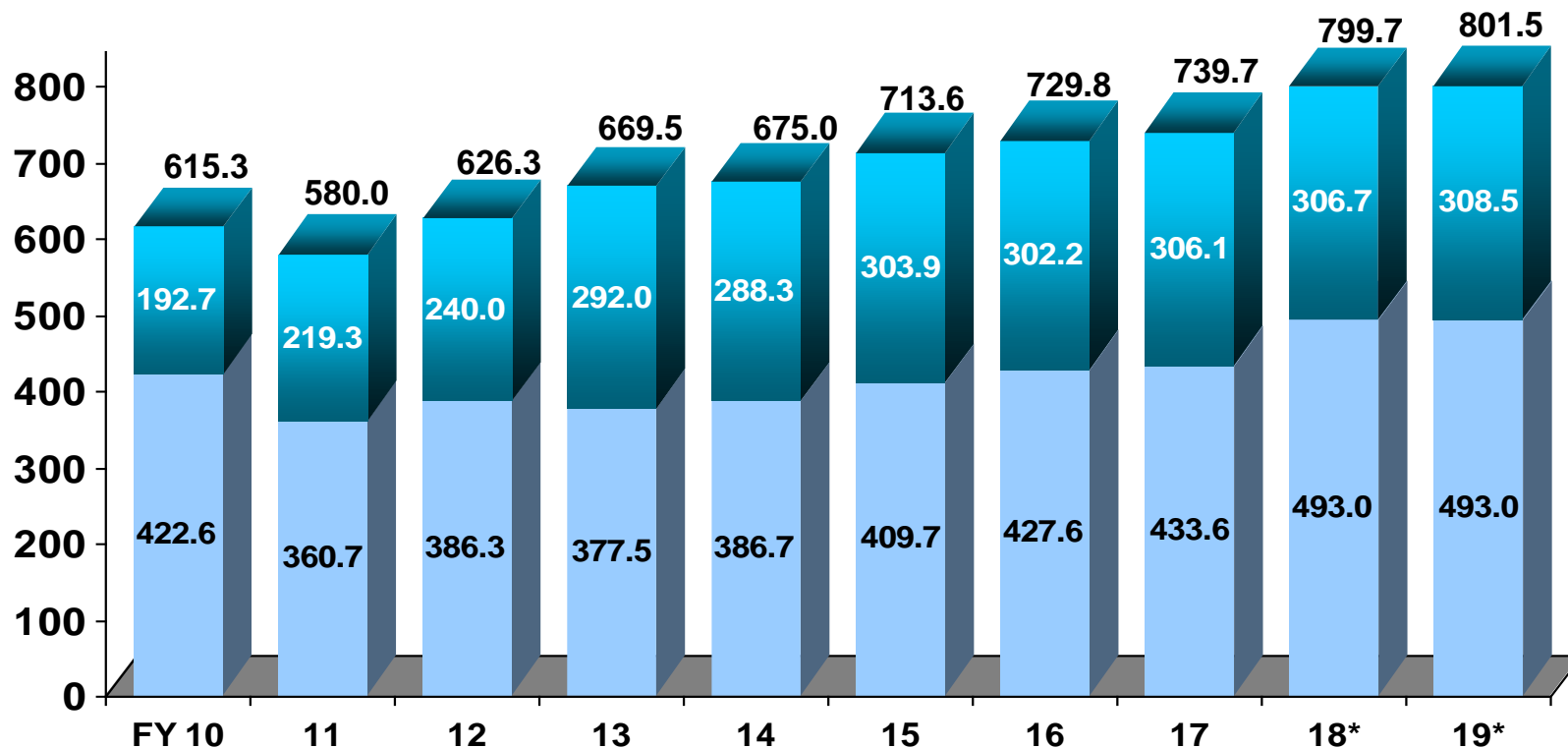
Chart 3

(DB&F 12/11/16)

\$ millions

■ Gen Fund

■ Tuition and Fees Special Fund



Enrollment – Full Time Equivalent (Thousands)**

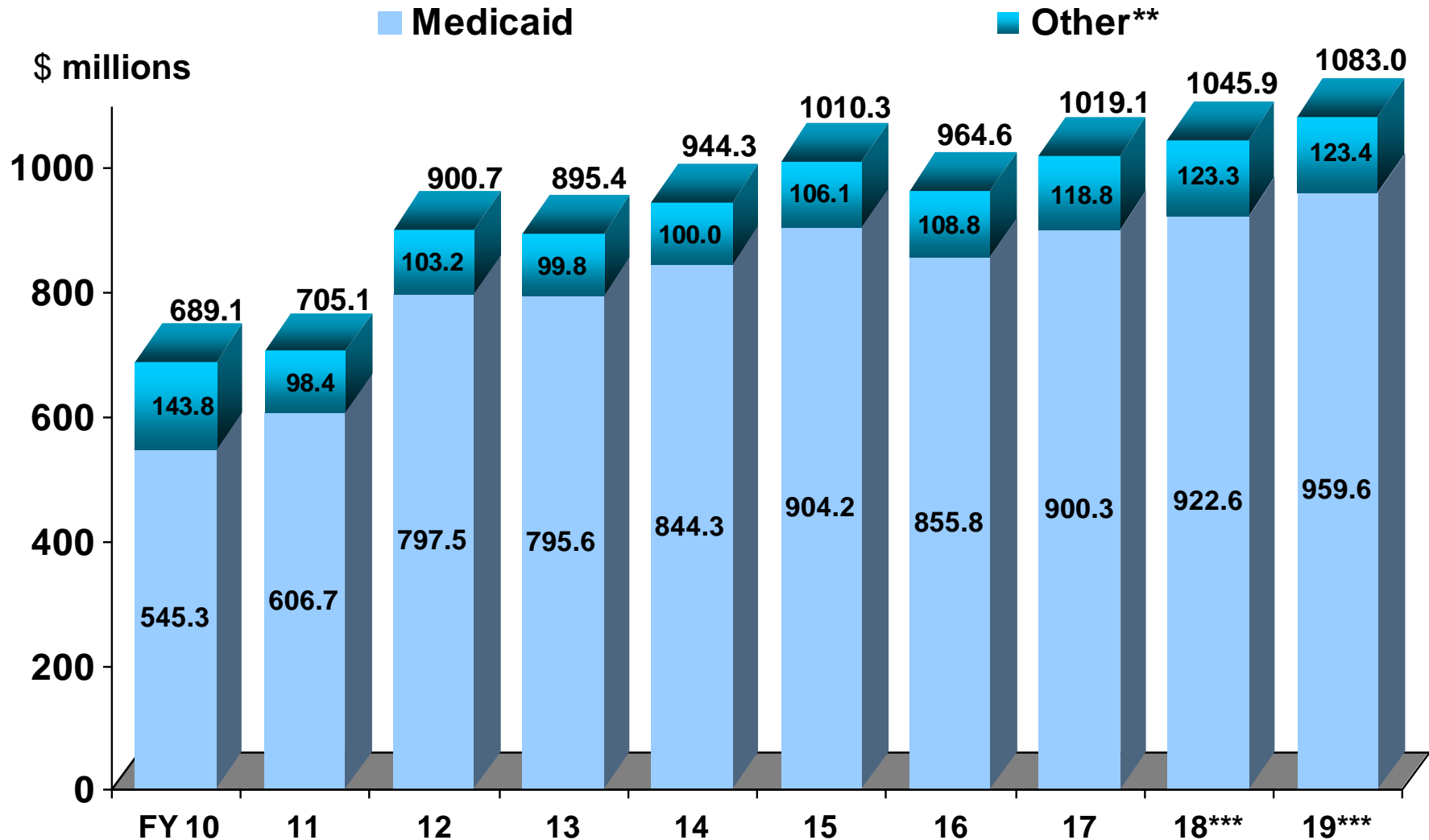
Manoa	16.3	16.2	16.4	16.7	16.5	16.2	15.9	15.7	15.7	15.6
Hilo	3.5	3.6	3.6	3.7	3.6	3.5	3.4	3.3	3.3	3.3
West Oahu	0.7	0.8	0.9	1.2	1.5	1.7	1.8	1.9	2.0	2.0
Comm Coll	18.5	19.8	19.5	19.3	18.8	17.8	17.3	17.1	17.0	16.9
Total	39.0	40.4	40.4	40.9	40.4	39.2	38.4	38.0	38.0	37.8

* FY 18 and FY 19 reflect the Executive request

**FY 17, FY 18 & FY 19 reflect projected enrollment as of January 2016

Medicaid and Welfare Payments General Fund Operating Appropriations*

(DB&F 12/11/16)



*Excludes Housing

**Includes TANF; TAONF; Child Care; General Assistance; Aged, Blind, and Disabled; and Foster Care

***FY 18 and FY 19 reflect the Executive request

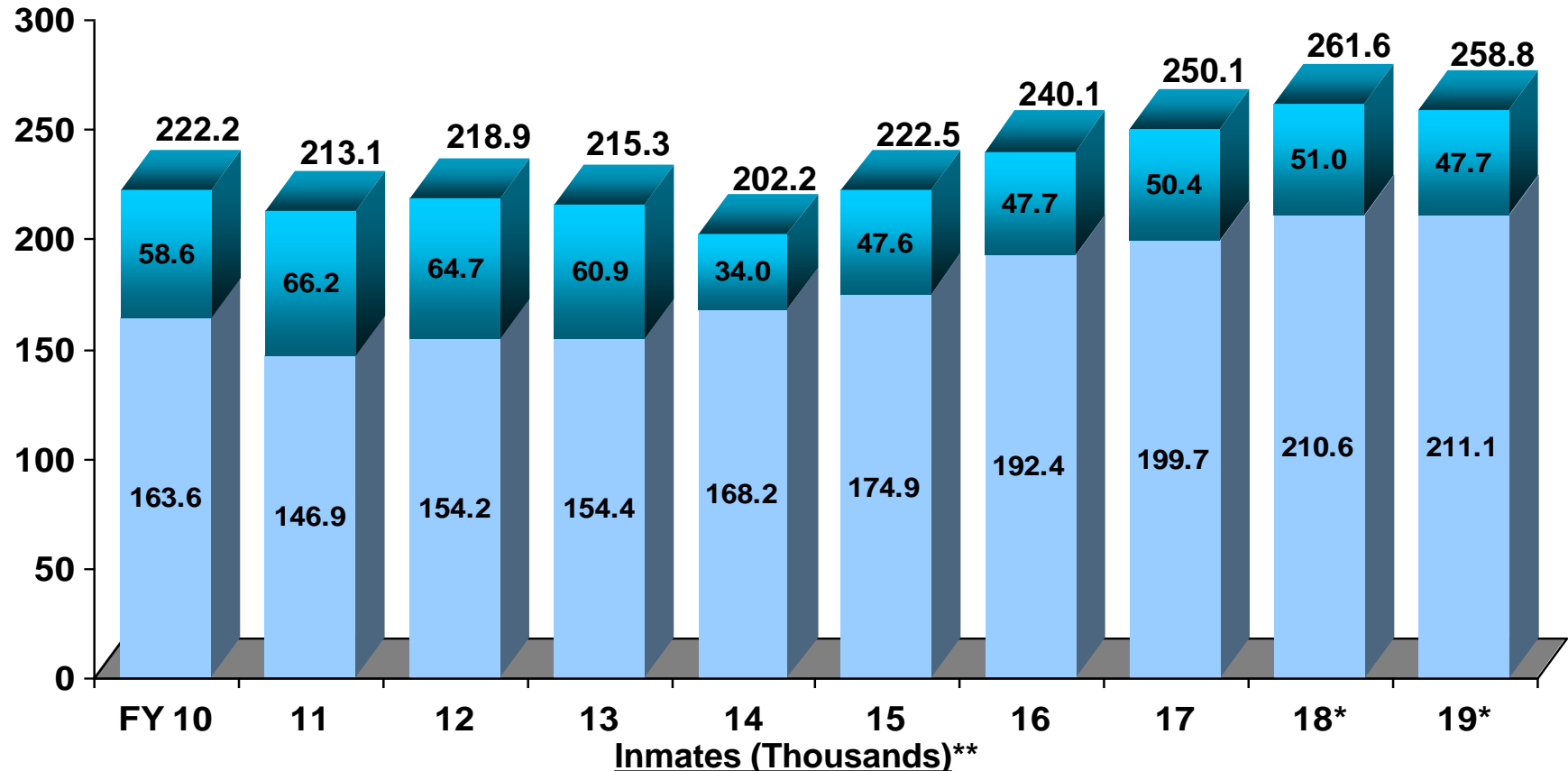
Public Safety General Fund Operating Appropriations

(DB&F 12/11/16)

\$ millions

State Facilities, Law Enforcement & Other Costs

Non-State Facilities



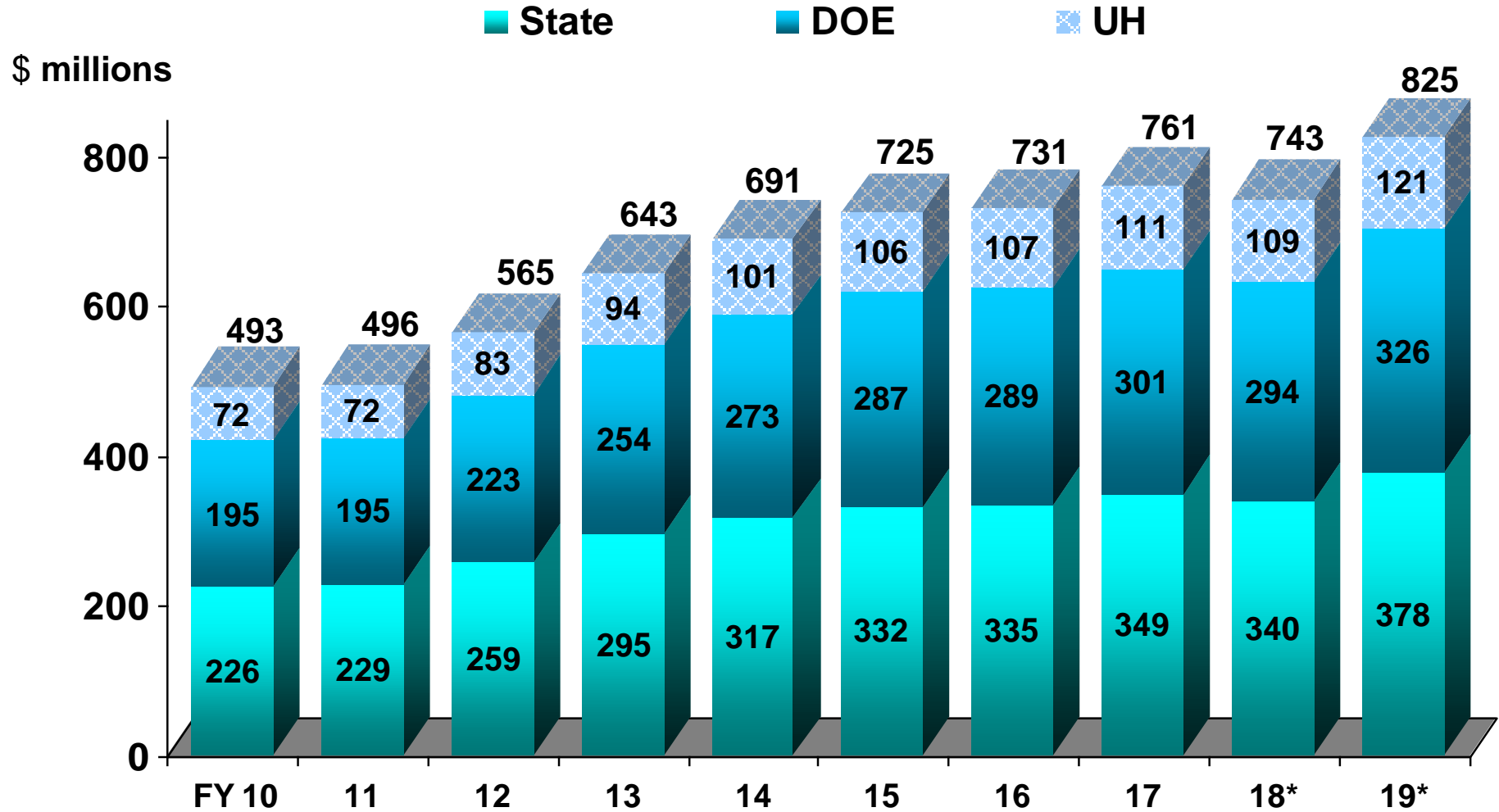
State	3.7	3.9	3.8	4.2	4.4	4.5	4.5	4.1	4.6	4.6
Non-State	2.5	2.5	2.4	1.6	1.5	1.3	1.4	1.4	1.4	1.4

*FY 18 and FY 19 reflect the Executive request.

**FY 17 reflects assigned count as of November 30, 2016; FY 18 and FY 19 reflect projected head counts.

Debt Service and Certificates of Participation General Fund Operating Appropriations

(DB&F 12/11/16)



*FY 18 and FY 19 reflect the Executive request

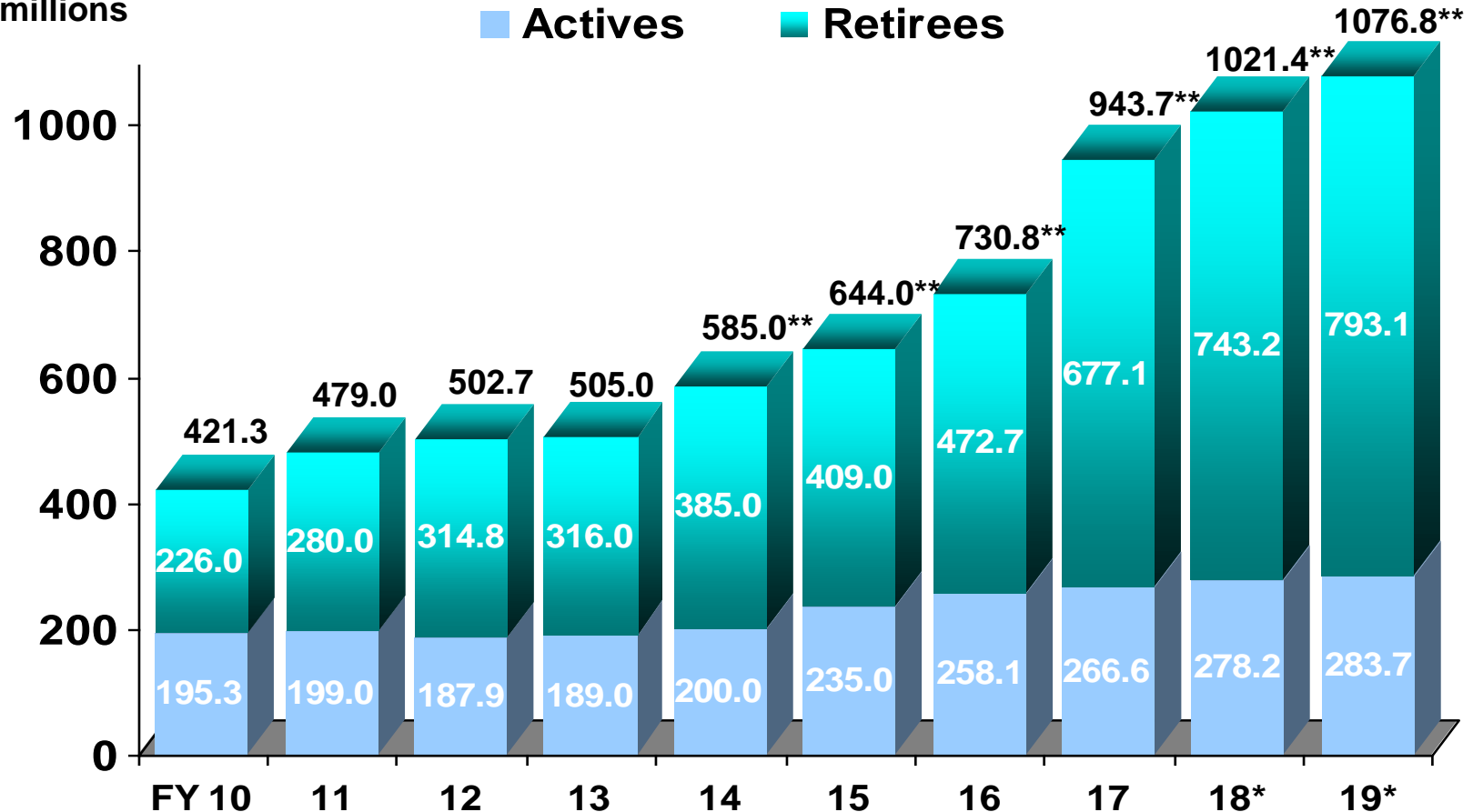
State Employee and Retiree Health Benefits General Fund Appropriations

(DB&F 12/11/16)

\$ millions

■ Actives

■ Retirees

Enrollees (Thousands)

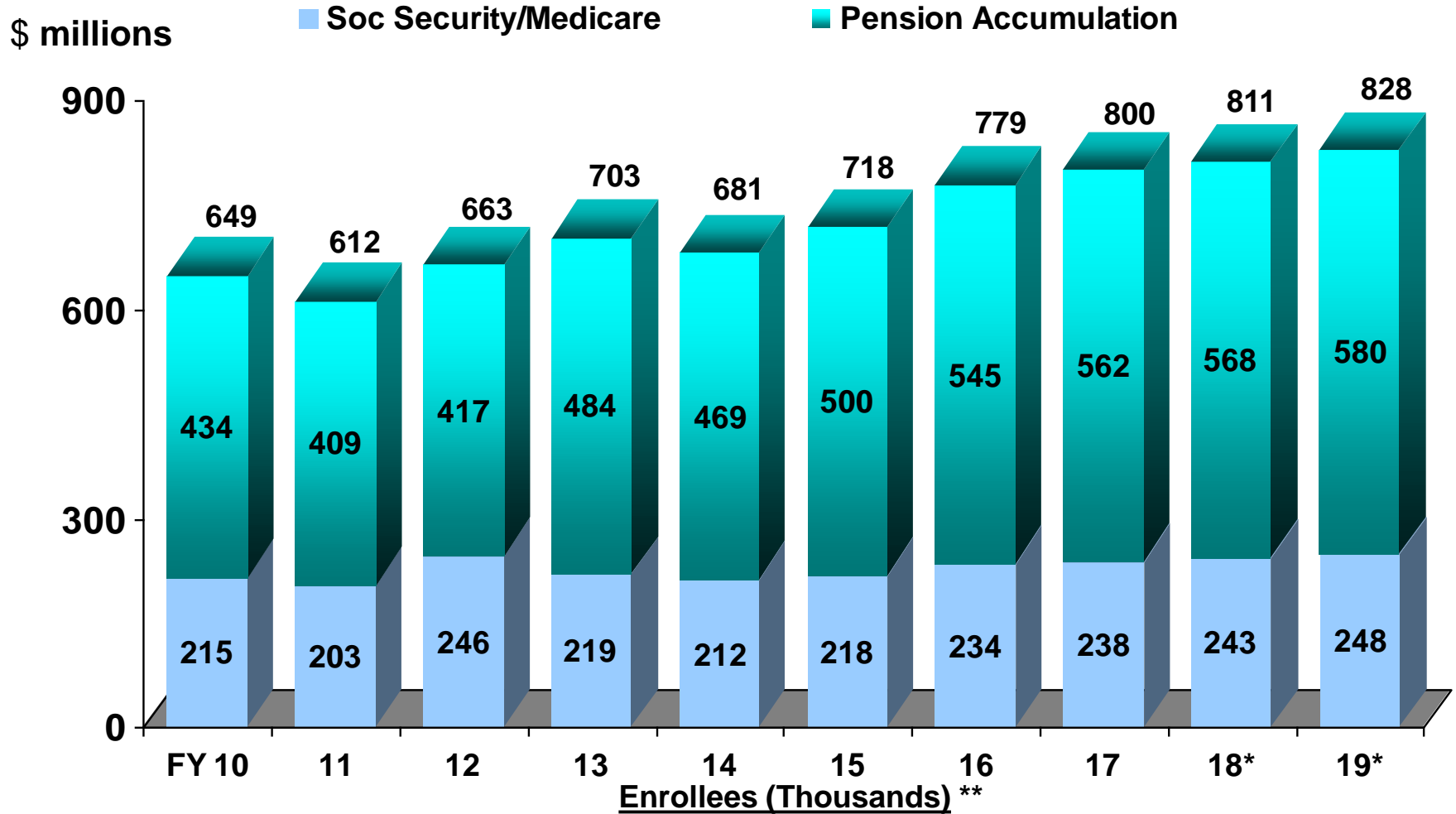
Retirees	26.6	39.6	42.3	43.0	43.0	44.8	45.9	46.8	47.8	48.8
Actives	54.1	55.2	67.1	67.7	68.0	68.0	68.6	68.8	69.1	69.4

*FY 18 and FY 19 reflect the Executive request

**Includes Other Post-Employment Benefits Pre-funding

Public Employees' Retirement System General Fund Appropriations

(DB&F 12/11/16)



*FY 18 and FY 19 reflect the Executive request

**FY 17, FY 18 and FY 19 exclude Maui Hospital Positions

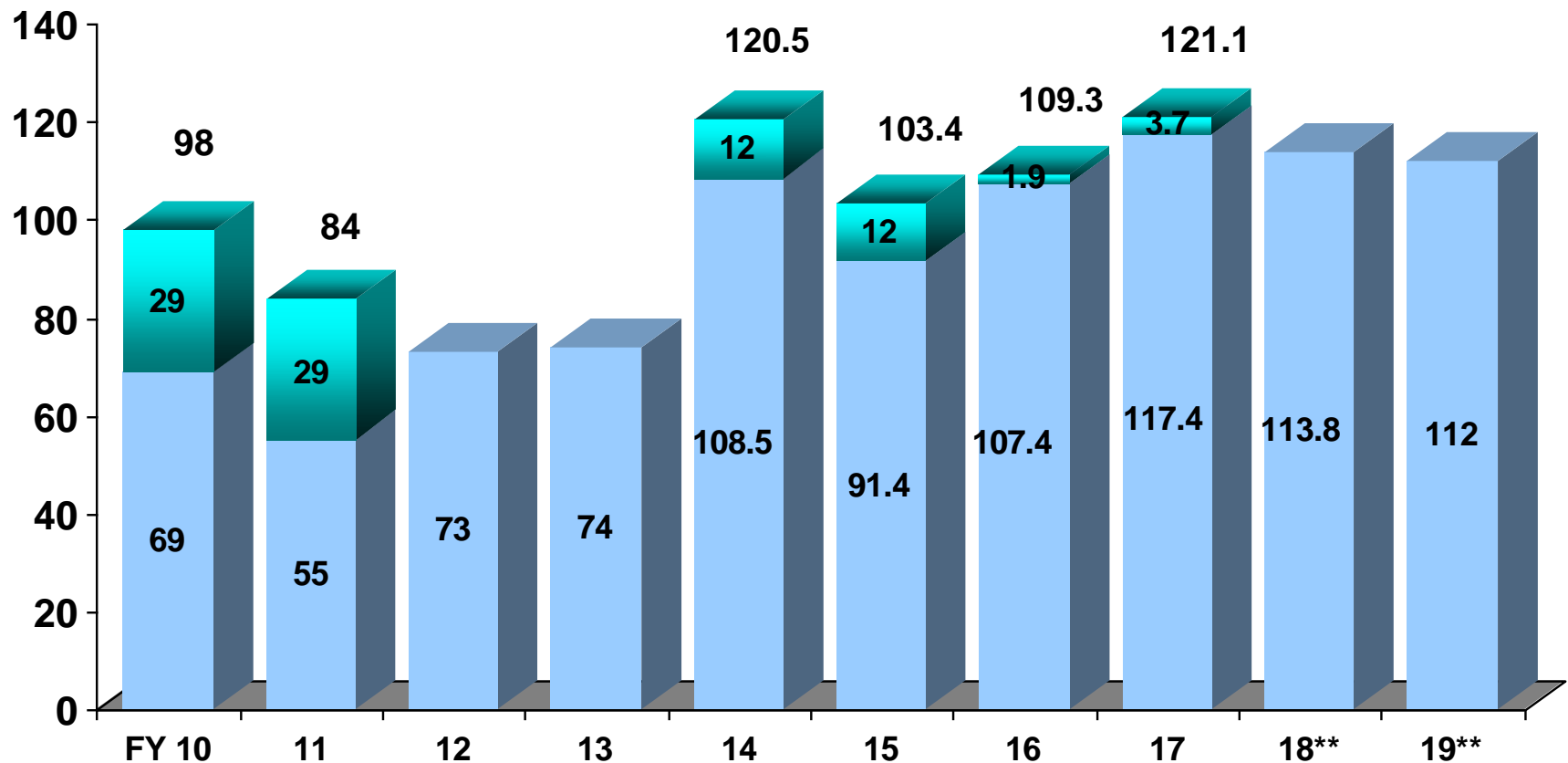
Hawaii Health Systems Corporation General Fund Operating Appropriations*

(DB&F 12/11/16)

\$ millions

■ Base Subsidy

■ Collective Bargaining



*Includes emergency and specific appropriations

**FY 18 and FY 19 reflect the Executive request, less Maui Health System (FY 18 – \$57.5M, FY 19 – \$33.4M)