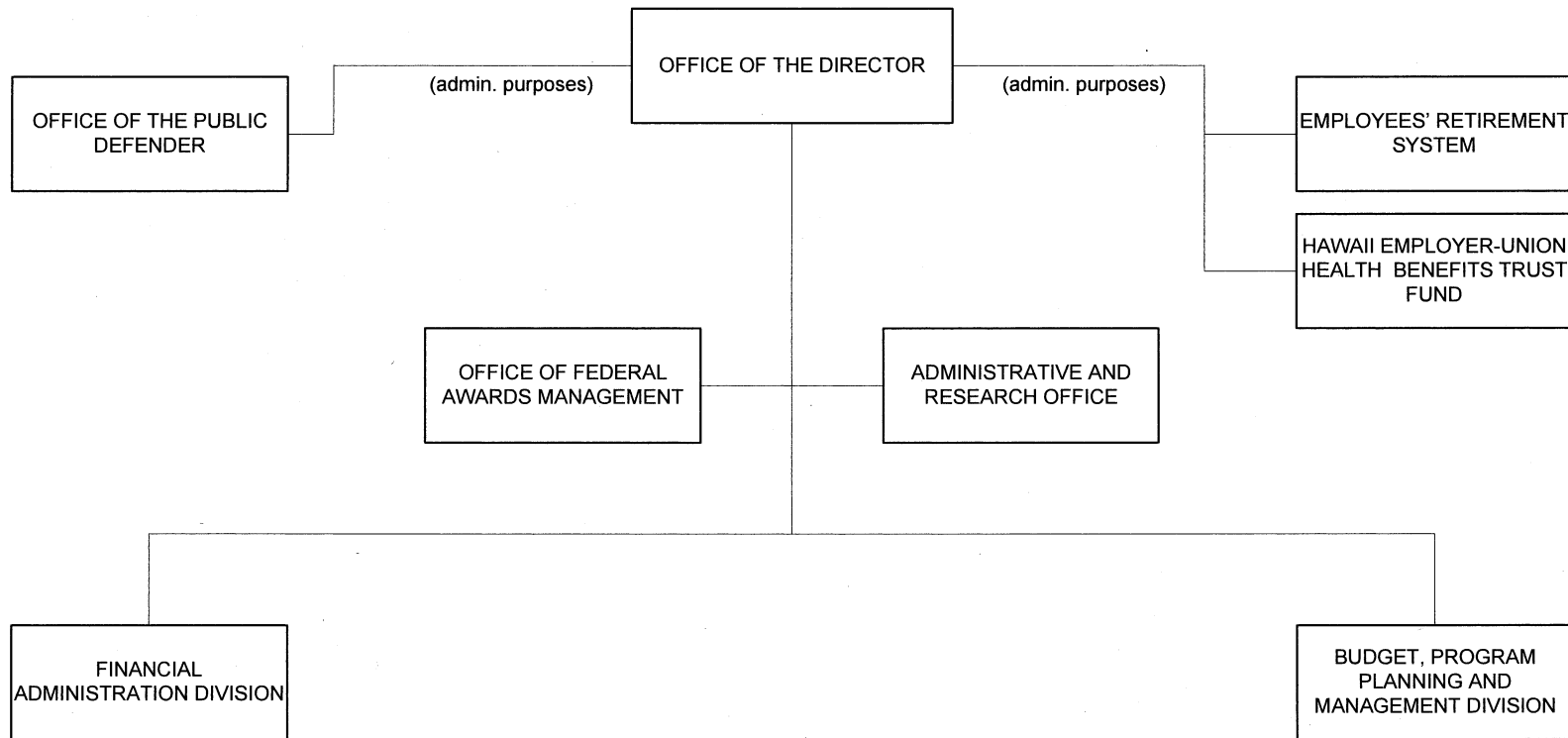




Department of Budget and Finance

STATE OF HAWAII
DEPARTMENT OF BUDGET AND
FINANCE
ORGANIZATION CHART



DEPARTMENT OF BUDGET AND FINANCE

Department Summary

Mission Statement

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

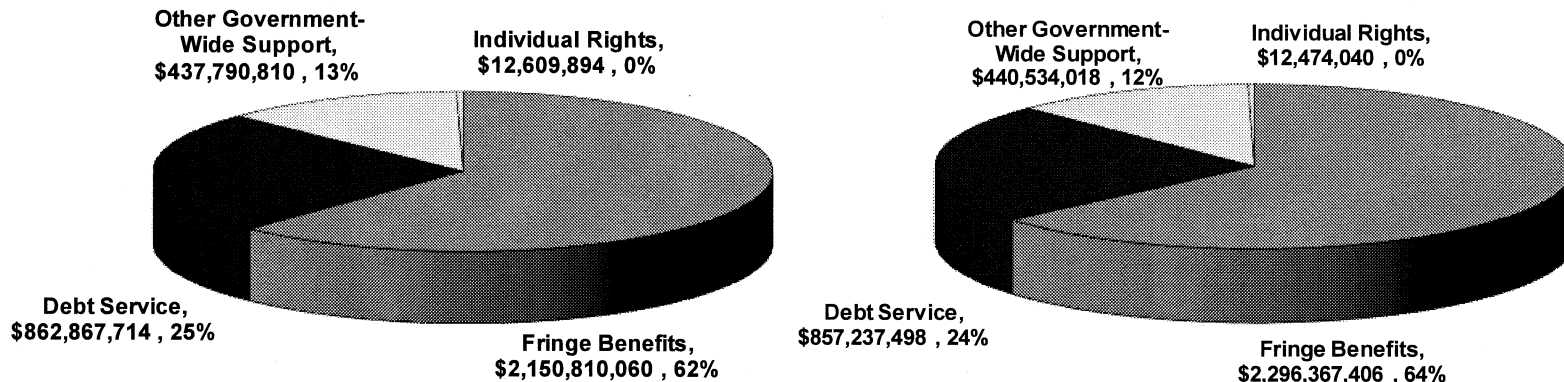
Department Goals

Improve the executive resource allocation process through the following: planning, analysis and recommendation on all phases of program scope and funding; maximizing the value, investment, and use of State funds through planning, policy development, timely scheduling of State bond financing and establishment of appropriate cash management controls and procedures; administering retirement and survivor benefits for State and County members and prudently managing the return on investments; administering health and life insurance benefits for eligible active and retired State and County public employees and their dependents by providing quality services and complying with federal and State legal requirements; and safeguarding the rights of indigent individuals in need of assistance in criminal and related cases by providing statutorily entitled and effective legal representation.

Significant Measures of Effectiveness

	<u>FY 2020</u>	<u>FY 2021</u>
1. Percentage of recommendations on departments' requests completed by due date	90%	90%
2. Average annual rate of return on State treasury investments	1.50%	1.50%

FB 2019-2021 Operating Budget by Major Program Area



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 Payments – State
BUF 761	Health Premium Payments – State

BUF 762	Health Premium Payments – ARC
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Formal Education

BUF 725	Debt Service Payments – DOE
BUF 728	Debt Service Payments – UH
BUF 745	Retirement Benefits Payments – DOE
BUF 748	Retirement Benefits Payments – 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 2020	Budget Base FY 2021	FY 2020	FY 2021
Funding Sources:	Perm Positions	201.50	201.50	201.50	201.50
	Temp Positions	-	-	-	-
General Funds	\$	2,731,490,816	2,731,490,816	3,039,186,949	3,178,978,225
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Special Funds	\$	-	-	363,944,000	377,575,000
	Perm Positions	68.00	68.00	69.00	69.00
	Temp Positions	-	-	3.00	3.00
Trust Funds	\$	19,618,847	19,618,847	29,996,392	20,513,570
	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
Interdepartmental Transfers	\$	10,865,887	10,865,887	10,865,887	10,865,887
	Perm Positions	108.00	108.00	111.00	111.00
	Temp Positions	-	-	2.00	2.00
Other Funds	\$	16,688,023	16,723,023	20,085,250	18,680,280
		377.50	377.50	381.50	381.50
		-	-	5.00	5.00
Total Requirements		2,778,663,573	2,778,698,573	3,464,078,478	3,606,612,962

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

1. Increases debt service payments by \$67,847,411 in FY 20 and \$62,217,195 in FY 21.
2. Increases retirement benefits payments by \$161,031,051 in FY 20 and \$267,248,138 in FY 21.
3. Increases health premium payments for active employees by \$51,020,981 in FY 20 and \$57,340,240 in FY 21.
4. Transfers \$787,110,000 from BUF 761 (\$572,862,826), BUF 765 (\$159,841,460), and BUF 768 (\$54,405,714) into BUF 762 in FY 20 and FY 21 and adds an additional \$27,549,000 in FY 20 and \$60,570,000 in FY 21 to BUF 762 to create a new Program ID to fund Annual Required Contribution (ARC) payments for retirees and OPEB pre-funding separately from payments for active employees.
5. Adds 3.00 temporary positions and \$9,956,000 in trust funds in FY 20 and \$367,167 in trust funds FY 21 for EUTF to implement and maintain a new benefits administration system.
6. Adds \$2,824,388 in other funds in FY 20 and \$1,153,800 in other funds in FY 21 to facilitate migration of the Employee Retirement System's pension and accounting systems to the cloud.
7. Adds \$363,944,000 in special funds in FY 20 and \$377,575,000 in special funds in FY 21 to provide ceiling for the Mass Transit Special Fund authorized by Act 1, SSLH 2017.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:
PROGRAM STRUCTURE NO:
PROGRAM TITLE:

DEPARTMENT OF BUDGET AND FINANCE

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	373.50*	377.50*	381.50*	381.50*	381.5*	381.5*	381.5*	381.5*
	2.00**	0.00**	5.00**	5.00**	2.0**	2.0**	0.0**	0.0**
PERSONAL SERVICES	41,396,006	41,796,684	44,084,915	44,621,624	44,383	44,383	44,177	44,177
OTHER CURRENT EXPENSES	2,593,604,031	2,736,936,322	3,417,820,463	3,561,841,038	3,716,084	3,858,335	3,992,048	4,099,749
EQUIPMENT	1,310,150	386,900	2,173,100	150,300	122	151	122	150
TOTAL OPERATING COST	2,636,310,187	2,779,119,906	3,464,078,478	3,606,612,962	3,760,589	3,902,869	4,036,347	4,144,076
BY MEANS OF FINANCING								
	198.50*	201.50*	201.50*	201.50*	201.5*	201.5*	201.5*	201.5*
	2.00**	**	**	**	**	**	**	**
GENERAL FUND	2,588,691,812	2,730,782,933	3,039,186,949	3,178,978,225	3,320,293	3,448,892	3,569,149	3,662,060
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	93,444		363,944,000	377,575,000	390,860	404,488	417,529	432,683
	67.00*	68.00*	69.00*	69.00*	69.0*	69.0*	69.0*	69.0*
	**	**	3.00**	3.00**	**	**	**	**
TRUST FUNDS	19,268,763	19,461,208	29,996,392	20,513,570	20,275	20,275	20,275	20,275
	1.00*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	10,976,561	10,865,887	10,865,887	10,865,887	10,866	10,866	10,866	10,866
	107.00*	108.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
	**	**	2.00**	2.00**	2.0**	2.0**	**	**
OTHER FUNDS	17,279,607	18,009,878	20,085,250	18,680,280	18,295	18,348	18,528	18,192
TOTAL PERM POSITIONS	373.50*	377.50*	381.50*	381.50*	381.5*	381.5*	381.5*	381.5*
TOTAL TEMP POSITIONS	2.00**	**	5.00**	5.00**	2.0**	2.0**	**	**
TOTAL PROGRAM COST	2,636,310,187	2,779,119,906	3,464,078,478	3,606,612,962	3,760,589	3,902,869	4,036,347	4,144,076

Department of Budget and Finance
(Capital Improvements Budget)

	<u>FY 2020</u>	<u>FY 2021</u>
Funding Sources:		
General Obligation Bonds	-	-
Federal Funds	-	-
Total Requirements	-	-

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

1. None.

STATE OF HAWAII
 PROGRAM ID:
 PROGRAM STRUCTURE NO:
 PROGRAM TITLE:

BUF
 DEPARTMENT OF BUDGET AND FINANCE

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

REPORT B78
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PROJECT NUMBER	PRIORITY NUMBER	LOC NUMBER	SCOPE NUMBER	PROJECT TITLE	PROJECT TOTAL	PRIOR YRS	BUDGET PERIOD					SUCCEED YEARS	
							FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22		FY 22-23
				CONSTRUCTION	1,601,797	1,601,797							
				TOTAL	1,601,797	1,601,797							
				G.O. BONDS	1,601,797	1,601,797							



Operating Budget Details

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	1,272,334,058	1,327,069,631	1,275,936,518	1,345,604,647	1,409,495	1,464,094	1,513,426	1,547,191
TOTAL OPERATING COST	1,272,334,058	1,327,069,631	1,275,936,518	1,345,604,647	1,409,495	1,464,094	1,513,426	1,547,191
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	1,272,334,058	1,327,069,631	1,275,936,518	1,345,604,647	1,409,495	1,464,094	1,513,426	1,547,191
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	1,272,334,058	1,327,069,631	1,275,936,518	1,345,604,647	1,409,495	1,464,094	1,513,426	1,547,191

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	906,548,589	945,642,569	906,364,610	956,022,303	1,003,027	1,042,362	1,077,843	1,101,953
TOTAL OPERATING COST	906,548,589	945,642,569	906,364,610	956,022,303	1,003,027	1,042,362	1,077,843	1,101,953
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	906,548,589	945,642,569	906,364,610	956,022,303	1,003,027	1,042,362	1,077,843	1,101,953
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	906,548,589	945,642,569	906,364,610	956,022,303	1,003,027	1,042,362	1,077,843	1,101,953

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	906,548,589	945,642,569	906,364,610	956,022,303	1,003,027	1,042,362	1,077,843	1,101,953
TOTAL OPERATING COST	906,548,589	945,642,569	906,364,610	956,022,303	1,003,027	1,042,362	1,077,843	1,101,953
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	906,548,589	945,642,569	906,364,610	956,022,303	1,003,027	1,042,362	1,077,843	1,101,953
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	906,548,589	945,642,569	906,364,610	956,022,303	1,003,027	1,042,362	1,077,843	1,101,953

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	333,274,304	354,408,234	422,894,279	471,930,022	485,346	495,053	504,954	515,053
TOTAL OPERATING COST	333,274,304	354,408,234	422,894,279	471,930,022	485,346	495,053	504,954	515,053
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	333,274,304	354,408,234	422,894,279	471,930,022	485,346	495,053	504,954	515,053
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	333,274,304	354,408,234	422,894,279	471,930,022	485,346	495,053	504,954	515,053

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
MEASURES OF EFFECTIVENESS								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
NON-REVENUE RECEIPTS	15,406	16,280	19,771	21,958	22,575	23,027	23,027	23,027
TOTAL PROGRAM REVENUES	15,406	16,280	19,771	21,958	22,575	23,027	23,027	23,027
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	15,406	16,280	19,771	21,958	22,575	23,027	23,027	23,027
TOTAL PROGRAM REVENUES	15,406	16,280	19,771	21,958	22,575	23,027	23,027	23,027

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

Program Plan Narrative

BUF745: RETIREMENT BENEFITS PAYMENTS - DOE

07 01 01 92

A. Statement of Program Objectives

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

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

Total additional employer contribution requirements for pension accumulation and Social Security/Medicare for State employees in the DOE, including Charter Schools, are \$68,486,045 in FY 20, and \$117,521,788 in FY 21.

C. Description of Activities Performed

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

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

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

F. Description of Major External Trends Affecting the Program

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

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

See discussion above for item F.

H. Discussion of Program Revenues

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

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	281,376,552	276,962,809	142,378,724	145,226,298	148,131	151,093	154,115	157,198
TOTAL OPERATING COST	281,376,552	276,962,809	142,378,724	145,226,298	148,131	151,093	154,115	157,198
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	281,376,552	276,962,809	142,378,724	145,226,298	148,131	151,093	154,115	157,198
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	281,376,552	276,962,809	142,378,724	145,226,298	148,131	151,093	154,115	157,198

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
MEASURES OF EFFECTIVENESS								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
CHARGES FOR CURRENT SERVICES	10,683	10,744	12,276	12,946	13,694	14,506	14,506	14,506
TOTAL PROGRAM REVENUES	10,683	10,744	12,276	12,946	13,694	14,506	14,506	14,506
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	10,683	10,744	12,276	12,946	13,694	14,506	14,506	14,506
TOTAL PROGRAM REVENUES	10,683	10,744	12,276	12,946	13,694	14,506	14,506	14,506

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

Program Plan Narrative

BUF765: HEALTH PREMIUM PAYMENTS - DOE

07 01 01 94

A. Statement of Program Objectives

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

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

Total adjustments to employer contribution requirements health benefit premiums for State employees in the DOE, including Charter Schools, are decreases of \$134,584,085 in FY 20 and \$131,736,511 in FY 21.

The net adjustments reflect increases of \$25,257,375 in FY 20 and \$28,104,949 in FY 21 for active employees and a decrease of \$159,841,460 in FY20 and FY21 to transfer out funds for retirees to create a separate Annual Required Contribution (ARC) Program ID.

C. Description of Activities Performed

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

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

None.

F. Description of Major External Trends Affecting the Program

Escalating health care costs is a national issue impacted by a multitude of factors. The establishment in 2001 of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) was intended to control rising costs by giving the Board of Trustees full flexibility in the plan designs, limitation of future expenditures for retiree benefits, and setting of employer contributions for active employees at a fixed dollar amount.

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

None.

H. Discussion of Program Revenues

None.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	291,897,733	314,271,526	341,091,607	338,865,983	369,550	396,216	418,774	429,702
TOTAL OPERATING COST	291,897,733	314,271,526	341,091,607	338,865,983	369,550	396,216	418,774	429,702
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	291,897,733	314,271,526	341,091,607	338,865,983	369,550	396,216	418,774	429,702
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	291,897,733	314,271,526	341,091,607	338,865,983	369,550	396,216	418,774	429,702

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

	FY	FY	FY	FY	FY	FY	FY	FY
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25

MEASURES OF EFFECTIVENESS

1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM

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

Program Plan Narrative

BUF725: DEBT SERVICE PAYMENTS - DOE

07 01 01 96

A. Statement of Program Objectives

To provide funds for debt service to support the Department of Education's capital improvement program.

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

The request reflects an increase of \$26,820,081 (principal increase of \$11,839,235 and interest increase of \$14,980,846) in debt service costs in FY 20, an increase of \$24,594,457 (principal decrease of 5,107,276 and interest increase of \$29,701,733) in debt service costs in FY 21 over the established FY 19 budget ceiling. Increased debt service requirements are to provide funding for debt service for the DOE and are based on projections updated July 2018 (Currently Authorized in State Bond Bill - HB 1604 SD1 CD1, SLH2018). Assumption: projected interest rate of 5.75% and bond sales of \$980 million in FY 19, \$1.02 billion in FY 20, \$1.05 billion in FY 21, \$1.00 billion in FY 22, and \$650 million in FY 23.

C. Description of Activities Performed

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

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

None.

F. Description of Major External Trends Affecting the Program

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

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

None.

H. Discussion of Program Revenues

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

I. Summary of Analysis Performed

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

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	365,785,469	381,427,062	369,571,908	389,582,344	406,468	421,732	435,583	445,238
TOTAL OPERATING COST	365,785,469	381,427,062	369,571,908	389,582,344	406,468	421,732	435,583	445,238
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	365,785,469	381,427,062	369,571,908	389,582,344	406,468	421,732	435,583	445,238
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	365,785,469	381,427,062	369,571,908	389,582,344	406,468	421,732	435,583	445,238

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	365,785,469	381,427,062	369,571,908	389,582,344	406,468	421,732	435,583	445,238
TOTAL OPERATING COST	365,785,469	381,427,062	369,571,908	389,582,344	406,468	421,732	435,583	445,238
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	365,785,469	381,427,062	369,571,908	389,582,344	406,468	421,732	435,583	445,238
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	365,785,469	381,427,062	369,571,908	389,582,344	406,468	421,732	435,583	445,238

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	153,287,636	162,857,166	189,431,048	209,187,118	213,617	217,890	222,248	226,692
TOTAL OPERATING COST	153,287,636	162,857,166	189,431,048	209,187,118	213,617	217,890	222,248	226,692
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	153,287,636	162,857,166	189,431,048	209,187,118	213,617	217,890	222,248	226,692
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	153,287,636	162,857,166	189,431,048	209,187,118	213,617	217,890	222,248	226,692

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
MEASURES OF EFFECTIVENESS								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
NON-REVENUE RECEIPTS	28,697	30,380	36,675	40,416	41,272	42,098	42,098	42,098
TOTAL PROGRAM REVENUES	28,697	30,380	36,675	40,416	41,272	42,098	42,098	42,098
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	28,697	30,380	36,675	40,416	41,272	42,098	42,098	42,098
TOTAL PROGRAM REVENUES	28,697	30,380	36,675	40,416	41,272	42,098	42,098	42,098

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

Program Plan Narrative

BUF748: RETIREMENT BENEFITS PAYMENTS - UH

07 03 08 92

A. Statement of Program Objectives

To provide funds for retirement benefits payments to support University of Hawaii (UH) personnel.

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

Total additional employer contribution requirements for pension accumulation and Social Security/Medicare for State employees of UH are \$26,573,882 in FY 20 and \$46,329,952 in FY 21.

C. Description of Activities Performed

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

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

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

F. Description of Major External Trends Affecting the Program

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

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

See discussion above for item F.

H. Discussion of Program Revenues

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

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	104,466,873	102,258,425	53,903,313	54,981,380	56,081	57,203	58,347	59,514
TOTAL OPERATING COST	104,466,873	102,258,425	53,903,313	54,981,380	56,081	57,203	58,347	59,514
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	104,466,873	102,258,425	53,903,313	54,981,380	56,081	57,203	58,347	59,514
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	104,466,873	102,258,425	53,903,313	54,981,380	56,081	57,203	58,347	59,514

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
MEASURES OF EFFECTIVENESS								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
CHARGES FOR CURRENT SERVICES	21,107	21,368	24,050	25,351	26,802	28,377	28,377	28,377
TOTAL PROGRAM REVENUES	21,107	21,368	24,050	25,351	26,802	28,377	28,377	28,377
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	21,107	21,368	24,050	25,351	26,802	28,377	28,377	28,377
TOTAL PROGRAM REVENUES	21,107	21,368	24,050	25,351	26,802	28,377	28,377	28,377

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

Program Plan Narrative

BUF768: HEALTH PREMIUM PAYMENTS - UH

07 03 08 94

A. Statement of Program Objectives

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

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

Total adjustments to employer contribution requirements for health benefit premiums for State employees of UH are decreases of \$48,355,112 in FY 20 and \$47,277,045 in FY 21.

The net adjustments reflect increases of \$6,050,602 in FY20 and \$7,128,669 in FY21 for active employees and a decrease of \$54,405,714 in FY 20 and FY 21 to transfer out funds for retirees to create a separate Annual Required Contribution (ARC) Program ID.

C. Description of Activities Performed

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

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

None.

F. Description of Major External Trends Affecting the Program

Escalating health care costs is a national issue impacted by a multitude of factors. The establishment in 2001 of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) was intended to control rising costs by giving the Board of Trustees full flexibility in the plan designs, limitation of future expenditures for retiree benefits, and setting of employer contributions for active employees at a fixed dollar amount.

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

None.

H. Discussion of Program Revenues

None.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	108,030,960	116,311,471	126,237,547	125,413,846	136,770	146,639	154,988	159,032
TOTAL OPERATING COST	108,030,960	116,311,471	126,237,547	125,413,846	136,770	146,639	154,988	159,032
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	108,030,960	116,311,471	126,237,547	125,413,846	136,770	146,639	154,988	159,032
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	108,030,960	116,311,471	126,237,547	125,413,846	136,770	146,639	154,988	159,032

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

	FY	FY	FY	FY	FY	FY	FY	FY
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25

MEASURES OF EFFECTIVENESS

1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM

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

Program Plan Narrative

BUF728: DEBT SERVICE PAYMENTS - UH

07 03 08 96

A. Statement of Program Objectives

To provide funds for debt service to support the University of Hawaii's (UH) capital improvement program.

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

The request reflects an increase of \$9,926,076 (principal increase of \$4,381,685.00 and interest increase of \$5,544,391) in debt service costs in FY 20, an increase of \$9,102,375 (principal decrease of 1,890,196 and interest increase of \$10,992,571) in debt service costs in FY 21 over the established FY 19 budget ceiling. Increased debt service requirements are to provide funding for debt service for the UH and are based on projections updated July 2018 (Currently Authorized in State Bond Bill - HB 1604 SD1 CD1, SLH 2018). Assumption: projected interest rate of 5.75% and bond sales of \$980 million in FY 19, \$1.02 billion in FY 20, \$1.05 billion in FY 21, \$1.00 billion in FY 22, and \$650 million in FY 23.

C. Description of Activities Performed

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

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

None.

F. Description of Major External Trends Affecting the Program

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

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

None.

H. Discussion of Program Revenues

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

I. Summary of Analysis Performed

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

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	137.50*	139.50*	139.50*	139.50*	139.5*	139.5*	139.5*	139.5*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	11,122,269	11,194,989	11,727,990	11,727,990	11,728	11,728	11,728	11,728
OTHER CURRENT EXPENSES	702,774	706,934	881,904	746,050	746	746	746	746
TOTAL OPERATING COST	11,825,043	11,901,923	12,609,894	12,474,040	12,474	12,474	12,474	12,474
BY MEANS OF FINANCING								
	137.50*	139.50*	139.50*	139.50*	139.5*	139.5*	139.5*	139.5*
	**	**	**	**	**	**	**	**
GENERAL FUND	11,825,043	11,901,923	12,609,894	12,474,040	12,474	12,474	12,474	12,474
TOTAL PERM POSITIONS	137.50*	139.50*	139.50*	139.50*	139.5*	139.5*	139.5*	139.5*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	11,825,043	11,901,923	12,609,894	12,474,040	12,474	12,474	12,474	12,474

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID: .
 PROGRAM STRUCTURE NO: **1003**
 PROGRAM TITLE: **LEGAL & JUDICIAL PROTECTION OF RIGHTS**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	137.50*	139.50*	139.50*	139.50*	139.5*	139.5*	139.5*	139.5*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	11,122,269	11,194,989	11,727,990	11,727,990	11,728	11,728	11,728	11,728
OTHER CURRENT EXPENSES	702,774	706,934	881,904	746,050	746	746	746	746
TOTAL OPERATING COST	11,825,043	11,901,923	12,609,894	12,474,040	12,474	12,474	12,474	12,474
BY MEANS OF FINANCING								
	137.50*	139.50*	139.50*	139.50*	139.5*	139.5*	139.5*	139.5*
	**	**	**	**	**	**	**	**
GENERAL FUND	11,825,043	11,901,923	12,609,894	12,474,040	12,474	12,474	12,474	12,474
TOTAL PERM POSITIONS	137.50*	139.50*	139.50*	139.50*	139.5*	139.5*	139.5*	139.5*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	11,825,043	11,901,923	12,609,894	12,474,040	12,474	12,474	12,474	12,474

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	137.50*	139.50*	139.50*	139.50*	139.5*	139.5*	139.5*	139.5*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	11,122,269	11,194,989	11,727,990	11,727,990	11,728	11,728	11,728	11,728
OTHER CURRENT EXPENSES	702,774	706,934	881,904	746,050	746	746	746	746
TOTAL OPERATING COST	11,825,043	11,901,923	12,609,894	12,474,040	12,474	12,474	12,474	12,474
BY MEANS OF FINANCING	137.50*	139.50*	139.50*	139.50*	139.5*	139.5*	139.5*	139.5*
	**	**	**	**	**	**	**	**
GENERAL FUND	11,825,043	11,901,923	12,609,894	12,474,040	12,474	12,474	12,474	12,474
TOTAL PERM POSITIONS	137.50*	139.50*	139.50*	139.50*	139.5*	139.5*	139.5*	139.5*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	11,825,043	11,901,923	12,609,894	12,474,040	12,474	12,474	12,474	12,474

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
MEASURES OF EFFECTIVENESS								
1. % ATTORNY CASELDS EXCEED NATL STD FOR FELONY CASES	0	0	0	0	0	0	0	0
2. % ATTRNY CASELDS EXCEED NATL STD FOR MISDMNR CASES	481	481	481	481	481	481	481	481
3. % ATTORNY CASELDS EXCEED NATL STD FOR FAMILY COURT	197	197	197	197	197	197	197	197
4. % ATTRNY CASELDS EXCEED NATL STD FOR APPEALS CASES	5	5	5	5	5	5	5	5
5. ANNL # TRNG HRS COMPL BY PROF STAFF AS % PLNND HRS	90	90	90	90	90	90	90	90
PROGRAM TARGET GROUPS								
1. INDIGENTS REQUIRING SERVICES FOR FELONY CASES	6134	6134	6134	6134	6134	6134	6134	6134
2. INDIGENTS REQUIRING SERVICES FOR MISDEMEANOR CASES	41855	41855	41855	41855	41855	41855	41855	41855
3. INDIGENTS REQUIRING SERVICES FOR APPEALS CASES	157	157	157	157	157	157	157	157
4. INDIGENTS REQUIRING SVCS FOR MENTAL COMMITMENT CASES	265	265	265	265	265	265	265	265
5. INDIGENTS REQUIRING SERVICES FOR FAMILY COURT CASES	8698	8698	8698	8698	8698	8698	8698	8698
6. INDIGENTS REQUIRING SERVICES FOR PRISON CASES	2469	2469	2469	2469	2469	2469	2469	2469
PROGRAM ACTIVITIES								
1. CASES ACCEPTED - FELONY	5495	5495	5495	5495	5495	5495	5495	5495
2. CASES ACCEPTED - MISDEMEANOR	40449	40449	40449	40449	40449	40449	40449	40449
3. CASES ACCEPTED - FAMILY COURT	7214	7214	7214	7214	7214	7214	7214	7214
4. CASES ACCEPTED - APPEAL	157	157	157	157	157	157	157	157
5. CASES ACCEPTED - MENTAL COMMITMENT	265	265	265	265	265	265	265	265

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

Program Plan Narrative

BUF151: OFFICE OF THE PUBLIC DEFENDER

10 03 01

A. Statement of Program Objectives

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

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

Request for \$76,778 general funds in FY 20 and \$14,756 in general funds in FY 21 for relocation costs of the Office of the Public Defender's (OPD)Kona Branch.

Request for \$73,080 in general funds in FY 20 and FY 21 to provide full-year funding for the two Deputy Public Defender IIs which were authorized in the budget in FY 19.

Request \$97,832 in general funds in FY 20 and \$24,000 in general funds in FY 21 for procurement of a dedicated case management software to optimize workflow and provide real-time analytics.

C. Description of Activities Performed

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

- Custodial interrogations and lineups
- Preliminary hearings
- Arraignments
- Pretrial release and bail hearings
- Pretrial motions proceedings
- Pretrial investigations

- Trial proceedings
- Sentencing proceedings
- Minimum term and parole hearings
- Appellate and post-conviction proceedings
- Bench warrant, extradition and material witness proceedings
- Family Court juvenile and adult proceedings
- Order to Show Cause proceedings in spouse abuse and other contempt matters in the Family Courts
- Involuntary commitment and out-patient proceedings
- Legal advisement of persons in police custody and members of the public

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

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

Program Plan Narrative

BUF151: OFFICE OF THE PUBLIC DEFENDER

10 03 01

F. Description of Major External Trends Affecting the Program

The Office of the Public Defender is constitutionally mandated to provide legal assistance to all indigent accused persons requesting representation in misdemeanor, family and felony cases. Staffing requirements for the Office of the Public Defender is dependent not only upon the sheer volume of cases handled by the Office, but is also directly related to administrative changes by the Judiciary. When the Judiciary expands by the addition of judges or the addition of court days, workload for the Office increases. The Judiciary continues to make organizational changes in its effort to process greater numbers of criminal prosecutions in a reduced time period; this in turn has continued to significantly impact the Office. Workload is also impacted by changes in the law increasing the need for representation (i.e., mandatory sentencing laws, sex offender registry). Increase in clerical staffing requirements on Oahu and the neighbor islands are currently required to fulfill the statutory mandate of the Office of the Public Defender.

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

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

H. Discussion of Program Revenues

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

This reimbursement process is employed in those very rare instances where a defendant has subsequent ability to pay for counsel. Additionally, consideration has been given to requiring some contribution from all but the most impecunious of clients. It is believed that this would require costs of collection and accounting that would far outweigh the benefit.

I. Summary of Analysis Performed

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

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	236.00*	238.00*	242.00*	242.00*	242.0*	242.0*	242.0*	242.0*
	2.00**	0.00**	5.00**	5.00**	2.0**	2.0**	0.0**	0.0**
PERSONAL SERVICES	30,273,737	30,601,695	32,356,925	32,893,634	32,655	32,655	32,449	32,449
OTHER CURRENT EXPENSES	1,320,567,199	1,409,159,757	2,141,002,041	2,215,490,341	2,305,843	2,393,495	2,477,876	2,551,812
EQUIPMENT	1,310,150	386,900	2,173,100	150,300	122	151	122	150
TOTAL OPERATING COST	1,352,151,086	1,440,148,352	2,175,532,066	2,248,534,275	2,338,620	2,426,301	2,510,447	2,584,411
BY MEANS OF FINANCING								
	61.00*	62.00*	62.00*	62.00*	62.0*	62.0*	62.0*	62.0*
	2.00**	**	**	**	**	**	**	**
GENERAL FUND	1,304,532,711	1,391,811,379	1,750,640,537	1,820,899,538	1,898,324	1,972,324	2,043,249	2,102,395
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	93,444		363,944,000	377,575,000	390,860	404,488	417,529	432,683
	67.00*	68.00*	69.00*	69.00*	69.0*	69.0*	69.0*	69.0*
	**	**	3.00**	3.00**	**	**	**	**
TRUST FUNDS	19,268,763	19,461,208	29,996,392	20,513,570	20,275	20,275	20,275	20,275
	1.00*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	10,976,561	10,865,887	10,865,887	10,865,887	10,866	10,866	10,866	10,866
	107.00*	108.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
	**	**	2.00**	2.00**	2.0**	2.0**	**	**
OTHER FUNDS	17,279,607	18,009,878	20,085,250	18,680,280	18,295	18,348	18,528	18,192
TOTAL PERM POSITIONS	236.00*	238.00*	242.00*	242.00*	242.0*	242.0*	242.0*	242.0*
TOTAL TEMP POSITIONS	2.00**	**	5.00**	5.00**	2.0**	2.0**	**	**
TOTAL PROGRAM COST	1,352,151,086	1,440,148,352	2,175,532,066	2,248,534,275	2,338,620	2,426,301	2,510,447	2,584,411

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:
 PROGRAM STRUCTURE NO: **1101**
 PROGRAM TITLE: **EXEC DIRECTN, COORD, & POLICY DEVELOPMENT**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	47.00*	47.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
	2.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	13,427,811	13,358,898	13,550,844	13,550,844	13,551	13,551	13,551	13,551
OTHER CURRENT EXPENSES	38,690,105	8,029,671	371,973,671	385,604,671	398,889	412,517	425,558	440,712
EQUIPMENT	2,250							
TOTAL OPERATING COST	52,120,166	21,388,569	385,524,515	399,155,515	412,440	426,068	439,109	454,263
BY MEANS OF FINANCING								
	47.00*	47.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
	2.00**	**	**	**	**	**	**	**
GENERAL FUND	52,025,867	21,388,569	21,580,515	21,580,515	21,580	21,580	21,580	21,580
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	93,444		363,944,000	377,575,000	390,860	404,488	417,529	432,683
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	855							
TOTAL PERM POSITIONS	47.00*	47.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
TOTAL TEMP POSITIONS	2.00**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	52,120,166	21,388,569	385,524,515	399,155,515	412,440	426,068	439,109	454,263

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	47.00*	47.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
	2.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	13,427,811	13,358,898	13,550,844	13,550,844	13,551	13,551	13,551	13,551
OTHER CURRENT EXPENSES	38,690,105	8,029,671	371,973,671	385,604,671	398,889	412,517	425,558	440,712
EQUIPMENT	2,250							
TOTAL OPERATING COST	52,120,166	21,388,569	385,524,515	399,155,515	412,440	426,068	439,109	454,263
BY MEANS OF FINANCING								
	47.00*	47.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
	2.00**	**	**	**	**	**	**	**
GENERAL FUND	52,025,867	21,388,569	21,580,515	21,580,515	21,580	21,580	21,580	21,580
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	93,444		363,944,000	377,575,000	390,860	404,488	417,529	432,683
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	855							
TOTAL PERM POSITIONS	47.00*	47.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
TOTAL TEMP POSITIONS	2.00**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	52,120,166	21,388,569	385,524,515	399,155,515	412,440	426,068	439,109	454,263

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	47.00*	47.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
	2.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	3,634,367	3,658,898	3,850,844	3,850,844	3,851	3,851	3,851	3,851
OTHER CURRENT EXPENSES	38,690,105	8,029,671	371,973,671	385,604,671	398,889	412,517	425,558	440,712
EQUIPMENT	2,250							
TOTAL OPERATING COST	42,326,722	11,688,569	375,824,515	389,455,515	402,740	416,368	429,409	444,563
BY MEANS OF FINANCING								
	47.00*	47.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
	2.00**	**	**	**	**	**	**	**
GENERAL FUND	42,325,867	11,688,569	11,880,515	11,880,515	11,880	11,880	11,880	11,880
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND			363,944,000	377,575,000	390,860	404,488	417,529	432,683
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	855							
TOTAL PERM POSITIONS	47.00*	47.00*	47.00*	47.00*	47.0*	47.0*	47.0*	47.0*
TOTAL TEMP POSITIONS	2.00**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	42,326,722	11,688,569	375,824,515	389,455,515	402,740	416,368	429,409	444,563

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
MEASURES OF EFFECTIVENESS								
1. % OF RECOMMENDATIONS MADE ON DEPT REQUESTS	0	0	0	0	0	0	00	0
2. % OF VENDOR PAYMENTS MADE WITHIN 30 DAYS	95	95	95	95	95	95	95	95
3. % OF VAR IN EXP FOR FIXED COSTS COMPARE WITH ALLOT	95	95	95	95	95	95	95	95
4. % OF PAYROLL RELATED HRMS TRANSACTION COMPLETED	100	100	100	100	100	100	100	100
5. % OF USER IT TROUBLE SHOOTING REQUESTS RESONDED	100	100	100	100	100	100	100	100
6. % OF PC AND LAN MALFUNCTIONS RESPONDED	100	100	100	100	100	100	100	100
PROGRAM TARGET GROUPS								
1. GOVERNOR AND EXECUTIVE AGENCIES	20	20	20	20	20	20	20	20
2. # OF DEPARTMENTAL DIVISIONS AND ATTACHED AGENCY	7	7	7	7	7	7	7	7
PROGRAM ACTIVITIES								
1. NUMBER OF PROGRAM BUDGET REQUESTS REVIEWED	0	0	0	0	0	0	0	0
2. # OF REFERRALS PROCESSED	265	265	265	265	265	265	265	265
3. # OF LEGISLATIVE PROPOSALS REVIEWED FOR THE GOV	1000	1000	1000	1000	1000	1000	1000	1000
4. # OF BILLS PASSED BY THE LEG REVIEWED FOR THE GOV	200	265	265	265	265	265	265	265
5. AVG # OF DELEGATED CLASSIFICATION ACTIONS	56	56	56	56	56	56	56	56
6. # OF NON-ROUTINE HR CONSULTATIVE SERVICES	400	400	400	400	400	400	400	400
7. NUMBER OF CIP ALLOTMENT REQUESTS REVIEWED	0	0	0	0	0	0	0	0
8. # OF POSITIONS PROVIDING HR SUPPORT	4	4	4	4	4	4	4	4
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
REVENUES FROM THE USE OF MONEY AND PROPERTY	1,934	2,957	2,957	2,957	2,957	2,957	2,957	2,957
REVENUE FROM OTHER AGENCIES: ALL OTHER	58,711							
CHARGES FOR CURRENT SERVICES	54,027	49,757	51,049	51,071	52,169	53,086	54,052	54,052
NON-REVENUE RECEIPTS	3,616	5,080	4,990	4,960	5,000	5,560	5,560	5,560
TOTAL PROGRAM REVENUES	118,288	57,794	58,996	58,988	60,126	61,603	62,569	62,569
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	54,027	49,757	51,049	51,071	52,169	53,086	54,052	54,052
SPECIAL FUNDS	64,261	8,037	7,947	7,917	7,957	8,517	8,517	8,517
TOTAL PROGRAM REVENUES	118,288	57,794	58,996	58,988	60,126	61,603	62,569	62,569

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

Program Plan Narrative

BUF101: DEPARTMENTAL ADMINISTRATION & BUDGET DIV

11 01 03 05

A. Statement of Program Objectives

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

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

Request for special funds of \$363,944,000 in FY 20 and \$377,575,000 in FY 21 to provide ceiling for the Mass Transit Special Fund authorized by Act 1, SSLH 2017.

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

C. Description of Activities Performed

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

8. Develops, designs, and implements government-wide management improvement projects to increase the effectiveness and economical use of management resources.

9. Provides administrative support activities to the department.

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

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

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

F. Description of Major External Trends Affecting the Program

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

When new procedures are necessary to ensure conformance, they must be implemented in a timely manner.

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

Program Plan Narrative

BUF101: DEPARTMENTAL ADMINISTRATION & BUDGET DIV

11 01 03 05

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

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

H. Discussion of Program Revenues

There are no significant direct revenues collected by this program.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID: **BUF102**
 PROGRAM STRUCTURE NO: **11010307**
 PROGRAM TITLE: **COLLECTIVE BARGAINING STATEWIDE**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	0.00*	0.00*	0.00*	0.00*	0.0*	0.0*	0.0*	0.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	93,444							
TOTAL OPERATING COST	93,444	0	0	0	0	0	0	0
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	93,444							
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	93,444							

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<u>MEASURES OF EFFECTIVENESS</u>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
<u>PROGRAM TARGET GROUPS</u>								
1. STATE EXECUTIVE BRANCH AGENCIES	20	20	20	20	20	20	20	20

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

Program Plan Narrative

BUF102: COLLECTIVE BARGAINING STATEWIDE

11 01 03 07

A. Statement of Program Objectives

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

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

No budget requests for the FB 2019-21.

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

C. Description of Activities Performed

Statewide disbursement of funds for collective bargaining.

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

None.

F. Description of Major External Trends Affecting the Program

None.

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

None.

H. Discussion of Program Revenues

None.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	0.00*	0.00*	0.00*	0.00*	0.0*	0.0*	0.0*	0.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	9,700,000	9,700,000	9,700,000	9,700,000	9,700	9,700	9,700	9,700
TOTAL OPERATING COST	9,700,000	9,700,000	9,700,000	9,700,000	9,700	9,700	9,700	9,700
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	9,700,000	9,700,000	9,700,000	9,700,000	9,700	9,700	9,700	9,700
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	9,700,000	9,700,000	9,700,000	9,700,000	9,700	9,700	9,700	9,700

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

FY	FY	FY	FY	FY	FY	FY	FY	FY
2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2024-25

MEASURES OF EFFECTIVENESS

1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM

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

Program Plan Narrative

BUF103: VACATION PAYOUT - STATEWIDE

11 01 03 08

A. Statement of Program Objectives

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

J. Further Considerations

None.

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

No budget requests for the FB 2019-21.

This program is in compliance with Section 37-681A(B), HRS.

C. Description of Activities Performed

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

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

None.

F. Description of Major External Trends Affecting the Program

None.

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

None.

H. Discussion of Program Revenues

None.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	24.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	1,676,328	1,630,793	1,716,936	1,716,936	1,716	1,716	1,716	1,716
OTHER CURRENT EXPENSES	350,674,980	376,620,202	407,721,456	405,140,565	440,723	471,646	497,804	510,476
TOTAL OPERATING COST	352,351,308	378,250,995	409,438,392	406,857,501	442,439	473,362	499,520	512,192
BY MEANS OF FINANCING								
	14.00*	15.00*	15.00*	15.00*	15.0*	15.0*	15.0*	15.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	340,556,797	366,566,303	397,723,213	395,142,322	430,724	461,647	487,805	500,477
	9.00*	9.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	11,684,692	11,684,692	11,715,179	11,715,179	11,715	11,715	11,715	11,715
	1.00*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	109,819							
TOTAL PERM POSITIONS	24.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	352,351,308	378,250,995	409,438,392	406,857,501	442,439	473,362	499,520	512,192

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	24.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	1,676,328	1,630,793	1,716,936	1,716,936	1,716	1,716	1,716	1,716
OTHER CURRENT EXPENSES	350,674,980	376,620,202	407,721,456	405,140,565	440,723	471,646	497,804	510,476
TOTAL OPERATING COST	352,351,308	378,250,995	409,438,392	406,857,501	442,439	473,362	499,520	512,192
BY MEANS OF FINANCING								
	14.00*	15.00*	15.00*	15.00*	15.0*	15.0*	15.0*	15.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	340,556,797	366,566,303	397,723,213	395,142,322	430,724	461,647	487,805	500,477
	9.00*	9.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	11,684,692	11,684,692	11,715,179	11,715,179	11,715	11,715	11,715	11,715
	1.00*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	109,819							
TOTAL PERM POSITIONS	24.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	352,351,308	378,250,995	409,438,392	406,857,501	442,439	473,362	499,520	512,192

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	24.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	1,676,328	1,630,793	1,716,936	1,716,936	1,716	1,716	1,716	1,716
OTHER CURRENT EXPENSES	12,182,896	12,182,896	12,182,896	12,182,896	12,183	12,183	12,183	12,183
TOTAL OPERATING COST	13,859,224	13,813,689	13,899,832	13,899,832	13,899	13,899	13,899	13,899
BY MEANS OF FINANCING	14.00*	15.00*	15.00*	15.00*	15.0*	15.0*	15.0*	15.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	2,064,713	2,128,997	2,184,653	2,184,653	2,184	2,184	2,184	2,184
	9.00*	9.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	11,684,692	11,684,692	11,715,179	11,715,179	11,715	11,715	11,715	11,715
	1.00*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	109,819							
TOTAL PERM POSITIONS	24.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	13,859,224	13,813,689	13,899,832	13,899,832	13,899	13,899	13,899	13,899

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
MEASURES OF EFFECTIVENESS								
1. AV ANN RATE OF RETURN ON STATE TREASURY INVSTMTS	1.23	1.5	1.5	1.5	1.5	1.5	1.5	1.5
2. % TREASURY TRANSACTNS UNRECONCILED AFTER 30 DAYS	31	10	10	10	10	10	10	10
3. % INCR IN NEW UNCLAIMED PROP HOLDER REPTS FILED	8	10	10	10	10	10	10	10
4. % INCR IN UNCLAIMED PROPERTY AMOUNTS REPORTED	19	1	1	1	1	1	1	1
5. % INC IN RETURNS OF UNCLMD PROP TO RIGHTFUL OWNERS	-34	5	5	5	5	5	5	5
PROGRAM TARGET GROUPS								
1. STATE DEPARTMENTS	20	20	20	20	20	20	20	20
2. STATE INVESTMENT ACCOUNTS	8	8	8	8	8	8	8	8
3. STATE FUND INVESTMENTS (\$ MILLIONS)	6700	6800	6800	6800	6800	6800	6800	6800
4. LOCAL AND MAINLAND FINANCIAL INSTITUTIONS	12	14	14	14	14	14	14	14
5. UNCLAIMED PROPERTY HOLDERS	18417	19000	19000	19000	19000	19000	19000	19000
6. OWNERS OF UNCLAIMED PROPERTY	1522000	1600000	1600000	1600000	1600000	1600000	1600000	1600000
PROGRAM ACTIVITIES								
1. NO. OF STATE BOND ISSUES UNDERTAKEN	11	10	10	10	10	10	10	10
2. AMOUNT OF STATE FUNDS MANAGED (IN MILLIONS)	7700	7800	7800	7800	7800	7800	7800	7800
3. NO. OF STATE AGENCY ACCOUNTS SERVICED	365	365	365	365	365	365	365	365
4. NO. OF UNCLAIMED PROPERTY CLAIMS PAID	14140	15000	15000	15000	15000	15000	15000	15000
5. AMOUNT OF UNCLAIMED PROPERTY CLAIMS PAID (000'S)	10878	11000	11000	11000	11000	11000	11000	11000
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
REVENUES FROM THE USE OF MONEY AND PROPERTY	20,921	14,387	12,225	12,058	11,880	11,694	11,500	11,297
REVENUE FROM OTHER AGENCIES: FEDERAL	8,127	7,781	7,384	6,951	6,902	6,902	6,902	6,902
REVENUE FROM OTHER AGENCIES: ALL OTHER	29,806	27,000	27,000	27,000	27,000	27,000	27,000	27,000
NON-REVENUE RECEIPTS	30,744	19,147	19,306	19,474	19,652	19,841	20,033	20,195
TOTAL PROGRAM REVENUES	89,598	68,315	65,915	65,483	65,434	65,437	65,435	65,394
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	59,790	41,313	38,913	38,481	38,432	38,435	38,433	38,392
ALL OTHER FUNDS	29,808	27,002	27,002	27,002	27,002	27,002	27,002	27,002
TOTAL PROGRAM REVENUES	89,598	68,315	65,915	65,483	65,434	65,437	65,435	65,394

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

Program Plan Narrative

BUF115: FINANCIAL ADMINISTRATION

11 02 03 01

A. Statement of Program Objectives

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

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

Request for \$11,968 in trust funds in FY 20 and FY 21 for fringe benefit increases.

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

C. Description of Activities Performed

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

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

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

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

D. Statement of Key Policies Pursued

Manage State funds based on criteria of safety, liquidity, and yield to ensure payment of State obligations in a timely manner. Invest funds consistent with the administration's policy which provides that in cases where State monies are in excess of the amount necessary to meet immediate requirements, and where action will not impede or hamper the

financial operation of the State, such monies shall be invested in the type of investments permitted under Chapter 36, Hawaii Revised Statutes (HRS), as amended. Section 40-7, HRS, requires an annual count of moneys and securities in the State Treasury.

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

E. Identification of Important Program Relationships

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

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

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

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

Program Plan Narrative

BUF115: FINANCIAL ADMINISTRATION

11 02 03 01

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

F. Description of Major External Trends Affecting the Program

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

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

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

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

None.

H. Discussion of Program Revenues

Major program revenues are derived from the following sources:

a. Interest earned on interest bearing demand accounts.

b. Interest earned on authorized investments of funds deposited in the State treasury.

c. Payments from State agencies for the reimbursement of interest and principal on reimbursable general obligation bonds.

d. Collections from properties presumed abandoned.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	338,492,084	364,437,306	395,538,560	392,957,669	428,540	459,463	485,621	498,293
TOTAL OPERATING COST	338,492,084	364,437,306	395,538,560	392,957,669	428,540	459,463	485,621	498,293
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	338,492,084	364,437,306	395,538,560	392,957,669	428,540	459,463	485,621	498,293
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	338,492,084	364,437,306	395,538,560	392,957,669	428,540	459,463	485,621	498,293

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

	FY	FY	FY	FY	FY	FY	FY	FY	FY
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	

MEASURES OF EFFECTIVENESS

1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM

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

Program Plan Narrative

BUF721: DEBT SERVICE PAYMENTS - STATE

11 02 03 03

A. Statement of Program Objectives

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

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

The request reflects an increase of \$31,101,254 (principal increase of \$13,729,080 and interest increase of \$17,372,174) in debt service costs in FY 20; and an increase of \$28,520,363 (principal decrease of \$5,922,528 and interest increase of \$34,442,891) in debt service costs in FY 21 over the established FY 19 budget ceiling. Increased debt service requirements are to provide funding for debt service for the State (except the DOE and UH) and are based on projections updated July 2018 (Currently Authorized in State Bond Bill - HB 1604 SD1 CD1, SLH2018).

Assumption: projected interest rate of 5.75% and bond sales of \$980 million in FY 19, \$1.02 billion in FY 20, \$1.05 billion in FY 21, \$1.00 billion in FY 22, and \$650 million in FY 23.

C. Description of Activities Performed

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

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

None.

F. Description of Major External Trends Affecting the Program

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

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

None.

H. Discussion of Program Revenues

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

I. Summary of Analysis Performed

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

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	165.00*	167.00*	171.00*	171.00*	171.0*	171.0*	171.0*	171.0*
	0.00**	0.00**	5.00**	5.00**	2.0**	2.0**	0.0**	0.0**
PERSONAL SERVICES	15,169,598	15,612,004	17,089,145	17,625,854	17,388	17,388	17,182	17,182
OTHER CURRENT EXPENSES	931,202,114	1,024,509,884	1,361,306,914	1,424,745,105	1,466,231	1,509,332	1,554,514	1,600,624
EQUIPMENT	1,307,900	386,900	2,173,100	150,300	122	151	122	150
TOTAL OPERATING COST	947,679,612	1,040,508,788	1,380,569,159	1,442,521,259	1,483,741	1,526,871	1,571,818	1,617,956
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	911,950,047	1,003,856,507	1,331,336,809	1,404,176,701	1,446,020	1,489,097	1,533,864	1,580,338
	58.00*	59.00*	60.00*	60.00*	60.0*	60.0*	60.0*	60.0*
	**	**	3.00**	3.00**	**	**	**	**
TRUST FUNDS	7,584,071	7,776,516	18,281,213	8,798,391	8,560	8,560	8,560	8,560
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	10,865,887	10,865,887	10,865,887	10,865,887	10,866	10,866	10,866	10,866
	107.00*	108.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
	**	**	2.00**	2.00**	2.0**	2.0**	**	**
OTHER FUNDS	17,279,607	18,009,878	20,085,250	18,680,280	18,295	18,348	18,528	18,192
TOTAL PERM POSITIONS	165.00*	167.00*	171.00*	171.00*	171.0*	171.0*	171.0*	171.0*
TOTAL TEMP POSITIONS	**	**	5.00**	5.00**	2.0**	2.0**	**	**
TOTAL PROGRAM COST	947,679,612	1,040,508,788	1,380,569,159	1,442,521,259	1,483,741	1,526,871	1,571,818	1,617,956

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	165.00*	167.00*	171.00*	171.00*	171.0*	171.0*	171.0*	171.0*
	0.00**	0.00**	5.00**	5.00**	2.0**	2.0**	0.0**	0.0**
PERSONAL SERVICES	15,169,598	15,612,004	17,089,145	17,625,854	17,388	17,388	17,182	17,182
OTHER CURRENT EXPENSES	931,202,114	1,024,509,884	1,361,306,914	1,424,745,105	1,466,231	1,509,332	1,554,514	1,600,624
EQUIPMENT	1,307,900	386,900	2,173,100	150,300	122	151	122	150
TOTAL OPERATING COST	947,679,612	1,040,508,788	1,380,569,159	1,442,521,259	1,483,741	1,526,871	1,571,818	1,617,956
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	911,950,047	1,003,856,507	1,331,336,809	1,404,176,701	1,446,020	1,489,097	1,533,864	1,580,338
	58.00*	59.00*	60.00*	60.00*	60.0*	60.0*	60.0*	60.0*
	**	**	3.00**	3.00**	**	**	**	**
TRUST FUNDS	7,584,071	7,776,516	18,281,213	8,798,391	8,560	8,560	8,560	8,560
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	10,865,887	10,865,887	10,865,887	10,865,887	10,866	10,866	10,866	10,866
	107.00*	108.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
	**	**	2.00**	2.00**	2.0**	2.0**	**	**
OTHER FUNDS	17,279,607	18,009,878	20,085,250	18,680,280	18,295	18,348	18,528	18,192
TOTAL PERM POSITIONS	165.00*	167.00*	171.00*	171.00*	171.0*	171.0*	171.0*	171.0*
TOTAL TEMP POSITIONS	**	**	5.00**	5.00**	2.0**	2.0**	**	**
TOTAL PROGRAM COST	947,679,612	1,040,508,788	1,380,569,159	1,442,521,259	1,483,741	1,526,871	1,571,818	1,617,956

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	107.00*	108.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
	0.00**	0.00**	2.00**	2.00**	2.0**	2.0**	0.0**	0.0**
PERSONAL SERVICES	10,752,497	11,002,818	11,812,442	12,121,920	12,122	12,122	11,916	11,916
OTHER CURRENT EXPENSES	5,221,610	6,622,560	6,102,108	6,408,060	6,051	6,075	6,490	6,126
EQUIPMENT	1,305,500	384,500	2,170,700	150,300	122	151	122	150
TOTAL OPERATING COST	17,279,607	18,009,878	20,085,250	18,680,280	18,295	18,348	18,528	18,192
BY MEANS OF FINANCING								
	107.00*	108.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
	**	**	2.00**	2.00**	2.0**	2.0**	**	**
OTHER FUNDS	17,279,607	18,009,878	20,085,250	18,680,280	18,295	18,348	18,528	18,192
TOTAL PERM POSITIONS	107.00*	108.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
TOTAL TEMP POSITIONS	**	**	2.00**	2.00**	2.0**	2.0**	**	**
TOTAL PROGRAM COST	17,279,607	18,009,878	20,085,250	18,680,280	18,295	18,348	18,528	18,192

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
MEASURES OF EFFECTIVENESS								
1. AV TIME TO PROC INIT CHECK TO TERMNTG EMPLYS (WKS)	7	7	7	7	7	7	7	7
2. % INITIAL MTHLY PENSION PROC W/IN 1 MTH AFTR RETIR	100	100	100	100	100	100	100	100
3. ANNUALIZED RETURN ON INVESTMENTS OVER PAST 5 YEARS	8	7	7	7	7	7	7	7
PROGRAM TARGET GROUPS								
1. ACTIVE MEMBERS	66271	66000	66000	66000	66000	66000	66000	66000
2. RETIRED MEMBERS	48714	50000	50000	50000	50000	50000	50000	50000
3. INACTIVE VESTED MEMBERS	9249	9200	9200	9200	9200	9200	9200	9200
PROGRAM ACTIVITIES								
1. ANNUAL NUMBER OF NEW MEMBERS	5889	4000	4000	4000	4000	4000	4000	4000
2. ANNUAL NUMBER OF MEMBERS COUNSELED	48342	45000	45000	45000	45000	45000	45000	45000
3. ANNUAL NUMBER OF RETIREMENT BENEFIT COMPUTATIONS	3361	4250	4250	4250	4250	4250	4250	4250
4. ANNUAL NUMBER OF NEW RETIREES	2548	2100	2100	2100	2100	2100	2100	2100
5. ANNUAL RETIREMNT BENEFIT PAYMNT AMOUNTS (MILLIONS)	1396	1491	1491	1491	1491	1491	1491	1491
6. ANNUAL NUMBER OF DECEASED MEMBER CLAIMS	640	800	800	800	800	800	800	800
7. ANNUAL NUMBER OF REFUND PAYMENTS	791	1000	1000	1000	1000	1000	1000	1000
8. ASSETS (BILLIONS OF DOLLARS)	17	17	17	17	17	17	17	17
9. ANNUAL NET INVESTMENT INCOME (MILLIONS)	1133	1155	1155	1155	1155	1155	1155	1155
10. ANNUAL RETURN ON INVESTMENTS	8	7	7	7	7	7	7	7

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

Program Plan Narrative

BUF141: EMPLOYEES RETIREMENT SYSTEM

11 03 06 01

A. Statement of Program Objectives

Administer the retirement and survivor benefits program for State and county members and to anticipate and exceed their needs; manage the retirement system's resources in a responsible and cost-effective manner; prudently manage investments in accordance with fiduciary standards; and to provide an open and participative work environment for staff.

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

Request for \$2,824,388 in other funds in FY 20 and \$1,153,800 in other funds in FY 21 for the mandatory migration of Employees' Retirement System's (ERS) benefits administration and accounting systems from their current physical server environments to the cloud in order maintain software compliance for ongoing operation of these systems.

Request for \$104,000 in other funds in FY 20 and \$159,000 in other funds in FY 21 for increased actuarial services costs and increased legal costs for general, investment and administrative matters of the ERS.

Request for 1.00 permanent Investment Officer and \$130,580 in other funds in FY 20 and \$256,630 in other funds in FY 21 to provide additional staff support to ensure adequate monitoring and prudent management of ERS's \$17+ billion investment portfolio.

Request for 2.00 permanent Retirement Claims Examiners (RCEs) and \$82,677 in other funds in FY 20 and \$157,744 in other funds in FY 21 to address the increased workload demands and service standards for ERS's growing membership base.

Request for 2.00 temporary Information Technology Band B positions and \$105,582 in other funds in FY 20 and \$207,583 in other funds in FY 21 to cover the daily duties of positions assigned to the ERS's projects to upgrade mission critical computer systems and implement mandatory legislation requiring comprehensive programming changes.

Request for \$150,000 in other funds in FY 20 and \$22,500 in FY 21 for an automated call distribution (ACD) telephone system to replace the existing 30-year old system.

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

C. Description of Activities Performed

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

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

Major funding from this program is provided by investment earnings; employer contributions from the State under the following programs BUF 741, BUF 745, BUF 748, employer contributions from the counties, and member contributions.

F. Description of Major External Trends Affecting the Program

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

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

The ERS' membership of 122,029 has increased by approximately 6% in the last 5 years and anticipated to grow an estimated 5% to 10% in the next 5-10 years. There currently are 14,000 active members that are eligible to retire. The growing membership requires an increase in ERS services related to their retirement, disability and death benefits.

Program Plan Narrative

BUF141: EMPLOYEES RETIREMENT SYSTEM

11 03 06 01

Furthermore, legislation enacted over the past several years added more complexity to the already complex ERS retirement system, which is also contributing to the increase in ERS service levels.

H. Discussion of Program Revenues

Program revenues are received from:

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

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

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

I. Summary of Analysis Performed

The increase in other costs and equipment is primarily based on the mandatory migration to the cloud environment of ERS's mission critical computer systems; and to a lesser extent increased requirement for legal and actuarial services for ERS general, investment and administrative functions.

Staffing requirements are based on best practices of similar sized pension plans and recommendations from external consultants.

The investment portfolio has changed its allocations from a traditional stock, bond, private equity and real estate portfolio to a more sophisticated and dynamic portfolio comprised of growth, real return, principal protection and crisis risk offset strategies that employ systematic

marketable alternatives, options and in FY 19 an implementation overlay manager and currency hedging manager, as the portfolio completes its transition to a risk-based allocation framework. Pension payments now exceed \$1.3 billion per year and will continue to grow as the number of retirees increase. Over 60% of funding for these benefits are from investment earnings on ERS's \$17+ billion investment portfolio and the remainder is received from employer and member contributions.

The RCEs are required due to increased complexity of the ERS benefit program with additional membership tier; continued incorrect reporting of payroll and personnel data to ERS, and required activities such as retirement counseling, calculation of retirement estimates, purchase of service requests, claims for service requests, enrollment and re-enrollment activities, disability retirements, death/claims (retiree/active) payments, on-line service inquires /corrections, informational briefings, refund processing, and other services understaffed.

Temporary IT positions are required due to multiple upgrade projects to ERS's mission critical computer systems that is fully utilizing ERS's permanent IT staff.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	58.00*	59.00*	60.00*	60.00*	60.0*	60.0*	60.0*	60.0*
	0.00**	0.00**	3.00**	3.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	4,417,101	4,609,186	5,276,703	5,503,934	5,266	5,266	5,266	5,266
OTHER CURRENT EXPENSES	3,164,570	3,164,930	13,002,110	3,294,457	3,294	3,294	3,294	3,294
EQUIPMENT	2,400	2,400	2,400					
TOTAL OPERATING COST	7,584,071	7,776,516	18,281,213	8,798,391	8,560	8,560	8,560	8,560
BY MEANS OF FINANCING								
	58.00*	59.00*	60.00*	60.00*	60.0*	60.0*	60.0*	60.0*
	**	**	3.00**	3.00**	**	**	**	**
TRUST FUNDS	7,584,071	7,776,516	18,281,213	8,798,391	8,560	8,560	8,560	8,560
TOTAL PERM POSITIONS	58.00*	59.00*	60.00*	60.00*	60.0*	60.0*	60.0*	60.0*
TOTAL TEMP POSITIONS	**	**	3.00**	3.00**	**	**	**	**
TOTAL PROGRAM COST	7,584,071	7,776,516	18,281,213	8,798,391	8,560	8,560	8,560	8,560

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
MEASURES OF EFFECTIVENESS								
1. PERCENTAGE OF DOCUMENTS PROCESSED WITHIN 60 DAYS	95	90	90	90	90	90	90	90
2. AV NO. DAYS REQUIRED TO PROCESS ENROLLMNT TRNSCTNS	15	15	15	15	15	15	15	15
3. PERCENTAGE OF ABANDONED CALLS	5	5	5	5	5	5	5	5
4. PERCENTAGE OF CALLS ANSWERED WITH 30 SECONDS	70	65	65	65	65	65	65	65
5. AMOUNT OF REFUNDS OUTSTANDING GREATER THAN 60 DAYS	13589	13500	13500	13500	13500	13500	13500	13500
6. AMT OF MEDICARE PART B PREMIUM OVERPAYMENTS OS YE	180	180	180	180	180	180	180	180
7. % OF TIME COMPUTER SYSTEM IS AVAILABLE DURING 1 YR	99	98	98	98	98	98	98	98
8. NO. OF MINOR & MAJOR HIPAA VIOLATIONS PER YEAR	8	3	3	3	3	3	3	3
PROGRAM TARGET GROUPS								
1. TOTAL EMPLOYEES - (ACTIVES) FULL-TIME (STATE/CNTY)	68449	68600	68600	68600	68600	68600	68600	68600
2. TOTAL EMPLOYEES - RETIRED	46786	46800	46800	46800	46800	46800	46800	46800
3. TOTAL DEPENDENT BENEFICIARIES	83735	83500	83500	83500	83500	83500	83500	83500
4. MEDICARE PREMIUM REIMBURSEMENT RECIPIENTS	40424	50000	50000	50000	50000	50000	50000	50000
5. PERSONNEL AND FINANCE OFFICERS	500	500	500	500	500	500	500	500
PROGRAM ACTIVITIES								
1. NEW ENROLLMENTS (ADDITIONS)	9500	9300	9300	9300	9300	9300	9300	9300
2. TERMINATIONS (DELETIONS, CANCELLATIONS)	11300	11000	11000	11000	11000	11000	11000	11000
3. ENROLLMNT DATA CHGS (INS PLAN, NAME, ADDRESS, ETC.)	32000	30000	30000	30000	30000	30000	30000	30000
4. COBRA ENROLLMENTS	2065	1450	1450	1450	1450	1450	1450	1450
5. OUTREACH/EDUC BENEFIT BRIEFING SESSIONS CONDUCTED	196	137	137	137	137	137	137	137
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
REVENUES FROM THE USE OF MONEY AND PROPERTY	142,564	184,713	235,506	289,458	346,320	406,252	469,513	477,760
CHARGES FOR CURRENT SERVICES	159,070	2,242						
NON-REVENUE RECEIPTS	1,520,847	1,637,493	1,637,337	1,626,146	1,612,571	1,600,159	1,587,798	1,574,268
TOTAL PROGRAM REVENUES	1,822,481	1,824,448	1,872,843	1,915,604	1,958,891	2,006,411	2,057,311	2,052,028
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
ALL OTHER FUNDS	1,822,481	1,824,448	1,872,843	1,915,604	1,958,891	2,006,411	2,057,311	2,052,028
TOTAL PROGRAM REVENUES	1,822,481	1,824,448	1,872,843	1,915,604	1,958,891	2,006,411	2,057,311	2,052,028

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

Program Plan Narrative

BUF143: HAWAII EMPLOYER-UNION TRUST FUND

11 03 06 03

A. Statement of Program Objectives

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

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

Request for \$9,956,000 in trust funds in FY 20 and \$367,167 in trust funds in FY 21 for a new Benefits Administration System (BAS).

Request for 1.00 permanent Compliance Officer Position and \$110,812 in trust funds in FY 20 and \$216,823 in trust funds in FY 21 to provide staff to ensure the Hawaii Employer-Union Trust Fund (EUTF) is adhering to all applicable rules, regulations, policies and procedures as it relates to protecting EUTF's data and assets.

Request for \$234,169 in trust funds in FY 20 and FY 21 for fringe benefit increases.

Request for \$64,596 in trust funds in FY 20 and FY 21 for salary adjustments due to civil service conversions authorized by Act 145, SLH 2017.

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

C. Description of Activities Performed

Board of Trustees:

- Oversee all Trust Fund activities.
- Determine the nature, scope and specific benefit levels of the benefit plans.
- Negotiate and enter into contracts with administrators and insurance carriers.

- Procure fiduciary liability insurance, fidelity bond, and errors and omissions coverage.
- Establish eligibility criteria and management policies for the Trust Fund.
- Contract for financial audits of the Trust Fund and claims audits of its carriers.

Trust Fund Staff:

- Train State and County personnel and fiscal officers to enroll eligible employees and retirees in benefit plans; publicize benefit plan information.
- Administer health benefit and life insurance plans.
- Procure insurance carriers and administrators for benefit plans in addition to contracts for consultants, BAS, and other goods and services.
- Maintain the BAS and update as needed to respond to changes in federal and state legislation and other plan changes.
- Collect and disburse enrollment information; process enrollment applications; record cancellations and terminations; update files; respond to inquiries about benefit plan enrollments.
- Collect and reconcile employee payroll deductions and employer contributions in accordance with statutes and collective bargaining agreements; remit premiums to insurance carriers and administrators.
- Collect employer contributions and process reimbursement of Medicare Part B health insurance premiums to eligible retirees and their spouses.
- Invest OPEB Trust assets in accordance with investment policy guidelines including asset allocation targets developed by the investment consultant and staff and through investment managers and funds.

Program Plan Narrative

BUF143: HAWAII EMPLOYER-UNION TRUST FUND

11 03 06 03

- Administer enrollment records for qualified-beneficiaries eligible under P.L. 99-272. Federal COBRA law mandates a temporary extension of health insurance benefits for these persons.
- Maintain financial records for employees enrolled in the State of Hawaii's Premium Conversion Plan.
- Comply with HIPAA privacy regulations and policies related to health benefit enrollment records.
- Comply with Government Accounting Standards Board (GASB) No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, and 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions. Collect and maintain separate employer accounts for the pre-funding of Other Post-Employment Benefits (OPEB).

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

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

The State and County Directors of Finance pay negotiated and statutory contributions amounts to the Trust Fund. The Trust Fund collects both

State and County employer and employee contributions. After processing and reconciling the enrollments and contributions, the Trust Fund remits applicable amounts to insurance carriers or administrators for insurance premiums.

The Trust Fund also notifies employees of premium shortages and their ineligibility to receive benefits if deficiencies are not paid in full. A benefit plan consultant advises the Board and staff on benefit programs. The consultant provides comprehensive data on benefit plan trends and conducts special studies on benefit improvements as directed by the Board of Trustees.

An investment consultant assists in developing investment policy guidelines including asset allocation targets. Investment managers and funds invest OPEB Trust and reserve monies.

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

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

F. Description of Major External Trends Affecting the Program

Based on increasing prescription drug trends and claims experience due to the high cost of specialty drugs coming into the market and less new generics, the Board continues to investigate ways to lower claims and premiums through reduction in specialty drug growth, increasing the generic dispensing rate and increased mail order utilization. Act 226, SLH 2013, prohibited mandatory mail order or incentives to use mail order resulting in estimated additional cost of \$3.4 million annually.

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

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

Program Plan Narrative

BUF143: HAWAII EMPLOYER-UNION TRUST FUND

11 03 06 03

H. Discussion of Program Revenues

Program revenues are received from:

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

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	362,457,851	341,891,684	407,862,808	445,288,082	454,150	463,050	472,129	481,388
TOTAL OPERATING COST	362,457,851	341,891,684	407,862,808	445,288,082	454,150	463,050	472,129	481,388
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	351,591,964	331,025,797	396,996,921	434,422,195	443,284	452,184	461,263	470,522
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	10,865,887	10,865,887	10,865,887	10,865,887	10,866	10,866	10,866	10,866
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	362,457,851	341,891,684	407,862,808	445,288,082	454,150	463,050	472,129	481,388

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
MEASURES OF EFFECTIVENESS								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
NON-REVENUE RECEIPTS	140,441	127,771	154,228	169,499	173,096	176,713	176,713	176,713
TOTAL PROGRAM REVENUES	140,441	127,771	154,228	169,499	173,096	176,713	176,713	176,713
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	140,441	127,771	154,228	169,499	173,096	176,713	176,713	176,713
TOTAL PROGRAM REVENUES	140,441	127,771	154,228	169,499	173,096	176,713	176,713	176,713

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

Program Plan Narrative

BUF741: RETIREMENT BENEFITS PAYMENTS - STATE

11 03 06 05

A. Statement of Program Objectives

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

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

Total additional employer contribution requirements for pension accumulation and Social Security/Medicare for State employees (other than the Department of Education and the University of Hawaii) are \$65,971,124 in FY 20 and \$103,396,398 in FY 21.

C. Description of Activities Performed

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

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

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

F. Description of Major External Trends Affecting the Program

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

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

See discussion above for item F.

H. Discussion of Program Revenues

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

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES	560,358,083	672,830,710	119,680,888	122,074,506	124,516	127,006	129,546	132,137
TOTAL OPERATING COST	560,358,083	672,830,710	119,680,888	122,074,506	124,516	127,006	129,546	132,137
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	560,358,083	672,830,710	119,680,888	122,074,506	124,516	127,006	129,546	132,137
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	560,358,083	672,830,710	119,680,888	122,074,506	124,516	127,006	129,546	132,137

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
MEASURES OF EFFECTIVENESS								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
CHARGES FOR CURRENT SERVICES	174,285	194,331	198,204	201,974	205,263	210,394	210,394	210,394
TOTAL PROGRAM REVENUES	174,285	194,331	198,204	201,974	205,263	210,394	210,394	210,394
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	174,285	194,331	198,204	201,974	205,263	210,394	210,394	210,394
TOTAL PROGRAM REVENUES	174,285	194,331	198,204	201,974	205,263	210,394	210,394	210,394

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

Program Plan Narrative

BUF761: HEALTH PREMIUM PAYMENTS - STATE

11 03 06 07

A. Statement of Program Objectives

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

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

Total adjustments to employer contribution requirements for health benefit premiums for State employees (other than the Department of Education and the University of Hawaii) are decreases of \$546,288,944 in FY 20 and \$526,532,874 in FY 21.

The net adjustments reflect increases of \$19,713,004 in FY20 and \$22,106,622 in FY21 for active employees and a decrease of \$572,862,826 in FY 20 and FY 21 to transfer out funds for retirees and Other Post-Employment Benefits (OPEB) pre-funding to create a separate Annual Required Contribution (ARC) Program ID.

C. Description of Activities Performed

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

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

None

F. Description of Major External Trends Affecting the Program

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

the Board of Trustees full flexibility in the plan designs, limitation of future expenditures for retiree benefits, and the setting of employer contributions for active employees at a fixed dollar amount. Other Post-Employment Benefits also brings to light the full cost of providing retiree benefits and with it, unfunded liabilities in excess of pension benefits.

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

None.

H. Discussion of Program Revenues

None.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID: **BUF762**
 PROGRAM STRUCTURE NO: **11030609**
 PROGRAM TITLE: **HEALTH PREMIUM PAYMENTS - ARC**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OTHER CURRENT EXPENSES			814,659,000	847,680,000	878,220	909,907	943,055	977,679
TOTAL OPERATING COST	0	0	814,659,000	847,680,000	878,220	909,907	943,055	977,679
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND			814,659,000	847,680,000	878,220	909,907	943,055	977,679
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST			814,659,000	847,680,000	878,220	909,907	943,055	977,679

PROGRAM ID: BUF762
PROGRAM STRUCTURE: 11030609
PROGRAM TITLE: HEALTH PREMIUM PAYMENTS - ARC

	FY	FY	FY	FY	FY	FY	FY	FY	FY
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	

MEASURES OF EFFECTIVENESS

1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM.

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

Program Plan Narrative

BUF762: HEALTH PREMIUM PAYMENTS - ARC

11 03 06 09

A. Statement of Program Objectives

To provide employer contribution payments for the Annual Required Contribution (ARC), including retirees and Other Post-Employment Benefits (OPEB) pre-funding.

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

Pursuant to Section 87A-42, HRS, commencing with the 2018-2019 fiscal year, the amount of the annual public employer contribution shall be equal to the amount of the ARC, as determined by an actuary retained by the Hawaii Employer-Union Health Benefits Trust Fund's (EUTF) board. Since the annual valuation reports will not provide a breakdown of costs between State, the Department of Education, and the University of Hawaii, it will be simpler to fund the ARC payments using a single, separate Program ID. Total requests are \$814,659,000 in FY 20 and \$847,680,000 in FY 21. Amounts included cover health fund premiums for retirees and OPEB Pre-funding.

C. Description of Activities Performed

The major activity of this program is payment of the annual ARC as determined by an actuary retained by board.

D. Statement of Key Policies Pursued

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

E. Identification of Important Program Relationships

None.

F. Description of Major External Trends Affecting the Program

Escalating health care costs is a national issue impacted by a multitude of factors. The establishment in 2001 of the EUTF was intended to control rising costs by giving the Board of Trustees full flexibility in the plan designs, limitation of future expenditures for retiree benefits, and the

setting of employer contributions for active employees at a fixed dollar amount. OPEB also brings to light the full cost of providing retiree benefits and with it, unfunded liabilities in excess of pension benefits.

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

None.

H. Discussion of Program Revenues

None.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.



Capital Budget Details

STATE OF HAWAII
 PROGRAM ID:
 PROGRAM STRUCTURE NO:
 PROGRAM TITLE:

BUF101
 11010305
 DEPARTMENTAL ADMINISTRATION & BUDGET DIV

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

REPORT B78
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PROJECT NUMBER	PRIORITY NUMBER	LOC NUMBER	SCOPE COST ELEMENT/MOF	PROJECT TITLE		BUDGET PERIOD					SUCCEED YEARS		
				PROJECT TOTAL	PRIOR YRS	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22		FY 22-23	FY 23-24
				PROGRAM TOTALS									
			CONSTRUCTION	1,601,797	1,601,797								
			TOTAL	1,601,797	1,601,797								
			G.O. BONDS	1,601,797	1,601,797								