

ADDITIONAL OPERATING BUDGET DETAIL GUIDELINES
FB 2021-23 AND THE PLANNING PERIOD

1. Fringe Benefits

The preliminary estimate of the composite fringe benefit rate is 51% for FY 22 and FY 23. It is expected that the rate will continue through FY 25, then increase to about 60% for FY 26 and FY 27. Departments should use these estimates until updated rates can be determined. Departments will be informed of approved rates as soon as such rates are available.

2. Services-on-a-Fee Basis

Expenditures for “services-on-a-fee basis” must be separated into the following two categories and should be reported on the BJ-2, as appropriate:

- 29AA Personal Services Rendered by Other State Departments and Agencies (State Employees)

This category applies to funds budgeted in “services-on-a-fee basis” which provide for the full or partial payroll of other State employees servicing the department in some capacity (i.e., Attorney General’s salaries paid by the department serviced, etc., including appropriate funding for fringe benefits).

- 71AA Services-on-a-Fee Basis (Other than State Employees)

This category applies to the contracted services of individuals or organizations which are not employees or agencies of the State.

3. Purchases of Health and Human Services and Culture and Arts Grants

Funding may be included within departmental current budget ceiling levels for both years of FB 2021-23. Departments anticipating such funding requirements must budget such items by appropriate Program ID, using the following object codes to show funding for **Chapters 9** (Culture and Arts Grants), and **103F** (Purchase of Health and Human Services), on Table BJ-2:

71CC Purchases of Health and Human Services
65XX Culture and Arts Grants

These object codes should be used only for Chapters 9 and 103F funds. Amounts shall be identified by service activity.

4. Authorized Position Levels

- a. All permanent and temporary positions in the budget details of Act 5, SLH 2019, as amended by Act 7, SLH 2020, and Act 9, SLH 2020, will not be updated with

current incumbent information from the Department of Human Resources Development's (DHRD) Human Resources Management System (HRMS).

b. Salary Projections

- Salary amounts for FY 22 and FY 23 may be the same as the salaries from the BJ Details for FY 21 from Act 5, SLH 2019, as amended, unless position updates are made by the respective department. Because collective bargaining (CB) adjustments by position for FY 21 may not be available in time to update these details, departments may include a line-item CB adjustment for each means of financing (MOF) in the BJ-1A details for each respective program ID/organization code, as applicable, in FY 21, FY 22, and FY 23.
- No assumptions shall be made for future salary increases beyond currently approved CB contracts.
- Departments shall update position information to indicate vacant positions. Salaries for all vacant civil service positions shall generally be reduced to the entry step on the pay scale. The salary of a vacant exempt position may be maintained at the salary amount of the last incumbent.
- If a position is funded by more than one MOF, each MOF portion shall be shown on a separate line.

c. Because the BJ-1 and BT-1 files will be used as the basis for CB and other reports, it is important that they should reflect the most current information possible. Please ensure that each position title shows its corresponding bargaining unit, job code, and salary range levels as laid out in the DHRD Compensation Plan and that the salary information is correct.

5. Quarterly Update of Revenue Estimates

Departments are reminded that budget authorization requests (operating and capital improvement program) for programs funded by special, federal, or non-general fund sources must be based on the most recent estimates of anticipated revenue receipts. Federal fund receipts must be updated to reflect changes that have been recently authorized or can be anticipated in the budget and planning period. Separate instructions have been issued by the Department of Budget and Finance (B&F) with specific requirements for quarterly revenue updates.

6. Equipment and Motor Vehicles

Requests for these cost elements should be displayed on the appropriate BJ-3 or BJ-4 tables and included as part of the departmental current budget (Form C) and requests (Form A) as applicable. No equipment should be budgeted on the BJ-2 table.

7. CB Data

To be included in the CB cost data base:

- a. Positions must be listed on Tables BJ-1 and BT-1.
- b. Non-salary cost items must be identified and submitted on Form CB-1, CB Cost Data. This form was sent to departments under separate Finance Memorandum No. 20-10 (dated May 13, 2020) and should have been returned by August 7, 2020. Questions pertaining to this form may be directed to Mr. Ralph Schultz of B&F at 586-1841.

8. State and Functional Plan Guidelines

In preparing the budget pursuant to these instructions, agencies are reminded that the functional plans developed under Chapters 226 and 225M, HRS, *Relating to State Planning* and the *Hawai'i State Planning Act*, shall be used as guidelines.

9. State Energy Policies and Guidelines

Budget requests for energy funding shall be consistent with standards, guidelines and goals developed by the Chief Energy Officer of the Hawai'i State Energy Office of the Department of Business, Economic Development and Tourism (DBEDT). Agencies and departments must comply with policies, programs, projects and action pursuant to:

- Administrative Directive (A.D.) No. 06-01 (*Energy and Resource Efficiency and Renewable Energy and Resource Development*); and
- State energy policies in accordance with Chapter 196, HRS.

10. Proposed Land Use and Development Activities

Pursuant to the provisions of A.D. No. 90-05, the Land Use Division of the Office of Planning (OP) in DBEDT has been designated as the agency responsible for the review and coordination of all proposed (Executive) State agency policies, programs, projects and action which pertain to major land use and development. Agencies and departments must comply with the policies and procedures established by the OP with respect to matters pertaining to major land use and development, and shall keep that office apprised by forwarding copies of plans, proposals, and associated material to that office for its review.

Additionally, agencies and departments shall be aware that Section 225M-2(b)(10)(h), HRS, provides that the OP shall approve development plans along the rail transit corridor and, thus, shall work with the OP accordingly.

11. State of Hawai'i Statistical Data

The most recent State of Hawai'i Data Book and DBEDT's long-range projections should be used for population and economic projections, economic factors, and other demographic and statistical data. This Data Book and DBEDT's long-range projections can be accessed at <http://dbedt.hawaii.gov/economic/databook/> and at <http://dbedt.hawaii.gov/economic/economic-forecast/>. If additional assistance is required, Dr. Eugene Tian of the Research and Economic Analysis Division of DBEDT should be contacted at 586-2466.

12. Insurance Acquisition and Payment of Automobile Liability, General Liability and Property Losses

Funding for the payment of automobile liability, general liability, crime, cyber liability and property losses, and for the purchase of insurance policies is consolidated under the Risk Management Program. With the exception of the departments and categories listed below, all special- or trust-funded State agencies shall include funding for insurance acquisition (59XX), and for payment of automobile liability, general liability, crime, cyber liability and property losses, in accordance with Chapter 41D, HRS (Risk Management and Insurance Administration), and Comptroller's Memorandums 99-28 and 07-05, "*Risk Management Cost Allocation*."

The following departments have been authorized by the Comptroller to purchase the type of insurance designated:

Department of Health: Medical Malpractice, Group Coverage for Volunteers and/or Students.

Department of Human Services: Group Coverage for Volunteers and/or Foster Parents.

DBEDT (Foreign Trade Zone): Warehouseman Legal Liability.

Department of Transportation (Airports Division): Aviation and General Liability.

University of Hawai'i (UH): Medical Malpractice, General Liability, Group Coverage for Students.

13. Information Technology (IT) and Information Resource Management (IRM)

With the exception of UH and the Hawai'i Health Systems Corporation, the State Chief Information Officer (CIO) and the Office of Enterprise Technology Services (ETS) shall have authority over the design and implementation of all Executive Branch IT infrastructure, software applications, IRM activities, and shared services, including, but not limited to, data and telecommunications networks. All department IT and IRM Applications and Projects roadmaps maintained in the ETS application

portfolio management system must be updated and supporting IT budget requests shall be submitted to the CIO as part of the budget submission and review process, and must obtain CIO endorsement in conjunction with B&F approval.

14. Lease of Office Space

Section 171-30, HRS, provides the Department of Accounting and General Services (DAGS) with the responsibility for the acquisitions of any office space in non-State owned buildings for use by State departments or agencies. Departments shall submit all requests for leases and lease renewals through the Comptroller under procedures established by DAGS. All requests shall include current organizational charts approved by B&F (if approved organizational charts do not reflect all positions, provide appropriate BJ details or HRD-1, or any other appropriate authorization) and completed DAGS forms (including staff space computation and leasing information sheets).

Please note that all lease payments for real and personal property acquired through “lease financing” or other financial agreements as defined by Chapter 37D, HRS, must be budgeted on Table BK-2, “Current Lease Payments - Other Current Expenses.” See “Instructions for Completing Program and Financial Plans and Program Budget Request Forms” for further explanation of this requirement.

15. Motor Vehicle Purchase Guidelines

Agencies on O’ahu and Maui shall rent passenger cars from DAGS Motor Pool instead of purchasing vehicles, whenever feasible. Procurement of passenger vehicles only shall be subject to the Comptroller’s approval of **FORM AMD-MP-007**.

The following guidelines for motor vehicles should be used. For replacement requests, an estimated allowance for trade-ins should be deducted from the prices listed below.

Any agency having a fully justifiable requirement for options or accessories should add an allowance for such items. Specific questions on motor vehicle specifications may be directed to the Automotive Management Division of DAGS.

Passenger Cars

Basic specifications: Automatic transmission, gasoline powered, power or power-assisted brakes and steering, AM/FM radio, white color, and air conditioning.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>
A. Sedan, Subcompact	\$16,100	\$16,100
B. Sedan, Compact	20,500	20,500
C. Sedan, Intermediate	23,700	23,700

Sport Utility, Four-Wheel Drive

Basic specifications: Automatic transmission, 6-cylinder, gasoline powered, full-size spare tire, power or power-assisted brakes and steering, painted white or buff, AM/FM radio, air conditioning.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>
A. Sport Utility, Compact	\$31,100	\$31,100
B. Sport Utility, Full-Size	37,000	37,100

Vans

Basic specifications: Automatic transmission, 6-cylinder, power or power-assisted brakes and steering, gasoline powered, full-size spare tire, painted white or buff, AM/FM radio, air conditioning.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>
A. Cargo, Mini	\$24,500	\$24,500
B. Cargo, ½ Ton	25,100	25,100
C. Cargo, ¾ Ton	25,000	25,000
D. Cargo, 1 Ton	28,500	28,500
E. 7-Passenger, Mini	26,200	26,200
F. 12-Passenger	30,000	30,000
G. 15-Passenger	32,100	32,100

Light Duty Pickup Trucks

Basic specifications: Automatic transmission, 6-cylinder, gasoline powered, wide bed, full-size spare tire, power or power-assisted brakes and steering, painted white or buff, AM/FM radio, air conditioning.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>
<u>Two-Wheel Drive</u>		
A. Compact	\$21,200	\$21,200
B. ½ Ton	26,600	26,600
C. ¾ Ton	29,400	29,400
<u>Four-Wheel Drive</u>		
A. Compact	\$21,300	\$21,300
B. ½ Ton	28,200	28,200
C. ¾ Ton	29,900	29,900

16. Planning Period Budget Projections (FY 24, FY 25, FY 26, FY 27)

No growth from current budget ceiling amounts for FB 2021-23 shall be assumed for the planning period estimates, except for projected increases to the items identified in Attachment 2, A.3. Future CB increases should not be presumed beyond what is currently approved.

Departments requesting “allowable increases” should be prepared to provide supporting data to justify their out-year projected increases, as applicable.