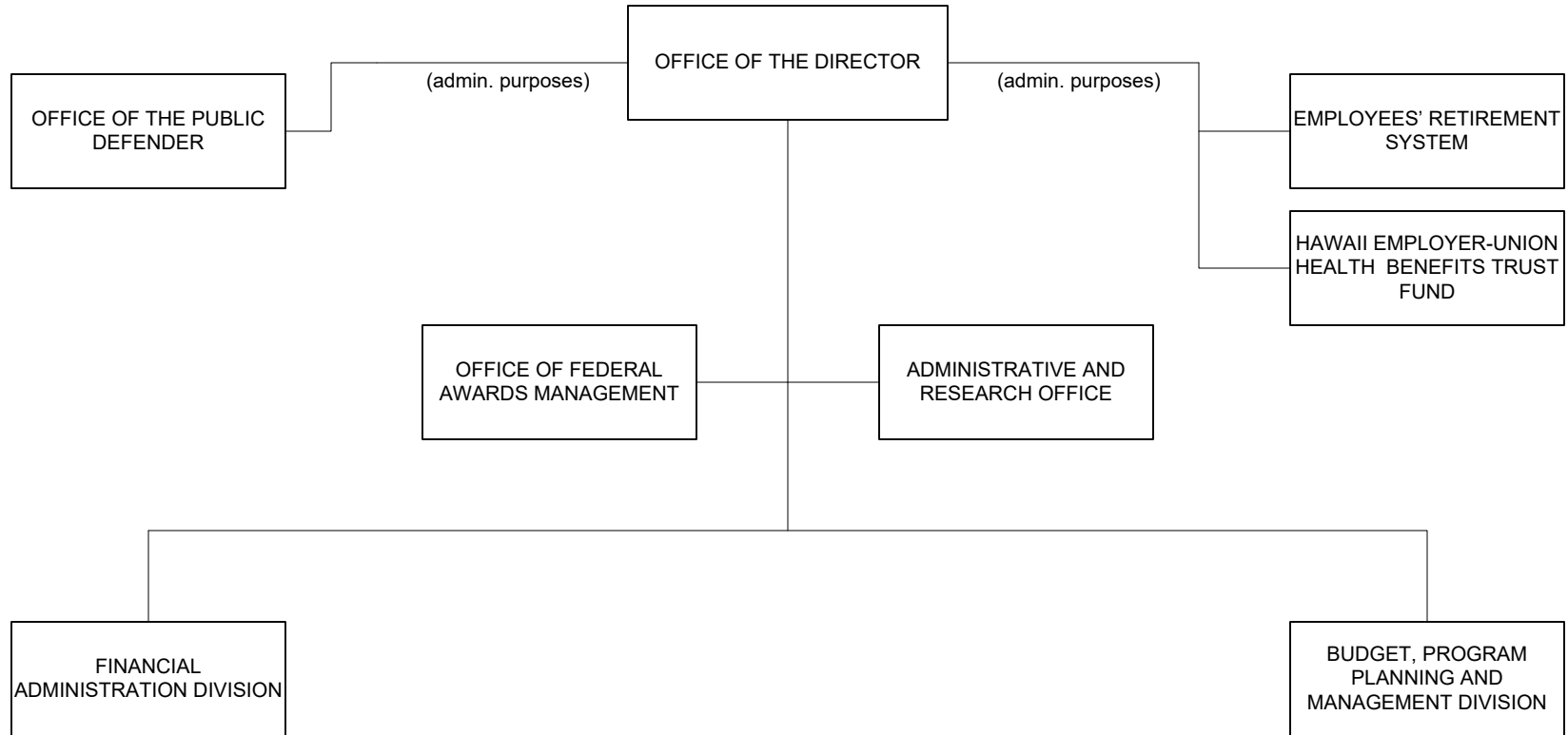




## **Department of Budget and Finance**

**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.

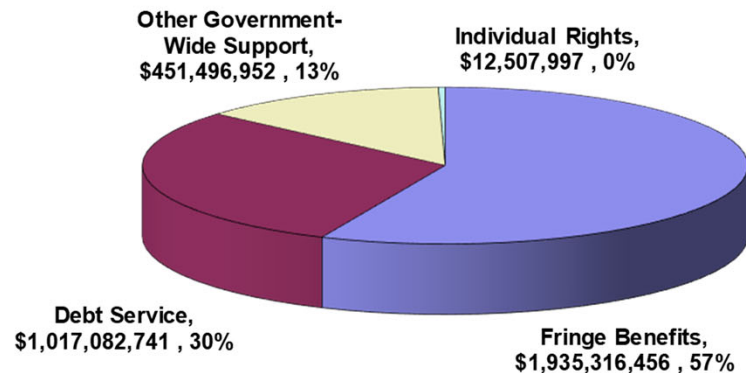
### ***Significant Measures of Effectiveness***

1. Average annual rate of return on State treasury investments
2. Percentage of treasury transactions unreconciled after 30 days

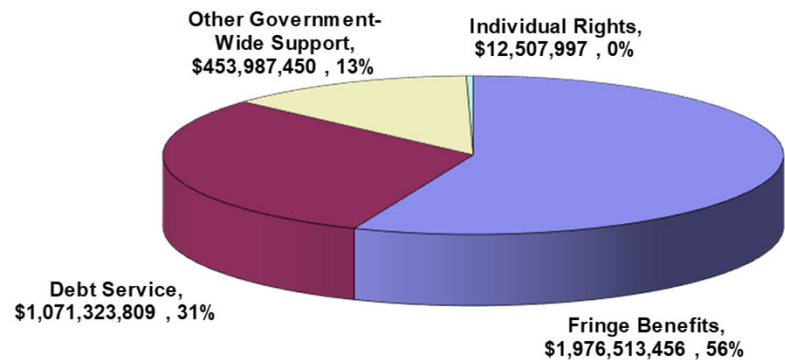
<u>FY 2022</u>	<u>FY 2023</u>
1.50%	1.50%
10%	10%

### **FB 2021-2023 Operating Budget by Major Program Area**

#### **FY 2022**



#### **FY 2023**



## 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

#### 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 2022	Budget Base FY 2023	FY 2022	FY 2023
<b>Funding Sources:</b>	Perm Positions	201.50	201.50	190.50	190.50
	Temp Positions	-	-	-	-
General Funds	\$	3,143,622,877	3,143,622,877	2,995,280,339	3,093,144,905
Special Funds	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
	\$	377,575,000	377,575,000	377,575,000	377,575,000
Trust Funds	Perm Positions	69.00	69.00	69.00	69.00
	Temp Positions	3.00	3.00	-	-
	\$	20,524,868	20,524,868	20,724,868	20,724,868
Interdepartmental Transfers	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
	\$	4,000,000	4,000,000	4,000,000	4,000,000
Other Funds	Perm Positions	111.00	111.00	111.00	111.00
	Temp Positions	2.00	2.00	2.00	2.00
	\$	18,823,939	18,887,939	18,823,939	18,887,939
		381.50	381.50	370.50	370.50
		5.00	5.00	2.00	2.00
<b>Total Requirements</b>		<b>3,564,546,684</b>	<b>3,564,610,684</b>	<b>3,416,404,146</b>	<b>3,514,332,712</b>

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

1. Increases debt service payments by \$172,171,836 in FY 22 and \$226,412,904 in FY 23.
2. Decreases retirement benefits payments by \$9,076,579 in FY 22 and FY 23.
3. Decreases health premium payments by \$322,254,936 in FY 22 and \$281,057,936 in FY 23.
4. Adds \$16,950,645 in FY 22 and \$19,377,143 in FY 23 for the Budget, Program Planning and Management Division to make interest payments on the unemployment insurance loan.
5. Adds \$200,000 in trust funds in FY 22 and FY 23 for the Hawaii Employer-Union Health Benefits Trust Fund to contract for a pharmacy benefit consultant.
6. Adds 137,436 in FY 22 and FY 23 to restore funding for two unfunded positions to be reassigned to oversee general obligation (G.O.) bond post-issuance compliance and training, statewide.
7. Reduces 11.00 permanent general-funded positions, 3.00 temporary trust-funded positions, and \$6,270,940 in general funds in various programs in FY 22 and FY 23.

# 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	381.50*	381.50*	370.50*	370.50*	370.5*	370.5*	370.5*	370.5*
	5.00**	5.00**	2.00**	2.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	43,004,536	43,760,477	39,060,220	39,060,220	38,855	38,855	38,855	38,855
OTHER CURRENT EXPENSES	3,369,229,448	3,520,194,260	3,377,233,026	3,475,121,792	3,618,891	3,739,764	4,304,141	4,254,854
EQUIPMENT	2,204,100	152,700	110,900	150,700	150	150	150	150
TOTAL OPERATING COST	3,414,438,084	3,564,107,437	3,416,404,146	3,514,332,712	3,657,896	3,778,769	4,343,146	4,293,859
BY MEANS OF FINANCING	201.50*	201.50*	190.50*	190.50*	190.5*	190.5*	190.5*	190.5*
	**	**	**	**	**	**	**	**
GENERAL FUND	3,027,347,350	3,142,913,581	2,995,280,339	3,093,144,905	3,236,913	3,357,786	3,922,163	3,872,876
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	336,452,769	377,575,000	377,575,000	377,575,000	377,575	377,575	377,575	377,575
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
FEDERAL FUNDS								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
OTHER FEDERAL FUNDS	69.00*	69.00*	69.00*	69.00*	69.0*	69.0*	69.0*	69.0*
	3.00**	3.00**	**	**	**	**	**	**
TRUST FUNDS	30,210,887	20,938,966	20,724,868	20,724,868	20,725	20,725	20,725	20,725
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS		4,000,000	4,000,000	4,000,000	4,000	4,000	4,000	4,000
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
REVOLVING FUND	111.00*	111.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
	2.00**	2.00**	2.00**	2.00**	**	**	**	**
OTHER FUNDS	20,427,078	18,679,890	18,823,939	18,887,939	18,683	18,683	18,683	18,683
CAPITAL IMPROVEMENT COSTS								
PLANS		1,000						
DESIGN		1,000						
CONSTRUCTION		898,000						
TOTAL CAPITAL EXPENDITURES		900,000						

OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID:  
PROGRAM STRUCTURE NO:  
PROGRAM TITLE:

DEPARTMENT OF BUDGET AND FINANCE

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
BY MEANS OF FINANCING								
G.O. BONDS		900,000						
TOTAL PERM POSITIONS	381.50*	381.50*	370.50*	370.50*	370.5*	370.5*	370.5*	370.5*
TOTAL TEMP POSITIONS	5.00**	5.00**	2.00**	2.00**	**	**	**	**
TOTAL PROGRAM COST	3,414,438,084	3,565,007,437	3,416,404,146	3,514,332,712	3,657,896	3,778,769	4,343,146	4,293,859

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

	<u><b>FY 2022</b></u>	<u><b>FY 2023</b></u>
<b>Funding Sources:</b>		
General Obligation Bonds	-	-
Federal Funds	-	-
	<hr/>	
<b>Total Requirements</b>	-	-
	<hr/> <hr/>	

**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

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE									SUCCEED YEARS
				COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 19-20	FY 20-21	BUDGET PERIOD		FY 23-24	FY 24-25	
							FY 21-22	FY 22-23					
			PLANS	1				1					
			DESIGN	1				1					
			CONSTRUCTION	1,602,695	1,601,797			898					
			TOTAL	1,602,697	1,601,797			900					
			G.O. BONDS	1,602,697	1,601,797			900					



## **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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	1,272,576,117	1,326,105,606	1,427,439,435	1,456,816,504	1,513,947	1,557,416	1,655,413	1,610,498
TOTAL OPERATING COST	1,272,576,117	1,326,105,606	1,427,439,435	1,456,816,504	1,513,947	1,557,416	1,655,413	1,610,498
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	1,272,576,117	1,326,105,606	1,427,439,435	1,456,816,504	1,513,947	1,557,416	1,655,413	1,610,498
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	1,272,576,117	1,326,105,606	1,427,439,435	1,456,816,504	1,513,947	1,557,416	1,655,413	1,610,498

OPERATING AND CAPITAL EXPENDITURES

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	903,982,462	944,678,302	1,022,896,265	1,044,337,837	1,085,657	1,116,997	1,188,129	1,154,943
TOTAL OPERATING COST	903,982,462	944,678,302	1,022,896,265	1,044,337,837	1,085,657	1,116,997	1,188,129	1,154,943
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	903,982,462	944,678,302	1,022,896,265	1,044,337,837	1,085,657	1,116,997	1,188,129	1,154,943
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	903,982,462	944,678,302	1,022,896,265	1,044,337,837	1,085,657	1,116,997	1,188,129	1,154,943

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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	903,982,462	944,678,302	1,022,896,265	1,044,337,837	1,085,657	1,116,997	1,188,129	1,154,943
TOTAL OPERATING COST	903,982,462	944,678,302	1,022,896,265	1,044,337,837	1,085,657	1,116,997	1,188,129	1,154,943
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	903,982,462	944,678,302	1,022,896,265	1,044,337,837	1,085,657	1,116,997	1,188,129	1,154,943
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	903,982,462	944,678,302	1,022,896,265	1,044,337,837	1,085,657	1,116,997	1,188,129	1,154,943

OPERATING AND CAPITAL EXPENDITURES

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	423,261,384	470,630,252	469,037,723	469,037,723	478,418	487,987	497,747	507,702
TOTAL OPERATING COST	423,261,384	470,630,252	469,037,723	469,037,723	478,418	487,987	497,747	507,702
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	423,261,384	470,630,252	469,037,723	469,037,723	478,418	487,987	497,747	507,702
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	423,261,384	470,630,252	469,037,723	469,037,723	478,418	487,987	497,747	507,702

PROGRAM ID:  
PROGRAM STRUCTURE:  
PROGRAM TITLE:

BUF745  
07010192  
RETIREMENT BENEFITS - DOE

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<u>MEASURES OF EFFECTIVENESS</u>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
 <u>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</u>								
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
 <u>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</u>								
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 - 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 adjustments to employer contribution requirements for pension accumulation and Social Security/Medicare for State employees in the DOE, including Charter Schools, are decreases of \$1,592,529 in FY 22 and FY 23.

### **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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	139,629,471	140,054,769	151,805,813	151,805,813	154,842	157,939	161,098	164,319
TOTAL OPERATING COST	139,629,471	140,054,769	151,805,813	151,805,813	154,842	157,939	161,098	164,319
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	139,629,471	140,054,769	151,805,813	151,805,813	154,842	157,939	161,098	164,319
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	139,629,471	140,054,769	151,805,813	151,805,813	154,842	157,939	161,098	164,319

PROGRAM ID: BUF765

PROGRAM STRUCTURE: 07010194

PROGRAM TITLE: HEALTH PREMIUM PAYMENTS - DOE

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<u>MEASURES OF EFFECTIVENESS</u>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
<u>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</u>								
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
<u>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</u>								
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 increases of \$11,751,044 in FY 22 and FY 23.

### **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

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	341,091,607	333,993,281	402,052,729	423,494,301	452,397	471,071	529,284	482,922
TOTAL OPERATING COST	341,091,607	333,993,281	402,052,729	423,494,301	452,397	471,071	529,284	482,922
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	341,091,607	333,993,281	402,052,729	423,494,301	452,397	471,071	529,284	482,922
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	341,091,607	333,993,281	402,052,729	423,494,301	452,397	471,071	529,284	482,922

PROGRAM ID:  
PROGRAM STRUCTURE:  
PROGRAM TITLE:

BUF725  
07010196  
DEBT SERVICE PAYMENTS - DOE

	FY	FY	FY	FY	FY	FY	FY	FY
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27

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 (DOE) capital improvement program.

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

The request reflects an increase of \$68,059,448 (principal increase of \$59,666,582 and interest increase of \$8,392,866) in debt service costs in FY 22 and an increase of \$89,501,020 (principal increase of \$70,745,115 and interest increase of \$18,755,905) in debt service costs in FY 23 over the established FY 21 budget ceiling. Increased debt service requirements are to provide funding for debt service for the DOE and are based on projections updated November 2020 (currently authorized in the State Bond Bill - Senate Bill No. 2500, S.D. 1, SLH 2020). Assumption: projected interest rate of 5.75% and bond sales of \$525 million in FY 21, \$1.00 billion in FY 22, \$1.00 billion in FY 23, and \$1.00 billion in FY 24.

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

Closely monitor the municipal bond market in planning, directing, and coordinating the structure and sale of general obligation (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 affect the interest rates incurred in the sale of the G.O. bonds. In addition, the condition of 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	368,593,655	381,427,304	404,543,170	412,478,667	428,290	440,419	467,284	455,555
TOTAL OPERATING COST	368,593,655	381,427,304	404,543,170	412,478,667	428,290	440,419	467,284	455,555
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	368,593,655	381,427,304	404,543,170	412,478,667	428,290	440,419	467,284	455,555
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	368,593,655	381,427,304	404,543,170	412,478,667	428,290	440,419	467,284	455,555

OPERATING AND CAPITAL EXPENDITURES

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	368,593,655	381,427,304	404,543,170	412,478,667	428,290	440,419	467,284	455,555
TOTAL OPERATING COST	368,593,655	381,427,304	404,543,170	412,478,667	428,290	440,419	467,284	455,555
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	368,593,655	381,427,304	404,543,170	412,478,667	428,290	440,419	467,284	455,555
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	368,593,655	381,427,304	404,543,170	412,478,667	428,290	440,419	467,284	455,555



OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	188,139,124	205,341,161	199,541,901	199,541,901	203,533	207,603	211,755	215,991
TOTAL OPERATING COST	188,139,124	205,341,161	199,541,901	199,541,901	203,533	207,603	211,755	215,991
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	188,139,124	205,341,161	199,541,901	199,541,901	203,533	207,603	211,755	215,991
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	188,139,124	205,341,161	199,541,901	199,541,901	203,533	207,603	211,755	215,991

PROGRAM ID:  
PROGRAM STRUCTURE:  
PROGRAM TITLE:

BUF748  
07030892  
RETIREMENT BENEFITS - UH

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<u>MEASURES OF EFFECTIVENESS</u>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
 <u>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</u>								
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
 <u>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</u>								
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 - 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 adjustments to employer contribution requirements for pension accumulation and Social Security/Medicare for State employees of UH are decreases of \$5,799,260 in FY 22 and FY 23.

### **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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	54,216,984	52,475,677	56,202,093	56,202,093	57,326	58,473	59,642	60,835
TOTAL OPERATING COST	54,216,984	52,475,677	56,202,093	56,202,093	57,326	58,473	59,642	60,835
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	54,216,984	52,475,677	56,202,093	56,202,093	57,326	58,473	59,642	60,835
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	54,216,984	52,475,677	56,202,093	56,202,093	57,326	58,473	59,642	60,835

PROGRAM ID:  
PROGRAM STRUCTURE:  
PROGRAM TITLE:

BUF768  
07030894  
HEALTH PREMIUM PAYMENTS - UH

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<u>MEASURES OF EFFECTIVENESS</u>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
<u>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</u>								
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
<u>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</u>								
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 increases of \$3,726,416 in FY 22 and FY 23.

### **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

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	126,237,547	123,610,466	148,799,176	156,734,673	167,431	174,343	195,887	178,729
TOTAL OPERATING COST	126,237,547	123,610,466	148,799,176	156,734,673	167,431	174,343	195,887	178,729
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	126,237,547	123,610,466	148,799,176	156,734,673	167,431	174,343	195,887	178,729
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	126,237,547	123,610,466	148,799,176	156,734,673	167,431	174,343	195,887	178,729

PROGRAM ID:  
PROGRAM STRUCTURE:  
PROGRAM TITLE:

BUF728  
07030896  
DEBT SERVICE PAYMENTS - UH

	FY	FY	FY	FY	FY	FY	FY	FY
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27

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 \$25,188,710 (principal increase of \$22,082,522 and interest increase of \$3,106,188) in debt service costs in FY 22 and an increase of \$33,124,207 (principal increase of \$26,182,672 and interest increase of \$6,941,535) in debt service costs in FY 23 over the established FY 21 budget ceiling. Increased debt service requirements are to provide funding for debt service for UH and are based on projections updated November 2020 (currently authorized in the State Bond Bill - Senate Bill No. 2500, S.D. 1, SLH 2020). Assumption: projected interest rate of 5.75% and bond sales of \$525 million in FY 21, \$1.00 billion in FY 22, \$1.00 billion in FY 23, and \$1.00 billion in FY 24.

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

Closely monitor the municipal bond market in planning, directing, and coordinating the structure and sale of general obligation (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 affect the interest rates incurred in the sale of the G.O. bonds. In addition, the condition of 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	139.50*	139.50*	133.50*	133.50*	133.5*	133.5*	133.5*	133.5*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	10,892,436	11,263,206	11,762,307	11,762,307	11,762	11,762	11,762	11,762
OTHER CURRENT EXPENSES	651,295	745,690	745,690	745,690	746	746	746	746
TOTAL OPERATING COST	11,543,731	12,008,896	12,507,997	12,507,997	12,508	12,508	12,508	12,508
BY MEANS OF FINANCING	139.50*	139.50*	133.50*	133.50*	133.5*	133.5*	133.5*	133.5*
	**	**	**	**	**	**	**	**
GENERAL FUND	11,543,731	12,008,896	12,507,997	12,507,997	12,508	12,508	12,508	12,508
TOTAL PERM POSITIONS	139.50*	139.50*	133.50*	133.50*	133.5*	133.5*	133.5*	133.5*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	11,543,731	12,008,896	12,507,997	12,507,997	12,508	12,508	12,508	12,508

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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	139.50*	139.50*	133.50*	133.50*	133.5*	133.5*	133.5*	133.5*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	10,892,436	11,263,206	11,762,307	11,762,307	11,762	11,762	11,762	11,762
OTHER CURRENT EXPENSES	651,295	745,690	745,690	745,690	746	746	746	746
TOTAL OPERATING COST	11,543,731	12,008,896	12,507,997	12,507,997	12,508	12,508	12,508	12,508
BY MEANS OF FINANCING	139.50*	139.50*	133.50*	133.50*	133.5*	133.5*	133.5*	133.5*
	**	**	**	**	**	**	**	**
GENERAL FUND	11,543,731	12,008,896	12,507,997	12,507,997	12,508	12,508	12,508	12,508
TOTAL PERM POSITIONS	139.50*	139.50*	133.50*	133.50*	133.5*	133.5*	133.5*	133.5*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	11,543,731	12,008,896	12,507,997	12,507,997	12,508	12,508	12,508	12,508

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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	139.50*	139.50*	133.50*	133.50*	133.5*	133.5*	133.5*	133.5*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	10,892,436	11,263,206	11,762,307	11,762,307	11,762	11,762	11,762	11,762
OTHER CURRENT EXPENSES	651,295	745,690	745,690	745,690	746	746	746	746
TOTAL OPERATING COST	11,543,731	12,008,896	12,507,997	12,507,997	12,508	12,508	12,508	12,508
BY MEANS OF FINANCING	139.50*	139.50*	133.50*	133.50*	133.5*	133.5*	133.5*	133.5*
	**	**	**	**	**	**	**	**
GENERAL FUND	11,543,731	12,008,896	12,507,997	12,507,997	12,508	12,508	12,508	12,508
TOTAL PERM POSITIONS	139.50*	139.50*	133.50*	133.50*	133.5*	133.5*	133.5*	133.5*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	11,543,731	12,008,896	12,507,997	12,507,997	12,508	12,508	12,508	12,508

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<b>MEASURES OF EFFECTIVENESS</b>								
1. % ATTORNY CASELDS EXCEED NATL STD FOR FELONY CASES	0	0	0	0	0	0	0	0
2. % ATTRNY CASELDS EXCEED NATL STD FOR MISDMNR CASES	481	481	481	481	481	481	481	481
3. % ATTORNY CASELDS EXCEED NATL STD FOR FAMLY 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
<b>PROGRAM TARGET GROUPS</b>								
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 REQUIRNG SVCS FOR MENTAL COMMITMNT CASES	265	265	265	265	265	265	265	265
5. INDIGENTS REQUIRNG 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
<b>PROGRAM ACTIVITIES</b>								
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 abolishment of 6.00 full-time equivalents unfunded by Act 9, SLH 2020.

## **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.

## **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

## Program Plan Narrative

### **BUF151: OFFICE OF THE PUBLIC DEFENDER**

**10 03 01**

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 an 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	242.00*	242.00*	237.00*	237.00*	237.0*	237.0*	237.0*	237.0*
	5.00**	5.00**	2.00**	2.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	32,112,100	32,497,271	27,297,913	27,297,913	27,093	27,093	27,093	27,093
OTHER CURRENT EXPENSES	2,096,002,036	2,193,342,964	1,949,047,901	2,017,559,598	2,104,198	2,181,602	2,647,982	2,643,610
EQUIPMENT	2,204,100	152,700	110,900	150,700	150	150	150	150
TOTAL OPERATING COST	2,130,318,236	2,225,992,935	1,976,456,714	2,045,008,211	2,131,441	2,208,845	2,675,225	2,670,853
BY MEANS OF FINANCING	62.00*	62.00*	57.00*	57.00*	57.0*	57.0*	57.0*	57.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	1,743,227,502	1,804,799,079	1,555,332,907	1,623,820,404	1,710,458	1,787,862	2,254,242	2,249,870
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	336,452,769	377,575,000	377,575,000	377,575,000	377,575	377,575	377,575	377,575
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
FEDERAL FUNDS	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
OTHER FEDERAL FUNDS	69.00*	69.00*	69.00*	69.00*	69.0*	69.0*	69.0*	69.0*
	3.00**	3.00**	**	**	**	**	**	**
TRUST FUNDS	30,210,887	20,938,966	20,724,868	20,724,868	20,725	20,725	20,725	20,725
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS		4,000,000	4,000,000	4,000,000	4,000	4,000	4,000	4,000
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
REVOLVING FUND	111.00*	111.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
	2.00**	2.00**	2.00**	2.00**	**	**	**	**
OTHER FUNDS	20,427,078	18,679,890	18,823,939	18,887,939	18,683	18,683	18,683	18,683
CAPITAL IMPROVEMENT COSTS								
PLANS		1,000						
DESIGN		1,000						
CONSTRUCTION		898,000						
TOTAL CAPITAL EXPENDITURES		900,000						



OPERATING AND CAPITAL EXPENDITURES

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
BY MEANS OF FINANCING G.O. BONDS		900,000						
TOTAL PERM POSITIONS	242.00*	242.00*	237.00*	237.00*	237.0*	237.0*	237.0*	237.0*
TOTAL TEMP POSITIONS	5.00**	5.00**	2.00**	2.00**	**	**	**	**
TOTAL PROGRAM COST	2,130,318,236	2,226,892,935	1,976,456,714	2,045,008,211	2,131,441	2,208,845	2,675,225	2,670,853

# 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	47.00*	47.00*	43.00*	43.00*	43.0*	43.0*	43.0*	43.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	12,920,349	13,250,705	7,422,029	7,422,029	7,422	7,422	7,422	7,422
OTHER CURRENT EXPENSES	343,508,253	385,604,671	402,355,316	404,781,814	404,782	404,782	404,782	404,782
TOTAL OPERATING COST	356,428,602	398,855,376	409,777,345	412,203,843	412,204	412,204	412,204	412,204
BY MEANS OF FINANCING	47.00*	47.00*	43.00*	43.00*	43.0*	43.0*	43.0*	43.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	19,975,833	21,280,376	32,202,345	34,628,843	34,629	34,629	34,629	34,629
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	336,452,769	377,575,000	377,575,000	377,575,000	377,575	377,575	377,575	377,575
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
FEDERAL FUNDS	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
OTHER FEDERAL FUNDS	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
REVOLVING FUND								
CAPITAL IMPROVEMENT COSTS								
PLANS		1,000						
DESIGN		1,000						
CONSTRUCTION		898,000						
TOTAL CAPITAL EXPENDITURES		900,000						

OPERATING AND CAPITAL EXPENDITURES

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
BY MEANS OF FINANCING								
G.O. BONDS		900,000						
TOTAL PERM POSITIONS	47.00*	47.00*	43.00*	43.00*	43.0*	43.0*	43.0*	43.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	356,428,602	399,755,376	409,777,345	412,203,843	412,204	412,204	412,204	412,204

# 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	47.00*	47.00*	43.00*	43.00*	43.0*	43.0*	43.0*	43.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	12,920,349	13,250,705	7,422,029	7,422,029	7,422	7,422	7,422	7,422
OTHER CURRENT EXPENSES	343,508,253	385,604,671	402,355,316	404,781,814	404,782	404,782	404,782	404,782
TOTAL OPERATING COST	356,428,602	398,855,376	409,777,345	412,203,843	412,204	412,204	412,204	412,204
BY MEANS OF FINANCING	47.00*	47.00*	43.00*	43.00*	43.0*	43.0*	43.0*	43.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	19,975,833	21,280,376	32,202,345	34,628,843	34,629	34,629	34,629	34,629
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	336,452,769	377,575,000	377,575,000	377,575,000	377,575	377,575	377,575	377,575
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
FEDERAL FUNDS	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
OTHER FEDERAL FUNDS	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
REVOLVING FUND								
CAPITAL IMPROVEMENT COSTS								
PLANS		1,000						
DESIGN		1,000						
CONSTRUCTION		898,000						
TOTAL CAPITAL EXPENDITURES		900,000						

OPERATING AND CAPITAL EXPENDITURES

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
BY MEANS OF FINANCING								
G.O. BONDS		900,000						
TOTAL PERM POSITIONS	47.00*	47.00*	43.00*	43.00*	43.0*	43.0*	43.0*	43.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	356,428,602	399,755,376	409,777,345	412,203,843	412,204	412,204	412,204	412,204

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO:  
PROGRAM TITLE:

**BUF101**  
**11010305**  
**DEPARTMENTAL ADMINISTRATION & BUDGET DIV**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	47.00*	47.00*	43.00*	43.00*	43.0*	43.0*	43.0*	43.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	3,220,349	3,550,705	3,792,969	3,792,969	3,793	3,793	3,793	3,793
OTHER CURRENT EXPENSES	343,508,253	385,604,671	402,355,316	404,781,814	404,782	404,782	404,782	404,782
TOTAL OPERATING COST	346,728,602	389,155,376	406,148,285	408,574,783	408,575	408,575	408,575	408,575
BY MEANS OF FINANCING	47.00*	47.00*	43.00*	43.00*	43.0*	43.0*	43.0*	43.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	10,275,833	11,580,376	28,573,285	30,999,783	31,000	31,000	31,000	31,000
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
SPECIAL FUND	336,452,769	377,575,000	377,575,000	377,575,000	377,575	377,575	377,575	377,575
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
REVOLVING FUND								
CAPITAL IMPROVEMENT COSTS								
PLANS		1,000						
DESIGN		1,000						
CONSTRUCTION		898,000						
TOTAL CAPITAL EXPENDITURES		900,000						
BY MEANS OF FINANCING								
G.O. BONDS		900,000						
TOTAL PERM POSITIONS	47.00*	47.00*	43.00*	43.00*	43.0*	43.0*	43.0*	43.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	346,728,602	390,055,376	406,148,285	408,574,783	408,575	408,575	408,575	408,575

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<b>MEASURES OF EFFECTIVENESS</b>								
1. % OF RECOMMENDATIONS MADE ON DEPT REQUESTS	0	0	0	0	00	0	0	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
<b>PROGRAM TARGET GROUPS</b>								
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
<b>PROGRAM ACTIVITIES</b>								
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	265	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
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
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
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
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 \$16,950,645 in general funds in FY 22 and \$19,377,143 in general funds in FY 23 to pay interest on approximately \$1 billion borrowed from the Federal Unemployment Account to continue to make unemployment insurance payments in 2020.

Request for a decrease of \$200,000 in general funds to Subsidy to Bishop Museum to address budget shortfalls.

Request for \$84,612 in general funds in FY 22 and FY 23 to restore funding for a Program Budget Analyst V to monitor and support general obligation (G.O.) bond post-issuance compliance, statewide, as recommended by contracted bond counsel.

Request for abolishment of 4.00 full-time equivalents unfunded by Act 9, SLH 2020.

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.



## Program Plan Narrative

**BUF101: DEPARTMENTAL ADMINISTRATION & BUDGET DIV**

**11 01 03 05**

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

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

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

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

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

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

### **H. Discussion of Program 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	0.00*	0.00*	0.00*	0.00*	0.0*	0.0*	0.0*	0.0*
PERSONAL SERVICES	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
TOTAL OPERATING COST	0	0	0	0	0	0	0	0
BY MEANS OF FINANCING	*	*	*	*	*	*	*	*
GENERAL FUND	**	**	**	**	**	**	**	**
SPECIAL FUND	*	*	*	*	*	*	*	*
FEDERAL FUNDS	**	**	**	**	**	**	**	**
OTHER FEDERAL FUNDS	*	*	*	*	*	*	*	*
REVOLVING FUND	**	**	**	**	**	**	**	**
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST								

PROGRAM ID:  
PROGRAM STRUCTURE:  
PROGRAM TITLE:

BUF102  
11010307  
COLLECTIVE BARGAINING - STATEWIDE

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<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 FB 2021-23.

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

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
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	3,629,060	3,629,060	3,629	3,629	3,629	3,629
TOTAL OPERATING COST	9,700,000	9,700,000	3,629,060	3,629,060	3,629	3,629	3,629	3,629
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	9,700,000	9,700,000	3,629,060	3,629,060	3,629	3,629	3,629	3,629
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	9,700,000	9,700,000	3,629,060	3,629,060	3,629	3,629	3,629	3,629

PROGRAM ID:  
PROGRAM STRUCTURE:  
PROGRAM TITLE:

BUF103  
11010308  
VACATION PAYOUT - STATEWIDE

	FY	FY	FY	FY	FY	FY	FY	FY
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27

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, including the Department of Education (DOE) and the University of Hawaii (UH).

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

None.

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

Request for a decrease of \$6,070,940 in general funds in FY 22 and FY 23 to vacation payout to address budget shortfalls.

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

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

Statewide 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	24.00*	24.00*	23.00*	23.00*	23.0*	23.0*	23.0*	23.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	1,542,901	1,597,716	1,726,892	1,726,892	1,727	1,727	1,727	1,727
OTHER CURRENT EXPENSES	407,453,523	399,490,054	478,413,732	503,277,731	536,794	558,449	625,954	572,192
TOTAL OPERATING COST	408,996,424	401,087,770	480,140,624	505,004,623	538,521	560,176	627,681	573,919
BY MEANS OF FINANCING	15.00*	15.00*	14.00*	14.00*	14.0*	14.0*	14.0*	14.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	397,317,157	389,372,591	468,401,636	493,265,635	526,782	548,437	615,942	562,180
	9.00*	9.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	11,679,267	11,715,179	11,738,988	11,738,988	11,739	11,739	11,739	11,739
TOTAL PERM POSITIONS	24.00*	24.00*	23.00*	23.00*	23.0*	23.0*	23.0*	23.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	408,996,424	401,087,770	480,140,624	505,004,623	538,521	560,176	627,681	573,919



# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	24.00*	24.00*	23.00*	23.00*	23.0*	23.0*	23.0*	23.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	1,542,901	1,597,716	1,726,892	1,726,892	1,727	1,727	1,727	1,727
OTHER CURRENT EXPENSES	407,453,523	399,490,054	478,413,732	503,277,731	536,794	558,449	625,954	572,192
TOTAL OPERATING COST	408,996,424	401,087,770	480,140,624	505,004,623	538,521	560,176	627,681	573,919
BY MEANS OF FINANCING	15.00*	15.00*	14.00*	14.00*	14.0*	14.0*	14.0*	14.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	397,317,157	389,372,591	468,401,636	493,265,635	526,782	548,437	615,942	562,180
	9.00*	9.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	11,679,267	11,715,179	11,738,988	11,738,988	11,739	11,739	11,739	11,739
TOTAL PERM POSITIONS	24.00*	24.00*	23.00*	23.00*	23.0*	23.0*	23.0*	23.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	408,996,424	401,087,770	480,140,624	505,004,623	538,521	560,176	627,681	573,919

# 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	24.00*	24.00*	23.00*	23.00*	23.0*	23.0*	23.0*	23.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	1,542,901	1,597,716	1,726,892	1,726,892	1,727	1,727	1,727	1,727
OTHER CURRENT EXPENSES	11,914,963	12,182,896	12,182,896	12,182,896	12,183	12,183	12,183	12,183
TOTAL OPERATING COST	13,457,864	13,780,612	13,909,788	13,909,788	13,910	13,910	13,910	13,910
BY MEANS OF FINANCING	15.00*	15.00*	14.00*	14.00*	14.0*	14.0*	14.0*	14.0*
	**	**	**	**	**	**	**	**
GENERAL FUND	1,778,597	2,065,433	2,170,800	2,170,800	2,171	2,171	2,171	2,171
	9.00*	9.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
	**	**	**	**	**	**	**	**
TRUST FUNDS	11,679,267	11,715,179	11,738,988	11,738,988	11,739	11,739	11,739	11,739
TOTAL PERM POSITIONS	24.00*	24.00*	23.00*	23.00*	23.0*	23.0*	23.0*	23.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	13,457,864	13,780,612	13,909,788	13,909,788	13,910	13,910	13,910	13,910

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<b>MEASURES OF EFFECTIVENESS</b>								
1. AV ANN RATE OF RETURN ON STATE TREASRY INVSTMTS	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
2. % TREASURY TRANSACTNS UNRECONCILED AFTER 30 DAYS	10	10	10	10	10	10	10	10
3. % INCR IN NEW UNCLAIMED PROP HOLDER REPTS FILED	10	10	10	10	10	10	10	10
4. % INCR IN UNCLAIMED PROPERTY AMOUNTS REPORTED	1	1	1	1	1	1	1	1
5. % INC IN RETURNS OF UNCLMD PROP TO RIGHTFUL OWNERS	5	5	5	5	5	5	5	5
<b>PROGRAM TARGET GROUPS</b>								
1. STATE DEPARTMENTS	20	20	20	20	20	20	20	20
2. STATE INVESTMENT ACCOUNTS	8	8	8	8	8	8	8	8
3. STATE FUND INVESTMENTS (\$ MILLIONS)	6800	6800	6800	6800	6800	6800	6800	6800
4. LOCAL AND MAINLAND FINANCIAL INSTITUTIONS	14	14	14	14	14	14	14	14
5. UNCLAIMED PROPERTY HOLDERS	19000	19000	19000	19000	19000	19000	19000	19000
6. OWNERS OF UNCLAIMED PROPERTY	1600000	1600000	1600000	1600000	1600000	1600000	1600000	1600000
<b>PROGRAM ACTIVITIES</b>								
1. NO. OF STATE BOND ISSUES UNDERTAKEN	10	10	10	10	10	10	10	10
2. AMOUNT OF STATE FUNDS MANAGED (IN MILLIONS)	7800	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	15000	15000	15000	15000	15000	15000	15000	15000
5. AMOUNT OF UNCLAIMED PROPERTY CLAIMS PAID (000'S)	11000	11000	11000	11000	11000	11000	11000	11000
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
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
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
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 \$52,824 in general funds in FY 22 and FY 23 to restore funding for an Accountant IV to monitor and support general obligation (G.O.) bond post-issuance compliance, statewide, as recommended by contracted bond counsel.

Request for abolishment of 1.00 full-time equivalent unfunded by Act 9, SLH 2020.

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, Hawaii Revised Statutes (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, HRS. Section 40-7, HRS, requires an annual count of monies and securities in the State Treasury.

Determine the specific dates and amounts of bond sales based on cash requirements of the State and prevailing money 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 efficiency improvements 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 G.O. 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	395,538,560	387,307,158	466,230,836	491,094,835	524,611	546,266	613,771	560,009
TOTAL OPERATING COST	395,538,560	387,307,158	466,230,836	491,094,835	524,611	546,266	613,771	560,009
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	395,538,560	387,307,158	466,230,836	491,094,835	524,611	546,266	613,771	560,009
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	395,538,560	387,307,158	466,230,836	491,094,835	524,611	546,266	613,771	560,009

PROGRAM ID:  
PROGRAM STRUCTURE:  
PROGRAM TITLE:

BUF721  
11020303  
DEBT SERVICE PAYMENTS -STATE

	FY	FY	FY	FY	FY	FY	FY	FY
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27

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 \$78,923,678 (principal increase of \$69,190,896 and interest increase of \$9,732,782) in debt service costs in FY 22; and an increase of \$103,787,677 (principal increase of \$82,037,848 and interest increase of \$21,749,829) in debt service costs in FY 23 over the established FY 21 budget ceiling. Increased debt service requirements are to provide funding for debt service for the State (except the Department of Education and University of Hawaii) and are based on projections updated November 2020 (currently authorized in the State Bond Bill - Senate Bill No. 2500, S.D. 1, SLH 2020). Assumption: projected interest rate of 5.75% and bond sales of \$525 million in FY 21, \$1.00 billion in FY 22, \$1.00 billion in FY 23, and \$1.00 billion in FY 24.

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

Closely monitor the municipal bond market in planning, directing, and coordinating the structure and sale of general obligation (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 affect the interest rates incurred in the sale of the G.O. bonds. In addition, the condition of 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	171.00*	171.00*	171.00*	171.00*	171.0*	171.0*	171.0*	171.0*
	5.00**	5.00**	2.00**	2.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	17,648,850	17,648,850	18,148,992	18,148,992	17,944	17,944	17,944	17,944
OTHER CURRENT EXPENSES	1,345,040,260	1,408,248,239	1,068,278,853	1,109,500,053	1,162,622	1,218,371	1,617,246	1,666,636
EQUIPMENT	2,204,100	152,700	110,900	150,700	150	150	150	150
TOTAL OPERATING COST	1,364,893,210	1,426,049,789	1,086,538,745	1,127,799,745	1,180,716	1,236,465	1,635,340	1,684,730
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	1,325,934,512	1,394,146,112	1,054,728,926	1,095,925,926	1,149,047	1,204,796	1,603,671	1,653,061
	60.00*	60.00*	60.00*	60.00*	60.0*	60.0*	60.0*	60.0*
	3.00**	3.00**	**	**	**	**	**	**
TRUST FUNDS	18,531,620	9,223,787	8,985,880	8,985,880	8,986	8,986	8,986	8,986
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS		4,000,000	4,000,000	4,000,000	4,000	4,000	4,000	4,000
	111.00*	111.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
	2.00**	2.00**	2.00**	2.00**	**	**	**	**
OTHER FUNDS	20,427,078	18,679,890	18,823,939	18,887,939	18,683	18,683	18,683	18,683
TOTAL PERM POSITIONS	171.00*	171.00*	171.00*	171.00*	171.0*	171.0*	171.0*	171.0*
TOTAL TEMP POSITIONS	5.00**	5.00**	2.00**	2.00**	**	**	**	**
TOTAL PROGRAM COST	1,364,893,210	1,426,049,789	1,086,538,745	1,127,799,745	1,180,716	1,236,465	1,635,340	1,684,730

# 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	171.00*	171.00*	171.00*	171.00*	171.0*	171.0*	171.0*	171.0*
	5.00**	5.00**	2.00**	2.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	17,648,850	17,648,850	18,148,992	18,148,992	17,944	17,944	17,944	17,944
OTHER CURRENT EXPENSES	1,345,040,260	1,408,248,239	1,068,278,853	1,109,500,053	1,162,622	1,218,371	1,617,246	1,666,636
EQUIPMENT	2,204,100	152,700	110,900	150,700	150	150	150	150
TOTAL OPERATING COST	1,364,893,210	1,426,049,789	1,086,538,745	1,127,799,745	1,180,716	1,236,465	1,635,340	1,684,730
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	1,325,934,512	1,394,146,112	1,054,728,926	1,095,925,926	1,149,047	1,204,796	1,603,671	1,653,061
	60.00*	60.00*	60.00*	60.00*	60.0*	60.0*	60.0*	60.0*
	3.00**	3.00**	**	**	**	**	**	**
TRUST FUNDS	18,531,620	9,223,787	8,985,880	8,985,880	8,986	8,986	8,986	8,986
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS		4,000,000	4,000,000	4,000,000	4,000	4,000	4,000	4,000
	111.00*	111.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
	2.00**	2.00**	2.00**	2.00**	**	**	**	**
OTHER FUNDS	20,427,078	18,679,890	18,823,939	18,887,939	18,683	18,683	18,683	18,683
TOTAL PERM POSITIONS	171.00*	171.00*	171.00*	171.00*	171.0*	171.0*	171.0*	171.0*
TOTAL TEMP POSITIONS	5.00**	5.00**	2.00**	2.00**	**	**	**	**
TOTAL PROGRAM COST	1,364,893,210	1,426,049,789	1,086,538,745	1,127,799,745	1,180,716	1,236,465	1,635,340	1,684,730

# 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	111.00*	111.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
	2.00**	2.00**	2.00**	2.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	12,121,920	12,121,920	12,657,969	12,657,969	12,453	12,453	12,453	12,453
OTHER CURRENT EXPENSES	6,103,458	6,407,670	6,055,470	6,079,670	6,080	6,080	6,080	6,080
EQUIPMENT	2,201,700	150,300	110,500	150,300	150	150	150	150
TOTAL OPERATING COST	20,427,078	18,679,890	18,823,939	18,887,939	18,683	18,683	18,683	18,683
BY MEANS OF FINANCING	111.00*	111.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
	2.00**	2.00**	2.00**	2.00**	**	**	**	**
OTHER FUNDS	20,427,078	18,679,890	18,823,939	18,887,939	18,683	18,683	18,683	18,683
TOTAL PERM POSITIONS	111.00*	111.00*	111.00*	111.00*	111.0*	111.0*	111.0*	111.0*
TOTAL TEMP POSITIONS	2.00**	2.00**	2.00**	2.00**	**	**	**	**
TOTAL PROGRAM COST	20,427,078	18,679,890	18,823,939	18,887,939	18,683	18,683	18,683	18,683

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<u>MEASURES OF EFFECTIVENESS</u>								
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	7	7	7	7	7	7	7	7
<u>PROGRAM TARGET GROUPS</u>								
1. ACTIVE MEMBERS	66000	66000	66000	66000	66000	66000	66000	66000
2. RETIRED MEMBERS	50000	50000	50000	50000	50000	50000	50000	50000
3. INACTIVE VESTED MEMBERS	9200	9200	9200	9200	9200	9200	9200	9200
<u>PROGRAM ACTIVITIES</u>								
1. ANNUAL NUMBER OF NEW MEMBERS	4000	4000	4000	4000	4000	4000	4000	4000
2. ANNUAL NUMBER OF MEMBERS COUNSELED	45000	45000	45000	45000	45000	45000	45000	45000
3. ANNUAL NUMBER OF RETIREMENT BENEFIT COMPUTATIONS	4250	4250	4250	4250	4250	4250	4250	4250
4. ANNUAL NUMBER OF NEW RETIREES	2100	2100	2100	2100	2100	2100	2100	2100
5. ANNUAL RETIREMNT BENEFIT PAYMNT AMOUNTS (MILLIONS)	1491	1491	1491	1491	1491	1491	1491	1491
6. ANNUAL NUMBER OF DECEASED MEMBER CLAIMS	800	800	800	800	800	800	800	800
7. ANNUAL NUMBER OF REFUND PAYMENTS	1000	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)	1155	1155	1155	1155	1155	1155	1155	1155
10. ANNUAL RETURN ON INVESTMENTS	7	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 provide an open and participative work environment for staff.

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

No requests for FB 2021-23.

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

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

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

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

The Board of Trustees establishes policies and procedures to administer the program and to conduct disability hearings and appeals. The Board also develops asset allocation strategies to prudently maximize the rate of return on investments for the benefit of the State and county government employers and Employees Retirement System (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, employer contributions from the counties, and member contributions.

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

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

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

The ERS' membership of 127,052 has increased by approximately 6% in the last 5 years and is anticipated to grow an estimated 5% to 10% in the next 5-10 years. The growing membership requires an increase in ERS services related to their retirement, disability and death benefits.

Furthermore, legislation enacted over the past several years added more complexity to the already complex ERS, 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.

## Program Plan Narrative

**BUF141: EMPLOYEES RETIREMENT SYSTEM**

**11 03 06 01**

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	60.00*	60.00*	60.00*	60.00*	60.0*	60.0*	60.0*	60.0*
	3.00**	3.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	5,526,930	5,526,930	5,491,023	5,491,023	5,491	5,491	5,491	5,491
OTHER CURRENT EXPENSES	13,002,290	3,694,457	3,494,457	3,494,457	3,495	3,495	3,495	3,495
EQUIPMENT	2,400	2,400	400	400				
TOTAL OPERATING COST	18,531,620	9,223,787	8,985,880	8,985,880	8,986	8,986	8,986	8,986
BY MEANS OF FINANCING	60.00*	60.00*	60.00*	60.00*	60.0*	60.0*	60.0*	60.0*
	3.00**	3.00**	**	**	**	**	**	**
TRUST FUNDS	18,531,620	9,223,787	8,985,880	8,985,880	8,986	8,986	8,986	8,986
TOTAL PERM POSITIONS	60.00*	60.00*	60.00*	60.00*	60.0*	60.0*	60.0*	60.0*
TOTAL TEMP POSITIONS	3.00**	3.00**	**	**	**	**	**	**
TOTAL PROGRAM COST	18,531,620	9,223,787	8,985,880	8,985,880	8,986	8,986	8,986	8,986

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<b>MEASURES OF EFFECTIVENESS</b>								
1. PERCENTAGE OF DOCUMENTS PROCESSED WITHIN 60 DAYS	90	90	90	90	90	90	90	90
2. AV NO. DAYS REQUIRED TO PROCESS ENROLLMNT TRNSCTNS	15	15	15	15	15	15	15	15
3. PERCENTAGE OF ABANDONED CALLS	5	5	5	5	5	5	5	5
4. PERCENTAGE OF CALLS ANSWERED WITH 30 SECONDS	65	65	65	65	65	65	65	65
5. AMOUNT OF REFUNDS OUTSTANDING GREATER THAN 60 DAYS	13500	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	98	98	98	98	98	98	98	98
8. NO. OF MINOR & MAJOR HIPAA VIOLATIONS PER YEAR	3	3	3	3	3	3	3	3
<b>PROGRAM TARGET GROUPS</b>								
1. TOTAL EMPLOYEES - (ACTIVES) FULL-TIME (STATE/CNTY)	68600	68600	68600	68600	68600	68600	68600	68600
2. TOTAL EMPLOYEES - RETIRED	46800	46800	46800	46800	46800	46800	46800	46800
3. TOTAL DEPENDENT BENEFICIARIES	83500	83500	83500	83500	83500	83500	83500	83500
4. MEDICARE PREMIUM REIMBURSEMENT RECIPIENTS	50000	50000	50000	50000	50000	50000	50000	50000
5. PERSONNEL AND FINANCE OFFICERS	500	500	500	500	500	500	500	500
<b>PROGRAM ACTIVITIES</b>								
1. NEW ENROLLMENTS (ADDITIONS)	9300	9300	9300	9300	9300	9300	9300	9300
2. TERMINATIONS (DELETIONS, CANCELLATIONS)	11000	11000	11000	11000	11000	11000	11000	11000
3. ENROLLMNT DATA CHGS (INS PLAN, NAME, ADDRESS, ETC.)	30000	30000	30000	30000	30000	30000	30000	30000
4. COBRA ENROLLMENTS	1450	1450	1450	1450	1450	1450	1450	1450
5. OUTREACH/EDUC BENEFIT BRIEFING SESSIONS CONDUCTED	137	137	137	137	137	137	137	137
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY	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
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
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 \$200,000 in trust funds in FY 22 and FY 23 for pharmacy benefit consulting services to review and identify unusual, aberrant claims trends and work with the Hawaii Employer-Union Trust Fund's (EUTF) Pharmacy Benefit Manager to develop programs that will address prescription drug costs that outweigh the benefits to the EUTF members' health.

Request for abolishment of 3.00 temporary trust-funded full-time equivalents related to the benefits administration system (BAS) replacement project.

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 Other Post-Employment Benefits 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.
- Administer enrollment records for qualified beneficiaries eligible under P.L. 99-272. Federal Consolidated Omnibus Budget Reconciliation Act (COBRA) law mandates a temporary extension of health insurance benefits for these persons.

# Program Plan Narrative

## BUF143: HAWAII EMPLOYER-UNION TRUST FUND

11 03 06 03

- Maintain financial records for employees enrolled in the State of Hawaii's Premium Conversion Plan.
- Comply with Health Insurance Portability and Accountability Act (HIPAA) privacy regulations and policies related to health benefit enrollment records.
- Comply with Government Accounting Standards Board (GASB) No. 74, Financial Reporting for Post-Employment 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 OPEB.

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

Each State and county employing agency is responsible to notify their eligible employees about the EUTF's benefit plans by distributing 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 EUTF. Employers, employees, and retirees are required to make timely payments for benefit plans to the Trust Fund office as appropriate. The EUTF office services the health and life insurance benefits enrollment needs of State and county employees and retirees.

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

The Board 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 EUTF. The EUTF collects both State and county employer and employee contributions. After processing and reconciling the enrollments and contributions, the EUTF remits applicable amounts to insurance carriers or administrators for insurance premiums. The EUTF 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 an 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.

### **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.

## Program Plan Narrative

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

**11 03 06 03**

- 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	389,890,304	439,091,440	437,406,650	437,406,650	445,972	454,709	463,620	472,710
TOTAL OPERATING COST	389,890,304	439,091,440	437,406,650	437,406,650	445,972	454,709	463,620	472,710
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	389,890,304	435,091,440	433,406,650	433,406,650	441,972	450,709	459,620	468,710
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
INTERDEPARTMENTAL TRANSFERS		4,000,000	4,000,000	4,000,000	4,000	4,000	4,000	4,000
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	389,890,304	439,091,440	437,406,650	437,406,650	445,972	454,709	463,620	472,710

PROGRAM ID: BUF741

PROGRAM STRUCTURE: 11030605

PROGRAM TITLE: RETIREMENT BENEFITS PAYMENTS - STATE

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<u>MEASURES OF EFFECTIVENESS</u>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
 <u>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</u>								
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
 <u>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</u>								
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 adjustments to 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 decreases of \$1,684,790 in FY 22 and FY 23.

### **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

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	121,385,208	116,598,672	125,841,276	125,841,276	128,358	130,925	133,544	136,215
TOTAL OPERATING COST	121,385,208	116,598,672	125,841,276	125,841,276	128,358	130,925	133,544	136,215
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	121,385,208	116,598,672	125,841,276	125,841,276	128,358	130,925	133,544	136,215
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	121,385,208	116,598,672	125,841,276	125,841,276	128,358	130,925	133,544	136,215

PROGRAM ID: BUF761

PROGRAM STRUCTURE: 11030607

PROGRAM TITLE: HEALTH PREMIUM PAYMENTS - STATE

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<u>MEASURES OF EFFECTIVENESS</u>								
1. NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM								
<u>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</u>								
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
<u>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</u>								
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 increases of \$9,242,604 in FY 22 and FY 23.

### **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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OTHER CURRENT EXPENSES	814,659,000	842,456,000	495,481,000	536,678,000	578,717	623,162	1,010,507	1,048,136
TOTAL OPERATING COST	814,659,000	842,456,000	495,481,000	536,678,000	578,717	623,162	1,010,507	1,048,136
BY MEANS OF FINANCING								
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
GENERAL FUND	814,659,000	842,456,000	495,481,000	536,678,000	578,717	623,162	1,010,507	1,048,136
TOTAL PERM POSITIONS	*	*	*	*	*	*	*	*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	814,659,000	842,456,000	495,481,000	536,678,000	578,717	623,162	1,010,507	1,048,136

PROGRAM ID:  
PROGRAM STRUCTURE:  
PROGRAM TITLE:

BUF762  
11030609  
HEALTH PREMIUM PAYMENTS - ARC

	FY	FY	FY	FY	FY	FY	FY	FY
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27

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)**

Total adjustments to State employer contribution requirements for the annual required contribution are decreases of \$346,975,000 (retirees increase of \$43,259,000 and OPEB pre-funding decrease of \$390,234,000) in FY 22 and \$305,778,000 (retirees increase of \$84,456,000 and OPEB pre-funding decrease of \$390,234,000) in FY 23.

### **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 Employer-Union Health Benefits Trust Fund was intended to control rising costs by giving the Board of Trustees full flexibility in the plan designs, limitation of future expenditures for retiree benefits, and the setting of employer contributions for active employees at a fixed dollar amount. OPEB also brings to light the full cost of providing retiree benefits and with it, unfunded liabilities in excess of pension benefits.

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

None.

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

None.

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

No significant analysis of specific issues was conducted.

### **J. Further Considerations**

None.