



## **DETAILS OF VARIANCES**



## **ECONOMIC DEVELOPMENT**

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	509.00	373.00	- 136.00	27	470.00	383.00	- 87.00	19	470.00	426.00	- 44.00	9
<b>EXPENDITURES (\$1000's)</b>	354,267	224,616	- 129,651	37	42,829	29,900	- 12,929	30	235,455	283,885	+ 48,430	21
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	509.00	373.00	- 136.00	27	470.00	383.00	- 87.00	19	470.00	426.00	- 44.00	9
<b>EXPENDITURES (\$1000's)</b>	354,267	224,616	- 129,651	37	42,829	29,900	- 12,929	30	235,455	283,885	+ 48,430	21
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. GROSS STATE PRODUCT (2012 CONSTANT \$ IN MILLIONS)					73994	72467	- 1527	2	75523	74279	- 1244	2
2. REAL PERSONAL INCOME (2012 CONSTANT \$ IN MILLIONS)					63392	64641	+ 1249	2	60868	63024	+ 2156	4
3. UNEMPLOYMENT RATE (% TENTHS)					9.6	10.7	+ 1.1	11	7.5	7.0	- 0.5	7
4. TOTAL EMPLOYMENT (THOUSANDS)					596	577	- 19	3	621	603	- 18	3
5. GROSS STATE PRODUCT (CURRENT \$ IN MILLIONS)					88201	86165	- 2036	2	91624	90042	- 1582	2
6. PERSONAL INCOME (CURRENT \$ IN MILLIONS)					83431	85439	+ 2008	2	81165	84328	+ 3163	4

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

**PROGRAM TITLE: ECONOMIC DEVELOPMENT**

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**01**

### **PART I - EXPENDITURES AND POSITIONS**

Details of the position and expenditure variances are best examined at the lowest program level.

### **PART II - MEASURES OF EFFECTIVENESS**

See Lowest Level Programs for additional information.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
PART I: EXPENDITURES & POSITIONS												
RESEARCH & DEVELOPMENT COSTS												
POSITIONS												
EXPENDITURES (\$1,000's)												
OPERATING COSTS												
POSITIONS	66.00	57.00	- 9.00	14	64.00	56.00	- 8.00	13	64.00	59.00	- 5.00	8
EXPENDITURES (\$1000's)	26,296	20,407	- 5,889	22	2,307	1,688	- 619	27	9,150	10,191	+ 1,041	11
TOTAL COSTS												
POSITIONS	66.00	57.00	- 9.00	14	64.00	56.00	- 8.00	13	64.00	59.00	- 5.00	8
EXPENDITURES (\$1000's)	26,296	20,407	- 5,889	22	2,307	1,688	- 619	27	9,150	10,191	+ 1,041	11
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. % INCREASE IN EXPORTS DUE TO PROG PARTICIPATION					10	0	- 10	100	10	10	+ 0	0
2. \$ AMOUNT OF DIRECT EXPEN - FILM/TV PROD (MIL)					200	400	+ 200	100	350	440	+ 90	26
3. %VALUE INCR OF CARGO IN/OUT OF FTZ (EXCL SUBZONES)					3	-56.55	- 59.55	1985	3	3	+ 0	0
4. TOTAL VISITOR EXPENDITURES (\$ BILLIONS)					7.8	6.13	- 1.67	21	11.94	12.22	+ 0.28	2

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

**PROGRAM TITLE: BUSINESS DEVELOPMENT**

**01 01**

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### **PART I - EXPENDITURES AND POSITIONS**

Details of the position and expenditure variances are best examined at the lowest program level.

### **PART II - MEASURES OF EFFECTIVENESS**

See Lowest Level Programs for additional information.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	10.00	10.00	+ 0.00	0	10.00	10.00	+ 0.00	0	10.00	10.00	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	20,093	14,418	- 5,675	28	832	290	- 542	65	3,579	4,031	+ 452	13
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	10.00	10.00	+ 0.00	0	10.00	10.00	+ 0.00	0	10.00	10.00	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	20,093	14,418	- 5,675	28	832	290	- 542	65	3,579	4,031	+ 452	13
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
<b>PART II: MEASURES OF EFFECTIVENESS</b>												
1. % INCREASE IN EXPORTS DUE TO PROG PARTICIPATION					10	0	- 10	100	10	10	+ 0	0
2. \$ VALUE OF TOTAL/PROJ SALES-TRADE & EXPORT PROMO					19000	2400	- 16600	87	19000	2700	- 16300	86
3. # NEW FIRMS ENROLLED IN ENTERPRISE ZONE PROGRAM					25	11	- 14	56	25	25	+ 0	0
<b>PART III: PROGRAM TARGET GROUP</b>												
1. # OF FIRMS ENROLLED IN ENTERPRIZE ZONE PROGRAM					250	195	- 55	22	250	200	- 50	20
2. #COMM-BASED ORGS, CO-OPS & SMALL BUS ASSISTED					200	100	- 100	50	200	200	+ 0	0
3. # SML & MED-SIZED ENTERPRISES EXPAND/NEW TO EXPORT					35	35	+ 0	0	40	40	+ 0	0
<b>PART IV: PROGRAM ACTIVITY</b>												
1. # INT'L BUSINESS DEVELOPMENT ACTIVITIES					25	20	- 5	20	25	20	- 5	20
2. OUTREACH ACTIVITIES					10	10	+ 0	0	10	10	+ 0	0
3. #FIRMS ASSISTED FOR PARTIC IN ENTERPRSE ZONES					300	75	- 225	75	300	100	- 200	67

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

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BED 100

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**PROGRAM TITLE: STRATEGIC MARKETING AND SUPPORT**

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**PART I - EXPENDITURES AND POSITIONS**

Fiscal Year 2020-21 Expenditures: The difference is due to the lapsing of Coronavirus Aid, Relief, and Economic Security Act funds before the entire allotment could be expended, as well as federal fund/revolving fund ceilings higher than available cash.

Actual expenditures for three months ending September 30, 2021: The difference is due to allotment of federal and revolving fund ceilings in the first quarter but spending will occur throughout the fiscal year.

Estimated expenditures for nine months ending June 30, 2022, is net of restrictions on general funds.

**PART II - MEASURES OF EFFECTIVENESS**

Item 1: There was no percentage increase in exports due to difficulty in conducting international sales as a result of COVID-19 restrictions causing shut downs.

Item 2: The significant drop in total/projected export sales was due to the cancellation of many trade shows due to COVID-19 restrictions impacting in-person events and international travel.

Item 3: New firms enrolled in Enterprise Zone (EZ) Program: 44% of the planned goal was accomplished. The drop in enrollment in the EZ Program was due to COVID-19 restrictions.

**PART III - PROGRAM TARGET GROUPS**

Item 1: 78% of the planned enrollment goal for the number of firms enrolled in the EZ Program was accomplished. The 22% enrollment drop in the EZ Program was attributable to COVID-19 restrictions.

Item 2: The department's assistance to community-based organizations, co-ops and small businesses was reduced by 50% due to COVID-19 restrictions.

**PART IV - PROGRAM ACTIVITIES**

Item 1: The actual number of international business activities was 20% less than planned because many activities had to be canceled due to COVID-19 restrictions.

Item 2: 100% of the planned goal for outreach activities within the year was accomplished. However, the number of business owners and managers was less per event due to COVID-19 restrictions.

Item 3: The number of firms assisted for participation in the EZ Program was reduced by 75% due to COVID-19 restrictions.



## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22					
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	14.00	10.00	-	4.00	29	13.00	10.00	-	3.00	23	13.00	10.00	-	3.00	23
EXPENDITURES (\$1000's)	1,539	1,323	-	216	14	323	230	-	93	29	1,919	1,913	-	6	0
TOTAL COSTS															
POSITIONS	14.00	10.00	-	4.00	29	13.00	10.00	-	3.00	23	13.00	10.00	-	3.00	23
EXPENDITURES (\$1000's)	1,539	1,323	-	216	14	323	230	-	93	29	1,919	1,913	-	6	0
						FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. CREATIVE ECONOMY SHARE OF HAWAII GDP (BIL)						3.3	4.1	+	0.8	24	3.5	4.1	+	0.6	17
2. # OF CREATIVE SECTOR JOBS (THOUS) IN HAWAII						53	54	+	1	2	55	56	+	1	2
3. # JOBS ON NEIGHBOR ISLANDS IN CREATIVE SECTORS						17	18	+	1	6	19	22	+	3	16
4. \$ AMOUNT OF DIRECT EXPEN - FILM/TV PROD (MIL)						200	400	+	200	100	350	440	+	90	26
5. \$ AMT ECONOMIC IMPACT - FILM/TV PROD (MIL)						346	700	+	354	102	605	765	+	160	26
6. \$ AMT OF TAXES GENERATED FROM FILM/TV PROD (MIL)						35	35	+	0	0	45	59	+	14	31
7. \$ AMT OF ESTIMATED REBATE - ACT 275						50	50	+	0	0	50	50	+	0	0
8. \$ AMT OF PRODUCTION SPENT ON NEIGHBOR ISLANDS						15	22	+	7	47	50	35	-	15	30
9. \$ AMT OF HOUSEHOLD INCOME - TOTAL SPEND (MIL)						100	150	+	50	50	200	270	+	70	35
PART III: PROGRAM TARGET GROUP															
1. TOTAL \$ AMT/VALUE OF WFORCE DEV CONT - ACT 88/89						90	50	-	40	44	95	125	+	30	32
2. AMOUNT OF PARTICIPANTS - ENT DEV PROGRAMS						450	400	-	50	11	450	450	+	0	0
3. ESTIMATED REV. GEN. FM MUSIC PLACEMENTS (THOUS)						150	250	+	100	67	150	175	+	25	17
PART IV: PROGRAM ACTIVITY															
1. # PERMITS FOR FILM/TV/COM/INTERNET PROJ YEARLY						800	600	-	200	25	2000	2200	+	200	10
2. # OF CREATIVE CONTENT PROJ DEV FOR EXPORT						75	35	-	40	53	100	100	+	0	0
3. # OF MUSIC PLACEMENTS IN FILM, TV, COMMERCIALS						23	76	+	53	230	25	80	+	55	220

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

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## PROGRAM TITLE: CREATIVE INDUSTRIES DIVISION

### PART I - EXPENDITURES AND POSITIONS

Situation Analysis: Program operations compromised until reduced positions are permanently filled. As a result of the necessary hiring freeze (see Item No. 3 below), an administrator, one branch chief, and remaining staff of six have taken on multiple functions to ensure uninterrupted operations and statutory duties. Coupled with an increase in film production beginning the second quarter of FY 21 and increased demands on the recovery and resiliency initiatives initiated and managed by the Creative Industries Division (CID), impact and workload on the administrator and staff not sustainable.

1. FY 21 Operating costs are less due to four positions slated for abolishment and unfunded. Critical positions include a Business Development Manager (Branch Chief for CID, EM-05), an Economic Development Specialist (EDS) VI and an Accountant V (2-person team for Film Tax Credit management), and an EDS V (film permits).

2. The Legislature, through Act 88 SLH 2021, reinstated all four positions but funded only the Branch Chief and Accountant V positions, the latter currently filled with an 89-day hire. The Department of Business, Economic Development and Tourism (DBEDT) has approved the filling of these positions and the remaining two positions. The EDS V (now described as a Film Specialist V) and the EDS VI (tax credits) required the program to transfer funds from Other Current Expenses (OCE) allocated to the film program to begin recruitment.

3. Three positions are filled with 89-day hires as of October 21; the program will fill the Business Development Manager with an 89-day hire while the position is in recruitment.

4. One (1) vacant branch chief position was filled with an 89-day hire in the Second Quarter of FY 20, while the position description (PD) was rewritten due to outdated responsibilities from the transfer into the branch in 2003. PD is dated back to the 1980s.

5. All PD updates required were completed by the program and reviewed and approved by the department. Effective September 2021, three of the four positions were approved by the Director to recruit and/or hire.

6. FY 21 actual count and funding is accurate, although it does not show the (1) T position, an SR-24 Program Specialist.

7. FY 22 count reflects planned recruitment and the program's transfer of OCE funds to cover those positions not funded by the Legislature in SLH 2021. The FY 23 Supplemental Executive Budget request includes funding for these positions.

### PART II - MEASURES OF EFFECTIVENESS

With support by DBEDT's Research and Economic Analysis Division (READ), the metrics reported are derived from the data sets in the DBEDT Targeted and Emerging Industries Report 2020, as well as tracking of the film production tax credit, film permitting, and related metrics on creative content from Creative Lab Hawaii (CLH) and related workforce/talent development programs.

Item 1. The Gross Domestic Product (GDP) share increased in FY 21, and we anticipate this trend continuing through FY 22. Creative sectors are one of six identified by READ as Emerging Industries in the 2020 report.

Item 2. Creative sector job growth had gains even with the COVID-19 pandemic. CID will work with READ to provide updated information when it becomes available. While some gig workers were able to receive Pandemic Unemployment Assistance (PUA) benefits, others transitioned to online marketplaces, providing new opportunities for revenues since all theaters, venues, and hotel work diminished, particularly for performing arts sectors.

Item 3. The unit of measurement is in (thousands) and neighbor islands had gains in the areas of film and television production, particularly Maui and Hawaii Island.

# VARIANCE REPORT NARRATIVE

## FY 2021 AND FY 2022

01 01 02  
BED 105

### PROGRAM TITLE: CREATIVE INDUSTRIES DIVISION

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Item 4. In FY 20-21, Hawaii experienced a boom in production, generating historic highs in production spending. Oahu and neighbor islands hosted multiple prime time television series, providing an increase in jobs, and support for small businesses. Given the stringent safety protocols put in place by the industry, the State was considered a safe destination due to low case counts. Though it was a slow first quarter of FY 21, production increased substantially in the second quarter of FY 21 with the return of TV series Magnum P.I.; three new series, NCIS Hawaii, Doogie Kamealoha, M.D., and I Know What You Did Last Summer; and three reality TV series, features, along with local productions. As of October 22, 2021, CID estimated \$425 million in production expenditures.

Item 5. FY 20-21 and FY 21-22 economic impacts factored at an aggregate 1.73 multiplier. Granular data using individual multipliers for those areas of the economy are based on the Hawaii Motion Picture, Digital Media and Film Production Tax Credit reports by productions and is contained in READ's annual Cost Benefit Analysis Legislative Report.

Item 6. The estimated taxes generated are determined by an input/output model formula, and we project trending upwards through calendar year 2022.

Item 7. The establishment of Act 143, SLH 2017 (amended in Senate Bill No. 33, now Act 275, SLH 2018), for the Hawaii Motion Picture, Digital Media, and Film Production Tax Credit, set a limit on the annual dollar amount of tax credit annually available to \$50 million per calendar year effective January 1, 2019.

Item 8. As noted in Item 3, FY 20-21 saw an increase of two television series productions on Maui and Oahu. FY 21-22 is on trend to maintain and slightly increase neighbor island production with projects on Hawaii island. The planned amount for FY 22 should actually be 35, not 50.

Item 9. Estimated household income based on the total production spent through input/output multiplier. CID will convert these metrics based on the granular data model developed by READ in its cost/benefit analysis

report and will be reflected in subsequent variance reports.

### PART III - PROGRAM TARGET GROUPS

Item 1. Workforce Development metrics are estimated based on the financial and in-kind contribution to public K-12 and University programs, as well as internships as required by Act 275, Chapter 235-17, Hawaii Revised Statutes, Hawaii Motion Picture, Digital Media and Film Production Tax Credit Program. eVariance will be updated once actual data is compiled.

Item 2. An increase in the export of locally originated media and music content is based on actual and anecdotal tracking from programs such as CLH, Ohina Labs, Pacific Islanders in Communications, Hawaii Women in Filmmaking and the University of Hawaii, Academy of Creative Media, and Hawaii Pacific University programs. CLH programs in media and music pivoted to online only virtual mentor ship sessions for FY 20-21.

Item 3. The FY 20-21 increase in revenue generated from Hawaii songwriters through CID's CLH music surpassed the \$500 million mark through July 2020. Due to the COVID-19 pandemic, the program was on hold; however, the 60 songwriters from Hawaii's work remains in mainland music placement companies year-round. One success story is the six-figure licensing deal for two Oahu songwriters in FY 20 as reflected in the report.

### PART IV - PROGRAM ACTIVITIES

Program Activities were refined to focus on film production permitting volume per year and number of locally developed media, arts, culture, and music content projects that are export or investment ready annually.

Item 1. The Hawaii Film Office is preparing data for CID. Permits shown are estimated based on reduction in production from Quarters Three and Four in FY 20. CID will update e-Variance when it receives the report. FY 21-22 estimates are based on the dramatic increase in production activity of television series.

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 01 02  
BED 105

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### PROGRAM TITLE: CREATIVE INDUSTRIES DIVISION

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Item 2. In FY 20-21 and projected in FY 21-22, the export of locally developed media and music content projects that are licensed, exported via media projects domestically or globally, or are at a seed stage of being investment readiness are on the rise. While FY 20-21 saw a reduction of licensing deals, the increase in development of projects reached export markets in FY 21-22. Case in point, Hawaii's two short films were up for Oscar consideration, Kapaemahu for Best Animated Short Film and Molokai Bound for Best Live Action Short Film. The latter was recently awarded a \$500,000 feature film grant from Ava DuVernay's Array Media and Google.

Item 3. With the move to online deployment for all CLH music and media programs, FY 20-21 saw an increase in the number of placements, including the song, "Keep You Safe," which was utilized in five prime time series, spots in the Grammy Awards, and the 5th largest health care company in the U.S. media campaign during COVID-19. FY 21-22 is on target to expand new partnerships in the music placement industry, thereby increasing the revenue streams for Hawaii artists and songwriters.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	16.00	13.00	-	3.00	19	16.00	13.00	-	3.00	19	16.00	16.00	+	0.00	0
EXPENDITURES (\$1000's)	2,445	2,471	+	26	1	578	611	+	33	6	1,936	2,514	+	578	30
TOTAL COSTS															
POSITIONS	16.00	13.00	-	3.00	19	16.00	13.00	-	3.00	19	16.00	16.00	+	0.00	0
EXPENDITURES (\$1000's)	2,445	2,471	+	26	1	578	611	+	33	6	1,936	2,514	+	578	30
						FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. %VALUE INCR OF CARGO IN/OUT OF FTZ (EXCL SUBZONES)						3	-56.55	-	59.55	1985	3	3	+	0	0
2. % INCR VALUE CARGO IN/OUT OF ALL SUBZONES						3	-51.13	-	54.13	1804	3	3	+	0	0
3. % INCR IN VALUE OF CARGO IN/OUT OF PIER 2 FACIL						5	-0.17	-	5.17	103	5	5	+	0	0
4. # OF NEW FIRMS USING FTZ PROGRAM						30	26	-	4	13	30	30	+	0	0
5. % INCR IN VALUE OF EXPORTS FROM ALL FTZ FACILITIES						5	-66.68	-	71.68	1434	5	5	+	0	0
6. INCR IN USERS' EMPLMT ATTRIB TO PARTIC IN FTZ PROG						60	199	+	139	232	60	60	+	0	0
7. SATIS RATING BY FTZ USERS (1-5 SCALE)						4	0	-	4	100	4	4	+	0	0
8. YEARLY SPECIAL FUND BAL (TOT REV LESS TOT EXP)						0	1157	+	1157	0	0	0	+	0	0
PART III: PROGRAM TARGET GROUP															
1. FIRMS USING FTZ PROGRAM (NO.)						250	360	+	110	44	250	250	+	0	0
2. COMPANIES THAT IMPORT/EXPORT DUTIABLE MERCHANDISE						500	749	+	249	50	500	500	+	0	0
3. COMPANIES THAT MANUF USING DUTIABLE COMPONENTS						70	72	+	2	3	70	70	+	0	0
PART IV: PROGRAM ACTIVITY															
1. VALUE OF CARGO IN/OUT OF FTZ (EXCL SUBZONES) (MIL)						1750	1030	-	720	41	1750	1750	+	0	0
2. VALUE OF CARGO IN/OUT OF SUBZONES (MIL)						7600	3484	-	4116	54	7600	7600	+	0	0
3. VALUE OF CARGO IN/OUT OF PIER 2 FACILITY (MIL)						60	32	-	28	47	60	60	+	0	0
4. VALUE OF CARGO HANDLD FOR DEPT OF HOMELAND SEC						0	0	+	0	0	0	0	+	0	0
5. ADVERTISING/MARKETING EXPEND ZONE PROMOTION						75	8	-	67	89	75	75	+	0	0

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 01 03  
BED 107

## PROGRAM TITLE: FOREIGN TRADE ZONE

### PART I - EXPENDITURES AND POSITIONS

The position variances in FY 21 and the first quarter of FY 22 are due to the COVID-19 hiring freeze.

The expenditures variance in FY 21 is due to the actual amount, including expenditures/encumbrances, incurred in FY 21 from non-FY 21 appropriation accounts.

### PART II - MEASURES OF EFFECTIVENESS

Items 1 and 2. The variances are due to the economic impact of the COVID-19 pandemic.

Items 3 and 4. The variances in value and number of new firms using the Foreign-Trade Zone (FTZ) are the result of uncertain trade conditions affecting the State under the federal administration's ongoing trade actions.

Item 5. The variances are due to both the world-wide decrease in oil prices and economic impact of the COVID-19 pandemic.

Item 6. The variance is the result of uncertain trade conditions impacting the number of firms using the FTZ.

Item 7. Data was not available from the Foreign-Trade Programs statewide.

Item 8. The variance is the result from the economic impact of the COVID-19 pandemic.

### PART III - PROGRAM TARGET GROUPS

Items 1, 2 and 3. The variances in the number of firms using the FTZ and importing or exporting dutiable merchandise are due to uncertain trade conditions. The reduction in warehouses in Honolulu accounted for more firms using the FTZ9 warehouse.

### PART IV - PROGRAM ACTIVITIES

Item 1. The variance in the value of cargo in and out of the FTZ, except sub zones, is due to uncertain trade conditions and the economic impact of the COVID-19 pandemic.

Item 2. The variance in the value of cargo in and out of subzones, is due to uncertain trade conditions and the economic impact of the COVID-19 pandemic.

Item 3. The variance in the value of cargo in and out of Pier 2 is due to uncertain trade conditions and the economic impact of the COVID-19 pandemic.

Item 5. The variance in marketing expenses is due to the Program reducing its marketing expenditures in an effort to maintain parity with program revenues within its special fund.

PROGRAM TITLE:

GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT

11/29/21

PROGRAM-ID:

BED-142

PROGRAM STRUCTURE NO:

010104

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	26.00	24.00	- 2.00	8	25.00	23.00	- 2.00	8	25.00	23.00	- 2.00	8
<b>EXPENDITURES (\$1000's)</b>	2,219	2,195	- 24	1	574	557	- 17	3	1,716	1,733	+ 17	1
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	26.00	24.00	- 2.00	8	25.00	23.00	- 2.00	8	25.00	23.00	- 2.00	8
<b>EXPENDITURES (\$1000's)</b>	2,219	2,195	- 24	1	574	557	- 17	3	1,716	1,733	+ 17	1
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
<b>PART II: MEASURES OF EFFECTIVENESS</b>												
1. # OF PROCUREMENT VIOLATIONS					0	2	+ 2	0	0	0	+ 0	0
2. % ERROR-FREE SUMMARY WARRANT VOUCHERS PROCESSED					95	95	+ 0	0	95	95	+ 0	0
3. SERVER DOWNTIME AS % TOTAL OPERATIONAL TIME (<)					2.0	2	+ 0	0	2.0	2	+ 0	0
4. % DBEDT EMPLOYEES WORKING W/OUT FORMAL GRIEVANCE					98	100	+ 2	2	98	98	+ 0	0
<b>PART III: PROGRAM TARGET GROUP</b>												
1. NUMBER OF DBEDT POSNS (PERMANENT & TEMPORARY)					327	316	- 11	3	327	316	- 11	3
<b>PART IV: PROGRAM ACTIVITY</b>												
1. # OF REQUESTS FOR ALLOTMENT (A19) PREPARED					150	216	+ 66	44	150	225	+ 75	50
2. # OF SUMMARY WARRANT VOUCHERS PROCESSED					1250	1050	- 200	16	1250	1200	- 50	4
3. # OF FORMAL GRIEVANCES FILED ANNUALLY					5	0	- 5	100	5	5	+ 0	0
4. # OF HR/PERSONNEL TRANSACTIONS PROCESSED ANNUALLY					1500	3707	+ 2207	147	1500	1500	+ 0	0

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 01 04  
BED 142

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**PROGRAM TITLE: GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT**

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**PART I - EXPENDITURES AND POSITIONS**

No significant variances.

**PART II - MEASURES OF EFFECTIVENESS**

Item 1. Additional services were performed without prior approval and were not a part of the contracts.

**PART III - PROGRAM TARGET GROUPS**

No significant variances.

**PART IV - PROGRAM ACTIVITIES**

Item 1. The FY 21 variance is due to changes in Budget Execution Policies and Procedures for allotment requests. These changes caused general funds to be allotted on a quarter-by-quarter basis, resulting in an increased number of A-19s processed.

Item 2. Due to the COVID-19 pandemic, employees canceled or rescheduled travel arrangements; thus, the number of Summary Warrant Vouchers processed reduced in FY 21.

Item 3. The variance is due to an overestimation of the number of grievances filed for the year.

Item 4. The Department of Human Resources Development made entries into the Human Resources Management (HRM) system and due to the new Time and Leave system, multiple entries were created in error, which caused an increase in personnel transactions processed for FY 21.



PROGRAM TITLE:

TOURISM

PROGRAM-ID:

BED-113

PROGRAM STRUCTURE NO:

0102

11/29/21

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	3.00	2.00	- 1.00	33	1.00	0.00	- 1.00	100	1.00	0.00	- 1.00	100
<b>EXPENDITURES (\$1000's)</b>	141,483	100,505	- 40,978	29	1,000	4,211	+ 3,211	321	70,000	111,920	+ 41,920	60
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	3.00	2.00	- 1.00	33	1.00	0.00	- 1.00	100	1.00	0.00	- 1.00	100
<b>EXPENDITURES (\$1000's)</b>	141,483	100,505	- 40,978	29	1,000	4,211	+ 3,211	321	70,000	111,920	+ 41,920	60
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. TOTAL VISITOR EXPENDITURES (\$ BILLIONS)					7.8	6.13	- 1.67	21	11.94	12.22	+ 0.28	2
2. % OF RESIDENTS WHO AGREE TOURISM IS POSITIVE					NO DATA	67	+ 67	0	NO DATA	53	+ 53	0
3. VISITOR-RELATED GROSS DOMESTIC PRODUCT (\$MILLION)					6876	4939	- 1937	28	10522	6618	- 3904	37
4. % TRAVELERS CONSIDERING A TRIP TO HAWAI' I					NO DATA	78	+ 78	0	NO DATA	83	+ 83	0
PART III: PROGRAM TARGET GROUP												
1. JAPANESE TRAVELERS TO THE US (MILLION)					1	.07	- 0.93	93	2.52	.38	- 2.14	85
2. US AIR TRAFFIC TO OVERSEAS REGIONS (MILLIONS)					40.5	8.96	- 31.54	78	40.5	82.66	+ 42.16	104
PART IV: PROGRAM ACTIVITY												
1. # SPORTING EVENTS ACTUALLY FUNDED					9	5	- 4	44	7	2	- 5	71
2. # PROD ENRICH PROJ FNDED (INCL NAT RES & LVING HWN					0	20	+ 20	0	34	20	- 14	41
3. # OF HAWAIIAN AND MAJOR FESTIVALS ACTUALLY FUNDED					0	2	+ 2	0	3	1	- 2	67
4. # SPEECHES/PRESENTATIONS TO TOURISM STAKEHOLDERS					105	270	+ 165	157	105	270	+ 165	157
5. NUMBER OF HITS TO TOURISM RESEARCH PAGE					60000	90318	+ 30318	51	60000	90000	+ 30000	50
6. MAJOR MARKETING CONTRACTORS FUNDED (\$MILLIONS)					28.6	44.54	+ 15.94	56	50	50	+ 0	0

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 02  
BED 113

## PROGRAM TITLE: TOURISM

### PART I - EXPENDITURES AND POSITIONS

The expenditure of funds was primarily limited to the amount of Transient Accommodations Tax (TAT) and Convention Center (CC) revenue collected. TAT was capped at \$95.5 million effective FY 19 (pursuant to Act 86, SLH 2018). The Hawaii Tourism Authority (HTA) collected \$21.5 million and \$16.5 million of TAT to fund operations for HTA and the CC, respectively. For FY 22 and forward, TAT was capped at \$11 million to fund operations of the CC (pursuant to Act 88, SLH 2021 (House Bill No. 200)).

HTA has been operating under significantly reduced funding due to the COVID-19 pandemic, during which a majority of HTA's allocation of TAT has been reduced and then eliminated. For FY 22, HTA was appropriated \$60 million and \$11 million of American Rescue Plan Act of 2021 funds to continue operations of HTA and the CC, respectively. FY 22 estimated expenditures include a significant amount of Convention Center Enterprise Special Fund encumbrances made in FY 21 for our major repair and maintenance projects.

### PART II - MEASURES OF EFFECTIVENESS

The COVID-19 pandemic has significantly impacted tourism in Hawaii; thus, the resulting measures of effectiveness.

Item 1. FY 22 estimated data based on Department of Business, Economic Development and Tourism's (DBEDT) Third Quarter Outlook for the economy (by calendar year).

Item 2. Resident sentiment typically decreases with increased visitor arrivals; we are currently working on efforts to improve the perception of tourism's positive benefits to the community. FY 22 estimated data based on Spring 2021 Resident Sentiment Survey.

Item 3. The Gross Domestic Product is calculated by the Research and Economic Analysis Division (Databook Table 7.33). FY 22 DBEDT = C22, 34% change in EXP from C21.

Item 4. The data on travel and tourism was obtained from MMGY Global's Portrait of American Travelers survey, 2021 "Summer Edition."

### PART III - PROGRAM TARGET GROUPS

The COVID-19 pandemic has significantly impacted tourism in Hawaii; thus, the resulting measures of effectiveness.

Items 1 and 2. The data was obtained from the National Travel and Tourism Office of the U.S. Department of Commerce and Oxford Economics, a global "travel and tourism economics" forecasting and quantitative analysis consulting firm.

### PART IV - PROGRAM ACTIVITIES

Item 1. Several sports events were cancelled due to the COVID-19 pandemic.

Items 2. The difference in projects funded in FY 21 from the planned amounts were due to the uncertainty caused by the COVID-19 pandemic. The estimated projects that will be funded in FY 22 is based on contracts issued in FY 21.

Items 3. Due to the COVID-19 pandemic, Hawaiian and major festivals were cancelled. HTA planned to fund three virtual festivals in FY 21, but only one festival was able to be implemented and executed in virtual format. In addition, one contract was issued with FY 21 funds to implement the Community Enrichment Program to fund major festivals in calendar year (CY) 22.

Item 4. For FY 21 and FY 22, the actual and estimated number of speeches and presentations significantly varied from planned and reflect the inclusion of Brand Managers and Research staff versus only HTA leadership. The data also includes Chief Executive Officer meetings and presentations with legislators.

Item 5. The data was obtained from Google Analytics.

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 02  
BED 113

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**PROGRAM TITLE: TOURISM**

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Item 6. During most of FY 21, HTA was operating under significantly reduced funding due to the pandemic. In June 2021, HTA unexpectedly collected \$21.5 million of TAT to fund HTA operations; of which, a significant amount was used to fund marketing efforts through CY 22.

Due to timing, only a preliminary portion of HTA's FY 22 marketing budget has been approved.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	337.00	235.00	- 102.00	30	308.00	246.00	- 62.00	20	308.00	275.00	- 33.00	11
<b>EXPENDITURES (\$1000's)</b>	55,261	41,453	- 13,808	25	13,514	8,301	- 5,213	39	49,787	50,563	+ 776	2
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	337.00	235.00	- 102.00	30	308.00	246.00	- 62.00	20	308.00	275.00	- 33.00	11
<b>EXPENDITURES (\$1000's)</b>	55,261	41,453	- 13,808	25	13,514	8,301	- 5,213	39	49,787	50,563	+ 776	2
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. AMT OF AG OR AQUA FIN PROVIDED BY OTHR CRED SOURCS					750	50	- 700	93	750	750	+ 0	0
2. # INTERCEPTED PEST SPECIES NOT ESTABLISHED IN HI					530	409	- 121	23	530	530	+ 0	0

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

**PROGRAM TITLE: AGRICULTURE**

**01 03**

### **PART I - EXPENDITURES AND POSITIONS**

Details of the position and expenditures variances are best examined at the lowest program level.

### **PART II - MEASURES OF EFFECTIVENESS**

See Lowest Level Programs for additional information.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	9.00	8.00	- 1.00	11	9.00	8.00	- 1.00	11	9.00	8.00	- 1.00	11
<b>EXPENDITURES (\$1000's)</b>	6,861	4,293	- 2,568	37	1,576	1,349	- 227	14	4,730	4,730	+ 0	0
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	9.00	8.00	- 1.00	11	9.00	8.00	- 1.00	11	9.00	8.00	- 1.00	11
<b>EXPENDITURES (\$1000's)</b>	6,861	4,293	- 2,568	37	1,576	1,349	- 227	14	4,730	4,730	+ 0	0
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
<b>PART II: MEASURES OF EFFECTIVENESS</b>												
1. NUMBER OF LOANS APPROVED					25	17	- 8	32	25	25	+ 0	0
2. TOTAL DOLLAR AMOUNT OF LOANS APPROVED (000'S)					5000	3431	- 1569	31	5000	5000	+ 0	0
3. ANNUAL ACREAGE CULTIVATED BY BORROWERS					10000	14422	+ 4422	44	10000	10000	+ 0	0
4. AMT OF EMPLOYEES OR LABORERS UTILIZED BY BORROWER					1000	633	- 367	37	1000	1000	+ 0	0
5. AMT OF AG OR AQUA FIN PROVIDED BY OTHR CRED SOURCS					750	50	- 700	93	750	750	+ 0	0
<b>PART III: PROGRAM TARGET GROUP</b>												
1. POTENTIAL QUALIFIED FARMERS/NEW FARMERS					7000	7328	+ 328	5	7000	7000	+ 0	0
2. POTENTIAL QUALIFIED AQUACULTURISTS					70	70	+ 0	0	70	70	+ 0	0
3. AGRICULTURE/AQUACULTURE COOPERATIVES					20	27	+ 7	35	20	20	+ 0	0
4. COMMERCIAL BANKS					5	6	+ 1	20	5	5	+ 0	0
<b>PART IV: PROGRAM ACTIVITY</b>												
1. NUMBER OF PUBLIC RELATIONS CONTACTS					50	10	- 40	80	50	50	+ 0	0
2. NO. OF SERVICING CONTACTS WITH EXISTING BORROWERS					700	657	- 43	6	700	700	+ 0	0
3. NUMBER OF LOAN INQUIRIES RECEIVED BY THE DIVISION					175	163	- 12	7	175	175	+ 0	0
4. AMOUNT COLLECTED BY PROGRAM (000'S)					2250	4733	+ 2483	110	2250	2250	+ 0	0

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 03 01  
AGR 101

## PROGRAM TITLE: FINANCIAL ASSISTANCE FOR AGRICULTURE

### PART I - EXPENDITURES AND POSITIONS

Variances in FY 21 expenditures were due to position vacancies and the lower dollar amount in loan disbursements. Variances in FY 21 positions are due to lack of qualified applicants for vacant positions.

### PART II - MEASURES OF EFFECTIVENESS

Item 1. The decrease in the number of loans approved is the result of the current slow economy, which has created hesitancy by applicants to take on additional debts while the economic environment remains uncertain.

Item 2. The decrease in total dollar amount in loans approved is related to the reduced total amount of loans approved. Furthermore, the loans approved included numerous emergency loans which are usually smaller loan requests.

Item 3. The annual acreage cultivated by borrowers well exceeded the planned amount and is due to the larger loan portfolio and increased ranch acreage.

Item 4. The number of employees or laborers utilized by borrowers was below the planned amount due to the tight labor market, which made finding employees difficult and adjustments made by farms to the poor economic conditions resulting from the COVID-19 pandemic.

Item 5. The amount of financing provided by other credit sources was well below the planned amount due to the perceived higher risk associated with farming operations and the lending industry lack of familiarity with agriculture.

### PART III - PROGRAM TARGET GROUPS

Item 3. The number of agricultural and aquaculture cooperatives is above the planned amount due to the increase in new commodities cooperatives.

Item 4. The commercial banks amount was above the planned amount due to the addition of a new State-chartered bank. The expanded

banking industry will help make more credit available for the agricultural and ranch communities.

### PART IV - PROGRAM ACTIVITIES

Item 1. The number of public relations contacts was below the planned amount. The program reduced public contacts and restricted travel to the neighbor islands due to the COVID-19 pandemic restrictions.

Item 4. The amount collected by the program was above the projected amount due to the larger loan portfolio and several significant loan payoffs. The program remains focused on the collections and working with delinquent borrowers especially during the current economic downturn.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	184.00	135.00	- 49.00	27	167.00	134.00	- 33.00	20	167.00	148.00	- 19.00	11
<b>EXPENDITURES (\$1000's)</b>	20,966	16,016	- 4,950	24	5,767	3,791	- 1,976	34	17,305	17,305	+ 0	0
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	184.00	135.00	- 49.00	27	167.00	134.00	- 33.00	20	167.00	148.00	- 19.00	11
<b>EXPENDITURES (\$1000's)</b>	20,966	16,016	- 4,950	24	5,767	3,791	- 1,976	34	17,305	17,305	+ 0	0
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
<b>PART II: MEASURES OF EFFECTIVENESS</b>												
1. % TTL PARCELS INSP INTERCEPTED AS PROHIB/RESTRICT					.004	.003	- 0.001	25	.003	.003	+ 0	0
2. # INTERCEPTED PEST SPECIES NOT ESTABLISHED IN HI					530	409	- 121	23	530	530	+ 0	0



## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

**PROGRAM TITLE: PRODCVTY IMPRVMT & MGT ASSTNCE FOR AGR**

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**01 03 02**

### **PART I - EXPENDITURES AND POSITIONS**

Details of the position and expenditures variances are best examined at the lowest program level.

### **PART II - MEASURES OF EFFECTIVENESS**

See Lowest Level Programs for additional information.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22						
	BUDGETED	ACTUAL	±	CHANGE	%	BUDGETED	ACTUAL	±	CHANGE	%	BUDGETED	ESTIMATED	±	CHANGE	%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	124.00	90.00	-	34.00	27	114.00	90.00	-	24.00	21	114.00	100.00	-	14.00	12
EXPENDITURES (\$1000's)	15,029	11,323	-	3,706	25	4,350	2,588	-	1,762	41	13,051	13,051	+	0	0
TOTAL COSTS															
POSITIONS	124.00	90.00	-	34.00	27	114.00	90.00	-	24.00	21	114.00	100.00	-	14.00	12
EXPENDITURES (\$1000's)	15,029	11,323	-	3,706	25	4,350	2,588	-	1,762	41	13,051	13,051	+	0	0

					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%		
PART II: MEASURES OF EFFECTIVENESS														
1.	% TTL PARCELS INSP INTERCEPTED AS PROHIB/RESTRICT				.004	.003	-	0.001	25	.003	.003	+	0	0
2.	NUMBER OF PEST INTERCEPTIONS				1300	796	-	504	39	1700	1700	+	0	0
3.	# INTERCEPTED PEST SPECIES NOT ESTABLISHED IN HI				530	409	-	121	23	530	530	+	0	0
4.	# OF PROHIBITED ANIMALS INTERCEPTED OR CONFISCATED				1200	1924	+	724	60	600	600	+	0	0
5.	% OF CHEM/MECH CNTRL PROJ UNDER HI LEVEL OF CNTRL				15	12	-	3	20	15	15	+	0	0
6.	% BIO CONTROL PROJECTS UNDER A HIGH LEVEL OF CNTRL				35	22	-	13	37	35	15	-	20	57
7.	COMPLIANCE RATE CERT NURS & PT OF ORIGIN EXP INSP				85	97	+	12	14	85	90	+	5	6

PART III: PROGRAM TARGET GROUP											
1.	NUMBER OF AIRCRAFT AND SHIP ARRIVALS (THOUSANDS)	35	40.76	+	5.76	16	46	46	+	0	0
2.	NUMBER PASSENGER ARRIVALS BY AIR AND SEA (THOUS)	5000	4910	-	90	2	7000	7000	+	0	0
3.	NO. OF REGULATED BAGGAGE, CARGO AND MAIL (THOUS)	10200	15665	+	5465	54	8200	8200	+	0	0
4.	NUMBER OF IMPORT PERMIT REQUESTS	1300	1522	+	222	17	1000	1000	+	0	0
5.	NUMBER OF SITES REQUIRING POST-ENTRY INSPECTIONS	520	513	-	7	1	520	520	+	0	0
6.	NUMBER OF CERTIFIED NURSERIES	167	119	-	48	29	165	165	+	0	0
7.	NUMBER OF NEW NOXIOUS WEED INFESTATIONS	1	0	-	1	100	1	0	-	1	100
8.	NUMBER OF WIDESPREAD NOXIOUS WEED INFESTATIONS	40	40	+	0	0	40	40	+	0	0
9.	NO. OF NEW INFESTATIONS OF INSECTS AND OTHER PESTS	45	14	-	31	69	40	40	+	0	0
10.	NO. OF WIDESPREAD INFEST OF INSECTS AND OTHER PEST	12	13	+	1	8	15	4	-	11	73

PART IV: PROGRAM ACTIVITY											
1.	NUMBER OF AIRCRAFT AND SHIPS MONITORED (THOUSANDS)	35	28.86	-	6.14	18	45	45	+	0	0
2.	NUMBER OF AIR AND SEA PASSENGERS MONITORED (THOUS)	3500	2813.21	-	686.79	20	6500	6500	+	0	0
3.	NO. OF BAGGAGE, CARGO, AND MAIL INSPECTED (THOUS)	10200	13855	+	3655	36	8200	8200	+	0	0
4.	NUMBER OF POST-ENTRY INSPECTIONS CONDUCTED	225	101	-	124	55	440	440	+	0	0
5.	NUMBER OF CERTIFIED NURSERY INSPECTIONS	334	238	-	96	29	344	344	+	0	0
6.	NUMBER OF CHEM/MECH CNTRL AND ERADICATION PROJECTS	10	10	+	0	0	15	15	+	0	0
7.	BIOLOGICAL CONTROL OF PEST SPECIES (# OF PROJECTS)	6	4	-	2	33	8	3	-	5	63
8.	SEED TEST AND ANALYSIS (NUMBER OF LOTS)	35	47	+	12	34	35	35	+	0	0

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 03 02 01  
AGR 122

## PROGRAM TITLE: PLANT PEST AND DISEASE CONTROL

### PART I - EXPENDITURES AND POSITIONS

Variances were due to restrictions, position vacancies, and lower than expected special and federal fund expenditures. Variances in positions are due to lack of qualified applicants for vacant positions.

### PART II - MEASURES OF EFFECTIVENESS

Item 1. The decrease is due to a lower number of highly perishable commodities imported due to the ongoing COVID-19 pandemic.

Item 2. The number of pest interceptions decreased due to reduced cargo shipments due to the ongoing COVID-19 pandemic, staff focusing time and effort on high-risk, Not Known to Occur (NKO) in Hawaii pests, and investigations regarding importation and/or possession of illegal animals. The number of NKOs account for roughly over half the interceptions turned in. High level of compliance for certified nurseries also resulted in reduced insect interceptions.

Item 3. The reduction is due to less cargo shipments due to the COVID-19 pandemic.

Item 4. The high increase is due to the stay-at-home orders for COVID-19. With so many people at home or working from home, there was a proliferation of home-based small businesses providing increased opportunities for Hawaii residents to utilize internet-based retail outlets to obtain animals that they did not know were illegal in Hawaii. This resulted in a dramatic increase in illegal animal shipments.

Items 5 and 6. Environmental conditions (drought, extensive fires, etc.) continue to create conditions unfavorable for control, especially of weeds which tend to be drought and fire tolerant. This trend will continue to play a factor in the suppression of natural enemy activity as suitable habitat for natural enemies continues to be reduced or fragmented. There are indications, such as the fireweed moth and the strawberry guava scale, that some natural enemies are showing greater signs of effectiveness, but the overall trend is suppression of effectiveness. We are seeing a

resurgence of weeds previously under good biocontrol, like Hamakua pamakani, as the two-lined spittlebug devastates range lands on Hawaii Island opening up significant acreage for weedy species to invade and quickly build populations, thereby eluding active biocontrol. At the same time, we are beginning to see the fireweed moth demonstrate control of fireweed on Hawaii Island and Maui.

Item 7. Nearly all Certified Nurseries are in compliance.

### PART III - PROGRAM TARGET GROUPS

Item 1. The increase is due to easing of travel-related restrictions of the COVID-19 Pandemic.

Item 3. A significant increase is due to stay-at-home orders for COVID-19. Individuals were forced to rely on e-commerce and other web-based sellers for goods resulting in substantial increases in imported parcels through express mail carriers.

Item 4. The increase is due to the stay-at-home orders for COVID-19. The increase in permit volume was primarily for the importation of nondomestic animals as pets.

Item 6. The reduction is due to the prolonged COVID-19 pandemic, resulting in many Certified Nursery participants choosing to opt out of the program to focus on local sales as opposed to export to the U.S. Mainland.

Item 7. No new noxious weed detections have been made.

Item 9. 16 new insect, disease and invasive mollusks were detected this year. These numbers are probably artificially low as reduced staffing, COVID-19 with its associated reduction in programmatic travel, has decreased the active surveillance of pests. Significant new pests include coffee leaf rust, orchid fleck virus in citrus, and Cuban brown snail. A trend is occurring where first detections are increasing in remote areas with no clear or overt pathway for establishment. Increases in direct to

# VARIANCE REPORT NARRATIVE

## FY 2021 AND FY 2022

01 03 02 01  
AGR 122

### PROGRAM TITLE: PLANT PEST AND DISEASE CONTROL

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customer and internet-based web sales of specialized commodities will mean invasive pest species will first be detected in suitable habitat and likely after the potential for meaningful control actions. Pathways need to be elucidated and appropriate regulatory and non-regulatory systems established to mitigate these effects.

Item 10. The number of widespread infestations of insects and other pests is expected to increase. Most prominently will be the expected expansion of distribution of little fire ants as more and more infestations are identified statewide and a collective lack of staffing resources to respond to new infestations in a meaningful way. Investments need to be made in control technologies to manage populations. Queensland longhorned beetle will continue to expand its infestation range and is expected to be detected on another island. It is being routinely detected at Hilo Airport. Two-lined spittle bug will continue to expand its infected range and will likely be detected on a new island in a few years.

#### **PART IV - PROGRAM ACTIVITIES**

Item 1. The reduction is due to the ongoing COVID-19 pandemic and associated travel restrictions reducing domestic inbound flights.

Item 2. The reduction is due to the ongoing COVID-19 pandemic and subsequent travel and testing requirements.

Item 3. The significant increase is due to stay-at-home orders for COVID-19. Individuals were forced to rely on e-commerce and other web-based sellers for goods resulting in substantial increases in imported parcels through express mail carriers.

Item 4. The number of inspections conducted in FY 21 reduced due to COVID-19 restrictions and staffing shortages. With restrictions easing, inspections are being phased back in.

Item 5. The reduction is due to the prolonged COVID-19 pandemic, resulting in many Certified Nursery participants choosing to opt out of the program to focus on local sales as opposed to export to the US mainland.

Item 7. COVID-19-related travel restrictions will negatively impact the State's ability to conduct foreign exploration. While adjustments have been made to increase national and international collaboration and facilitate the sharing of natural enemies and foreign exploration on shared targets, movement of natural enemies have been significantly impacted due to global reduction in the number of flights. The lack of Trans-Pacific lift capacity to Hawaii has negatively impacted biocontrol programs in Hawaii for an estimated three to five years with delays in ongoing and future projects. Costs for shipment and movement of biocontrol agents for testing and evaluation will increase until foreign air travel increases significantly in volume. With the recent elimination of positions, the number of projects must be further reduced and now are limited to Macadamia felted coccid, Erythrina gall wasp, maile pilau, and devil weed as priority targets. We are hoping to rebuild capacity to work on Christmas berry. The Department also lacks the ability to use plant diseases for biological control due to cutting of the Plant Pathology position and inability to meet facility requirements with current facilities.

Item 8. Due to COVID-19, seed distributors made adjustments and began ordering certain ornamental and flower seeds that require germination testing. It is anticipated these changes will be temporary and we will see a return to normal seed lot requests for germination testing.

## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21					NINE MONTHS ENDING 06-30-22				
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	60.00	45.00	-	15.00	25	53.00	44.00	-	9.00	17	53.00	48.00	-	5.00	9
EXPENDITURES (\$1000's)	5,937	4,693	-	1,244	21	1,417	1,203	-	214	15	4,254	4,254	+	0	0
TOTAL COSTS															
POSITIONS	60.00	45.00	-	15.00	25	53.00	44.00	-	9.00	17	53.00	48.00	-	5.00	9
EXPENDITURES (\$1000's)	5,937	4,693	-	1,244	21	1,417	1,203	-	214	15	4,254	4,254	+	0	0
						FISCAL YEAR 2020-21					FISCAL YEAR 2021-22				
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. NUMBER OF RABIES CASES IN THE COMMUNITY						0	0	+	0	0	0	0	+	0	0
2. NO. OF DISEASE-FREE STATUS OBTAINED & MAINTAINED						5	7	+	2	40	5	7	+	2	40
3. NO.OF DISEASE CNTRL PROG W/ PUBLIC HEALTH IMPACT						6	6	+	0	0	6	6	+	0	0

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

**PROGRAM TITLE: ANIMAL PEST AND DISEASE CONTROL**

**01 03 02 02**

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### **PART I - EXPENDITURES AND POSITIONS**

Details of the position and expenditures variances are best examined at the lowest program level.

### **PART II - MEASURES OF EFFECTIVENESS**

See Lowest Level Programs for additional information.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	34.32	25.32	-	9.00	26	32.32	24.32	-	8.00	25	32.32	27.32	-	5.00	15
EXPENDITURES (\$1000's)	3,946	3,082	-	864	22	895	768	-	127	14	2,686	2,686	+	0	0
TOTAL COSTS															
POSITIONS	34.32	25.32	-	9.00	26	32.32	24.32	-	8.00	25	32.32	27.32	-	5.00	15
EXPENDITURES (\$1000's)	3,946	3,082	-	864	22	895	768	-	127	14	2,686	2,686	+	0	0
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22						
					PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%	
PART II: MEASURES OF EFFECTIVENESS															
1. NUMBER OF RABIES CASES IN THE COMMUNITY					0	0	+	0	0	0	0	+	0	0	
2. NUMBER OF ALIEN PESTS DETECTED					7	3	-	4	57	6	5	-	1	17	
PART III: PROGRAM TARGET GROUP															
1. DOGS AND CATS QUARANTINED					3000	1332	-	1668	56	600	1000	+	400	67	
2. POPULATION OF HAWAII					1415000	1416000	+	1000	0	1450000	1416000	-	34000	2	
PART IV: PROGRAM ACTIVITY															
1. NUMBER OF DOGS AND CATS QUARANTINED - 120 DAYS					200	416	+	216	108	50	400	+	350	700	
2. NO. OF DOGS & CATS QUARANTINED- LESS THAN 120 DAYS					3800	916	-	2884	76	550	900	+	350	64	
3. NO. QUAL DOGS & CATS RELEASD AFTER INSP UPON ARRVL					13000	15680	+	2680	21	14700	15000	+	300	2	
4. NUMBER OF DOGS AND CATS QUARANTINED - TRANSIT					150	195	+	45	30	200	200	+	0	0	
5. NO. OF SATELLITE & APPROVED VET FACILITY MONITORED					32	33	+	1	3	32	33	+	1	3	
6. NO. OF DOGS & CATS SAMPLED FOR EXTERNAL PARASITES					6	3	-	3	50	2	6	+	4	200	
7. NO. OF DOGS & CATS SAMPLED FOR INTERNAL PARASITES					600	968	+	368	61	900	900	+	0	0	
8. NO. SVC DOGS & ELIGIBLE GUIDE DOG ENTRIES PROCESD					1600	766	-	834	52	1700	1000	-	700	41	

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 03 02 02 01  
AGR 131

## PROGRAM TITLE: RABIES QUARANTINE

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### PART I - EXPENDITURES AND POSITIONS

The variances in expenditures are due to vacant positions. The variances in positions filled are due to the inability to find qualified candidates for vacant positions.

### PART II - MEASURES OF EFFECTIVENESS

Item 2. The reduction in the number of alien pests detected may be associated with the use of newer tick products available for pets.

### PART III - PROGRAM TARGET GROUPS

Item 1. The reduced total amount of animals quarantined is primarily due to the increased number of animals in the Five-Day-or-Less Program and Direct Airport Release that were released after inspection on arrival. A slight decrease or no change from FY 21 actuals is expected in FY 22 due to the effects of COVID-19 transpacific travel.

### PART IV - PROGRAM ACTIVITIES

Items 1 and 2. The FY 21 increase in the amount of animals quarantined for 120 days is likely due to the increased number of young puppies arriving without rabies vaccinations and FAVN rabies serological testing, resulting in being quarantined for 120 days. A higher number of animals in the 5 Day Or Less program were released on arrival. An increase in the 120-day category is expected in FY 22 due to the continued demand for younger animals.

Items 3 and 4. The increases are related to a rebound in the number of animals entering the State in these categories, experienced after reduced COVID-19 travel restrictions were implemented and is expected to continue in FY 22.

Item 6. The reduction in external parasites sampling is due to a decrease in the number of animals entering the State with ectoparasites.

Item 7. The increase in the number of animals sampled for internal

parasites may be indirectly due to the larger number of younger animals in quarantine that are typically sampled more frequently than older animals, and more frequently diagnosed with parasites requiring treatment and post treatment sampling.

Item 8. The decrease in Service Dogs in FY 21 may be due to the COVID-19 pandemic and new service animal guidelines under the federal Department of Transportation Air Carrier Access Act.



PROGRAM TITLE:

ANIMAL DISEASE CONTROL

PROGRAM-ID:

AGR-132

11/29/21

PROGRAM STRUCTURE NO:

0103020202

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	25.68	19.68	- 6.00	23	20.68	19.68	- 1.00	5	20.68	20.68	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	1,991	1,611	- 380	19	522	435	- 87	17	1,568	1,568	+ 0	0
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	25.68	19.68	- 6.00	23	20.68	19.68	- 1.00	5	20.68	20.68	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	1,991	1,611	- 380	19	522	435	- 87	17	1,568	1,568	+ 0	0
	FISCAL YEAR 2020-21				FISCAL YEAR 2021-22							
	PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%				
<b>PART II: MEASURES OF EFFECTIVENESS</b>												
1. NO. OF DISEASE-FREE STATUS OBTAINED & MAINTAINED	5	7	+ 2	40	5	7	+ 2	40				
2. NO.OF OIE DISEASES OF LVSTK & POLTRY NOT IN STATE	111	111	+ 0	0	111	111	+ 0	0				
3. NO. DISEASE CNTRL & ERAD PRG & VOL DIS STATUS PROG	9	9	+ 0	0	9	9	+ 0	0				
4. NO.OF DISEASE CNTRL PROG W/ PUBLIC HEALTH IMPACT	6	6	+ 0	0	6	6	+ 0	0				
<b>PART III: PROGRAM TARGET GROUP</b>												
1. LIVESTOCK PRODUCERS	2800	2800	+ 0	0	2800	2800	+ 0	0				
2. AQUACULTURE PRODUCERS	100	100	+ 0	0	100	100	+ 0	0				
3. HUMAN POPULATION	1360000	1460000	+ 100000	7	1400000	1500000	+ 100000	7				
<b>PART IV: PROGRAM ACTIVITY</b>												
1. NO. LVSTK & EXOTIC ANMLS INSP/TEST ON ENTRY	1000	2073	+ 1073	107	2000	2000	+ 0	0				
2. NO. DAY-OLD CHICKS AND HATCHED EGGS INSP ON ENTRY	650000	544459	- 105541	16	800000	800000	+ 0	0				
3. NUMBER OF DOGS AND CATS INSPECTED ON ENTRY	15000	22165	+ 7165	48	18000	20000	+ 2000	11				
4. NO. POLTRY,OTH BRDS, NON-DMSTC ANMLS INSP ON ENTRY	12000	18071	+ 6071	51	15000	16000	+ 1000	7				
5. NO. SMPLS COLLECTD & ANMLS FIELD TSTD: ENTRY, SURV	2000	1619	- 381	19	1800	1800	+ 0	0				
6. # OF LVSTCK/AQUA/ EPIDEMI DISEASE INVESTIGATIONS	50	8	- 42	84	10	10	+ 0	0				
7. NO. SMPLS COLL/PRCSD FOR FED-ST DISEAS SURV PROGS	1500	1830	+ 330	22	2000	2000	+ 0	0				
8. NO. LAB TESTS FOR LVSTK/POLTRY DIEASE SURVEILLANCE	5138	4789	- 349	7	4500	4800	+ 300	7				
9. NO. TESTS FOR IMPORTED ANMLS INCL DOGS AND CATS	5500	6364	+ 864	16	5000	5500	+ 500	10				
10. # OF AQUATIC ANIMAL HEALTH DOCUMENTS ISSUED	1400	1497	+ 97	7	2500	1500	- 1000	40				

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 03 02 02 02  
AGR 132

## **PROGRAM TITLE: ANIMAL DISEASE CONTROL**

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### **PART I - EXPENDITURES AND POSITIONS**

Variances in expenditures are due to vacancies and the absence of special fund expenditures. Variances in positions are due to difficulties in finding qualified candidates for vacant positions.

### **PART II - MEASURES OF EFFECTIVENESS**

Item 1. The increase in FY 21 is due to Hawaii joining the National Poultry Improvement Plan and maintaining two new disease-free status for Avian Influenza and Exotic Newcastle Disease in domestic poultry. This positive trend is expected to continue in FY 22.

### **PART III - PROGRAM TARGET GROUPS**

No significant variances.

### **PART IV - PROGRAM ACTIVITIES**

Item 1. The increases in FY 21 are due to a higher number of market swine entering the State. The number of market hogs entering the State are expected to remain the same for FY 22.

Item 2. The decrease in FY 21 is due to a delay in the importation of hatching chicken eggs for a new poultry operation in Central Oahu. Towards the end of FY 21, increased importations began and they are expected to increase in FY 22.

Item 3. The increase in FY 21 is due to an increase in the number of dogs and cats entering the State once COVID-19 travel restrictions were reduced.

Item 4. The increase in FY 21 is due to an increase in the number of pets, pet store trade, and other animals that entered the State once COVID-19 travel restrictions and lockdown restrictions were relaxed.

Item 5. The decrease is due to a reduction in testing associated with disease outbreaks in FY 21.

Item 6. The decrease in the amount of FY 21 investigations is due to a reduction in disease outbreaks.

Item 7. The increase is due to elevated testing associated with surveillance for foreign animal diseases currently threatening entry into the United States.

Item 9. The increase is associated with the increased number of dogs and cats entering the State in FY 21. The increase would be expected to be maintained in FY 22.

## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22					
PART I: EXPENDITURES & POSITIONS RESEARCH & DEVELOPMENT COSTS POSITIONS EXPENDITURES (\$1,000's)  OPERATING COSTS POSITIONS EXPENDITURES (\$1000's)  TOTAL COSTS POSITIONS EXPENDITURES (\$1000's)	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
	64.00	43.00	-	21.00	33	64.00	49.00	-	15.00	23	64.00	57.00	-	7.00	11
	12,573	9,202	-	3,371	27	2,974	1,383	-	1,591	53	18,156	18,932	+	776	4
	64.00	43.00	-	21.00	33	64.00	49.00	-	15.00	23	64.00	57.00	-	7.00	11
	12,573	9,202	-	3,371	27	2,974	1,383	-	1,591	53	18,156	18,932	+	776	4
						FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. MARKETING ACTIVITIES CREATED, CONDUCTED OR MANAGED						24	44	+	20	83	24	24	+	0	0
2. NO. OF REQ FOR PROPOSALS OFFERED TO ASSOCIATION						4	5	+	1	25	4	4	+	0	0
3. NO. OF CONTRACTS, LOA, MOU, ADMINISTERED						75	23	-	52	69	20	200	+	180	900

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

**PROGRAM TITLE: PRODUCT DEVELOPMENT AND MARKETING FOR AGR**

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**01 03 03**

### **PART I - EXPENDITURES AND POSITIONS**

Details of the position and expenditures variances are best examined at the lowest program level.

### **PART II - MEASURES OF EFFECTIVENESS**

See Lowest Level Programs for additional information.

PROGRAM TITLE:

FORESTRY - RESOURCE MANAGEMENT &amp; DEVELOPMENT

11/29/21

PROGRAM-ID:

LNR-172

PROGRAM STRUCTURE NO:

01030301

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	28.00	21.00	- 7.00	25	30.00	27.00	- 3.00	10	30.00	30.00	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	6,593	5,339	- 1,254	19	1,589	813	- 776	49	14,002	14,778	+ 776	6
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	28.00	21.00	- 7.00	25	30.00	27.00	- 3.00	10	30.00	30.00	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	6,593	5,339	- 1,254	19	1,589	813	- 776	49	14,002	14,778	+ 776	6
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
<b>PART II: MEASURES OF EFFECTIVENESS</b>												
1. NO. OF SEEDLINGS DISTRIBUTED AND/OR SOLD					100	114	+ 14	14	100	100	+ 0	0
2. NO. OF ACRES OF TREE PLANTING OR REFORESTATION					100	359	+ 259	259	100	100	+ 0	0
3. NO. OF LANDOWNERS/ORGANIZATNS/COMMUNITIS ASSISTED					100	198	+ 98	98	100	100	+ 0	0
4. % STATE FUNDING MATCHED AGAINST O/SIDE FUNDNG SRCS					100	10	- 90	90	100	100	+ 0	0
5. ACRES ACQRD/SCRD FOR FORST RSRV/OTHER FRSTRY PRPS					200	101	- 99	50	100	100	+ 0	0
6. ACRES DEPRTMNTL LANDS UNDR COMMERCIAL TIMBER MGMT					2	48	+ 46	2300	100	100	+ 0	0
7. \$ VALUE REVNUUE FR FORST PROD & OTHR FORST REV SRCS					100	173	+ 73	73	100	100	+ 0	0
8. NO. INFORMTIONL MATRLS PRODCD & OUTRCH EVNTS ATTND					100	100	+ 0	0	100	100	+ 0	0
<b>PART III: PROGRAM TARGET GROUP</b>												
1. FOREST PRODCR PRODCCRS/PROCSSRS/RELTD BUSNS/INVSTRS					150	176	+ 26	17	150	150	+ 0	0
2. FOREST AND RANGE LANDOWNERS					400	939	+ 539	135	50	400	+ 350	700
3. BUSINESS COMMUNITY					25	45	+ 20	80	50	40	- 10	20
4. EDUCATION COMMUNITY					5	80	+ 75	1500	5	50	+ 45	900
5. WATERSHED PARTNERS					10	25	+ 15	150	10	20	+ 10	100
6. COMMUNITY VOLUNTEER ORGANIZATIONS					250	866	+ 616	246	100	500	+ 400	400
<b>PART IV: PROGRAM ACTIVITY</b>												
1. PRODCE & SUBSQNTL DISTRBTE &/OR SELL TREE SEEDLNGS					60000	68437	+ 8437	14	60000	70000	+ 10000	17
2. PLANT OR REFOREST DEPARTMENTAL LANDS					150	539	+ 389	259	150	300	+ 150	100
3. PROVDE TECH FORSTRY ASSIST TO LNDWNRS/ORG/AGN/COMM					1000	1981	+ 981	98	1000	1500	+ 500	50
4. LEVERAGE STATE FUNDS/ASSOC SVCS THRU GRNTS/PRGM					2	.2	- 1.8	90	2	2	+ 0	0
5. ACQUIRE/SECURE LANDS ADDTN TO FOREST RES SYS					4000	2026	- 1974	49	2000	2000	+ 0	0
6. DEVELOP DEPARTMENTAL LANDS FOR COMMERCL TIMBR MNGT					100	48	- 52	52	6000	50	- 5950	99
7. GENERATE REVENUES FROM NON-TRADTNL FOREST PRODUCTS					50000	86347	+ 36347	73	50000	50000	+ 0	0

# VARIANCE REPORT NARRATIVE

## FY 2021 AND FY 2022

01 03 03 01  
LNR 172

### PROGRAM TITLE: FORESTRY - RESOURCE MANAGEMENT & DEVELOPMENT

#### PART I - EXPENDITURES AND POSITIONS

The number of positions filled was less than the budgeted in FY 21 due to vacancies attributed to staff promotions, retirements and resignations, as well as a hiring freeze that began in March 2020.

The program expenditures for FY 21 was 19% below the allowed and budgeted ceiling. The program did not generate the projected revenues in S-347, Forest Stewardship Fund, due to commercial forestry projects implementation delays associated with the COVID-19 pandemic.

Funds expended in the first quarter of FY 22 were less than budgeted due to transfers between State funds and federal grant reimbursements; State funds must be expended before the Department can request federal grant reimbursement, which is then returned to the State general fund. The variance is also due to the delay in contract and purchase order encumbrances.

#### PART II - MEASURES OF EFFECTIVENESS

Item 1: The Department was 14% above the estimated target for the number of seedlings distributed and/or sold. This variance is primarily attributed to an increase in seedling distribution for Arbor Day and an increase in production at the State Tree Nursery.

Item 2: The Department was 259% above the estimated target for trees planted or reforested. This variance is primarily attributed to three ongoing reforestation projects on Hawaii Island.

Item 3: The Department was 98% above the target, which can be attributed to the Urban and Community Forester position that has done a substantial amount of community engagement and outreach. Also, the Department conducted a statewide community input campaign for the Kahikinui Forest Reserve Management Plan.

Item 4: The Department was 90% below the target, which can be attributed to not obtaining land acquisition grant funding during the fiscal

year.

Item 5: The Department was 50% below the target as projects to secure areas for forest reserve or other forestry projects were delayed due to the resignation of the Forestry Program Specialist.

Item 6: The Department was 2300% above target due to an unanticipated increase in small scale timber sales on Hawaii Island and Kauai.

Item 7: The Department was 73% above the target for revenue generated from traditional and non-traditional forest products and services, which can be attributed to an unexpected increase in small scale timber sales during the fiscal year.

#### PART III - PROGRAM TARGET GROUPS

Item 1: The Department was 17% above the target due to an increase in interest and opportunity for small scale commercial timber sales on Kauai and Hawaii Island. The Department is not recommending an update to this estimate.

Item 2: The Department was 135% above target in FY 21 largely due to an increase in the number of landowners interested in technical support for forest management on the islands of Kauai and Hawaii Island. The Department is not recommending an update to this estimate.

Item 3: The Department was 80% above target in FY 21 largely due to the engagement and outreach of the Urban and Community Forestry Program (UCFP). The target goal should be increased to 40 in FY 22 due to the increase in program capacity.

Item 4: The Department was 1500% above target in FY 21 above the target largely due to the engagement and outreach of the UCFP. The target goal should be increased to 50 in FY 22 due to the increase in program capacity.

Item 5: The Department was 150% above target in FY 21 largely due to

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 03 03 01  
LNR 172

### **PROGRAM TITLE: FORESTRY - RESOURCE MANAGEMENT & DEVELOPMENT**

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the engagement and outreach of the UCFP. The target goal should be increased to 20 in FY 22 due to the increase in program capacity.

Item 6: The Department was 246% above the goal for target groups due to the increasing success and capacity of the UCFP. The program has done a substantial amount of community engagement and outreach and engaged community volunteer organizations. The target goal FY 22 should be increased to 500 due to the increase in program capacity.

#### **PART IV - PROGRAM ACTIVITIES**

Item 1: The Department distributed 68,437 seedlings in FY 21, which is 14% above the estimated target. This variance is primarily attributed to an increase in seedling distribution for Arbor Day and an increase in production at the Waimea State Tree Nursery. The Department is recommending increasing the goal to 70,000 seedlings due to the increase in program capacity at the Waimea Nursery and the continuation of distribution of plants during Arbor Day for FY 22.

Item 2: The Department planted or reforested 539 acres in FY 21, which is 259% above the estimated target. This variance is primarily attributed to three ongoing reforestation projects on Hawaii Island. The Department is recommending increasing the goal to 300 acres due to planned reforestation in FY 22.

Item 3: The Department provided technical assistance to 1981 stakeholders, which is 98% above the target. This variance is attributed to the Urban and Community Forester position that has done a substantial amount of community engagement and outreach. Also, the Department conducted a statewide community input campaign for the Kahikinui Forest Reserve Management Plan. The Department recommends increasing this goal to 1500 in FY 22 due to an increase in program capacity.

Item 4: The Department leveraged \$248,745 of State funds through grants and other programs, which is 90% below target. This variance is attributed to not obtaining land acquisition grant funding during the fiscal year. The Department is still working on two acquisition projects on the

island of Oahu.

Item 5: The Department acquired 2026 acres for forest reserves or other forestry purposes in FY 21, which is 49% below the target. This variance is attributed to the recent departure of the Forestry Program Specialist.

Item 6: The Department had 48 acres of land under commercial timber management in FY 21, which is 52% below the target. This variance is attributed to commercial activity being largely focused on smaller scale sales at this time. No large-scale commercial sites are planned for FY 22.

Item 7: The Department generated \$86,347 in revenue from the forest reserve system in FY 21, which is 73% above the target. This variance is attributed to an increase in small scale timber sales during the fiscal year.

## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21					NINE MONTHS ENDING 06-30-22				
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	23.00	12.00	-	11.00	48	21.00	12.00	-	9.00	43	21.00	16.00	-	5.00	24
EXPENDITURES (\$1000's)	2,743	1,394	-	1,349	49	700	363	-	337	48	2,100	2,100	+	0	0
TOTAL COSTS															
POSITIONS	23.00	12.00	-	11.00	48	21.00	12.00	-	9.00	43	21.00	16.00	-	5.00	24
EXPENDITURES (\$1000's)	2,743	1,394	-	1,349	49	700	363	-	337	48	2,100	2,100	+	0	0
						FISCAL YEAR 2020-21					FISCAL YEAR 2021-22				
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. % OF ENFORCEMENT INSP THAT COMPLY W/ LAWS AND RULE						95	96	+	1	1	95	95	+	0	0
2. % CERTIFICATION REQUESTS FULFILLED						100	100	+	0	0	100	100	+	0	0
3. AVERAGE TURN AROUND TIME IN DAYS FOR COFFEE CERT						3	3	+	0	0	3	3	+	0	0
4. % OF MIN CLASS ONE MILK PRICE RECEIVED BY PRODUCER						100	100	+	0	0	100	100	+	0	0
5. % OF AUDITED FARMS COMPLYING W/ GOOD AG PRACTICES						95	96	+	1	1	95	95	+	0	0
PART III: PROGRAM TARGET GROUP															
1. PRODUCERS AND PROCESSORS OF AGRICULTURAL PRODUCTS						5500	5500	+	0	0	5500	5500	+	0	0
2. WHOLESALERS AND RETAILERS OF AGRICULTURAL PRODUCTS						441	420	-	21	5	441	420	-	21	5
3. PRODUCERS, PROD-DISTRIB & DISTRIBUTORS OF MILK						22	19	-	3	14	22	19	-	3	14
4. PRODUCERS AND DISTRIBUTORS OF ANIMAL FEED PRODUCTS						12	8	-	4	33	12	8	-	4	33
PART IV: PROGRAM ACTIVITY															
1. # OF CERT ISSUED FOR GRADE AND COND OF AG COMM						1900	674	-	1226	65	1000	675	-	325	33
2. # OF LOTS OF AG COMM INSP FOR COMP W/ LAWS & RULES						2000	75	-	1925	96	2000	500	-	1500	75
3. NUMBER OF DEALERS IN AG PRODUCTS LICENSED						950	912	-	38	4	950	912	-	38	4
4. # PRODUCERS, PROD-DIST, AND DIST OF MILK LICENSED						24	19	-	5	21	24	19	-	5	21
5. NUMBER OF MONTHLY MILK PAYROLLS CALCULATED						24	24	+	0	0	24	24	+	0	0
6. # OF TIMES MIN PRICE TO MILK PRODUCERS IS ADJUSTED						12	12	+	0	0	12	12	+	0	0
7. # OF HRS EDUC SESSIONS TO IMP COMP W/ LAWS & RULE						2	0	-	2	100	10	5	-	5	50



# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 03 03 02  
AGR 151

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**PROGRAM TITLE: QUALITY AND PRICE ASSURANCE**

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**PART I - EXPENDITURES AND POSITIONS**

Variances were due to position vacancies and lower than expected special, revolving, and federal fund expenditures. Position variances are due to lack of qualified candidates for vacant positions.

Item 7. The decreased number of hours of education sessions are due to limited outreach activities resulting from the COVID-19 pandemic.

**PART II - MEASURES OF EFFECTIVENESS**

No significant variances.

**PART III - PROGRAM TARGET GROUPS**

Item 3. The variance is due to the FY 21 estimate not being adjusted in a timely manner. The number of Producers, Producer-Distributors, and Distributors of Milk licensed (19) has not changed since FY 19.

Item 4. The variance is due to the FY 21 estimate not being adjusted in a timely manner. The number of Producers and Distributors of Animal Feed Products (8) has not changed since FY 19.

**PART IV - PROGRAM ACTIVITIES**

Item 1. The variance is primarily due to the FY 21 estimate not being adjusted in a timely manner. The number of certificates issued for Grade and Condition of Agricultural Commodities has remained relatively constant from FY 18 to FY 20. However, the variance of 21% from FY 20 to FY 21 is due to a decline in certification of agricultural commodities due to the COVID-19 pandemic.

Item 2. The decreased number of lots inspected for compliance with laws and rules is due to a temporary shifting of priorities due to shortage of staff from retirements and resignations, as well as safety restrictions due to the COVID-19 pandemic.

Item 4. The variance is due to the FY 21 estimate not being adjusted in a timely manner. The number of Producers, Producer-Distributors, and Distributors of Milk licensed (19) has not changed since FY 19.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	13.00	10.00	-	3.00	23	13.00	10.00	-	3.00	23	13.00	11.00	-	2.00	15
EXPENDITURES (\$1000's)	3,237	2,469	-	768	24	685	207	-	478	70	2,054	2,054	+	0	0
TOTAL COSTS															
POSITIONS	13.00	10.00	-	3.00	23	13.00	10.00	-	3.00	23	13.00	11.00	-	2.00	15
EXPENDITURES (\$1000's)	3,237	2,469	-	768	24	685	207	-	478	70	2,054	2,054	+	0	0
						FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. MARKETING ACTIVITIES CREATED, CONDUCTED OR MANAGED						24	44	+	20	83	24	24	+	0	0
2. PRODUCER GROUPS CONTACTED THRU OUTREACH ACTIVITIES						80	98	+	18	23	40	40	+	0	0
3. NO. OF REQ FOR PROPOSALS OFFERED TO ASSOCIATION						4	5	+	1	25	4	4	+	0	0
4. NO. OF CONTRACTS, LOA, MOU, ADMINISTERED						75	23	-	52	69	20	200	+	180	900
PART III: PROGRAM TARGET GROUP															
1. PRODUCERS AND PROCESSORS OF AGRICULTURAL PRODUCTS						7328	7328	+	0	0	7000	7328	+	328	5
2. COMMODITY GROUPS						10	10	+	0	0	10	10	+	0	0
3. COMMODITY ASSOCIATIONS, COOPERATIVES, FEDERATIONS						10	10	+	0	0	10	10	+	0	0
PART IV: PROGRAM ACTIVITY															
1. SEEK AND APPLY FOR FED FUNDING VIA GRANTS, PRGMS						3	5	+	2	67	3	3	+	0	0
2. COLLECT, COMPILE AND PUBLISH STATISTICS (NASS/HAS)						0	0	+	0	0	75	75	+	0	0
3. CREATE ECONOMIC REPORTS AND MARKET STUDIES						0	0	+	0	0	20	20	+	0	0
4. PLAN, MANAGE, OR ATTEND TRADE SHOWS						2	6	+	4	200	5	5	+	0	0

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 03 03 03  
AGR 171

## PROGRAM TITLE: AGRICULTURAL DEVELOPMENT AND MARKETING

### PART I - EXPENDITURES AND POSITIONS

Variances were due to position vacancies and expenditure restrictions and reduced federal fund expenditures. Position variances are due to the lack of qualified candidates for vacant positions.

### PART II - MEASURES OF EFFECTIVENESS

Item 1. The 83% increase in FY 21 was due to the pandemic-driven transition to virtual activities by the producer groups that included meetings, annual conferences, and webinars that increased in support of their members. The Market Development Branch (MDB) activities that were created, conducted, or managed included virtual meetings with the Western United States Agriculture Trade Association (WUSATA) to plan and manage virtual export trade missions and site inspections on behalf of the Seal of Quality applicants.

Item 2. The 23% increase in FY 21 was due to the pandemic-driven transition to virtual activities by the producer groups whose outreach activities increased in support of their members. MDB staff are assigned to commodity groups and participated in the groups' meetings to know of their needs and to make the groups aware of assistance from government agencies. Producer groups mobilized virtually, which increased MDB participation due to the lack of approvals required for travel and time to participate in-person, making it possible to attend several commodity groups' meetings per week per MDB staff.

Item 3. The variance for FY 21 was due to an unanticipated Request for Proposal related to ongoing efforts to replace imports of specialty crops with locally grown produce.

Item 4. The anticipated 75 contracts for FY 21 were for the Micro-grants for Food Security Program. This was the first year the grant was offered and due to the high number of proposals received, the contracts were delayed and shown in the FY 22 estimated 200 contracts. The increase was due to programs such as the Sponsorship and Product Promotion funding more proposals at lesser amounts, the administering of contracts

assigned due to staff changes in other Divisions, and the processing of supplemental contracts to extend the Time of Performance and/or Scope of Services for projects due to the impacts of the COVID-19 pandemic.

### PART III - PROGRAM TARGET GROUPS

No significant variances.

### PART IV - PROGRAM ACTIVITIES

Item 1. The 67% increase in FY 21 was due to grant submissions to the Risk Management Education and National Institute of Food and Agriculture by the Market Analysis and News Branch. Staff was also deployed to administer State-funded emergency Request for Proposals.

Item 4. For FY 21, the 200% increase in the estimated number of trade shows to be planned, managed, or attended was due to trade shows being conducted virtually. MDB was able to plan, manage, or attend the Produce Marketing Association (PMA) Foodservice Trade Show, United Fresh Trade Show, Made in Hawaii Festival, PMA Fresh Summit, Canada Angels Share, and the Specialty Foods Canada Trade Show.

## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22					
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	80.00	49.00	-	31.00	39	68.00	55.00	-	13.00	19	68.00	62.00	-	6.00	9
EXPENDITURES (\$1000's)	14,861	11,942	-	2,919	20	3,197	1,778	-	1,419	44	9,596	9,596	+	0	0
TOTAL COSTS															
POSITIONS	80.00	49.00	-	31.00	39	68.00	55.00	-	13.00	19	68.00	62.00	-	6.00	9
EXPENDITURES (\$1000's)	14,861	11,942	-	2,919	20	3,197	1,778	-	1,419	44	9,596	9,596	+	0	0
						FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. # OF ACRES RECLASSIFIED FROM AGR TO URBAN USE						300	0	-	300	100	300	300	+	0	0
2. LANDS IRRIGATED BY DEPT OF AG IRRIG SYS (ACRES)						11870	11867	-	3	0	12400	11867	-	533	4

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

**PROGRAM TITLE: GENERAL SUPPORT FOR AGR**

**01 03 04**

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### **PART I - EXPENDITURES AND POSITIONS**

Details of the position and expenditures variances are best examined at the lowest program level.

### **PART II - MEASURES OF EFFECTIVENESS**

See Lowest Level Programs for additional information.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	37.00	27.00	- 10.00	27	35.00	32.00	- 3.00	9	35.00	35.00	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	4,418	3,886	- 532	12	1,201	845	- 356	30	3,604	3,604	+ 0	0
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	37.00	27.00	- 10.00	27	35.00	32.00	- 3.00	9	35.00	35.00	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	4,418	3,886	- 532	12	1,201	845	- 356	30	3,604	3,604	+ 0	0
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. LANDS IRRIGATED BY DEPT OF AG IRRIG SYS (ACRES)					11870	11867	- 3	0	12400	11867	- 533	4
2. AGRICULTURAL LANDS LEASED (ACRES)					20150	22473	+ 2323	12	22500	22500	+ 0	0
PART III: PROGRAM TARGET GROUP												
1. FARMS SERVED BY DEPT OF AG IRRIG SYSTEMS					597	653	+ 56	9	615	653	+ 38	6
2. FARMS LEASED ON DEPT OF AG LANDS					475	476	+ 1	0	505	480	- 25	5
PART IV: PROGRAM ACTIVITY												
1. NO. OF CURRENT IRRIGATION/LAND CIP PROJECTS					75	64	- 11	15	75	75	+ 0	0
2. NUMBER OF NEW WATER SERVICES INSTALLED					3	0	- 3	100	10	10	+ 0	0
3. PIPELINE AND DITCHES MAINTAINED (MILES)					100	100	+ 0	0	100	100	+ 0	0
4. NO. OF AG LAND FIELD INSPECTIONS CONDUCTED					345	311	- 34	10	380	350	- 30	8
5. NUMBER OF DAM SAFETY INSPECTIONS CONDUCTED					12	2	- 10	83	15	15	+ 0	0

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 03 04 01  
AGR 141

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### **PROGRAM TITLE: AGRICULTURAL RESOURCE MANAGEMENT**

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#### **PART I - EXPENDITURES AND POSITIONS**

Variances were due to vacant positions and lower than expected special and revolving fund expenditures. Position variances are due to a lack of qualified candidates for vacant positions.

#### **PART II - MEASURES OF EFFECTIVENESS**

Item 2. There were more lands available for leasing as a result of more lands being transferred from the Department of Land and Natural Resources than anticipated.

#### **PART III - PROGRAM TARGET GROUPS**

No significant variances.

#### **PART IV - PROGRAM ACTIVITIES**

Item 1. More Capital Improvement Program projects were completed in FY 21 than planned. New projects will be started in FY 22 and will increase the total number of active projects to 75.

Item 2. Although only three new water services were planned, no new water services were installed. The COVID-19 pandemic may have delayed new farmers from entering the business.

Items 4 and 5. COVID-19 travel policies impacted interisland travel and neighbor island inspections.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	10.00	0.00	-	10.00	100	0.00	0.00	+	0.00	0	0.00	0.00	+	0.00	0
EXPENDITURES (\$1000's)	5,191	3,778	-	1,413	27	1,215	373	-	842	69	3,647	3,647	+	0	0
TOTAL COSTS															
POSITIONS	10.00	0.00	-	10.00	100	0.00	0.00	+	0.00	0	0.00	0.00	+	0.00	0
EXPENDITURES (\$1000's)	5,191	3,778	-	1,413	27	1,215	373	-	842	69	3,647	3,647	+	0	0

					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
					PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS														
1.	ACRES OF AGRICULTURAL LANDS DIRECTLY MANAGED				31031	22377	-	8654	28	31956	22337	-	9619	30
2.	ACRES AG LANDS SRVED BY ADC IRRIG SYS & INFRSTRC				18846	18846	+	0	0	18846	18846	+	0	0
3.	NO. OF IRRIG AND INFRASTRC PROJ MANAGED BY ADC				4	4	+	0	0	4	4	+	0	0
4.	NO. OF AG RELATED FACILITIES MANAGED BY ADC				3	3	+	0	0	4	4	+	0	0
5.	ADC PROJECTS THAT BENEFIT DIVERSIFIED AGRICULTURE				16	15	-	1	6	17	16	-	1	6
6.	ACRES OF LAND AGRIC CONSERV EASEMNTS UNDER ADC				108	108	+	0	0	108	108	+	0	0
7.	AGRIC RELATED PROJ NEEDING ADC EVAL & INVOLVEMENT				3	3	+	0	0	3	3	+	0	0
PART III: PROGRAM TARGET GROUP														
1.	ACRES FRMR SUGAR & PINE LND AVAIL FOR CONT AG USE				86247	75494	-	10753	12	85957	75916	-	10041	12
2.	MAJOR AGRICULTURAL IRRIGATION SYS & INFRASTRUCTURE				10	11	+	1	10	11	11	+	0	0
3.	AG PRCESSING, MRSHALLING, PACKING, WAREHSING FACIL				2	2	+	0	0	3	3	+	0	0
4.	PRDCRS AND RELATED AGRIBUSINESS IN ADC PROJ AREAS				150	148	-	2	1	149	148	-	1	1
5.	AGRICULTURAL COOPERATIVES				5	5	+	0	0	6	6	+	0	0
6.	LNDOWNRS INTRESTD IN PRSERVING AG LAND OR INFRASTR				4	4	+	0	0	6	6	+	0	0
7.	PRVT GRPS, GOV AGNCIES WRKING AG OR LND/WTR ISSUES				19	18	-	1	5	20	20	+	0	0
PART IV: PROGRAM ACTIVITY														
1.	ACRES OF AGRICULTURAL LANDS MANAGED BY ADC (ACRES)				31269	22377	-	8892	28	32563	22377	-	10186	31
2.	# OF ONGOING IRRIG SYS AND INFRASTRUCTURE PROJECTS				8	9	+	1	13	10	9	-	1	10
3.	# OF TECH ASSIST/CONSULT/PROJ/STUDIES INITI BY ADC				2	2	+	0	0	2	2	+	0	0
4.	# OF GRANTS AND CONTRACTS AWRDED OR MANAGED BY ADC				1	1	+	0	0	1	1	+	0	0
5.	# OF ONGOING CAPITAL IMP PROJ FOR ADC ASSETS				7	4	-	3	43	8	6	-	2	25
6.	# PRDCRS BENEFIT FR ADC LAND, IRRIG, INFRSTR & FAC				149	143	-	6	4	156	143	-	13	8
7.	ACRES COVRD BY AG CONS EASMNT TITLES HELD BY ADC				108	108	+	0	0	108	108	+	0	0
8.	AGRICULTURE RELATED PROJ BEING EVALUATED BY ADC				2	2	+	0	0	2	2	+	0	0



# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 03 04 02  
AGR 161

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**PROGRAM TITLE: AGRIBUSINESS DEVELOPMENT AND RESEARCH**

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**PART I - EXPENDITURES AND POSITIONS**

Variances were due to lower than anticipated revolving fund expenditures.

**PART II - MEASURES OF EFFECTIVENESS**

Item 1. A decrease in estimated acreage is due to the purchase of targeted lands by other parties.

**PART III - PROGRAM TARGET GROUPS**

Item 1. The decrease in estimated acreage is due to the purchase of targeted lands by other parties.

Item 2. Actual FY 21 and estimated FY 22 variances are due to the lack of funding for others to operate the East Kauai Irrigation System.

**PART IV - PROGRAM ACTIVITIES**

Item 1. The decrease in estimated acreage is due to the purchase of targeted lands by other parties.

Item 2. The increase in FY 21 ongoing projects is due to the delay in the completion of one infrastructure project. The decrease in estimated ongoing projects for FY 22 is due to funding constraints.

Item 5. The decrease in estimated projects is due to prior funding constraints and position vacancies.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	33.00	22.00	-	11.00	33	33.00	23.00	-	10.00	30	33.00	27.00	-	6.00	18
EXPENDITURES (\$1000's)	5,252	4,278	-	974	19	781	560	-	221	28	2,345	2,345	+	0	0
TOTAL COSTS															
POSITIONS	33.00	22.00	-	11.00	33	33.00	23.00	-	10.00	30	33.00	27.00	-	6.00	18
EXPENDITURES (\$1000's)	5,252	4,278	-	974	19	781	560	-	221	28	2,345	2,345	+	0	0
						FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. # OF ACRES RECLASSIFIED FROM AG TO URBAN USE						300	0	-	300	100	300	300	+	0	0
2. NUMBER OF POSITIONS FILLED						50	8	-	42	84	50	40	-	10	20
3. % OF VENDOR PAYMENTS MADE WTHN 30 DAYS						95	90	-	5	5	95	90	-	5	5
4. % OF DATA PROCESSING REQUESTS COMPLETED						95	96	+	1	1	95	96	+	1	1
PART III: PROGRAM TARGET GROUP															
1. INVENTORY OF IMPORTANT AG LANDS (ACRES)						137000	137000	+	0	0	137000	150000	+	13000	9
2. EMPLOYEES (NUMBER)						340	350	+	10	3	342	316	-	26	8
3. DIVISIONS (NUMBER)						6	6	+	0	0	6	6	+	0	0
4. BRANCHES (NUMBER)						12	12	+	0	0	12	12	+	0	0
5. ATTACHED AGENCIES (NUMBER)						1	1	+	0	0	1	1	+	0	0
PART IV: PROGRAM ACTIVITY															
1. # LAND USE PERMIT APPL REVIEWED AFFECTING AG LANDS						25	10	-	15	60	25	25	+	0	0
2. NUMBER OF PERSONNEL ACTIONS PROCESSED						1000	926	-	74	7	1000	925	-	75	8
3. NUMBER OF PURCHASE ORDERS PROCESSED						2665	1508	-	1157	43	2665	1500	-	1165	44
4. NUMBER OF PETTY CASH CHECKS PROCESSED						130	63	-	67	52	130	60	-	70	54
5. NUMBER OF DATA PROCESSING REQUESTS RECEIVED						600	572	-	28	5	600	600	+	0	0

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 03 04 03  
AGR 192

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**PROGRAM TITLE: GENERAL ADMINISTRATION FOR AGRICULTURE**

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**PART I - EXPENDITURES AND POSITIONS**

The variances in expenditures are due to vacant positions and budget restrictions. The variances in positions are due to lack of qualified applicants to fill positions.

**PART II - MEASURES OF EFFECTIVENESS**

Item 1. In FY 21, there were no land use boundary amendments brought for action before the Land Use Commission.

Item 2. The FY 21 variance is due to budget conditions and associated hiring freeze. The FY 22 variance is due to budget restrictions and reduced staffing in the Human Resources Office.

**PART III - PROGRAM TARGET GROUPS**

No significant variances.

**PART IV - PROGRAM ACTIVITIES**

Item 1. FY 20 reduction is due to prioritization given to other work elements.

Item 3. The variances are due to an increased use of pCards (purchasing card) for purchases made by the department and the decrease in travel transactions due to COVID-19 restrictions.

Item 4. The variance is due to an increased use of pCards (purchasing card) for purchases made by the department.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	17.00	11.00	-	6.00	35	18.00	13.00	-	5.00	28	18.00	18.00	+	0.00	0
EXPENDITURES (\$1000's)	2,384	1,870	-	514	22	435	235	-	200	46	3,505	3,692	+	187	5
TOTAL COSTS															
POSITIONS	17.00	11.00	-	6.00	35	18.00	13.00	-	5.00	28	18.00	18.00	+	0.00	0
EXPENDITURES (\$1000's)	2,384	1,870	-	514	22	435	235	-	200	46	3,505	3,692	+	187	5
						FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. NUMBER OF LICENSES ISSUED						3.8	3.7	-	0.1	3	4	3.8	-	0.2	5
2. AQUACULTURE PRODUCTION (THOUSANDS OF POUNDS)						792	600	-	192	24	700	700	+	0	0
3. PRIMARY VALUE OF AQUACULTURE PRODUCTION (\$000)						88000	66396	-	21604	25	90000	90000	+	0	0
4. TOTAL AQUACULTURE EMPLOYMENT						220	344	+	124	56	250	350	+	100	40

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

**PROGRAM TITLE: FISHERIES AND AQUACULTURE**

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**01 04**

### **PART I - EXPENDITURES AND POSITIONS**

Details of the position and expenditure variances are best examined at the lowest program level.

### **PART II - MEASURES OF EFFECTIVENESS**

See Lowest Level Programs for additional information.

PROGRAM TITLE:

FISHERIES MANAGEMENT

PROGRAM-ID:

LNR-153

PROGRAM STRUCTURE NO:

010402

11/29/21

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	13.00	9.00	- 4.00	31	15.00	11.00	- 4.00	27	15.00	15.00	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	1,980	1,572	- 408	21	330	143	- 187	57	3,190	3,377	+ 187	6
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	13.00	9.00	- 4.00	31	15.00	11.00	- 4.00	27	15.00	15.00	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	1,980	1,572	- 408	21	330	143	- 187	57	3,190	3,377	+ 187	6
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
<b>PART II: MEASURES OF EFFECTIVENESS</b>												
1. NUMBER OF LICENSES ISSUED					3.8	3.7	- 0.1	3	4	3.8	- 0.2	5
2. FISHING RPRTS CLLCTD & PRCSSD AS % OF TTL RPTS DUE					97	97	+ 0	0	97	97	+ 0	0
3. ONLINE COMMRL MRNE FSHNG LCNS ISSD/RNW, ADPTN RATE					55	56	+ 1	2	56	57	+ 1	2
4. ONLINE COMMERCIAL FISH REPORT FILING, ADOPTN RATE					75	76	+ 1	1	76	77	+ 1	1
5. FISHING SUCCESS (FISH/TRIP)					2	2	+ 0	0	2	2	+ 0	0
6. NUMBER OF FISHERY MANAGEMENT AREAS					26	26	+ 0	0	27	27	+ 0	0
7. # OF NEW/AMENDED RULES TO SUSTAIN IMPORTNT SPECIES					3	1	- 2	67	1	5	+ 4	400
8. NUMBER OF FISHERMAN INTERVIEWED (THOUSANDS)					7	7	+ 0	0	7	7	+ 0	0
<b>PART III: PROGRAM TARGET GROUP</b>												
1. LICENSED COMMERCIAL FISHERS (1000)					3.4	3.2	- 0.2	6	3.7	3.2	- 0.5	14
2. COMMERCIAL MARINE DEALERS (HUNDREDS)					2.2	2.1	- 0.1	5	2.2	2.1	- 0.1	5
3. FISHG-ASSOCIATED COMMERCIAL ENTERPRISES (100'S)					5	5	+ 0	0	5	5	+ 0	0
4. PUBLIC CONSUMERS OR USERS OF FISHERY PRDTS (000'S)					6	6	+ 0	0	6	6	+ 0	0
5. LICENSED FRESHWATER SPORT FISHERMEN (THOUSANDS)					5	3.6	- 1.4	28	5	3.6	- 1.4	28
6. MARINE SPORT FISHERMEN (THOUSANDS)					170	200	+ 30	18	170	180	+ 10	6
7. NON-CONSUMPTIVE RECREATIONAL USERS (THOUSANDS)					125	100	- 25	20	130	125	- 5	4
8. RELATED COUNTY, STATE & FED RESOURCE MNGT AGENCIES					12	12	+ 0	0	12	12	+ 0	0
<b>PART IV: PROGRAM ACTIVITY</b>												
1. COMMERCIAL FISHING LICENSES & PERMITS ISSUED (000)					3.8	3.2	- 0.6	16	4	3.5	- 0.5	13
2. FISH DATA COLL - CATCH REPTS PROCESSED (000'S)					640	40	- 600	94	645	40	- 605	94
3. MAIN HAWN ISLANDS BOTTOMFISH VESSEL I.D. REG(00'S)					1070	1080	+ 10	1	1110	1090	- 20	2
4. AQUARIUM PERMITS (HUNDREDS)					0	0	+ 0	0	.7	0	- 0.7	100
5. FISH DATA COLL - INTERNAL & EXTERN. DATA REQUESTS					200	190	- 10	5	200	190	- 10	5
6. NO. OF MTGS & CONTACTS WITH OTHER MNGT AGENCIES					15	16	+ 1	7	15	16	+ 1	7
7. FISHERY MANAGEMENT AREAS MANAGED					29	29	+ 0	0	30	30	+ 0	0
8. # OF RULES MADE FOR AQUATIC SPECIES CONSERVATION					60	61	+ 1	2	61	62	+ 1	2
9. SURVEYS FOR FISHERMEN (THOUSANDS)					4.5	4.6	+ 0.1	2	5.5	5.5	+ 0	0
10. SURVEYS OF FISHING AREAS					37	38	+ 1	3	37	38	+ 1	3

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 04 02  
LNR 153

## PROGRAM TITLE: FISHERIES MANAGEMENT

### PART I - EXPENDITURES AND POSITIONS

FY 21: All vacancies were frozen due to the economic impacts of the COVID-19 pandemic, including vacancies of a Research Statistician IV and an Office Assistant III. Two other vacancies (an Aquatic Biologist V and a Statistical Clerk I) were unfunded and later abolished. In addition, actual expenditures reflect a significant (408K) scale down on spending for all funding sources due to COVID-19.

FY 22: Vacancies remained unfilled during the first quarter, but all positions are expected to be filled by the end of the fiscal year. Also, expenditures were purposely lower in the 1st quarter as a direct result of the 41% cut to the Division's operating budget, but spending will increase the rest of the year as project activities increase.

### PART II - MEASURES OF EFFECTIVENESS

Item 7: New rules on important marine species were delayed in FY 21 as only an amendment to the current crustacean rule was completed. In FY 22, however, five regulations on adding the tidal area to the Pupukeya Marine Life Conservation District, fee increase to the non-resident commercial marine license, Kahului Harbor Fisheries Management Area/Maui oama amendments, changes to the lay net permit, and comprehensive licensing rule amendments are expected to be completed.

### PART III - PROGRAM TARGET GROUPS

Item 1: COVID-19 caused visitor numbers to plummet in FY 21, causing a corresponding drop in demand for seafood locally, a disruption in the supply chain across the Pacific, and ultimately less commercial marine fishing licenses sold.

Item 2: The COVID-19 virus caused a slight decrease in the number of commercial marine dealers in FY 21. As demand waned, fishing efforts also declined as a result, and we expect the decrease in dealers to remain about the same for FY 22.

Item 5: Licensed freshwater sport fishermen dropped in FY 21 and may not recover in FY 22, as fishermen appear to be spending less time fishing for sport and more time subsistence fishing.

Item 6: A substantial increase in subsistence saltwater fishing in FY 21 was due to the COVID-19 pandemic's economic impacts on the State, but as residents go back to work this year, subsistence fishing activity is expected to decline.

Item 7: Non-consumptive or sport fishing activities decreased in FY 21, coinciding with significant lower tourist arrivals.

### PART IV - PROGRAM ACTIVITIES

Item 1: The number of commercial fishing licenses and permits decreased in FY 21, as fishermen found it difficult to sell their catch with visitor arrival numbers way down. Commercial fishing license sales may not recover for another year or two.

Item 2: The number of fish catch reports processed was mistakenly planned at 640,000, when it should have been 40,000 to 45,000 for FY 21 and FY 22.

Item 4: The suspension of commercial aquarium fishing reflects the zeros posted for actual and estimated aquarium permits issued for FY 21 and at this time, no permits have been issued this fiscal year.

## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22					
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	4.00	2.00	-	2.00	50	3.00	2.00	-	1.00	33	3.00	3.00	+	0.00	0
EXPENDITURES (\$1000's)	404	298	-	106	26	105	92	-	13	12	315	315	+	0	0
TOTAL COSTS															
POSITIONS	4.00	2.00	-	2.00	50	3.00	2.00	-	1.00	33	3.00	3.00	+	0.00	0
EXPENDITURES (\$1000's)	404	298	-	106	26	105	92	-	13	12	315	315	+	0	0
						FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. AQUACULTURE PRODUCTION (THOUSANDS OF POUNDS)						792	600	-	192	24	700	700	+	0	0
2. PRIMARY VALUE OF AQUACULTURE PRODUCTION (\$000)						88000	66396	-	21604	25	90000	90000	+	0	0
3. TOTAL AQUACULTURE EMPLOYMENT						220	344	+	124	56	250	350	+	100	40
PART III: PROGRAM TARGET GROUP															
1. AQUACULTURE OPERATIONS STATEWIDE						55	57	+	2	4	60	60	+	0	0
PART IV: PROGRAM ACTIVITY															
1. INFORMATION SENT (NUMBER)						175	170	-	5	3	175	175	+	0	0
2. PERMIT ASSISTANCE (NUMBER)						200	188	-	12	6	200	200	+	0	0
3. DISEASE ASSISTANCE (NUMBER OF CASES)						250	240	-	10	4	250	250	+	0	0
4. PROMOTIONAL EVENTS AND PRESENTATIONS (NUMBER)						4	4	+	0	0	4	4	+	0	0



## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 04 03  
AGR 153

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### **PROGRAM TITLE: AQUACULTURE DEVELOPMENT**

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#### **PART I - EXPENDITURES AND POSITIONS**

Variances were due to vacant positions and lower than anticipated expenditures from the Aquaculture Development Special Fund.

#### **PART II - MEASURES OF EFFECTIVENESS**

Items 1 and 2. A decrease in production and value was realized in FY 21 due to the impact of COVID-19. Metrics are expected to rebound in FY 22.

Item 3. An increase in aquaculture employment is possibly due to larger aquaculture operations that require more staffing.

#### **PART III - PROGRAM TARGET GROUPS**

No significant variances.

#### **PART IV - PROGRAM ACTIVITIES**

No significant variances.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
PART I: EXPENDITURES & POSITIONS												
RESEARCH & DEVELOPMENT COSTS												
POSITIONS												
EXPENDITURES (\$1,000's)												
OPERATING COSTS												
POSITIONS	8.00	4.00	- 4.00	50	5.00	2.00	- 3.00	60	5.00	5.00	+ 0.00	0
EXPENDITURES (\$1000's)	102,476	44,094	- 58,382	57	14,669	11,338	- 3,331	23	88,126	86,238	- 1,888	2
TOTAL COSTS												
POSITIONS	8.00	4.00	- 4.00	50	5.00	2.00	- 3.00	60	5.00	5.00	+ 0.00	0
EXPENDITURES (\$1000's)	102,476	44,094	- 58,382	57	14,669	11,338	- 3,331	23	88,126	86,238	- 1,888	2
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. INCREASE IN NUMBER OF COMPANIES FUNDED					10	0	- 10	100	5	0	- 5	100
2. # OF COMPANIES ASSTD AT HTDC INCUBATION CENTERS					25	120	+ 95	380	25	120	+ 95	380
3. TOTAL TENANT REVENUE (\$M)					60	0	- 60	100	71	0	- 71	100
4. NELHA REVENUES (INCL REIMBURSABLES) (\$M)					5.8	6.4	+ 0.6	10	5.5	5.2	- 0.3	5

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

**PROGRAM TITLE: TECHNOLOGY**

**01 05**

### **PART I - EXPENDITURES AND POSITIONS**

Details of the position and expenditure variances are best examined at the lowest program level.

### **PART II - MEASURES OF EFFECTIVENESS**

See Lowest Level Programs for additional information.

## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22					
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	5.00	3.00	-	2.00	40	2.00	1.00	-	1.00	50	2.00	2.00	+	0.00	0
EXPENDITURES (\$1000's)	2,920	6,686	+	3,766	129	1,265	530	-	735	58	1,933	2,668	+	735	38
TOTAL COSTS															
POSITIONS	5.00	3.00	-	2.00	40	2.00	1.00	-	1.00	50	2.00	2.00	+	0.00	0
EXPENDITURES (\$1000's)	2,920	6,686	+	3,766	129	1,265	530	-	735	58	1,933	2,668	+	735	38
						FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. # OF BUSINESSES PARTICIPATING IN GREEN BUS. PROG.						15	20	+	5	33	20	20	+	0	0
2. # OF ENERGY STAKEHOLDERS REACHED						166088	677959	+	511871	308	169400	700000	+	530600	313
3. % OF SESF 12 ACTIVATIONS THAT ARE STAFFED						100	100	+	0	0	100	100	+	0	0
4. # MEDIA OUTLETS REACHED						75	125	+	50	67	80	130	+	50	63
PART III: PROGRAM TARGET GROUP															
1. # OF EMERGING AND EXISTING RE PROJECT ENTITIES						133	154	+	21	16	135	170	+	35	26
2. # OF POTENTIAL GBP PARTICIPANTS CONTACTED						60	52	-	8	13	50	52	+	2	4
3. # OF BUILDING CODE ORGANIZATIONS						10	10	+	0	0	10	16	+	6	60
4. # OF ENERGY STAKEHOLDERS AND POLICY MAKERS						2015	3993	+	1978	98	2055	4000	+	1945	95
PART IV: PROGRAM ACTIVITY															
1. # OF TECH. ASSIST. TO PUBLIC & PRIVATE ENTITIES						1300	2106	+	806	62	1300	2100	+	800	62
2. # OF ANALYSES & PROJECTS SUPPORTING CLEAN ENERGY						24	23	-	1	4	24	24	+	0	0
3. # OF STAFF HOURS SUPPORTING THE EOC FOR SESF 12						420	440	+	20	5	420	300	-	120	29
4. # OF LEGISLATIVE MEASURES TRACKED AND ADDRESSED						200	188	-	12	6	200	200	+	0	0

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 05 01  
BED 120

## PROGRAM TITLE: HAWAII STATE ENERGY OFFICE

### PART I - EXPENDITURES AND POSITIONS

Positions: A consequence of the general hiring freeze in effect during FY 21 was that two positions were not filled as of the end of FY 21, one position was filled by Temporary Assignment, the second position has been vacant since February 2021.

Expenditures: FY 21 expenditures exceeded the budgeted amount because the actual expenditures include amounts for prior years' encumbrances and expenditures from non-appropriated federal funds.

### PART II - MEASURES OF EFFECTIVENESS

Item 1. The number of businesses participating in the Green Business Program in FY 21 was greater than the planned amount with more businesses being recognized.

Item 2. The number of energy stakeholders reached was greater than planned because of the number of website engagements such as number of times website was opened, total number of social media engagements (likes, views, shares on our posts), meetings with stakeholders, policy makers, state and county, private and public agencies and organizations, quarterly newsletters' number of engagements from stakeholders.

Item 4. The number of media outlets reached in FY 21 was greater than planned because of the addition of the community leader and energy stakeholders blast lists.

### PART III - PROGRAM TARGET GROUPS

Item 1. The number of emerging and existing renewable energy (RE) project entities was slightly higher in FY 21 because the project directory was updated and expanded to include non-fossil and energy storage projects.

Item 2. The number of potential Green Business Program participants contacted was less than planned due to COVID-19 restrictions and time constraints.

Item 4. The number of energy stakeholders and policy makers was greater than planned in FY 21 because of the addition of social media followers, meetings w/legislators, other agencies and numerous working groups, including several monthly working groups, the Powering Past Coal Task Force and periodic Neighborhood Board Meetings, Energy project public engagements, and bimonthly Thinktech online CodeGreen show and other periodic shows.

### PART IV - PROGRAM ACTIVITIES

Item 1. Technical assistance provided to public and private entities was greater than planned because the use of videoconferencing technologies allowed for more interactions.

PROGRAM TITLE:

HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

11/29/21

PROGRAM-ID:

BED-143

PROGRAM STRUCTURE NO:

010502

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	3.00	1.00	- 2.00	67	3.00	1.00	- 2.00	67	3.00	3.00	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	5,708	1,503	- 4,205	74	1,468	314	- 1,154	79	4,406	1,200	- 3,206	73
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	3.00	1.00	- 2.00	67	3.00	1.00	- 2.00	67	3.00	3.00	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	5,708	1,503	- 4,205	74	1,468	314	- 1,154	79	4,406	1,200	- 3,206	73
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. # OF COMPANIES ASSTD WITH HTDC INNOVATION PROGRAMS					25	120	+ 95	380	300	120	- 180	60
2. MKTG: # OF INDIVIDUALS OR COMPANIES ASSISTED					36300	63265	+ 26965	74	36300	40000	+ 3700	10
PART III: PROGRAM TARGET GROUP												
1. # MANUFACTURERS APPLYING FOR SERVICES/ASST.					200	105	- 95	48	200	150	- 50	25
2. # OF COMPANIES APPLYING FOR PROGRAM SERVICES					500	520	+ 20	4	500	500	+ 0	0
PART IV: PROGRAM ACTIVITY												
1. # OF CONTACTS AND RESPONSES					58000	148658	+ 90658	156	58000	75000	+ 17000	29

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 05 02  
BED 143

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**PROGRAM TITLE: HAWAII TECHNOLOGY DEVELOPMENT CORPORATION**

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**PART I - EXPENDITURES AND POSITIONS**

FY 21 actual expenditures are less than the budgeted amount because the budgeted amount includes excess capacity for flexibility should an opportunity arise for the Hawaii Technology Development Corporation (HTDC) - actual income and expenses are lower.

FY 21 and FY 22 First Quarter positions variance are due to the vacancies of a permanent Director and Assistant position, respectively.

**PART II - MEASURES OF EFFECTIVENESS**

Item 1. Our facilities occupancies have been high and programs are well attended.

Item 2. Our marketing efforts are also robust, and we are reaching more individuals. However, Maui remains slower in activity than on Oahu.

**PART III - PROGRAM TARGET GROUPS**

Item 1. The target group of companies that potentially would utilize the Manufacturing Extension Partnership Program and its Hawaii Small Business Innovation Research (HSBIR) Grant Program was lowered after a decrease in the appropriation funding of the HSBIR grant.

Item 2. The number of companies applying for tenancy or to become a virtual tenant at tech centers was higher than anticipated in FY 21.

**PART IV - PROGRAM ACTIVITIES**

Item 1. While hits to various HTDC websites have shown that activity is higher than planned, HTDC's revamped techjobs.org has been partially operational and was used during some of HTDC's events. This has resulted in higher interactions and contacts with the public.

## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22					
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	0.00	0.00	+	0.00	0										
EXPENDITURES (\$1000's)	2	0	-	2	100										
TOTAL COSTS															
POSITIONS	0.00	0.00	+	0.00	0										
EXPENDITURES (\$1000's)	2	0	-	2	100										
						FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. INCR IN LEVERAGING PUBLIC INV W/PRIVATE CAPITAL						NO DATA	NO DATA	+	0	0	NO DATA	NO DATA	+	0	0
2. INCR IN NUMBER OF VENTURE CAP PARTNERSHIPS ESTAB						NO DATA	NO DATA	+	0	0	NO DATA	NO DATA	+	0	0
3. INCREASE IN NUMBER OF COMPANIES FUNDED						NO DATA	NO DATA	+	0	0	NO DATA	NO DATA	+	0	0
PART III: PROGRAM TARGET GROUP															
1. ENTREPRENEURIAL START-UP COMPANIES						NO DATA	NO DATA	+	0	0	NO DATA	NO DATA	+	0	0
2. POTENTIAL INVEST ORG,INCL HIGH NET WORTH INDIVIDS						NO DATA	NO DATA	+	0	0	NO DATA	NO DATA	+	0	0
3. SUPPORT ORGS INCLUDING LEGAL & ACCT FIRMS						NO DATA	NO DATA	+	0	0	NO DATA	NO DATA	+	0	0
PART IV: PROGRAM ACTIVITY															
1. REINVEST INVEST DISTRIB IN NEW VENTURE PARTNERSHIP						NO DATA	NO DATA	+	0	0	NO DATA	NO DATA	+	0	0
2. ORGANIZE AND SPONSOR VENTURE CAPITAL CONF						NO DATA	NO DATA	+	0	0	NO DATA	NO DATA	+	0	0
3. ENTREPRENEURIAL TRAINING PROGRAMS						NO DATA	NO DATA	+	0	0	NO DATA	NO DATA	+	0	0



## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 05 03  
BED 145

**PROGRAM TITLE: HAWAII STRATEGIC DEVELOPMENT CORP (HIST)**

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### **PART I - EXPENDITURES AND POSITIONS**

BED 145, Hawaii Strategic Development Corporation (HSDC), was absorbed by BED 143, Hawaii Technology Development Corporation (HTDC), pursuant to Act 5, SLH 2019.

### **PART II - MEASURES OF EFFECTIVENESS**

BED 145, HSDC, was absorbed by BED 143, HTDC, pursuant to Act 5, SLH 2019.

### **PART III - PROGRAM TARGET GROUPS**

BED 145, HSDC, was absorbed by BED 143, HTDC, pursuant to Act 5, SLH 2019.

### **PART IV - PROGRAM ACTIVITIES**

BED 145, HSDC, was absorbed by BED 143, HTDC, pursuant to Act 5, SLH 2019.

## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22					
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	0.00	0.00	+	0.00	0	0.00	0.00	+	0.00	0	0.00	0.00	+	0.00	0
EXPENDITURES (\$1000's)	7,909	7,514	-	395	5	1,936	1,353	-	583	30	5,809	6,392	+	583	10
TOTAL COSTS															
POSITIONS	0.00	0.00	+	0.00	0	0.00	0.00	+	0.00	0	0.00	0.00	+	0.00	0
EXPENDITURES (\$1000's)	7,909	7,514	-	395	5	1,936	1,353	-	583	30	5,809	6,392	+	583	10
						FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. NELHA REVENUES (INCL REIMBURSABLES) (\$M)						5.8	6.4	+	0.6	10	5.5	5.2	-	0.3	5
2. ENERGY PRODUCED FROM RENEWABLE RESOURCES (MWH/YR)						4500	4500	+	0	0	5500	5500	+	0	0
3. TOTAL TENANT EXPENDITURES (\$M)						100	100	+	0	0	110	110	+	0	0
4. ANNUAL TENANT CAPITAL IMPROVEMENT (\$M)						10	10	+	0	0	10	10	+	0	0
5. SEAWATER SYSTEM DELIVERY RELIABILITY (%)						99.999	99.999	+	0	0	99.999	99.99	-	0.009	0
PART III: PROGRAM TARGET GROUP															
1. PUBLIC EDUCATIONAL OUTREACH PARTICIPANTS						1000	500	-	500	50	3000	500	-	2500	83
PART IV: PROGRAM ACTIVITY															
1. TOTAL EMPLOYMENT AT NELHA (PUBLIC & PRIVATE)						560	560	+	0	0	570	570	+	0	0
2. TOTAL VOLUME OF SEAWATER PUMPED MONTHLY (MGALS)						600	600	+	0	0	605	660	+	55	9
3. TOTAL NUMBER OF NELHA TENANTS						58	53	-	5	9	60	60	+	0	0
4. PERCENTAGE OF NELHA LAND IN USE						48	46	-	2	4	50	50	+	0	0
5. TOTAL CUMULATIVE CIP; TENANT, STATE, FEDERAL (\$M)						165	165	+	0	0	175	175	+	0	0
6. BEACH PARK USE (# OF ATTENDEES)						70000	2000	-	68000	97	100000	2000	-	98000	98

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 05 04  
BED 146

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### PROGRAM TITLE: NATURAL ENERGY LAB OF HAWAII AUTHORITY

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#### **PART I - EXPENDITURES AND POSITIONS**

FY 22 first quarter expenditure variance due to timing of utility payments and contract payments.

In addition, positions and expenditures are lower than planned to maintain special fund balance.

#### **PART II - MEASURES OF EFFECTIVENESS**

Item 1. FY 21 revenue increase is due to a \$1.3 million insurance payment received for damages to a Puna property.

Item 3. The Natural Energy Laboratory of Hawaii Authority no longer collects total tenant revenue. A better indication of economic impact is total tenant expenditures, which are being reported. The title of this measure of effectiveness needs to be changed.

#### **PART III - PROGRAM TARGET GROUPS**

Item 1. The variance is due to the impact of the COVID-19 pandemic.

#### **PART IV - PROGRAM ACTIVITIES**

Item 6. The downturn in visitors and beach park use are due to COVID-19 proclamations from both Governor Ige and Hawaii County Mayor Roth during the year.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	0.00	0.00	+ 0.00	0	0.00	0.00	+ 0.00	0	0.00	0.00	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	85,937	28,391	- 57,546	67	10,000	9,141	- 859	9	75,978	75,978	+ 0	0
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	0.00	0.00	+ 0.00	0	0.00	0.00	+ 0.00	0	0.00	0.00	+ 0.00	0
<b>EXPENDITURES (\$1000's)</b>	85,937	28,391	- 57,546	67	10,000	9,141	- 859	9	75,978	75,978	+ 0	0
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
<b>PART II: MEASURES OF EFFECTIVENESS</b>												
1. % FINANCING FOR UNDERSERVED TARGET					NO DATA	91.7	+ 91.7	0	NO DATA	90	+ 90	0
2. ESTIMATED KWH PRODUCTION OVER LIFETIME (000)					NO DATA	25411	+ 25411	0	NO DATA	20000	+ 20000	0
3. EST KWH REDUCTION OVER LIFETIME (000)					100	32280	+ 32180	32180	50	100	+ 50	100
4. EST BARRELS OF PETROLUEM DISPLACED (000)					12	35	+ 23	192	6	12	+ 6	100
5. EST METRIC TONS OF GREENHOUSE GAS AVOIDED (000)					6	17	+ 11	183	3	6	+ 3	100
6. TOTAL GEMS LOANS DEPLOYED (000)					NO DATA	7555	+ 7555	0	NO DATA	10000	+ 10000	0
7. ESTIMATED NET COST SAVINGS					NO DATA	4445	+ 4445	0	NO DATA	5000	+ 5000	0
<b>PART III: PROGRAM TARGET GROUP</b>												
1. RESIDENTIAL RATE PAYERS (HOMEOWNERS/RENTERS)					75	72	- 3	4	40	40	+ 0	0
2. COMMERCIAL RATEPAYERS					5	4	- 1	20	5	5	+ 0	0
<b>PART IV: PROGRAM ACTIVITY</b>												
1. ORIGINATE AND SERVICE CLEAR ENERGY LOANS					400	342	- 58	15	400	325	- 75	19

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 05 05  
BED 138

## PROGRAM TITLE: HAWAII GREEN INFRASTRUCTURE AUTHORITY

### PART I - EXPENDITURES AND POSITIONS

The Hawaii Green Infrastructure Authority's (HGIA) FY 21 budget includes appropriations for operating overhead, program expenses, a loan ceiling for loans funded, a bond ceiling for Green Energy Market Securitization (GEMS) bond payments and expenses, and a bond ceiling "cushion" required by the bond indenture documents for 1.5 times the bond payments of \$6.5 million. This \$6.5 million is not intended or expected to be spent and, as such, is not included in the estimated amounts. Total loans funded during the year aggregated \$7.6 million. Overhead and program expenses of \$1.0 million were offset by approximately \$2.1 million in revenue earned during the fiscal year.

Due to an intentional decision made in September 2019 to allow the remaining GEMS capital to only finance hard to reach underserved ratepayers (see Part III - Program Target Group), coupled with the COVID-19 pandemic in 2020, the amount of loans deployed were significantly less, which resulted in a 67% variance in the actual to budgeted expenditures.

The actual timing of a loan being funded is dependent on the various contractors achieving specified milestones in the project contracts for loans approved. Projects typically take between 6 to 18 months to complete, making it hard to predict the timing of loan funding. As of June 30, 2020, HGIA had \$19.9 million in committed loans.

### PART II - MEASURES OF EFFECTIVENESS

With only a limited amount in GEMS loan capital left to lend, HGIA established a permitted interaction group ("PIG") to investigate, discuss and make a recommendation for future loans. The recommendation of the PIG was to utilize the remaining funds to assist the under-served and hard to reach with clean energy financing, consisting of the following segments: (1) low- and moderate-income single family residential homeowners and renters; (2) small businesses (as defined by the U.S. Small Business Administration); (3) multi-family rental projects; and (4) nonprofits. Although limiting financing to these targeted, historically hard

to reach segments has slowed the deployment of loan funds, HGIA's board adopted these recommendations, effective September 1, 2019, in order to democratize clean energy, making financing available to those with limited options, to help lower their energy costs while helping our State achieve its aggressive clean energy goals. As such, the percentage financing for under-served increased to 91.7% for FY 21. Based on the systems financed, the kWh (kilowatt-hour) produced over the lifetime is estimated at 25,411,000; kWh reduced over lifetime is estimated at 32,280,000, barrels of petroleum displaced of 35.4; greenhouse gas avoided of 17.4 metric tons and net cost savings to ratepayers of \$4,445,000. The actual kWh reduction amounts significantly exceeded the target amount due to a loan made to replace 2,000 old, inefficient air conditioning units in 1,000 Department of Education classrooms across the State. These retrofits also resulted in higher than anticipated petroleum displaced and greenhouse gas avoided actuals.

### PART III - PROGRAM TARGET GROUPS

As indicated in Part II, HGIA's capital can only finance harder to reach under-served ratepayers. As such, the pace of adoption has and will continue to be slower. As a result, the number of homeowners, renters, nonprofits, small businesses and multi-family projects are expected to decrease. Additionally, the COVID-19 pandemic has resulted in a significant decrease in consumer confidence due to uncertainties regarding the State's economy and business viability, which has resulted in a decrease of commercial interest that likely will decrease the total amount of loans funded in FY 22.

### PART IV - PROGRAM ACTIVITIES

Similarly, as mentioned above, although HGIA will increase its efforts on grass-roots community outreach, we expect the program activity measured by the number of loans originated and serviced to decrease. Although the gross volume will decrease, the lower energy costs for these under-served families and organizations will be meaningful and impactful.

## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21					NINE MONTHS ENDING 06-30-22				
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	28.00	23.00	-	5.00	18	28.00	23.00	-	5.00	18	28.00	25.00	-	3.00	11
EXPENDITURES (\$1000's)	3,561	5,066	+	1,505	42	868	703	-	165	19	2,736	2,901	+	165	6
TOTAL COSTS															
POSITIONS	28.00	23.00	-	5.00	18	28.00	23.00	-	5.00	18	28.00	25.00	-	3.00	11
EXPENDITURES (\$1000's)	3,561	5,066	+	1,505	42	868	703	-	165	19	2,736	2,901	+	165	6
						FISCAL YEAR 2020-21					FISCAL YEAR 2021-22				
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. SURFACE WATER SUPPLY DEVELOPED (MGD)						0	0	+	0	0	0	0	+	0	0
2. GROUNDWATER SUPPLY DEVELOPED (MGD)						1	0	-	1	100	1	1	+	0	0
3. WATER CREDITS PROVID TO STATE AGENCIES (1000 GALS)						250	0	-	250	100	250	250	+	0	0
4. STATE LANDS DEVELOPED (ACRES)						10	10	+	0	0	10	10	+	0	0
5. GEOTHERMAL ROYALTIES COLLECTED (DOLLARS)						20	232	+	212	1060	500	1500	+	1000	200
6. ROCKFALL PROJECTS IMPLEMENTED (# OF PROJECTS)						4	4	+	0	0	4	4	+	0	0
PART III: PROGRAM TARGET GROUP															
1. DEFACTO POPULTN BENEFITNG FR IMPRVMNTS (NO. IN MIL)						1.4	1.4	+	0	0	1.4	1.4	+	0	0
PART IV: PROGRAM ACTIVITY															
1. PLANNING AND PROGRAMMING (NUMBER OF PROJECTS)						24	22	-	2	8	25	25	+	0	0
2. PROJECTS DESIGNED (NUMBER OF PROJECTS)						30	28	-	2	7	30	30	+	0	0
3. ENGINEERING CONSULTANT CONTRACTS ADMINISTERED						30	28	-	2	7	30	30	+	0	0
4. ENGIN SVCS PROVIDD TO OTHER DLNR OFFICES (MAN HRS)						20000	15000	-	5000	25	20000	20000	+	0	0
5. CIP EXPENDITURES (\$1,000)						40000	43740	+	3740	9	40000	40000	+	0	0
6. ALTERNATE WATER DEVLPM PROJECTS INVESTIGATED (NO.)						0	0	+	0	0	0	0	+	0	0
7. GEOTHERMAL RESOURCE PERMITS ISSUED (# OF PERMITS)						1	0	-	1	100	1	1	+	0	0
8. ROCKFALL/SLOPE MOVEMNT AREAS INVSTGTD &OR ADDRSSD						5	5	+	0	0	5	5	+	0	0

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 06  
LNR 141

### PROGRAM TITLE: WATER AND LAND DEVELOPMENT

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#### **PART I - EXPENDITURES AND POSITIONS**

FY 21 position variance due to budgeted unfilled positions under various stages of recruitment. The program has experienced difficulties in recruitment due to the prolonged historically low unemployment rate and lack of interested and qualified applicants. In order to fill its vacancies, the program is attempting to recruit positions at all levels. The program also has three unfunded positions.

FY 21 and FY 22 differences in budgeted amount and actual expenditures are primarily payroll savings due to staff vacancy and corresponding funds for activities to be performed, and unused accrued vacation/sick leave fund for the Capital Improvement Program Project staff.

FY 22 position variance is due to authorized but unfunded positions (budget adjustments made by Act 9, SLH 2020).

#### **PART II - MEASURES OF EFFECTIVENESS**

Items 1 and 2: The program has sought but has not been authorized funding for such water projects. One groundwater project had been authorized in FY 21 and is ongoing.

Item 3: The variance reflects a downturn in requests for water credits by State agencies.

Item 5: In FY 21, Puna Geothermal Venture restarted electrical production sooner and at greater amounts than anticipated. FY 22 royalty estimates updated to reflect anticipated production levels.

#### **PART III - PROGRAM TARGET GROUPS**

No significant variance.

#### **PART IV - PROGRAM ACTIVITIES**

Item 4: The variance is due to temporary staff vacancies, which were under recruitment and unfunded staff positions.

Item 5: FY 21 reflects actual expenditures based on contractor invoicing and payment processing; an additional \$58 million is encumbered in consultant and/or construction contracts for expenditure in FY 22 and beyond.

Item 6: No alternate water projects are currently authorized.

Item 7: No geothermal resource permit applications were received in FY 21.

## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21					NINE MONTHS ENDING 06-30-22				
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	21.00	21.00	+	0.00	0	21.00	21.00	+	0.00	0	21.00	21.00	+	0.00	0
EXPENDITURES (\$1000's)	3,173	2,286	-	887	28	864	828	-	36	4	2,933	2,586	-	347	12
TOTAL COSTS															
POSITIONS	21.00	21.00	+	0.00	0	21.00	21.00	+	0.00	0	21.00	21.00	+	0.00	0
EXPENDITURES (\$1000's)	3,173	2,286	-	887	28	864	828	-	36	4	2,933	2,586	-	347	12
						FISCAL YEAR 2020-21					FISCAL YEAR 2021-22				
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. NEW PRIV DEV IN KAKAAKO COM DEV DIST (\$M)						0	0	+	0	0	400	446	+	46	12
2. NEW PRIVATE DEVELOPMENT WITHIN KALAELOA (\$M)						20	20	+	0	0	20	10	-	10	50



## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

**PROGRAM TITLE: SPECIAL COMMUNITY DEVELOPMENT**

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**01 07**

### **PART I - EXPENDITURES AND POSITIONS**

Details of the position and expenditure variances are best examined at the lowest program level.

### **PART II - MEASURES OF EFFECTIVENESS**

See Lowest Level Programs for additional information.

## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22					
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES (\$1,000's)															
OPERATING COSTS															
POSITIONS	21.00	21.00	+	0.00	0	21.00	21.00	+	0.00	0	21.00	21.00	+	0.00	0
EXPENDITURES (\$1000's)	3,173	2,286	-	887	28	864	828	-	36	4	2,933	2,586	-	347	12
TOTAL COSTS															
POSITIONS	21.00	21.00	+	0.00	0	21.00	21.00	+	0.00	0	21.00	21.00	+	0.00	0
EXPENDITURES (\$1000's)	3,173	2,286	-	887	28	864	828	-	36	4	2,933	2,586	-	347	12

		FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
		PLANNED	ACTUAL	±	CHANGE	%	PLANNED	ESTIMATED	±	CHANGE	%
PART II: MEASURES OF EFFECTIVENESS											
1.	NEW PRIV DEV IN KAKAAKO COM DEV DIST (\$M)	0	0	+	0	0	400	446	+	46	12
2.	NEW BLDG FLOOR SPACE IN KAKAAKO (1000 SF)	0	0	+	0	0	623	712	+	89	14
3.	# OF NEW HOUSING UNITS IN KAKAAKO	0	0	+	0	0	751	904	+	153	20
4.	# OF NEW PUBLIC FACILITIES IN KAKAAKO	0	0	+	0	0	0	0	+	0	0
5.	# ACTIVELY-USED PARCELS IN KALAELOA CDD	115	118	+	3	3	115	122	+	7	6
6.	NEW PRIVATE DEVELOPMENT WITHIN KALAELOA (\$M)	20	20	+	0	0	20	10	-	10	50
7.	# ACRES RESTORATION OF WETLANDS USES IN HEEIA	60	0	-	60	100	60	0	-	60	100
PART III: PROGRAM TARGET GROUP											
1.	# OF RESIDENTS IN KAKAAKO	30280	30280	+	0	0	30280	30280	+	0	0
2.	# OF EMPLOYEES IN KAKAAKO	25330	25330	+	0	0	25330	25350	+	20	0
3.	# OF BUSINESSES IN KAKAAKO	1266	1266	+	0	0	1266	1266	+	0	0
4.	# OF LANDUSERS WITHIN KALAELOA	35	35	+	0	0	35	40	+	5	14
5.	# RESIDENTS WITHIN KALAELOA & SURROUNDING AREAS	6050	6100	+	50	1	6050	6200	+	150	2
PART IV: PROGRAM ACTIVITY											
1.	DEVELOPMENT PERMITS ISSUED IN KAKAAKO	125	87	-	38	30	125	100	-	25	20
2.	# INFRASTRUCTURE IMPROV PROJS BEGUN IN KAKAAKO	0	0	+	0	0	0	0	+	0	0
3.	NEW PUBLIC IMPROVEMENTS IN KAKAAKO (\$M)	0	0	+	0	0	0	0	+	0	0
4.	# PARCELS IN KALAELOA COVERED BY ECON DEV PLAN	65	65	+	0	0	65	0	-	65	100
5.	NEW PLANNING IN KALAELOA (\$M)	25	50	+	25	100	0	75	+	75	0
6.	# PARCELS, INFRASTRUCTURE SYS CONVEYED IN KALAELOA	5	5	+	0	0	0	5	+	5	0
7.	# PROJS FACILITATED & COMPLETED IN KALAELOA	2	2	+	0	0	0	2	+	2	0

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 07 01  
BED 150

## PROGRAM TITLE: HAWAII COMMUNITY DEVELOPMENT AUTHORITY

### PART I - EXPENDITURES AND POSITIONS

The variance in FY 21 is due to two out of seven positions being filled. In the first quarter of FY 22, five positions were filled, leaving one vacant. A Governor's request to fill the position will be submitted shortly.

### PART II - MEASURES OF EFFECTIVENESS

Items 1, 2, and 3: Consistent with the trend throughout the State, particularly in the urban core, development in Kakaako has slowed down. Development is still ongoing; however, the pace will be slower than what we have experienced in recent years.

Item 6: The Hawaii Community Development Authority (HCDA) completed the legislative appropriated \$13 million Enterprise Energy Corridor (EEC) project at the end of 2020. The Department of Transportation, Airports Division's Kalaeloa Airport paid an additional \$2 million to energize the EEC project and extend the project along Midway Road fronting the airport. HCDA anticipates additional electrical infrastructure investments will be provided by nine landowners along the EEC in the downtown Kalaeloa area.

Item 7: Over the past two years, considerable investments have been made to allow for the expansion and restoration of the wetlands in Heeia. This includes large scale mangrove removal and the continued fortification/restoration of farm roads. The roads are essential to get the necessary equipment into the wetlands to support restoration efforts (clearing and hauling).

### PART III - PROGRAM TARGET GROUPS

Item 4: The lack of suitable and reliable infrastructure has delayed development in Kalaeloa. The HCDA has submitted biennium requests to implement further infrastructure projects in Kalaeloa to seed future development.

### PART IV - PROGRAM ACTIVITIES

Item 1: The HCDA will see the number of permits begin to normalize with the slow down in development in Kakaako, consistent with the development cycle.

Item 4: The Kalaeloa parcels covered by the economic development plan, along the Coral Sea Road, will invest in new Hawaiian Electric Company (HECO) power that will connect to the EEC. An estimated \$10 million in new electrical infrastructure investment, also along Coral Sea Road, will now have the opportunity to submit service requests to HECO for new HECO power connection. The HCDA has submitted biennium requests to implement further infrastructure projects in Kalaeloa to seed future development.

Item 5: The HCDA is also partnering with the U.S. Navy and other landowners to request for federal infrastructure funding with the assistance of the Hawaii congressional delegation. An estimated \$12 to \$15 million is needed to complete the downtown electrical connections.

Item 7: The lack of suitable and reliable infrastructure continues to delay development in Kalaeloa. The HCDA has submitted biennium requests to implement further infrastructure projects in Kalaeloa to seed future development.

## VARIANCE REPORT

	FISCAL YEAR 2020-21				THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
<b>PART I: EXPENDITURES &amp; POSITIONS</b>												
<b>RESEARCH &amp; DEVELOPMENT COSTS</b>												
<b>POSITIONS</b>												
<b>EXPENDITURES (\$1,000's)</b>												
<b>OPERATING COSTS</b>												
<b>POSITIONS</b>	29.00	20.00	- 9.00	31	25.00	22.00	- 3.00	12	25.00	23.00	- 2.00	8
<b>EXPENDITURES (\$1000's)</b>	17,919	8,012	- 9,907	55	9,172	2,596	- 6,576	72	9,218	15,794	+ 6,576	71
<b>TOTAL COSTS</b>												
<b>POSITIONS</b>	29.00	20.00	- 9.00	31	25.00	22.00	- 3.00	12	25.00	23.00	- 2.00	8
<b>EXPENDITURES (\$1000's)</b>	17,919	8,012	- 9,907	55	9,172	2,596	- 6,576	72	9,218	15,794	+ 6,576	71
					FISCAL YEAR 2020-21				FISCAL YEAR 2021-22			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. # OF HOMEBUYERS ASSISTED					200	0	- 200	100	1116	721	- 395	35
2. # OF NEW RENTAL UNITS					1099	1120	+ 21	2	201	261	+ 60	30
3. # OF EXISTING AFFORD RENTAL HOUSING UNITS PRESERV					70	70	+ 0	0	162	0	- 162	100
4. # OF LEASE RENTS RENEGOTIATED					3	2	- 1	33	1	2	+ 1	100
5. # OF SINGLE FAM LEASHLD LOTS CONVERT TO FEE SIMPLE					0	0	+ 0	0	2	7	+ 5	250
PART III: PROGRAM TARGET GROUP												
1. HSEHLDS EARN UP 140% OF MED INC EST BY USDHUD					4000	4000	+ 0	0	4000	4000	+ 0	0
PART IV: PROGRAM ACTIVITY												
1. ORIGINATE LOANS/GRANTS FOR ACQ/REHAB OR DEV OF HSE					250	169	- 81	32	250	675	+ 425	170
2. ALLOCATE TAX CRDT FOR ACQ/REHAB OR DEV OF HOUSING					150	130	- 20	13	150	361	+ 211	141
3. ISSUE TAX-EXEMPT REVENUE BONDS (\$M)					129	212.8	+ 83.8	65	50	69.9	+ 19.9	40
4. FACILITATE DEVELOPMENT OF REAL PROPERTY					0	0	+ 0	0	500	201	- 299	60
5. ASSIST FIRST-TIME HOMEBUYERS					200	0	- 200	100	1116	721	- 395	35
6. PROCESS APP FOR ARBITRATION OF LEASE RENT RENEGO					6	5	- 1	17	0	4	+ 4	0
7. PROCESS APPLICATIONS FOR LEASEHOLD CONVERSION					5	6	+ 1	20	2	8	+ 6	300

# VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 08  
BED 160

## PROGRAM TITLE: HAWAII HOUSING FINANCE AND DEVELOPMENT CORP

### PART I - EXPENDITURES AND POSITIONS

The position variances are primarily due to attrition, coupled with the inability to fill the vacancies as a hiring freeze was instituted during FY 20. The hiring freeze was removed in FY 21 and vacant positions were filled. Act 88, SLH 2021, abolished 4.00 permanent positions. The actual and estimated number of filled positions will always be at least a -2.00 change as 2.00 positions were left unfunded by Act 88, SLH 2021.

The expenditure variance for FY 21 is primarily the result of the timing of federal grant award expenditures as projects may take several years to complete.

The first quarter budget of FY 22 includes budgeted appropriation for federal funds from Act 88, SLH 2021, of \$6,100,000 and corresponds with Form A-19 formatting of non-reverting funds. Actual expenditures will occur throughout the fiscal year.

In the first quarter of FY 21, actual expenditures of the non-federally funded appropriations were slightly delayed with the expectation that the expenditures will be caught up during the remainder of the fiscal year. Federally-funded expenditures fluctuate depending on the progression of funded projects that may be expended over multiple years.

### PART II - MEASURES OF EFFECTIVENESS

Item 1. The negative variances in the number of homebuyers assisted for FYs 21 and 22 are a result of delayed start of projects due to the COVID-19 pandemic and redirection of staffing to reissuance of certificates for the mortgage credit certificate program (MCCP).

Item 2. The positive variances in the number of new rental units for FYs 21 and 22 are a result of an increase of planned projects.

Item 3. The negative variance in the number of existing affordable rental housing preserved for FY 22 is a result of timing delays and construction delays of planned projects.

Item 4. No significant variances in renegotiated lease rents for FYs 21 and 22.

Item 5. The positive variance for FY 22 is due to modified legislative action and an increase in the number of applications.

### PART III - PROGRAM TARGET GROUPS

Item 1. Households earning 50%-140% of the U.S. Department of Housing and Urban Development average median income in accordance with a Hawaii Housing Planning Study conducted in 2019 increased to 4,000 units.

### PART IV - PROGRAM ACTIVITIES

Item 1. The negative variance in the number of loan originations for FY 21 is primarily a result of delayed start of projects, resulting in the positive variance for FY 22.

Item 2. The negative variance for FY 21 is the result of a limited funding round as most of the \$200 million appropriation to the Rental Housing Revolving Fund was awarded in FY 20. The positive variance for FY 22 is a result of the unpredictability of the number of project applications and awards.

Item 3. The positive variances in the amount of tax-exempt revenue bonds issued for FYs 21 and 22 are a result of acceleration of projects due to various reasons, such as low interest rates.

Item 4. The negative variance for FY 22 in the facilitation of real property development is due to planning and construction delays.

Item 5. The negative variances in the number of first-time homebuyers assisted for FYs 21 and 22 are a result of delayed start of projects due to the COVID-19 pandemic and redirection of staffing to reissuance of certificates for the MCCP.

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

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BED 160

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**PROGRAM TITLE: HAWAII HOUSING FINANCE AND DEVELOPMENT CORP**

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Item 6. The negative variance for FY 21 in the number of applications processed for arbitration of lease rent renegotiation is a result of COVID-19 restrictions as community hearings could not be held. The positive variance for FY 22 is a result of an increase in the number of applications received and eased COVID-19 gathering restrictions.

Item 7. The FY 21 and FY 22 positive variances in the number of applications processed for leasehold conversions are a result of an increase in the number of applications received and an amendment to Section 171-64.7, HRS, in which legislative approval is not needed for leasehold conversion.

## VARIANCE REPORT

	FISCAL YEAR 2020-21					THREE MONTHS ENDED 09-30-21				NINE MONTHS ENDING 06-30-22					
PART I: EXPENDITURES & POSITIONS RESEARCH & DEVELOPMENT COSTS POSITIONS EXPENDITURES (\$1,000's)  OPERATING COSTS POSITIONS EXPENDITURES (\$1000's)  TOTAL COSTS POSITIONS EXPENDITURES (\$1000's)	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
	0.00	0.00	+	0.00	0										
	1,714	923	-	791	46										
	0.00	0.00	+	0.00	0										
	1,714	923	-	791	46										
						FISCAL YEAR 2020-21				FISCAL YEAR 2021-22					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. SUPPORT THE DOE CHALLENGER PROGRAM						1	1	+	0	0	1	NO DATA	-	1	100
2. # OF INTL SPACE INDUSTRY EVENTS PARTICIPATED IN						1	1	+	0	0	1	NO DATA	-	1	100
3. PUBLIC-PRIVATE PARTNERSHIPS INITIATED/MAINTAINED						5	5	+	0	0	5	NO DATA	-	5	100
4. # OF NTL SPACE INDUSTRY EVENTS PARTICIPATED IN						1	1	+	0	0	1	NO DATA	-	1	100
PART III: PROGRAM TARGET GROUP															
1. # OF LOCAL SPACE INDUSTRY EVENTS PARTICIPATED IN						1	1	+	0	0	1	NO DATA	-	1	100
2. # OF HI-BASED EDU & RSRCH INST INITIATIVES PURSUED						9	9	+	0	0	9	NO DATA	-	9	100
PART IV: PROGRAM ACTIVITY															
1. # OF AEROSPACE PROJECTS PARTICIPATED IN						4	4	+	0	0	4	NO DATA	-	4	100
2. # OF COMMUNITY OUTREACH EVENTS PARTICIPATED IN						24	24	+	0	0	12	NO DATA	-	12	100

## VARIANCE REPORT NARRATIVE FY 2021 AND FY 2022

01 09  
BED 128

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**PROGRAM TITLE: OFFICE OF AEROSPACE (HIST)**

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**PART I - EXPENDITURES AND POSITIONS**

The variance in FY 21 expenditures is due to the Office of Aerospace (OAD) having a \$500,000 special fund ceiling and a general fund restriction of \$121,369.

BED 128, OAD, does not have a budget for FY 22 as the program was abolished during the 2021 Legislative Session.

**PART II - MEASURES OF EFFECTIVENESS**

No significant variances.

**PART III - PROGRAM TARGET GROUPS**

No significant variances.

**PART IV - PROGRAM ACTIVITIES**

No significant variances.