

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

January 19, 2023

The Honorable Ronald D. Kouchi
President and Members of the Senate
Thirty-Second State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki, Speaker
and Members of the House of
Representatives
Thirty-Second State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear Senate President Kouchi, Speaker Saiki and Members of the Legislature:

For your information and consideration, pursuant to Section 37-70, HRS, I am transmitting a copy of the State of Hawai'i Program Memoranda. In accordance with Section 93-16, HRS, I am also informing you that this report will be available for viewing electronically at: <https://budget.hawaii.gov/budget/program-memoranda/>.

Mahalo,

/s/

Josh Green, M.D.
Governor, State of Hawai'i

Enclosure

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State of Hawaii

PROGRAM MEMORANDA

Submitted to the Thirty-Second State Legislature
January 2023

Prepared by the Department of Budget and Finance
Budget Program Planning and Management Division

STATE OF HAWAII PROGRAM MEMORANDA

January 2023

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01

Economic Development

ECONOMIC DEVELOPMENT

I. OVERVIEW

The Economic Development program is the first of eleven major programs in the statewide program structure. The overall objective of the Economic Development program is to assist in maintaining the State's economy in a strong and competitive condition by providing policies, operations, facilities, services, counseling, and information so as to achieve appropriate rates of growth, high levels of employment, reasonable returns on investments, and steady gains in real personal incomes in a balanced fashion in all sectors of the economy and areas of the State.

The program consists of nine Level II programs: Business Development; Tourism; Agriculture; Fisheries and Resource Enhancement; Technology; Water and Land Development; Special Community Development; Hawaii Housing Finance and Development Corporation; and Energy. These include a total of 17 lowest-level programs in the Multi-Year Program and Financial Plan for the Budget and Planning Period FY23-29.

The following organizational entities are involved in this program: Department of Agriculture; Department of Business, Economic Development and Tourism (DBEDT); and Department of Land and Natural Resources (DLNR).

Important program relationships exist between the Economic Development program and the following private and governmental agencies:

- (1) Federal
 - Department of Agriculture
 - Department of Commerce
 - U.S. Export Assistance Center-Hawaii
 - Foreign-Trade Zones Board
 - Export Import Bank of the United States
 - Economic Development Administration
 - National Telecommunication and Information Administration
 - Federal Communications Commission
 - Small Business Administration
 - State Department
 - Department of Defense

Defense Advanced Research Projects
Agency

Office of Naval Research

U.S. Air Force

- Department of Energy
- Department of Housing and Urban
Development
- Department of Interior
- Department of Transportation
- Department of Homeland Security
 - Citizen Immigration Services
 - U.S. Customs and Border Protection
- Department of State-Consular Offices in
various Asian countries

(2) Counties

- Office of the Mayor
- County Councils
- Building departments
- Planning departments
- Public works departments
- Transportation departments
- Economic development offices
- Police departments
- Neighborhood boards

(3) Private

- Business and Commerce associations
- Chambers of Commerce
- Economic Development Boards
- American Immigration Lawyers Association
- Hawaii Hotel Association
- Hawaii Visitors and Convention Bureau
- Visitor Industry Professional

Associations

- Waikiki Improvement Association
- SMG (Convention Center)
- Maui High Performance Computing Center
(MHPCC)
- Colleges and Universities

- (4) International
- Pacific Basin Economic Council
 - Pacific Asian Travel Association
 - Foreign consular offices located in Honolulu
 - East West Center
 - Pacific and Asian Affairs Council
 - District Export Council
 - American Chambers of Commerce Overseas
 - Japan External Trade Organization
 - International Chambers of Commerce

Some of the more significant activities carried out within the overall Economic Development program are: developing and implementing programs to attract new job-creating businesses and investment; promoting international trade; providing advice and counseling to businesses; increasing competitiveness of businesses engaged in importing and exporting activities; facilitating development of industries centered on life sciences, tourism consulting, education and training, energy, environmental, ocean and recyclable resource-based products and services; carrying out the State's tourism program; inspecting and grading agricultural products; sponsoring applied research in agriculture, aquaculture and biotechnology; providing industry and product promotion; inspecting horticultural and animal imports; planning for technology-based economic development, developing technology projects, and operating technology or innovation centers; ensuring an environment for broadband equity and digital equity; stimulating economic development of specific community districts; promoting growth of the film, video and digital media production industry; promoting the diverse artistic and cultural resources of Hawaii; and supporting economic growth for a resilient, clean energy economy.

ECONOMIC DEVELOPMENT PROGRAM

MEASURES OF EFFECTIVENESS

OBJECTIVE: TO ASSIST IN MAINTAINING THE STATE'S ECONOMY IN A STRONG AND COMPETITIVE CONDITION BY PROVIDING POLICIES, OPERATIONS, FACILITIES, SERVICES, ADVICE AND INFORMATION SO AS TO ACHIEVE APPROPRIATE RATES OF GROWTH, HIGH LEVELS OF EMPLOYMENT, REASONABLE RETURNS ON INVESTMENTS, AND STEADY GAIN IN REAL PERSONAL INCOMES IN A BALANCED FASHION IN ALL SECTORS OF THE ECONOMY AND AREAS OF THE STATE.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
01	1. GROSS STATE PRODUCT (2012 CONSTANT \$ IN MILLIONS)	#		76725	77876	79277	80863	82642	84295	85812
	2. REAL PERSONAL INCOME (2012 CONSTANT \$ IN MILLIONS)	#		61735	62723	63977	65385	66889	68227	69523
	3. UNEMPLOYMENT RATE (% TENTHS)	#		6.9	6.6	5.0	4.5	4.0	3.0	2.5
	4. TOTAL EMPLOYMENT (THOUSANDS)	#		635	643	648	652	656	659	663
	5. GROSS STATE PRODUCT (CURRENT \$ IN MILLIONS)	#		94709	97860	101614	105822	110530	115504	120702
	6. PERSONAL INCOME (CURRENT \$ IN MILLIONS)	#		83482	86090	89392	93186	97331	101808	106695

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	<u>OPERATING EXPENDITURES</u>									
	TOTAL		123,450	222,453	330,145	304,510	303,650	303,650	303,650	303,650
	<u>CAPITAL INVESTMENT EXPENDITURES</u>									
	TOTAL		85,371	843,320	65,325	30,000				

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

BUSINESS DEVELOPMENT

The objective of the Level II program, Business Development, is to facilitate growth, diversification, and long-term stability of the State's economy by promoting exports of Hawaii's products and services and attracting business and investment. Four programs, Business Development and Support Division, (BED 100); Creative Industries Division, (BED 105); Foreign Trade Zone, (BED 107); and General Support for Economic Development, (BED 142) administered by DBEDT comprise this Level II program.

Business Development and Support Division (BED100)

The Business Development and Support Division (BDSO) promotes industry development and economic diversification by supporting existing and emerging industries through attraction of new business and investment, increase in exports of Hawaii products and services, expansion of Hawaii's participation in global trade and commerce, and growth in defense industry contracts. Working collaboratively with a network of public and private sector partners, BDSO plans and implements programs to: 1) encourage growth of existing and emerging industries by opening and developing domestic and international markets for Hawaii firms; 2) attract new business and investment, particularly knowledge-based and environmentally compatible industries to grow and diversify Hawaii's economy; 3) market Hawaii as a serious place to do business; 4) create new jobs, particularly those that require high-skills to support knowledge-based industries; 5) increase sales and exports of Hawaii products and professional services; 6) administer and promote Hawaii's sister-state relationships to facilitate economic development objectives; 7) collaborate with the counties, private business, and economic development organizations to support the State's economic development objectives; 8) support and assist small businesses and community-based enterprises; 9) increase contracts for Hawaii contractors in the defense sector; and 10) operate representative offices to provide stable linkages with selected regions to generate and follow-up on business opportunities

Two programs comprise the major activities of the Level III program, Business Development and Support (BED 100):

1) Business Development and 2) Business Support.

The Business Development Branch plans and implements initiatives to increase export and growth of Hawaii's products and professional services. Activities include: 1) opening and expanding markets for Hawaii's products and professional services through trade shows, consumer shows, seminars and conferences, and creating business partnership and matchmaking opportunities locally and abroad; 2) collaborating with the counties, private business, and economic development organizations to support the State's economic development objectives; 3) leading coordination of the public-private development and marketing of Hawaii's business brand; 4) operating and administering overseas offices.

The Business Support Branch develops, plans and implements programs to attract investment and businesses to Hawaii; assists to increase the number of jobs and dollar amount of contracts obtained by Hawaii firms in the defense sector; assist communities with economic development initiatives; administers strategic investment incentives, and provides assistance, information and facilitates opportunities for businesses considering investing in or expanding to Hawaii. Their activities include: 1) facilitating matches and strategic alliances for investment into Hawaii's firms in key areas; 2) assisting Hawaii contractors in the defense sector; 3) provides loans, grants and technical assistance to non-profit organizations; 4) administers the State's Enterprise Zones program which provides tax and other incentives to eligible businesses to locate in an economically distressed community; 5) administering and promoting Hawaii's sister state relationships to facilitate economic development objectives; and 6) administering the Disaster Loan program which assists businesses and individuals who suffer damage in a State declared natural disaster.

Creative Industries Division (BED105)

Hawaii has a thriving and vital cultural ecosystem with a creative economy that supports a highly skilled workforce. This sector contributes to the advancement of Hawaii's general

economy and positively impacts Hawaii's overall quality of life through innovation, fostering a flourishing environment for creative entrepreneurship and expanding the State's global export of creative content.

The Creative Industries Division (CID) focuses on the sectors of Hawaii's economy that are more aptly called Hawaii's Creative and Entertainment Industries. These industry sectors impact Hawaii in many ways as they cross over many disciplines, industries, cultures and communities. They represent a cluster composed of for-profit components and non-profit organizations. Both groups employ over 54,000 people annually and imbued a sense of multi-cultural uniqueness that we call Hawaii. In its broadest definition, Creative Industries encompass economic activity of a wide spectrum of commercial businesses, individuals, cultural enterprises, non-profit institutions and government agencies that directly or indirectly produce goods and/or provide services that are rooted in, or generated by artistry, design, aesthetic value or cultural enterprise.

In Hawaii, Creative Industries employ 54,071 individuals, representing 6.1% of all jobs in the State. In total, the value of output from this sector equals \$4.2 billion or 4.5% of Hawaii's GDP.

Hawaii's Creative Industries include both established and growth industries:

- Film & Digital Media (broadcast media, cable, radio, television, film production, digital media, game production, advertising)
- Visual Arts (painting, drawing, print making, sculpture, folk art, galleries, auction houses)
- Performing & Cultural Arts (theatre, music, dance)
- Applied Arts (architecture, marketing, interior design, industrial design, fashion design, graphic/commercial design, culinary arts, web design, crafts)

- Literary Arts (writing, publishing)
- Advocacy and Support (arts education, cultural councils, funders)
- Heritage and Preservation (museums, historic sites, heritage corridors)
- Ethnic Cultural Activities (festivals, parades)
- Cultural Tourism Activities (cultural exchange, cultural events)

It is the focus of CID to work with the emerging and transitioning sectors that align with Hawaii's innovation and creative economy development, emphasizing workforce programs that take individuals from training to job placement. Additionally, CID: 1) manages the department's media and entertainment facilities serving the creative, media and entertainment industries; 2) manages the Hawaii film and creative industries development fund (HRS 201-113); and 3) manages the Hawaii motion picture, digital media and film development tax credit program (HRS 235-17) in conjunction with the Department of Taxation (DoTAX).

Two programs comprise the major activities of the Level III program, Creative Industries Division (BED 105 CID): 1) Film Industry Branch (FIB) also known as the Hawaii Film Office (HFO); and 2) Arts & Culture Development Branch (ACDB), which manages the Creative Lab Hawaii Accelerator program (CLH).

The Film Industry Branch: 1) in coordination with county film commissioners, develops and administers a statewide program to encourage motion picture and television production companies and studios to use Hawaii as a production site for feature films, television films and programs, television commercials, and other filming activities; 2) develops and maintains contacts with representatives of the film industry and others involved in related activities to keep the industry apprised of local resources and development of new resources including locations, financial support, equipment and human resources; 3) provides

assistance to producers in obtaining film locations, equipment, facilities, permits and clearances, and other requirements for production of films and photography shoots; 4) administers a statewide, one-stop film permit system, through Memorandums of Agreements (MOA) with other State departments, to service productions filming on state lands and property; 5) conducts or arranges for research regarding the film industry such as developing data to identify people, firms and other resources available to support production and disseminates research findings and information; 6) prepares and administers State contracts for development and promotion of the film industry; 7) identifies and analyzes major public problems and issues involving the film industry and recommends appropriate State actions through development of legislative proposals and policies; 8) works closely with committees, task forces, community groups, and industry representatives in addressing problems and issues involving the film industry and in addressing development and promotion of the film industry in Hawaii; 9) markets, administers and manages the Hawaii Film Studio for production of television series, motion pictures and commercials, and oversees design, construction, and operation of the facility, as well as develops materials to promote the facility; 10) markets Hawaii as an ideal filming destination, including maintaining and developing a website, blog, press kit, advertisements, videos, and other promotional materials; 11) participating in industry trade shows and film festivals; and publicizing film industry developments; and, 12) coordinates programs to develop the local filmmaking community, including organizing educational.

The Arts and Culture Development Branch: This branch acts as the catalytic entity to advocate and accelerate Hawaii's creative workforce in four key areas: a) Talent and Workforce Development; b) Infrastructure Development supporting all creative sectors in the state; c) Access to Capital for export of locally originated intellectual property and d) Policy-making to build the foundation of Hawaii's creative economy.

As the lead branch for the division to effectuate a thriving creative hub in the Pacific, the Arts and Culture Development Branch 1) directs the formulation and implementation of a statewide program to assist Hawaii businesses in developing and expanding domestic and foreign markets for Hawaii's arts and

culture intellectual property products and services, and creates initiatives to foster entrepreneurial business skills development; 2) assumes the role of leading agency to build strategic vision for Hawaii's creative economy; 3) implements activities that further the advancement of jobs, businesses and increased revenue streams for creative entrepreneurs; 4) facilitates culturally based programs and content development to support visitor attraction in global markets in partnership with the Hawaii Tourism Authority; 5) acts as a statewide liaison to identify and support economic development opportunities for new media, cultural arts, music, game development, interactive media and entertainment cluster sectors, including culture organizations; 6) attracts national, regional, and international businesses and mentors to support growth of the arts and culture business establishments or events with potential for positive net export and visitor-related benefits; 7) arranges and conducts research regarding baseline data on the local creative industries and its relation to export-earning sectors; 8) prepares and administers State contracts for development and promotion of Hawaii's arts and culture industry; and 9) identifies and analyzes major challenges and issues involving the arts and culture industry and works closely with industry representatives and recommends appropriate State actions through development of legislative proposals and policies.

Foreign-Trade Zone (BED107)

The objective of this Level III program is to encourage value-added and international trading activities that will create new investment and job opportunities in Hawaii through a statewide foreign-trade zone program that reduces the barriers and costs associated with international trade.

The Foreign-Trade Zone (FTZ) Division administers the federal grant, issued in 1965 to the State of Hawaii, for the Foreign Trade Zone No. 9 (FTZ9). There are currently 13 sites on the islands of Oahu, Maui, and Hawaii that have received a foreign-trade zone designation, of which, three general-purpose zone and three special-purpose subzone sites are activated. As the designated grantee and owner/operator of some sites, the FTZ Division is responsible for ensuring that U.S. Customs and Foreign-Trade Zones Board regulations are followed at these

sites and act as liaison with the Foreign-Trade Zones Board in Washington, D.C.

The FTZ Division markets the FTZ program and provides technical advice and direction to potential users of these facilities. In addition, the FTZ Division operates a general-purpose zone at the Pier 2 facility. Any company that imports and exports merchandise can take advantage of the benefits of the FTZ program at this incubation-type, shared-use facility. This prime waterfront location is adjacent to the State's main, international container cargo terminals, burgeoning Kakaako district, Oahu's main cruise ship terminal facility and the vibrant downtown business district. This seven-acre site provides over 500,000 cubic feet of warehouse storage and services.

Incubator office space is also available for rent at the Pier 2 site for companies who import, export, or offer international trade support services. There is currently over 48,000 square feet of office space operated by FTZ9 at Pier 2. Businesses include customs brokerage houses, logistics providers, shipping agents, as well as small business start-ups who do not have the capital to support warehousing and shipping container logistics. We believe that by concentrating these international trade resources in one location, we will increase business formation, improve coordination in Hawaii's international trade community, and ultimately increase the amount of international trading activity in Hawaii.

Use of the FTZ program has an impact on levels of international trade in Hawaii and helps Hawaii companies leverage the benefits of the program to successfully compete in national and international markets. In FY 21, 288 firms used the FTZ9, handling more than \$7.15 billion of merchandise using FTZ procedures. Firms using the FTZ program report employment of 3,070 employees attributable, in part, to use of the Zone. Exports from activated FTZ sites totaled \$146 million.

Key indicators of the value of the FTZ program to Hawaii's economy over the past five years in terms of employment, merchandise handled (received plus forwarded), and exports as a percentage of foreign merchandise received are shown in the table below.

Foreign-Trade Zone No. 9 Program Key Indicators

	2017	2018	2019	2020	2021
Employment (direct)	2,637	2,735	3,039	3,100	3,070
Total merchandise handled, in + out (\$ million)	6,973	8,643	9,498	4,513	7,147
Pier 2 merchandise handled, in + out (\$ million)	57.1	34.8	31.8	31.8	37.9
Exports (\$ million)	486.8	563.6	539.9	179.8	145.9
Capital improvements (\$ millions)	9.051	27.6	45.4	56.9	7.2
Exports as % of foreign merchandise received	14	13	11	8	4

More information about the FTZ9 can be found at www.ftz9.org.

General Support for Economic Development (BED142)

The Office of the DBEDT Director provides leadership to the overall operation of the DBEDT. The office accomplishes this by serving as a catalyst that supports and facilitates regional economic development efforts in partnership with the four county economic development offices in the State of Hawaii as well as private for profit and not-for-profit organizations. The Director's Office focuses on achieving the broad-based economic goal of ensuring the overall wellbeing of Hawaii's people, culture, and environment. It accomplishes this through collaboration, objectivity (use of data), and the perpetuation and proliferation of the spirit of "can" to ensure the achievement of our State's economic goals in the highly dynamic, fast-paced global economy.

The DBEDT Director's Office includes the Director's administrative and operational staff, the Administrative Services Office, and the Small Business Regulatory Review Board. Collectively, these offices support regional and statewide

economic development programs by effectively, efficiently, and timely allocating resources including data to programs that support growth, diversification, and resiliency of Hawaii's economy; ensure the overall well-being of staff by supporting digital and human development investments that improve our employees' work-life balance that simultaneously increase productivity; and ensures fairness to Hawaii's small businesses by reviewing and making recommendations to State and County agencies on any proposed new or amended administrative rules and responding to small business requests for assistance with administrative rules.

LEVEL II

BUSINESS DEVELOPMENT

MEASURES OF EFFECTIVENESS

II. 01 BUSINESS DEVELOPMENT

OBJECTIVE: TO FACILITATE GROWTH, DIVERSIFICATION, AND LONG-TERM STABILITY BY PROMOTING HAWAII'S PRODUCTS AND SERVICES AND ATTRACTING BUSINESS AND INVESTMENT.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0101	1. % INCREASE IN EXPORTS DUE TO PROG PARTICIPATION		10	10	10	10	10	10	10	10
	2. \$ AMOUNT OF DIRECT EXPEN - FILM/TV PROD (MIL)		350	350	400	400	400	400	400	400
	3. %VALUE INCR OF CARGO IN/OUT OF FTZ (EXCL SUBZONES)		3	3	3	3	3	3	3	3
	4. TOTAL VISITOR EXPENDITURES (\$ BILLIONS)		11.94	14.32	16.18	17.8	17.8	17.8	17.8	17.8

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
010101	STRATEGIC MARKETING AND SUPPORT	BED-100	1,544	4,670	4,049	4,095	4,096	4,096	4,096	4,096
010102	CREATIVE INDUSTRIES DIVISION	BED-105	1,268	2,372	2,827	2,864	2,864	2,864	2,864	2,864
010103	FOREIGN TRADE ZONE	BED-107	2,323	2,513	2,612	2,671	2,671	2,671	2,671	2,671
010104	GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT	BED-142	2,229	2,394	2,935	3,024	3,024	3,024	3,024	3,024
	TOTAL		7,364	11,949	12,423	12,654	12,655	12,655	12,655	12,655
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
010103	FOREIGN TRADE ZONE	BED-107		400						
010104	GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT	BED-142		350,700						
	TOTAL			351,100						

TOURISM

The objective of this Level II program is to proactively plan and support development and promotion of diversified events, attractions, and services for leisure and business travelers that complement Hawaii's traditional resort product, enhance brand identity, assist in overall economic diversification, and provide high-quality visitor experiences while sustaining Hawaii's natural and cultural resources, community values and residents' quality of life.

The Hawaii Tourism Authority (BED 113)

In 1998, the Hawaii Tourism Authority (HTA), an attached agency of DBEDT, was established by Act 156, SLH 1998 as the lead state agency and advocate for Hawaii's visitor industry. HTA is responsible for setting tourism policy and direction from a statewide perspective.

The HTA is currently in the process of developing new strategic plans for managing visitors statewide.

LEVEL II TOURISM

PROGRAM ID: **BED113** PROGRAM STRUCTURE: **0102** PROGRAM TITLE: **TOURISM**

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>MEASURES OF EFFECTIVENESS</u>								
1. VISITOR EXPENDITURES (\$BILLIONS)	12.97	17.76	19.03	19.95	20.55	20.55	20.55	20.55
2. PER PERSON PER DAY SPENDING (\$)	198.88	216.05	220.63	224.41	227.46	227.46	227.46	227.46
3. RESIDENT SENTIMENT - % TOURISM IS OVERALL POSITIVE	53	57	61	65	69	73	73	73
4. RES. SENTIMENT- % TOURISM POSITIVE FOR YOU/FAMILY	33	38	43	48	53	58	58	58
5. VISITOR SATIFICATION - % OVERALL SATISFACTION	82	83	85	85	85	89	89	89
6. VISITOR SATISFACTION - %LIKELY TO RECOMMEND HAWAII	87	90	90	90	90	90	90	90
7. VISITOR SATISFACTION - % LIKELY TO REVISIT IN 5 YR	86	85	85	85	85	85	85	85
8. CONVENTION CENTER ECONOMIC IMPACT (\$MILLIONS)	0	112.8	105.6	123.3	201.5	49	0	0
<u>PROGRAM TARGET GROUPS</u>								
1. # OF TARGET VISITORS IN JAPAN MKT (MILLIONS)	6	6	6	6	6	6	6	6
2. # OF TARGET VISITORS IN US MKT (MILLIONS)	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5
3. # VISITORS INDUSTRY BUSINESSES	4269	4269	4269	4269	4269	4269		
4. # MCI CITYWIDE & SINGLE PROPERTY CONVENTIONS TRG	20	37	38	40	40	44	40	39
5. TOTAL VISITOR ARRIVALS (MILLIONS)	6.8	9.1	9.7	10.1	10.3	10.3	10.3	10.3
<u>PROGRAM ACTIVITIES</u>								
1. # NATURAL RESOURCE PROJECTS FUNDED	80	90	40	40	40	40	40	40
2. # HAWAIIAN CULTURE PROJECTS FUNDED	38	44	40	40	40	40	40	40
3. # COMMUNITY PROJECTS FUNDED	90	80	80	80	80	80	80	80
4. # VISITOR HOTSPOTS ADDRESSED	10	12	12	12	12	10	10	10
5. # HTA SOCIAL MEDIA POSTS	436	432	432	432	432	432	432	432
6. # TRAVEL TRADE EDUCATION SESSIONS - USA & JAPAN	1678	1678	1678	1678	1678	1678	1678	1678
7. # GLOBAL MCI SALES CALLS & MCI TRADE SHOW APPTS	750	750	750	750	750	750	750	750
<u>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</u>								
TAXES	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
REVENUES FROM THE USE OF MONEY AND PROPERTY	4,201	130	130	100	100	100	100	100
REVENUE FROM OTHER AGENCIES: FEDERAL		9,239	2,474	1,731	581			
CHARGES FOR CURRENT SERVICES	563	1	1	1	1	1	1	1
NON-REVENUE RECEIPTS	47							
TOTAL PROGRAM REVENUES	15,811	20,370	13,605	12,832	11,682	11,101	11,101	11,101
<u>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</u>								
SPECIAL FUNDS	15,811	11,131	11,131	11,101	11,101	11,101	11,101	11,101
ALL OTHER FUNDS		9,239	2,474	1,731	581			
TOTAL PROGRAM REVENUES	15,811	20,370	13,605	12,832	11,682	11,101	11,101	11,101

AGRICULTURE

The objective of this Level II program is to promote the conservation, development, and efficient utilization of agricultural resources in the State. More specifically, it is the program's goal to develop an industry in which prime agricultural lands and other resources fundamental to agricultural production are utilized in economically-viable crop and livestock production; opportunities for export competition and import substitution are maximized; and agribusinesses involved in the production, processing, distribution and marketing of agricultural commodities are provided access to capital, data/information, land, water, market promotion, and State and Federal grant opportunities to achieve and maintain competitiveness in a rapidly changing environment within domestic and global markets. Additionally, the advent of the global supply chain crisis and ongoing climate change impacts are imposing far more frequent disruptions to the agricultural industry than ever previously understood.

The Agriculture Program consists of the following lower level programs under the Departments of Agriculture (DOA), Business, Economic Development, and Tourism (DBEDT), and Land and Natural Resources (DLNR): Financial Assistance for Agriculture (AGR 102), Plant Pest and Disease Control (AGR 122), Rabies Quarantine (AGR 131), Animal Pest and Disease Control (AGR 132), Forestry - Resource Management & Development (LNR 172), Quality and Price Assurance (AGR 151), Agricultural Development and Marketing (AGR 171), Agricultural Resource Management (AGR 141), General Administration for Agriculture (AGR 192), and Agribusiness Development and Research (BED 170).

The mission of supporting the stability and expansion of the agricultural sector is essential to the overall viability of the State's economy. Agriculture in Hawaii currently generates nearly 600 million dollars in farm-gate revenues annually and provides thousands of jobs statewide. A recent report indicates that when the economic value of other agriculture-related industries is considered, the total value of agriculture jumps to nearly \$2.4 billion a year. Another national food and agriculture industries study pegs the direct output impact to Hawaii's economy at \$9.94 billion and direct job opportunities generated at 87,414 residents. In addition, Hawaii agriculture

contributes to a desired physical environment, maintains green spaces, mitigates the flow of invasive species, and promotes economic as well as social well-being in rural districts across the State.

Some of the more significant organizational relationships that affect the program are:

1. Federal

United States Department of Agriculture (USDA)

United States Food and Drug Administration (US-FDA)

United States Environmental Protection Agency (US-EPA)

United States Department of Commerce (USDC)

Plant and Animal Quarantine: USDA-Animal and Plant Health Inspection Service (USDA-APHIS)

Animal Disease Control: USDA-APHIS, Veterinary Services

Bureau of Reclamation, United States Department of the Interior

Marketing: USDA-Agricultural Marketing Service (AMS), Western United States Agricultural Trade Association (WUSATA), Foreign Agricultural Service (FAS), National Agricultural Statistics Reporting Service (NASS), National Institute of Food and Agriculture (NIFA)

U.S. Forest Service (Institute of Pacific Islands Forestry)

2. State

Office of the Governor

University of Hawaii College of Tropical Agriculture and Human Resources,

UH Cooperative Extension Service, and UH Sea Grant College Program

University of Hawaii, Hilo

Agribusiness Development Corporation

Resource Development: Department of Land and Natural Resources (DLNR)

Marketing: Department of Business, Economic Development and Tourism (DBEDT)

Emergency Management: Hawaii Emergency Management Agency (HI-EMA)

Federal Grants: Department of Budget and Finance (B&F), Department of Accounting and General Services (DAGS), and Department of the Attorney-General (DATG)

Land Use Planning and Resource Management: Office of Planning

3. County

Planning and Research Departments

Economic Development Programs

Emergency Management Programs

4. Private

Agribusinesses and Industry Organizations such as the Hawaii Farm Bureau

Federation, Hawaii Farmers Union United, Hawaii Cattlemen's Council, Hawaii Coffee Association, and the Hawaii Aquaculture Association

Farm credit institutions, banks and, other lending entities

Non-government organizations, environmental groups, and other community-based organizations.

The State, in keeping with the mandates of the Hawaii Constitution, has made a stronger commitment to agriculture. This commitment includes implementing a goal to achieve the doubling of local food production by 2030 (and a greater degree

of food self-sufficiency) for certain commodities and expanding overseas markets for Hawaii products.

The program will carry out this mandate by: 1) continuing to serve as an advocate and leader for agriculture; 2) coordinating and facilitating public and private sector alliances; 3) providing services essential for industry growth; and 4) developing and causing the implementation of new initiatives designed to stimulate agricultural development and resiliency in anticipation of climate change conditions; 5) seeking, applying for, and administering federal grants as revenue sources; and 6) working with the US Congressional Delegation to add soil, water and ocean transport to the definition of Infrastructure for Agriculture.

Agribusiness Development Corporation (BED170)

The objective of this Level IV program is to acquire and manage, in partnership with farmers, ranchers and aquaculture groups, selected arable lands, water systems and infrastructure for commercial agricultural use and to direct research into areas that will lead to the development of new crops, markets and lower production costs.

Rich agricultural lands are one of Hawaii's greatest assets. The role of the Agribusiness Development Corporation(ADC) role is to protect the future of agriculture in Hawaii by facilitating its transformation from a dual crop economy of sugar and pineapple to a multi-crop industry. The breadth of ADC's responsibilities includes transitioning former plantation lands and water systems to diversified long-term agricultural use; initiating and developing diversified agriculture facilities; and finding innovative solutions for issues facing the agricultural industry today.

ADC's unique position enables it to coordinate federal, state and private resources to optimize agribusiness opportunities. Its exemptions from Hawaii Revised Statutes Chapter 171 regarding land use, as well as Public Utilities Commission regulations and civil service laws, allow for greater flexibility in managing its programs. ADC fosters the growth of agricultural enterprises across the state by providing

affordable irrigation and long-term licenses or leases to tenants, which stimulates investment in agribusiness and enhances the viability of agriculture in Hawaii.

The agribusiness research and development program cover the following functions: administers programs to assist agricultural enterprises to facilitate the transition of agricultural infrastructure from plantation operations into other agricultural enterprises; conducts marketing analysis to direct agricultural industry evolution; and provides the leadership for the development, financing, improvement, or enhancement of agricultural enterprises.

The ADC was established pursuant to Act 264, SLH 1994 to coordinate the development of Hawaii's agricultural industry and to facilitate its transition from a dual-crop (sugar and pineapple) industry to a diversified, multi-crop and animal industry. One of ADC's major goals is to preserve agriculture land and infrastructure abandoned by former plantations for current or future agriculture use. For administrative purposes, ADC is attached to the Department of Business, Economic Development, and Tourism (DBEDT).

ADC's activities are focused on the following:

a) Land Acquisition and Development

The ADC manages 22,000 acres on the island of Kauai and Oahu. Of the 22,000 acres it manages, 13,900 acres have commercial value and are considered ideal lands for agriculture production. The remainder is comprised of gulches, ravines, ditches, and roadways. To date, the ADC has issued license agreements and permits to agriculture operations for long-term use of 8,000+ acres, which represents over 60% of its total land inventory. Keeping large tracts of former plantation lands in agriculture and providing long-term licenses and leases to agricultural operations are the key elements to building the agriculture sector of the future and achieving food security.

b) Irrigation System Development and Maintenance

In addition to agricultural lands on Kauai and Oahu, the ADC also manages the Waiahole Water System. The ADC continues to work with its farmers to improve and maintain critical infrastructure necessary to support agricultural operations. In addition to ongoing maintenance of existing infrastructure, the ADC is also developing new infrastructure and improving water storage capacity by constructing reservoirs and storage ponds to anticipate climate change and ensure farmers have a consistent and affordable supply of irrigation water.

c) Improve Components of the Food System

A food system includes all processes and infrastructure involved in feeding a population: growing, harvesting, processing, packaging, transporting, marketing, consumption, and disposal of food and food-related items. It also includes the inputs needed and outputs generated at each of these steps. A food system operates within and is influenced by social, political, economic and environmental contexts. It also requires human resources that provide labor, research and education.

The COVID-19 pandemic presented tremendous challenges and opportunities for Hawaii's agriculture sector. ADC is developing an agricultural food hub in Central Oahu to consolidate the various supply chain sectors such as crop production, cold storage, distribution, and value-added processing. This food hub, which can be a template for other agriculture regions throughout state, will help promote Hawaii's agriculture industry by creating synergy throughout the farm-to-consumer supply chain.

d) Hawaii Agribusiness Plan

Pursuant to Act 219, SLH 2022, which amended Section 163D-5, HRS, the ADC shall prepare a Hawaii agribusiness plan, which shall define and establish goals, objectives, policies, and priority guidelines for its agribusiness development strategy. The plan shall include but not be limited to:

- An inventory of agricultural lands with suitable adequate water resources that are or will become available, provided that, the inventory of agricultural lands under this paragraph shall be agricultural lands within the purview of the corporation that can be used to meet present and future agricultural production needs;
- An inventory of agricultural infrastructure such as irrigation systems, drainage systems, processing facilities, and other accessory facilities;
- Strategies for federal, state, county, and community stakeholder actions that will promote the development and enhancement of Hawaii's agricultural industries.

LEVEL II

AGRICULTURE

MEASURES OF EFFECTIVENESS

II. 03 AGRICULTURE

OBJECTIVE: TO ASSIST IN MAINTAINING THE AGRICULTURAL SECTOR OF THE STATE'S ECONOMY, INCLUDING LIVESTOCK PRODUCTION, FORESTRY, CROPS AND AQUACULTURE, IN A STRONG AND COMPETITIVE CONDITION BY PROVIDING POLICIES, SERVICES, LOANS, SUBSIDIES, ENVIRONMENTAL PROTECTION, LAND AND WATER, OPERATIONS, FACILITIES, ADVICE, COORDINATION, AND INFORMATION SO AS TO ACHIEVE APPROPRIATE RATES OF GROWTH, HIGH LEVELS OF EMPLOYMENT, REASONABLE RETURNS ON INVESTMENT, AND STEADY GAINS IN REAL PERSONAL INCOME.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0103	1. AMT OF AG OR AQUA FIN PROVIDED BY OTHR CRED SOURCS		0	750	750	750	750	750	750	750
	2. # INTERCEPTED PEST SPECIES NOT ESTABLISHED IN HI		409	450	450	450	450	450	450	450

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
010301	FINANCIAL ASSISTANCE FOR AGRICULTURE	AGR-101	2,234	6,288	6,338	6,364	6,365	6,365	6,365	6,365
010302	PRODUCTIVITY IMPROVEMENT & MGMT ASSISTANCE FOR AGRICULTURE	-	15,419	21,390	23,024	23,649	23,618	23,618	23,618	23,618
010303	PRODUCT DEVELOPMENT AND MARKETING FOR AGRICULTURE	-	7,544	12,455	31,716	18,424	18,426	18,426	18,426	18,426
010304	GENERAL SUPPORT FOR AGRICULTURE	-	10,507	20,323	14,779	15,110	15,110	15,110	15,110	15,110
	TOTAL		35,704	60,456	75,857	63,547	63,519	63,519	63,519	63,519
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
010302	PRODUCTIVITY IMPROVEMENT & MGMT ASSISTANCE FOR AGRICULTURE	-	1,200		1,100					
010303	PRODUCT DEVELOPMENT AND MARKETING FOR AGRICULTURE	-	2,860	2,500						
010304	GENERAL SUPPORT FOR AGRICULTURE	-	35,961	15,120	22,100					
	TOTAL		40,021	17,620	23,200					

FISHERIES AND AQUACULTURE

Aquaculture Development (AGR153)

The Aquaculture and Livestock Support Services (ALSS), a branch of the Animal Industry Division, generates diversified agriculture solutions for moving Hawai'i towards greater food self-sufficiency, and fosters viable export industries. ALSS provides a broad range of support to new and existing aquaculture and livestock businesses through planning and coordination, business counseling, and information dissemination efforts. ALSS offers assistance in:

- Starting a new business in Hawaii;
- Introducing best management practices and new technologies;
- Providing direct assistance with regulations and disease prevention;
- Assisting market development at home and abroad;
- Facilitating expansion of offshore aquaculture development on species, systems, and potential leases;
- Helping to secure resources such as leaseholds, water, and processing facilities required to maintain and promote the local production of aquaculture and livestock.

LEVEL II

FISHERIES AND AQUACULTURE

MEASURES OF EFFECTIVENESS

II. 04 FISHERIES AND AQUACULTURE

OBJECTIVE: TO SUPPORT AND ASSIST IN THE WISE USE OF HAWAII'S FISHERY AND OTHER AQUATIC RESOURCES FOR HAWAII'S FISHING PUBLIC, WHETHER NON-CONSUMPTIVE, RECREATIONAL OR SUBSISTENCE, COMMERCIAL IN NATURE, BY APPROPRIATE REGULATORY FRAMEWORKS, MANAGEMENT, OUTREACH, COLLABORATION, AND RESEARCH.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0104	1. NUMBER OF LICENSES ISSUED		3.5	3	3	3	3	3	3	3
	2. AQUACULTURE PRODUCTION (THOUSANDS OF POUNDS)		710	700	750	750	800	800	800	800
	3. PRIMARY VALUE OF AQUACULTURE PRODUCTION (\$000)		79670	90000	95000	95000	100000	100000	100000	100000
	4. TOTAL AQUACULTURE EMPLOYMENT		418	415	450	450	500	500	500	500

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
010402	FISHERIES MANAGEMENT (HISTORICAL)	LNR-153	1,610	2,455						
010403	AQUACULTURE DEVELOPMENT	AGR-153	336	1,078	1,094	1,102	1,102	1,102	1,102	1,102
	TOTAL		1,946	3,533	1,094	1,102	1,102	1,102	1,102	1,102
<u>CAPITAL INVESTMENT EXPENDITURE</u>										
010402	FISHERIES MANAGEMENT (HISTORICAL)	LNR-153	350							
	TOTAL		350							

TECHNOLOGY

The objective of this Level II program is to support statewide economic development and diversification and increase productivity and competitiveness of all economic sectors in the State by facilitating growth and development of technology businesses and related industries as well as Hawaii-based industries which focus on sustainable resources.

Two Level III programs within the DBEDT, comprise the Technology program: Hawaii Technology Development Corporation (BED143), and Natural Energy Laboratory of Hawaii Authority (BED146).

Hawaii Technology Development Corporation (BED143)

The Hawaii Technology Development Corporation (HTDC) was established by the 1983 Legislature in recognition of the potential economic impact of technology on the State with the objective of providing a means to facilitate growth of the technology industry and assisting Hawaii's entrepreneurs and fledging start-ups.

HTDC's activities are focused on the following:

a) Innovation Programs

HTDC Innovation programs are focused on building an innovation ecosystem - an economic development engine which supports the growth of new businesses able to compete in the global economy and appropriate for Hawaii's business and cultural environment. The programs support a range of business needs including training, funding, networking, facility, and more. The programs target businesses with a technology or product development core focus, although many of the activities benefit a wider entrepreneurial community.

The Entrepreneurs Sandbox, located in Kakaako, is the front door for tech and entrepreneurial activity on Oahu and home-base for HTDC innovation programs. The Sandbox supports public-private partnership ventures including business startup accelerator and corporate tech enablement

programs, hosts in-person and online training workshops, pilots technology demonstration projects, and sponsors innovation ecosystem building activities such as business networking events, hackathons, and business pitch events.

HTDC's Innovation programs are built through partnerships with other government agencies and the private sector to grow the community of stakeholders involved in the innovation ecosystem. HTDC considers the partnerships an essential component of the innovation program and provides the state high leverage with limited program funding and staff.

HTDC also offers office space and business support programs at the Maui Research and Technology Center.

b) Federally funded programs

HTDC applies for, secures, and administers federal funds to support technology and manufacturing small businesses in Hawaii and help Hawaii small businesses compete for and win more federal awards.

The Hawaii Small Business Innovation Research program helps to develop Hawaii's scientific and research expertise that is focused on commercialization opportunities.

The Hawaii Center for Alternative Transportation Technologies is funding various transportation research projects for the U.S. Air Force on Hickam Joint Base Pearl Harbor in alternative energy sources with dual use applications.

The INNOVATE Hawaii Manufacturing Extension Partnership program, funded by the National Institute of Standards and Technology, assists manufacturers to become more globally competitive by improving their business operation and expanding business through new product development.

c) Stakeholder and statutory obligations

Infrastructure Development

HTDC continues to assist in the development of additional innovation centers including the Hilo Innovation and Manufacturing Center, the First Responders Tech Campus, and a creative media studio space on Kauai. These innovation infrastructure projects serve to build critical mass and an anchor for building economic clusters.

Marketing and Promotion

"HTDC.org" is HTDC's informational web portal for visitors and local companies to assist with marketing of Hawaii's programs and incentives for technology and manufacturing businesses, links to a calendar of tech related events, and links to other technology resources statewide.

Data, Reporting, and Policy

HTDC continues annual surveys of the local technology sector to determine current needs, trends, and priorities; promote and support initiatives at the Legislature that enhance the business climate for the innovation sector; and provide sector visibility by organizing industry day and other industry showcase events.

Education and workforce

HTDC plays a support role in technology education and workforce development initiatives by working with other organizations that directly impact these essential support functions. HTDC is part of a consortium of organizations working to develop an Information Technology workforce through continued efforts to grow the skilled tech workforce by recruiting new graduates and former Hawaii residents through an annual tech job fair.

HTDC Strategic Development Program

The HTDC Strategic Development program provides venture capital funding to emerging and high growth companies by investing in limited partnerships managed by venture capital professionals. The program was transferred to HTDC in 2019 with the merger of the Hawaii Strategic Development Corporation into the HTDC. The

program has been recapitalized in 2022 through the American Rescue Plan Act's State Small Business Credit Initiative.

HTDC supports DBEDT initiatives of improving the small business environment, enhancing innovation infrastructure, expanding exports and renewable energy sources along with workforce development and urban core development. Near-term objectives include working with DBEDT on entrepreneurial development programs.

Natural Energy Laboratory of Hawaii Authority (BED146)

The Natural Energy Laboratory of Hawaii (NELHA) administers the Hawaii Ocean Science and Technology Park (HOST Park) located on the western side of the Island of Hawaii. In response to the oil embargo of 1973-74 and the States concern about its near total dependance on fossil fuels the 1974 Legislature established NELHA as a facility for research and development of alternative sources of renewable natural energy such as Ocean Thermal Energy Conversion (OTEC) on 300 acres near the airport.

By 1984, it became apparent that seawater being pumped for OTEC could also be used for other profitable uses, namely aquaculture and commercial purposes such as marine biotechnology, air conditioning and desalinated drinking water. In anticipation of growing business needs at NELHA an additional 550 acres was added in 1985.

The Legislature further expanded NELHA's role several times in 1990s to include economic development and specifically engaging in ocean-related research, technology, and industry and allowing other business activities that could enhance economic development and generate additional revenues to support the growing park. As these commercial tenants began to reach profitability, NELHA's revenue stream from land rents, seawater purchases and support services grew and allowed the agency to be self-sufficient from an operating standpoint for nearly the past 15 years.

HOST Park is the second largest industrial park in Hawaii and its seawater supply system is the only one of its size and capacity in the world. Current equipment and pipeline

infrastructure is capable of pumping up to 100,000 gallons per minute of warm surface and cold deep seawater throughout the HOST Park. Since this location is the sunniest location in the coastal U.S., NELHA can offer tenants a unique combination of ample sunlight, natural temperature differential, and pristine seawater resources for development and commercialization of new technologies in a wide array of fields such as aquaculture, ocean sciences, and renewable energy.

HOST Park has become the world's premier ocean science innovation hub and operates at the nexus of water, energy, and food. NELHA has almost 60 tenants, that employ over 650 people, generating over \$100 million annual input into the local economy and about \$5 million in tax revenues to the State. NELHA has a staff of 17 State employees whose responsibilities include implementation of strategic long-term planning and development, negotiation and management of leases, operation and maintenance of the seawater systems, environmental monitoring, monitoring compliance with permits, and other vital services to its tenants.

Looking forward, Hawaii has a significant comparative worldwide advantage as a large ocean state to grow a statewide ocean economy that expands our oceans' economic potential while preserving and safeguarding its long-term health and making the Hawaii economy more resilient.

Many of the building blocks are already in place at HOST Park with world-class government infrastructure assets; education and R&D foundations; an increasing number of entrepreneurial ecosystems and talent development programs; and non-profit-led community improvement projects. On a broader scale, growing these businesses will also improve the competitive position and balance of trade for the US and help the US build global dominance in ocean innovation and conservation technologies.

LEVEL II

TECHNOLOGY

MEASURES OF EFFECTIVENESS

II. 05 TECHNOLOGY

OBJECTIVE: TO SUPPORT ECONOMIC DIVERSIFICATION BY INCREASING COMPETITIVENESS IN HAWAII'S SCIENCE AND TECHNOLOGY SECTORS; ENHANCE ALL ECONOMIC SECTORS THROUGH THE DEPLOYMENT OF TECHNOLOGY SOLUTIONS THAT INCREASE YIELD OR PRODUCTIVITY AND INCREASE INVESTMENT ATTRACTION; AND SUPPORT ENTREPRENEURSHIP, COMMERCIALIZATION, AND TECHNOLOGY TRANSFER, AS WELL AS FUND AND CAPITAL DEVELOPMENT TO FUEL HAWAII'S RESEARCH, SCIENCE, AND TECHNOLOGY INDUSTRIES.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0105	1. INCREASE IN NUMBER OF COMPANIES FUNDED		5	5	0	0	0	0	0	0
	2. # OF COMPANIES ASSTD WITH HTDC PROGRAMS		25	25	25	25	25	25	25	25
	3. TOTAL TENANT EXPENDITURES (\$M)		110	120	130	140	150	160	170	180
	4. NELHA REVENUES (INCL REIMBURSABLES) (\$M)		5.5	5.8	6.0	6.5	7.0	7.5	8.0	8.5

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
010502	HAWAII TECHNOLOGY DEVELOPMENT CORPORATION	BED-143	2,370	10,850	5,875	5,891	5,891	5,891	5,891	5,891
010504	NATURAL ENERGY LAB OF HAWAII AUTHORITY	BED-146	4,539	7,744	7,853	7,924	7,924	7,924	7,924	7,924
	TOTAL		6,909	18,594	13,728	13,815	13,815	13,815	13,815	13,815
<u>CAPITAL INVESTMENT EXPENDITURE</u>										
010504	NATURAL ENERGY LAB OF HAWAII AUTHORITY	BED-146		2,000						
	TOTAL			2,000						

SPECIAL COMMUNITY DEVELOPMENT

The objective of this Level II program is to stimulate economic development of specific community districts by planning and implementing community development programs and facilitating capital investment.

Hawaii Community Development Authority (BED150)

Hawaii Community Development Authority (HCDA), an administratively attached agency of DBEDT, was established in 1976 to plan and implement initiatives that increase economic, social/cultural, and environmental value in community development districts as assigned by the Legislature. HCDA plans and implements capital improvement projects to upgrade infrastructure and develop public facilities within and outside its established community development districts. HCDA also implements long-term planning initiatives to support the development of mixed-use communities that strengthen and diversify Hawaii's economy while enhancing the quality of life for Hawaii's people. With the support of the Hawaii State Legislature and stakeholders, HCDA strives to build *better communities for tomorrow*.

The Hawaii State Legislature established four community development districts under HCDA:

Kakaako Community Development District. This district consists of a Mauka and Makai area of approximately 600 acres of land. The Kakaako Community Development District Plan and Rules were adopted by HCDA in 1982, and subsequently amended in 2005 and 2011. This plan serves as the basis for guiding both public and private development activities in revitalization of Kakaako. This includes private development projects, district-wide improvements to the infrastructure systems, parks, public parking garages, waterfront-related improvements, and other community facilities. Development shall be mixed-use with an appropriate mixture of residential (both market and reserved housing), commercial, industrial, and other uses.

Kalaeloa Community Development District. Act 184, SLH 2002, designated the former Barbers Point Naval Air Station in Kalaeloa as a new Community Development District under HCDA. The district contains approximately 3,700 acres of land. The HCDA has adopted Master Plan and Rules in 2006 which serve as the basis for guiding development in the district and transform the district into a model community that will create new jobs, attract new businesses, and create needed housing and public facilities.

Heeia Community Development District. Act 210, SLH 2011, designated approximately 400 acres of wetlands in He'eia as a new Community Development District under the HCDA. The HCDA was designated as the local redevelopment authority of the district to facilitate culturally appropriate agriculture, education, and natural resource restoration and management of these He'eia wetlands. The He'eia Community Development District Plan and Rules were adopted and became effective in August 2021. The Mana'o Ho'okō (intent) of the He'eia Master Plan is *"Recognizing the value of ahupu'a management principles, promote and cultivate 'āina momona (abundance) for the lands of He'eia for present and future generations through culturally appropriate agriculture, education, and natural resources restoration and management."*

Pulehunui Community Development District. Act 190, SLH 2022, designated approximately 986 acres of land in Pulehunui, Maui, as the Pulehunui community development district. The HCDA's task is to coordinate regional infrastructure improvements serving several large parcels of undeveloped state lands located in Pulehunui, Maui. Planned land uses include a new public safety complex operated by the Department of Public Safety, judiciary complex operated by the Judiciary, light industrial and residential use on adjacent Hawaiian Home Lands property.

Act 184, SLH 2022, established the Transit-Oriented Development Infrastructure Improvement Districts under the HCDA. This act requires the Transit-Oriented Development Infrastructure Improvement District Boards (one for each county) to develop a program to identify necessary infrastructure improvements within each district.

Current major agency activities include:

- Administration of land use, zoning, and other regulatory provisions of the applicable Plans and Rules relating to all development activities in Kakaako, Kalaeloa, and Heeia.
- Implementation and identification of Kakaako, Kalaeloa, and Heeia improvement and public facility projects.
- Revising, with stakeholder input, the Kakaako Mauka Area Rules to encourage private sector development activities and maximize attainment of overall community development objectives for selected parcels that could benefit from transit-oriented development.
- Revising, with stakeholder input, the Kalaeloa community development district master plan and rules.
- Identifying, with stakeholder input, the infrastructure and other public facility improvements that need to be made in the Pulehunui Community Development District to facilitate the development of undeveloped and underutilized state lands.
- Identifying, with stakeholder input, the priority areas for transit-oriented infrastructure development that support the production of affordable housing in designated transit-oriented development zones.
- Identifying innovative ways to produce more for sale and rental affordable housing in the Kakaako and Kalaeloa Community Development Districts.

LEVEL II

SPECIAL COMMUNITY DEVELOPMENT

MEASURES OF EFFECTIVENESS

II. 07 SPECIAL COMMUNITY DEVELOPMENT

OBJECTIVE: TO STIMULATE ECONOMIC DEVELOPMENT OF SPECIFIC COMMUNITY DISTRICTS BY PLANNING AND IMPLEMENTING COMMUNITY DEVELOPMENT PROGRAMS INCLUDING INFRASTRUCTURE SUPPORT.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0107	1. NEW AFFORDABLE HOUSING UNITS IN KAKAAKO (%)		20	20	20	20	20	20	20	20
	2. NEW AFFORDABLE HOUSING UNITS IN KALAELOA (%)		20	20	20	20	20	20	20	20

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
010701	HAWAII COMMUNITY DEVELOPMENT AUTHORITY	BED-150	3,380	3,558	3,683	3,765	3,766	3,766	3,766	3,766
	TOTAL		3,380	3,558	3,683	3,765	3,766	3,766	3,766	3,766
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
010701	HAWAII COMMUNITY DEVELOPMENT AUTHORITY	BED-150		389,100	12,125					
	TOTAL			389,100	12,125					

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

The objective of this Level II program is to increase and preserve the supply of affordable and workforce housing, thereby supporting growth of the state's economy. This program is administratively attached to the Department of Business, Economic Development and Tourism (DBEDT).

Hawaii Housing Finance and Development Corporation (BED160)

For the state's economy to thrive, Hawaii must have an adequate supply of affordable and workforce housing proximate to employment centers, public transportation, and community facilities. A lack of housing negatively affects quality of life and hinders economic expansion. According to the 2019 *Hawaii Housing Demand: 2020-2030* study commissioned by DBEDT, the state's unmet demand of available residential housing units was projected to increase to about 36,000 by 2030, a shortfall encompassing nearly 12,000 homeowner and over 14,000 rental housing units for the populations targeted by HHFDC programs (i.e., households earning from 30% up to 140% of the area median income, or AMI). The DBEDT study reflects the recent trend of outmigration in Hawaii, which reduced housing demand from the earlier study. An updated housing planning study to be completed in late 2023 is underway.

Numerous factors, largely structural in nature, impede affordable and workforce housing production in Hawaii. The State's land use classification system artificially constrains the supply of land available for housing development, with a mere 5% of the state's land classified as urban. Another factor is the remoteness of the Hawaii archipelago and its effect on the costs of materials and availability of affordable, skilled labor. The global supply chain crisis that arose from the COVID-19 pandemic has further increased Hawaii's already high construction costs, as have ongoing geopolitical confrontations such as the Russo-Ukrainian War; and growing United States-China confrontations over trade, technology, communications, and the political status of Taiwan.

A major barrier to housing development is the lack of regional infrastructure, primarily potable water, wastewater, and electrical systems. Water resources in certain locations such as North Kona, Lahaina, and potentially urban Honolulu has severely restricted development opportunities in these areas. Progress at Kamakana Villages in North Kona came to a halt in 2018 due to a change in the water permit policy, which indeterminately delays the delivery of about 1,600 workforce housing units. Finally, multi-layered zoning and permitting regulations lead to numerous delays and incremental costs on new housing development.

On the demand side, individual incomes have not kept pace with inflation, which limits the ability of households to afford housing as prices increase over time. Also, technological advances combined with the rise of remote work resulting from the COVID-19 pandemic have created increased demand for housing in locations offering a high quality of life for households of certain means.

Hawaii's housing market is expected to slow in 2023 because of rising interest rates, according to DBEDT's economic forecast.

HHFDC's primary financing program is the Low-Income Housing Tax Credit (LIHTC) program, which subsidizes the acquisition, construction, and rehabilitation of rentals for households earning up to 60% of the AMI. LIHTC financing is typically used in conjunction with HHFDC's Rental Housing Revolving Fund (RHRF) program. Non volume cap (4%) LIHTC must be used with tax-exempt, private activity bond (PAB) financing, typically through HHFDC's Hula Mae Multi-Family (HMMF) bond program. Due to the increase in the availability of RHRF, there has been an oversubscription in the HMMF program.

This resource limitation led to HHFDC's collaboration with the Legislature to direct some RHRF resources to workforce housing projects that don't use volume cap. In a legislative first, \$150 million of the record \$300 million appropriated in 2022 was dedicated to financing workforce rentals for households earning 60% to 100% of the AMI. A special funding round for workforce housing projects was issued in August 2022 and awarded in November 2022.

Another HHFDC financing program is the Dwelling Unit Revolving Fund (DURF). DURF provides below market rate, generally interim, loans primarily used for land acquisition; the planning, entitlement, and development of on-site and off-site infrastructure; and other activities, particularly for mixed use affordable housing projects that entail for sale housing together with rental housing.

HHFDC makes land available for development using a Request for Proposals (RFP) process. There are five RFPs in the pipeline to facilitate the development of 1,531 units over the next five years. In addition, HHFDC works with other State departments and agencies to effectuate housing development. For example, HHFDC transferred nine acres of land in the Kapolei Village 8 to the Department of Hawaiian Home Lands (DHHL), which will provide up to 70 single family dwellings.

Also, HHFDC is in discussions with DHHL to transfer 1,000 acres of land in the Villages of Lealii in Lahaina, which has the potential of providing 3,000 and 4,000 residential units for DHHL beneficiaries.

HHFDC has the ability to pivot and shift focus during times of crisis, as evidenced by its rapid implementation of a brand new Rent Relief and Housing Assistance Program (RRHAP) developed and deployed within two months. This program disbursed \$58 million to help nearly 14,000 households during the COVID-19 pandemic. Another program, the Homeownership Assistance Fund (HAF), was established by Section 3206 of the American Rescue Plan Act of 2021 to help families who are behind on their mortgage loans or are facing foreclosure because of the COVID-19 pandemic. The \$50 million award was allocated to all the counties, with priority given to homeowners with incomes at or below 100% of the AMI as well as those considered socially disadvantaged and are delinquent on their mortgage or other eligible household expenses.

LEVEL II

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

PROGRAM ID: **BED160**
 PROGRAM STRUCTURE: **0108**
 PROGRAM TITLE: **HAWAII HOUSING FINANCE AND DEVELOPMENT CORP**

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>MEASURES OF EFFECTIVENESS</u>								
1. # OF UNITS FOR SALE TO HOMEBUYERS	666	100	328	100	80	1884	430	100
2. # OF UNITS FOR NEW RENTAL HOUSING	283	612	150	450	474	275	1100	150
3. # OF UNITS PRESERVED FOR EXISTING RENTAL HOUSING	0	312	150	150	150	150	150	150
<u>PROGRAM TARGET GROUPS</u>								
1. HSEHILDS EARNING UP TO 140% OF AREA MEDIAN INCOME	4000	4000	4000	4000	4000	4000	4000	4000
<u>PROGRAM ACTIVITIES</u>								
1. LOANS/GRANTS FOR ACQ/REHAB/DEV OF HSG	228	306	382	1399	316	250	250	250
2. RESERVE TAX CRDT FOR ACQ/REHAB/DEV OF HSG UNITS	1107	216	150	150	150	150	150	150
3. ISSUE TAX-EXEMPT REVENUE BONDS (\$M)	118.9	177.5	74	406.4	66.2	50	50	50
4. FACILITATE DEVELOPMENT OF REAL PROPERTY (UNITS)	201	100	428	100	100	1859	500	100
5. ASSIST HOMEBUYERS (UNITS)	896	200	458	450	530	2334	880	450
<u>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</u>								
TAXES	38,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
REVENUES FROM THE USE OF MONEY AND PROPERTY	24,791	4,460	4,238	4,237	3,867	3,766	3,644	3,644
REVENUE FROM OTHER AGENCIES: FEDERAL	1,567	7,460	5,311	3,257	471			
CHARGES FOR CURRENT SERVICES	9,236	6,300	5,280	5,237	5,237	5,237	5,237	5,237
NON-REVENUE RECEIPTS	229,211	17,632	29,042	4,032	4,032	4,032	4,032	4,032
TOTAL PROGRAM REVENUES	302,805	65,852	73,871	46,763	43,607	43,035	42,913	42,913
<u>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</u>								
SPECIAL FUNDS	988	3,865	2,948	1,407				
ALL OTHER FUNDS	301,817	61,987	70,923	45,356	43,607	43,035	42,913	42,913
TOTAL PROGRAM REVENUES	302,805	65,852	73,871	46,763	43,607	43,035	42,913	42,913

ENERGY

The objective of this Level II program is to mitigate climate change in alignment with the state's climate and clean energy related goals, while supporting economic growth for a resilient, clean energy economy. The Hawaii State Energy Office (BED 120) and the Hawaii Green Infrastructure Authority (BED 138), which are administratively attached to DBEDT, comprise this Level II Program.

Hawaii State Energy Office (BED120)

The purpose of the Hawaii State Energy Office (HSEO) is to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient clean energy economy. HSEO is the State's primary government entity for supporting the clean energy initiative by:

- Providing analysis and planning to actively develop and inform policies to achieve energy efficiency, renewable energy, energy resiliency, and clean transportation goals with the legislature, public utilities commission, state agencies, and other relevant stakeholders;
- Leading efforts to incorporate energy efficiency, renewable energy, energy resiliency, and clean transportation to reduce costs and achieve clean energy goals across all public facilities;
- Providing renewable energy, energy efficiency, energy resiliency, and clean transportation project deployment facilitation to assist private sector project completion when aligned with state energy goals; and
- Engaging the private sector to help lead efforts to achieve renewable energy and clean transportation goals through the Hawaii clean energy initiative.

With the State's goal to reach 100% renewable energy generation and to decarbonize the economy to achieve the zero emissions clean economy target no later than 2045, HSEO is leading the State's charge toward a resilient clean energy economy. HSEO is committed to developing and deploying high-impact solutions that will maximize Hawaii's renewable energy resources and improve efficiency and transportation standards. Through effective

policies and innovative programs, HSEO has positioned Hawaii as a leader in clean energy innovation, which will generate quality jobs, attract investment opportunities, and accelerate economic growth. HSEO is committed to maximizing the deployment of cost-effective investments in clean energy production and management for the purpose of growing the economy while promoting Hawaii's energy security. To do this, HSEO prioritizes five service areas:

- Strategy and leadership;
- Program design and implementation;
- Analysis, reporting, and data collection and sharing;
- Regulatory support; and
- Education, outreach, and community engagement.

HSEO prioritizes the continued availability and delivery of reliable fuel and electricity energy to support economic and energy resilience and meet the demands of a growing clean energy economy. In this role, HSEO is the primary and coordinating agency for the state under the Hawaii Emergency Management Agency (HI-EMA) for State Emergency Support Function 12: Energy to coordinate and respond to "all hazards," including hurricanes and pandemics and to maintain a continuously updated overview of Hawaii's energy system both from a planning and incident response perspective. HSEO also leads energy industry stakeholders in the event of an energy shortage.

The Energy Security Special Fund (ESSF) was created to support the Hawaii clean energy initiative program and projects that promote and advance dependable and affordable energy, renewable energy, energy efficiency, energy self-sufficiency, and greater energy security and resiliency for the State and public facilities. However, in recent years, an insufficient appropriation ceiling has limited HSEO's ability to expend ESSF monies for clean energy program activities.

HSEO is facing challenges in applying for federal formula funding and pursuing competitive federal funding where state cost match is required. Use of ESSF monies through a recurring appropriation would allow HSEO to leverage those special funds with federal dollars available under the Infrastructure Investment and Jobs Act. Without the ability to use ESSF monies

as state cost match, Hawaii will be less competitive, and in some cases non-competitive, in receiving federal grant funds.

Hawaii Green Infrastructure Authority (BED138)

The Hawaii Green Infrastructure Authority (HGIA), Hawaii's Green Bank, was originally created to democratize clean energy by making investments accessible and affordable to Hawaii's underserved ratepayers, as well as address financial market barriers by leveraging innovative tools to mitigate risks and reach new markets.

HGIA has since expanded its objectives to increase access to capital for eligible small businesses and nonprofits statewide, while serving as a financial intermediary for Hawaii's non-depository Community Development Financial Institutions ("CDFI"), and providing direct financing for catalytic projects that advance the state's goals and/or benefit the community.

As the state-wide Administrator for the Commercial Property Assessed Financing Program, the HGIA leverages private capital sources to provide below-market financing to help the State address a number of critical issues for commercial property owners, including aging cesspools, water conservation, energy efficiency upgrades, resiliency measures and transitioning to clean energy.

HGIA achieves its objectives through the following financing programs:

1. Green Energy Money Saver (GEM\$) On-Bill Program to finance energy efficiency and/or renewable energy systems for low and moderate-income homeowners, renters, small businesses, nonprofits and multi-family rental projects. As this program is capitalized using rate payer funds, Hawaii Public Utilities Commission approval is required.
2. State Revolving Line of Credit to finance energy efficiency retrofits and/or purchase options in an existing solar PV Power Purchase Agreement (PPA) for state departments and agencies. Electric Vehicle (EV) Charging Stations and EVs may be financed utilizing the excess cash

flow created out of the energy savings from resulting from the purchase of the PPA. As this program is capitalized using rate payer funds, Hawaii Public Utilities Commission approval is required.

3. HI-CAP Collateral Support Program, which is a credit enhancement program designed to assist eligible small business and nonprofit organizations in obtaining financing by providing cash collateral to Participating Lenders to enhance the collateral coverage of its borrowers. This program is administered under a Memorandum of Understanding with HGIA's sister agency, the Hawaii Technology Development Corporation.

4. HI-CAP CDFI Loan Pool Program, which is designed to provide non-depository Community Development Financial Institutions (CDFI) with reliable, low-cost loan capital to re-lend to eligible small businesses throughout Hawaii. This program is administered under a Memorandum of Understanding with HGIA's sister agency, the Hawaii Technology Development Corporation.

5. HI-CAP Loan Program designed to provide financing for businesses and organizations spearheading transformative projects which accelerate the State's goals and/or provide significant community impact. This program is administered under a Memorandum of Understanding with HGIA's sister agency, the Hawaii Technology Development Corporation.

6. Commercial Property Assessed Financing Program is a financing mechanism that enables low-cost, long-term funding for energy efficiency, renewable energy, water conservation, resilience and other qualified improvements approved by HGIA, leveraging private capital and repaid as a voluntary assessment on eligible commercial properties. In order to implement this financing program, the City and Counties are required to opt-in. As such, HGIA will collaborate with the City and County of Honolulu, County of Hawaii, County of Kauai and County of Maui to implement this program.

All of the Authority's financing programs create/retain jobs, generate state tax revenue, and provide other economic development and environmental benefits.

LEVEL II

ENERGY

MEASURES OF EFFECTIVENESS

II. 09 ENERGY

OBJECTIVE: TO MITIGATE CLIMATE CHANGE, IN ALIGNMENT WITH THE STATE'S CLIMATE AND CLEAN ENERGY RELATED GOALS, WHILE SUPPORTING ECONOMIC GROWTH FOR A RESILIENT, CLEAN ENERGY ECONOMY.

STRUCTURE			PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION		ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
109	1.	ENERGY USERS STATEWIDE REACHED		NO DATA	468000	471000	474000	477000	480000	483000	486000
	2.	ENERGY STAKEHOLDERS REACHED		NO DATA	53000	55650	58433	61354	64422	67643	71025
	3.	SESF 12 ACTIVATIONS STAFFED (%)		100	100	100	100	100	100	100	100
	4.	ESTIMATED KWH PRO/REDUCTION OVER LIFETIME (000)		35916	35050	35050	35050	40100	45150	45150	45150
	5.	EST BARRELS OF PETROLEUM DISPLACED (000)		6	21.5	21.5	21.5	24.6	27.7	27.7	27.7
	6.	EST METRIC TONS OF GREENHOUSE GAS AVOIDED (000)		3	10.5	10.5	15	20	25	30	35
	7.	ACCESS TO CAPITAL PROVIDED TO # SMALL BUS/NONPROF		NO DATA	5	10	15	20	25	30	35
	8.	PUBLIC/PRIVATE CAPITAL INVESTED IN PROGRAM (000'S)		NO DATA	15000	20000	25000	30000	35000	40000	45000
	9.	JOBS CREATED OR RETAINED		NO DATA	143	182	217	250	280	308	333
	10.	STATE TAX REVENUE GENERATED (000'S)		NO DATA	1890	2520	3150	3780	4410	5040	5670

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
010901	HAWAII STATE ENERGY OFFICE	BED-120	2,652	10,595	10,507	11,405	10,572	10,572	10,572	10,572
010905	HAWAII GREEN INFRASTRUCTURE AUTHORITY	BED-138	14,925	85,978	86,018	86,045	86,046	86,046	86,046	86,046
	TOTAL		17,577	96,573	96,525	97,450	96,618	96,618	96,618	96,618

III. PROGRAM CHANGE RECOMMENDATIONS

TECHNOLOGY

The recommendation of the newly formed board of directors of the Hawaii Technology Development Corporation (BED143) is to accelerate the diversification of the economy through technology and innovation. HTDC is working on a new strategic plan that will include additional budget and staffing requests to submit to the administration and legislature to address Hawaii's global economic competitiveness leveraging the lessons learned from COVID-19; expansion of exports; and the digital economy expressed in section IV of this memorandum.

This request is in addition to HTDC's existing core programs.

HTDC has already taken a bold step by taking the lead role in administering the \$62 million American Rescue Plan Act State Small Business Credit Initiative for the State of Hawaii. The new program, name HI-CAP, provides access to capital for small businesses through loans and investments. This new program is administered jointly by HTDC and HGIA and will support the priorities identified by DBEDT.

ENERGY

Addressing the economic exposure from the impacts of the war in Ukraine on fuel costs as identified in section IV of this memorandum have heightened and accelerated the need to strengthen Hawaii's clean energy economy. Furthermore, the increased cost of private capital due to the Federal Reserve's fight against inflation has made State administered financing and programs that provide access to lower cost capital more critical for Hawaii's continued economic development.

The Hawaii State Energy Office's (BED120) biennium budget requests include the trade-off/transfer adjustment to fully fund one underfunded position. Funds from Other Current Expenses would be transferred to Personal Services to fully fund the Public Affairs Officer position which is critical to supporting the Governor and the Governor's Communications Director through DBEDT and serves as the Public Information Officer for the State

Emergency Response Team #12 Energy during a declared energy emergency. In addition, full-year funding is requested for six positions which were half-year funded in FY23. Full-year funding will enable the retention of experienced staff performing the essential work of the agency. Also, a federal fund adjustment is needed for the State Energy Program (SEP) in FY25. SEP is a major, recurring federal award from the U.S. Department of Energy. HSEO also requires other critical resource allocations. These requests are undergoing further review.

To maximize program efficiency and effectiveness the Hawaii Green Infrastructure Authority (BED138) believes it will be necessary to increase staffing by one(1) FTE to assist with the three new HI-CAP Programs as well as the new Commercial Property Assessed Financing Programs. This position would be funded by a combination of Federal SSBCI funds and/or program revenue.

SPECIAL COMMUNITY DEVELOPMENT

The Hawaii Community Development Authority's (BED150) biennium budget request includes electrical and communication infrastructure improvements on Saratoga Avenue. These vital infrastructure investments enhance mixed-use development in the Kalaeloa Community Development District laying the foundation to address housing, workforce housing and ultimately, the workforce shortages identified in section IV of this memorandum.

IV. EMERGING CONDITIONS, TRENDS, AND ISSUES

ECONOMIC DEVELOPMENT

Outlook for the Economy

Hawaii's economy has been greatly impacted by the COVID-19 pandemic. However, during the first seven months of 2022, Hawaii welcomed a total of 5.4 million visitors, representing 86.8% recovery from the same period in 2019. U.S. visitors were 12.4% higher than those who came during the same period in 2019. International visitors recovered 33.8% with Canadian visitors leading the recovery at 63.3%, Japanese visitors at 6.7%, and other international visitors at 52.4%. Through July 2022 and measured in current prices, visitor spending totaled \$11.2

billion, representing 5.8% higher than the spending made during the same period in 2019.

Visitor arrivals to the State during the second quarter of 2022 totaled 2,425,566 an increase of 27.3% from the same quarter in 2021. The average daily visitor census increased 20.7% in the second quarter of 2022.

The value of private building permits showed a decrease of 52.8% or \$711.0 million during the second quarter of 2022 compared with the same quarter of the previous year. The value for the residential permits decreased by \$536.8 million or 65.6% from the same period in the previous year; followed by the additions & alterations category, which was down by \$156.4 million or 36.7% while the value of commercial & industrial building permits declined by \$17.7 million or 17.4% during the same period. In the second quarter of 2022, government contracts awarded increased \$3,974.3 million or 1,544.9% compared with the same quarter of the previous year.

At the national level, U.S. real GDP growth began to gradually improve from the first quarter of 2021, with 0.5% growth over the same quarter of the previous year. This was followed by 12.2% growth in the second quarter of 2021, 4.9% in the third quarter of 2021, 5.5% in the fourth quarter of 2021, 3.5% in the first quarter of 2022, and 1.7% in the second quarter of 2022 as compared to the same quarters of the previous respective years. The Blue Chip Economic Indicators report from August 10, 2022, which is the consensus of 50 economic forecasting organizations, projected that the U.S. economic growth rate for 2022 will increase by 1.5%. The report projected a positive 0.7% U.S. economic growth for 2023. For Hawaii, DBEDT estimates that Hawaii's real gross domestic product (GDP) will increase by 2.6% in 2022. The forecast then projects 1.7% growth in 2023, 2.1% in 2024, and 2.0% in 2025.

Hawaii will welcome an estimated 9.2 million visitors in 2022, an increase of 35.6% from the 2021 level. Visitor arrivals are projected to increase to 9.8 million in 2023, 10.2 million in 2024, and 10.55 million in 2025. Visitor spending is estimated to increase 45.2% in 2022. The forecast then projects an increase of 9.2% in 2023, 5.1% in 2024, and 4.9% in 2025.

Non-agriculture payroll jobs are estimated to increase 4.2% in 2022. The forecast projects an increase of 3.2% in 2023, 2.2% in 2024, and 1.9% in 2025.

Overall, for 2022, the average annual unemployment rate is estimated to be 3.8%. The forecast projects a decrease to 3.6% in 2023, 3.2% in 2024, and 2.9% in 2025. These rates are still higher than Hawaii's average unemployment rate of 2.5% from 2017 to 2019.

Nominal personal income is estimated to decrease by 0.9% in 2022. The forecast then projects an increase of 2.5% in 2023, 2.9% in 2024 and 3.0% in 2025.

Hawaii's consumer inflation rate, as measured by the Honolulu Consumer Price Index, for All Urban Consumers, is estimated to increase 6.3% in 2022. The forecast then projects an increase 3.2% in 2023, 2.3% in 2024, and 2.2% in 2025.

Hawaii's population is expected to decrease 0.1% in 2022, increase 0.1% in 2023, and increase 0.2% in 2024 and 2025.

Lessons Learned from COVID-19

The Covid-19 Pandemic was a "stress test" for Hawaii's economy, focusing attention on economic sectors that were more volatile and vulnerable to temporary job losses and those sectors that demonstrated resilience. Industries sectors such as Professional Services and Educational Services remained viable through the deployment of remote/telework solutions that also offered Hawaii residents better work/life balance.

Expansion of Exports

It is essential that Hawaii maintain the inroads it made in expanding exports during the past decade of low interest rates. The current strength of the dollar poses headwinds to increasing exports, however, it is important to retain market position. Japan is Hawaii's prime market for exports, where the dollar-yen exchange rate is at a 24 year high. While Hawaii products are in demand, it is vital that continuous marketing take place, and that efforts be coordinated with tourism marketing.

Worker Shortage

Hawaii continues to face a pre-COVID-19 labor shortage measured by the declining Labor Force Participation Rate and the U-6 unemployment rate. Between July 1992 69.8% to June of 2022, Hawaii's Labor Force Participation Rate has declined from 69.8% to 60.1%. Hawaii's U-6 unemployment rate is at 8.2% of as July 2022. The U-6 rate measures the total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons.

Availability of Affordable/Workforce Housing

Affordable and accessible workforce housing, along with a trained and qualified workforce, are essential ingredients to strengthen and grow economic activity and opportunity in Hawaii. The inability of working families to purchase or rent a decent home in, or close to, the communities where they work is a growing problem.

According to the 2019 *Hawaii Housing Demand: 2020-2030* study commissioned by DBEDT, the state's unmet demand of available residential housing units was projected to increase to about 36,000 by 2030—a shortfall encompassing nearly 12,000 homeowner and over 14,000 rental housing units for the populations targeted by HHFDC programs (i.e., households earning from 30% up to 140% of the area median income, or AMI).

Global Impact of the war in the Ukraine on Fuel Costs and Hawaii's economic vulnerability

The war in the Ukraine limited the global supply of high-quality petroleum products as well as the global supply of grain. The ongoing conflict creates supply push inflationary pressures on the global and Hawaii economy that can impact Hawaii's future economic growth.

Digital Divide and Impact on Hawaii's Competitiveness in the Digital Economy

In 2020, the Bureau of Economic Analysis estimated that 9.0% of the U.S. GDP in 2018, was attributable to the digital economy.

During this same year, the BEA reported that the digital economy real value added grew at an average annual rate of 6.8% per year compared to 1.7% growth of the overall economy. The digital economy offers tremendous opportunity to increase prosperity, resiliency, and diversification to Hawaii's economy.

However, participation in the digital economy requires a level of technology proficiency that is inequitably distributed throughout our state. In Hawaii, it is estimated that approximately 55,000 households (roughly 11.8%) do not have internet subscriptions. Of these, 44,198 households have no internet access at all. This threatens to increase the gap in digital equity leaving some Hawaii residents out of participation in the fast-growing digital economy.

The coronavirus disease 2019 (COVID-19) pandemic has heightened the existence of the digital divide and the demand for reliable, affordable internet connectivity as work, education, and access to essential services have shifted toward being provided online. DBEDT recognizes the importance of broadband equity and digital equity which ensures that all individuals and communities have the information technology capacity needed for full participation in our society, democracy, and economy and is necessary for civic and cultural participation, lifelong learning, and access to essential services, such as telemedicine, distance learning, and the workplace. Work will continue to leverage state and federal funding programs to build the foundation for all Hawaii residents can access the digital tools and literacy to fully participate in the digital economy.

Energy

The State of Hawaii has a bold energy agenda – to achieve 100% clean energy by the year 2045. Along with reducing our islands' dependency on fossil fuels and increasing efficiency measures, the clean energy plan is also contributing to the state's economic growth. Because Hawaii is committed to re-powering the clean energy market, HSEO embraces bold solutions that will help develop this competitive industry, making Hawaii one of the leaders in the clean energy race.

HSEO leads statewide energy security and resilience initiatives, while catalyzing energy independence and decarbonization.

AGRICULTURE

The perpetual issue facing agricultural development is continued competition for finite land and water resources from high interest areas such as energy development, environmental protection, and cultural interests. Additionally, the costs and availability of labor, utilities, equipment, fertilizer, transportation, etc., make farm development in an island state very challenging.

With continued dependence on world trade, imports and travel, Hawaii is at great risk of new pest introductions. Recently, the most serious pest of coffee, coffee leaf rust (CLR) has entered the state. Since there are limited effective chemical controls available for use and immediate large-scale access to CLR-resistant coffee varieties are not immediately available, CLR now seriously threatens the economic viability of this industry in Hawaii. This trend is not likely to lessen and the DOA has great concern that reduced funding is impacting DOA's ability to implement and maintain plant prevention, inspection, surveillance and control programs, substantially increasing the risk of other serious pests entering the state. Priority pests include: the brown tree snake, red imported fire ant, and black biting midge, all of which have the potential to greatly affect agricultural production, tourism and quality of life for residents of the State. DOA continues to utilize federal funds to continually survey and monitor for the entry of the brown tree snake. The program utilizes trained inspectors, detector dogs, traps and spotlighting and has maintained an over 97% inspection rate for all flights from Guam and any other area in the world where the brown tree snake is known to exist. DOA is looking at other federal funding to bolster its activities, particularly for inspection capacity at ports of entry.

Another emerging issue is the effect of the COVID-19 pandemic on Agrotourism, which is a quickly developing segment of the agriculture industry where many farms were severely impacted due to the lack of tourists. Furthermore, in Maui County farmers are being overrun by starving deer due to a lack of natural vegetation due to drought conditions.

Emerging animal diseases of concern globally such as African Swine Fever, Avian Influenza, and Asian long-horned tick could be devastating to the industry if they enter the State. Many diseases may be zoonotic, affecting humans as well as animals, and therefore have an impact on public health and safety.

The University of Hawaii, College of Tropical Agriculture and Human Resources (CTAHR) was in the process of standing up a polymerase chain reaction shrimp (PCR) lab to conduct export testing of Hawaii shrimp broodstock to foreign countries; however, CTAHR decided to abandon the project. Therefore, the State veterinary laboratory requires urgent renovations to provide this capability. PCR technology can also be used for other diseases affecting livestock and poultry such as Avian Influenza, Trichomoniasis, etc.

In addition to food production, Aquaculture and Livestock Support Services Branch (ALSS) has revised its strategy to include restorative aquaculture activities. Restorative aquaculture can serve as a tool to help address water quality degradation, habitat loss, and climate pressures and is now primarily focused on seaweed and bivalve distribution.

DOA should focus on programs to develop the emerging workforce to include immigrants, new and beginning farmers, and seasonal workers, while paying attention to consumer trends such as organic, local-grown/made, climate smart, and healthy foods.

WATER AND LAND DEVELOPMENT

DLNR's *LNR 141* program will continue its water development activities and its search for new water sources to fulfill the water needs of State-sponsored projects. The program maintains contact with the various State departments to anticipate their water needs, statewide. Trends to locate projects in areas where water sources are not cheaply or easily accessible pose challenges. The program will continue to work with county water departments to seek water within their requirements.

TOURISM

For more than three decades, tourism continues to play a major role in the economic health of the State. Presently, it remains Hawaii's primary economic engine. While the State strives to achieve greater economic diversification, tourism will continue to play a key role in the State's economy in the future. Hawaii has a competitive advantage over other destinations; its culture, environment, climate, diversity, and history make Hawaii one of the most preferred destinations. However, competition is growing as newer destinations are opening and travelers want to travel to places they have never visited. Proper asset management must be established to ensure that Hawaii's tourism product remains vibrant and its culture intact.

It is the challenge of the HTA not only to provide economic stimulus to the state economy, but to also consider the needs of future generations. The groundwork that is being developed will be the foundation for tomorrow's tourism industry. This foundation must be appropriately designed and structurally sound so that it can provide stimulus today, and adequate support in the future.

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

None.

02 Employment

EMPLOYMENT

I. OVERVIEW

The Employment program is the second of eleven major programs in the statewide program structure. The overall objective of the Employment program is to assure all workers full and equal opportunity to work, decent working conditions, fair treatment on the job, equitable compensation, and assistance in work-related difficulties and benefits.

The program consists of five principal sub-programs: Full Opportunity to Work, Enforcement of Labor Laws, Labor Adjudication, Assistance in Work-Related Matters/Benefits, and Overall Program Support. A total of 10 individual lowest-level programs are included in the Multi-Year Program and Financial Plan for the period 2023-2028.

Some of the major activities in the Employment program include: investigation and corrective or regulatory action to assure safe and healthful working conditions, fair treatment and equitable compensation; counseling, job placement, educational support, and training to increase skills, job readiness and employment opportunities; and compensation payments to lessen the impact of work-related difficulties such as unemployment, injuries and disabilities.

Two organizational entities involved in the Employment program are the Department of Labor and Industrial Relations (DLIR) (10 lowest-level programs) and the Department of Human Services (DHS) (one lowest-level programs).

Under the Employment program, significant relationships are maintained with federal agencies and private sector businesses. With the federal government, responsibilities are shared in the administration of various labor laws and programs. Funds are received from federal agencies, primarily from the U. S. Department of Labor (U.S. DOL), to implement various State employment and training programs. Private sector employers are affected by State labor laws and by activities that are coordinated with the State to increase employment, reduce work hazards, and foster equal and fair employment practices.

LABOR PROGRAM

MEASURES OF EFFECTIVENESS

OBJECTIVE: TO ASSURE ALL WORKERS FULL AND EQUAL OPPORTUNITY TO WORK, DECENT WORKING CONDITIONS, FAIR TREATMENT ON THE JOB, EQUITABLE COMPENSATION, AND ASSISTANCE IN WORK-RELATED DIFFICULTIES.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
02	1. % FEDERALLY-MANDATED REPORTS THAT MEET		100	100	100	100	100	100	100	100
	2. % APPRENTICES COMPLETING TRAINING & ATTAINING CERT		7	6	6	6	6	6	6	6

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	<u>OPERATING EXPENDITURES</u>									
	TOTAL		846,002	865,547	521,533	472,086	472,089	472,089	472,089	472,089

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

This section discusses activities, costs, and effectiveness of the five major level II programs that constitute the Employment program.

FULL OPPORTUNITY TO WORK

The Full Opportunity to Work program is the first of five major sub-programs in the Employment program. The objective of this program is to enhance an individual's opportunity to seek and obtain employment by facilitating the development of job skills and job placement. This program consists of two DLIR lower-level programs and one DHS lower-level program.

The State of Hawaii strives to maintain a high level of employment for its citizens. There are, however, many persons who lack basic skills to successfully obtain or retain gainful employment or others, while qualified, who resort to paying private agencies for placement. This program seeks to aid workers and potential workers who face such disadvantages by undertaking the following kinds of activities:

- Providing labor exchange services and information to match jobseekers with appropriate job openings.
- Providing services such as employment counseling, pre-employment training, on-the-job training, and apprenticeships, to jobseekers, including target groups of unemployed persons or marginalized populations, so they possess skills necessary to obtain and retain gainful employment.
- Providing employment programs designed to create work experience or temporary job opportunities in the public sector and among non-profit agencies.

- Providing employer driven training programs to improve the long-term employability of Hawaii's people, by developing their skills to meet the international, national and local economic, technological and demographic changes.

Workforce Development Program (LBR 111)

The Workforce Development program is carried out by the Workforce Development Division and the Workforce Development Council. The Workforce Development program provides oversight for the Workforce Innovation and Opportunity Act (WIOA) structure, employment services, and employment and training programs. A critical external program relationship is that held with the U.S DOL, which provides significant funding for the Workforce Development program. This program is particularly sensitive to national policy and program direction in the field of human resources.

The federal government requires negotiated performance measures, a statewide workforce investment plan, one-stop service centers and regular reports to the U.S. DOL. The involvement of private sector, workforce related agencies and community partners are mandated in the State and local workforce Plans. The WIOA funds are allocated to the local workforce areas based on a formula including unemployment and poverty data. The WIOA (Public Law 113-128) program was implemented on July 22, 2014.

External relationships with the private sector, community representatives and worker representatives are established as mandated to ensure comprehensive community input and perceptions in the identification of target populations to be served and the program services required to meet specific needs. Private sector input is important in the development and implementation of strategic program plans.

The WIOA requires collaboration among agencies and programs in planning and delivering workforce development services. The Governor, DLIR, DHS' Division of Vocational Rehabilitation (DVR), Department of Business, Economic Development and Tourism (DBEDT), Department of Education

(DOE) and University of Hawaii (UH) are members of the Workforce Development Council (WDC). All local workforce boards, the four mayors, 17 representatives from the private sectors, and eight representatives from labor organizations and workforce training organizations, including a labor representative from a community-based Native Hawaiian organization, are also represented on the Council. The majority of the council and the chairperson are required from the private sector to support economic growth and labor force needs.

The Workforce Development Council (WDC), administratively attached to the DLIR and under the Workforce Development Division, is the State board mandated by the WIOA to assist the Governor in reviewing statewide policies, programs and actions to align workforce programs. It consists of 41 members who are gubernatorial appointees with responsibilities for policy advice, review and certification of the local workforce development boards and plans, the development of state performance measures of core WIOA programs and development of the WIOA State Plan.

Office of Community Services (LBR 903)

Office of Community Services (OCS), administratively attached to the DLIR, activities are designed to use a holistic approach to achieving and sustaining self-sufficiency for economically disadvantaged persons, immigrants, and refugees by contracting employment and related support services to private non-profit agencies throughout the State.

Vocational Rehabilitation (HMS 802)

The Vocational Rehabilitation (VR) program enables persons with disabilities to achieve employment by providing a wide range of VR services, including assessment, counseling and guidance, specialized training, transitional work experiences, job placement, and follow-up. In addition, the VR program partners with the State Rehabilitation Council, DLIR, WDC, WIOA core partners statewide, and employers to assist persons with disabilities in preparing for, obtaining, and retaining gainful employment in the workforce to further their economic self-sufficiency and independence.

The 2020 estimates of eligible individuals accessing VR services statewide, including students eligible for Pre-Employment Transition Services and VR individualized services, represents close to 8 percent of the state's total potential workforce of individuals with disabilities.

DHS also works with DLIR, the DOE, and the University of Hawaii to administer the First-to-Work (FTW) program and the Employment and Training Program (E&T) for clients of the Temporary Assistance for Needy Families/Temporary Assistance for Other Needy Families (TANF/TAONF) programs and the Supplemental Nutrition Assistance Program, respectively. These programs provide employment assessments, development planning, education and vocational training, job search assistance, counseling, and benefits payments to encourage TANF/TAONF and SNAP clients to obtain gainful employment; however, since these programs are operated in conjunction with DHS' benefits programs, they fall under the Social Services program instead of the Employment program.

LEVEL II

FULL OPPORTUNITY TO WORK

MEASURES OF EFFECTIVENESS

II. 01 FULL OPPORTUNITY TO WORK

OBJECTIVE: TO ENHANCE AN INDIVIDUAL'S OPPORTUNITY TO SEEK AND OBTAIN EMPLOYMENT BY FACILITATING THE DEVELOPMENT OF JOB SKILLS AND JOB PLACEMENT, AND TO PROTECT INDIVIDUALS AND FAMILIES FROM UNDUE ECONOMIC HARDSHIPS RESULTING FROM THE INVOLUNTARY LOSS OF JOBS.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0201	1. % PERSONS EMPLOYED THRU OCS		316	320	320	320	320	320	320	320
	2. NO. INSURED EMPLOYEES AS % OF TTL LBR FORCE		85	94	94	94	94	94	94	94
	3. % APPRENTICES COMPLETING TRAINING & ATTAINING CERT		7	6	6	6	6	6	6	6

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
020101	WORKFORCE DEVELOPMENT	LBR-111	5,200	35,608	30,449	30,449	30,449	30,449	30,449	30,449
020104	OFFICE OF COMMUNITY SERVICES	LBR-903	2,986	57,197	10,035	10,056	10,057	10,057	10,057	10,057
020106	VOCATIONAL REHABILITATION	HMS-	4,964	21,363	24,262	24,343	24,343	24,343	24,343	24,343
TOTAL			13,150	114,168	64,746	64,848	64,849	64,849	64,849	64,849

ENFORCEMENT OF LABOR LAWS

Enforcement of Labor Laws is the second of five Level II sub-programs under Employment. It seeks to assure and protect the rights of jobseekers and workers related to fair and equitable treatment for hiring, their lawful rights and benefits related to wages, and safe and healthful working conditions.

This Level II program consists of three lower-level programs: Occupational Safety and Health Program, Wage Standards Program, and the Hawaii Civil Rights Commission.

The industrial environment has traditionally been the scene of fatalities, injuries and health hazards for workers, as well as a source for public safety hazards. The Congress, through the Occupational Safety and Health Act of 1970, and Hawaii through the Hawaii Occupational Safety and Health Law (1972), has found that personal injuries and illnesses arising out of work situations impose a substantial burden upon, and are a hindrance to, interstate commerce in terms of lost production, wage loss, medical expenses, and disability payments. To assure safe and healthful working conditions, the Occupational Safety and Health program implements safety and health statutes, rules, and promotes employer and employee efforts to reduce injury and disease arising out of employment.

The Fair Labor Standards Act of 1938, as amended, in conjunction with Hawaii's Wage and Hour and Payment of Wages and Other Compensation Law, and establishes minimum wage, overtime pay, recordkeeping, and youth employment standards.

The following major objectives are undertaken in this program:

- Assure workers of their lawful rights and benefits related to wages, safeguard against unlawful employment practices, and promote voluntary compliance by educating and assisting employers.

- Safeguard and assure the rights of the public against discriminatory practices due to race, color, religion, age, sex (including gender identity or gender expression), marital status, pregnancy, sexual orientation, religion, national origin, ancestry, or disability in employment, housing, and public accommodations through enforcement of anti-discrimination laws and providing public education and outreach.
- Conduct safety and health inspections in the workplace, perform compliance assistance consultations, and inspections of boilers, pressure vessels and system, and elevators and related systems.

Hawaii Occupational Safety and Health Program (LBR 143)

The Hawaii Occupational Safety and Health (HIOSH) program is one of 28 approved State plans authorized under the federal Occupational Safety and Health Act (OSHA). The Act requires that states have a consultation program of which the federal government provides 90 percent of the funding. Continued State plan approval entails an annual evaluation program to ensure that the State's program is "as effective as" that of OSHA. OSHA provides up to 50 percent of the funding for the HIOSH program.

Both the occupational safety and health and the boiler and elevator safety programs have regulatory responsibilities over the public as well as private sector. Other state agencies as well as county government must comply with the same rules as the private sector.

The Boiler and Elevator Safety Program is financed through a revolving fund with monies collected from inspection and permit fees, but citation penalties go to the general fund.

Since the beginning of the program in 1974, the injury and illness rate has declined by 78 percent from 13.8 in 1974 to 3.0 in 2020.

Wage Standard Program (LBR 152)

The Wage Standards program provides the means whereby covered employees can report alleged violations of various labor laws and seek assistance in collecting back pay and obtaining other lawful rights and benefits relating to unpaid wages, minimum wage, overtime, child labor, family leave, prevailing wages and hours on government construction projects, lie detector tests, and unlawful termination due to work injury. Major activities include: 1) investigation and hearing of complaints and appeals, 2) certification relating to child labor, and 3) educational workshops.

In addition, joint enforcement responsibility under the State public works law relating to prevailing wages and hours requires close working relationships with the various state and county governmental contracting agencies. Appeals and litigation to enforce various labor laws mandate a coordinated working relationship with the Department of the Attorney General.

Hawaii Civil Rights Commission (LBR 153)

The Hawaii Civil Rights Commission (HCRC), administratively attached to DLIR, has enforcement jurisdiction over State laws prohibiting discrimination in employment, public accommodations, real property transactions, and State-funded services. The Commission provides a mechanism for a uniform procedure for the enforcement of the state discrimination laws. It receives, investigates, conciliates, and litigates complaints. The Commission also holds hearings and conducts public education, and has initiated a voluntary mediation program.

Federal fair employment and fair housing laws are enforced by the U.S. Equal Employment Opportunity Commission (EEOC) and the U.S. Department of Housing and Urban Development (HUD), respectively. Pursuant to work share cooperative agreements, both EEOC and HUD rely on the HCRC to investigate complaints under both state and federal law ("dual-filed" complaints).

While Hawaii and federal fair employment and fair housing laws are similar, they are not identical. Hawaii has protected classes that are not covered under federal law, in addition to other substantial differences in the scope of jurisdiction. Hawaii law provides stronger protection against discrimination in several areas.

LEVEL II

ENFORCEMENT OF LABOR LAWS

MEASURES OF EFFECTIVENESS

II. 02 ENFORCEMENT OF LABOR LAWS

OBJECTIVE: TO ASSURE AND PROTECT THE RIGHTS OF JOBSEEKERS AND WORKERS RELATED TO FAIR AND EQUITABLE TREATMENT FOR HIRING, ON-THE-JOB MATTERS, SAFE AND HEALTHFUL WORKING CONDITIONS, AND UNDUE ECONOMIC HARDSHIPS RESULTING FROM WORK OR NON-WORK RELATED INJURY OR ILLNESS.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0202	1. % OF NON COMPLIANT EMPLOYERS		33	25	25	25	25	25	25	25
	2. ACCIDENT, INJURY/ILLNESS RATE PER 100		2.9	3	3	3	3	3	3	3
	3. COMPLAINT RATE (PER 100,000 LABOR FORCE - WAGES)		38	34	34	34	34	34	34	34

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
020201	HAWAII OCCUPATIONAL SAFETY AND HEALTH PROGRAM	LBR-143	3,872	7,483	6,437	6,487	6,487	6,487	6,487	6,487
020202	WAGE STANDARDS PROGRAM	LBR-152	902	1,199	1,296	1,340	1,340	1,340	1,340	1,340
020203	HAWAII CIVIL RIGHTS COMMISSION	LBR-153	1,421	2,247	2,134	2,193	2,194	2,194	2,194	2,194
	TOTAL		6,195	10,929	9,867	10,020	10,021	10,021	10,021	10,021

LABOR ADJUDICATION

This sub-program is the third of five Level II programs in the overall Employment program. It seeks to provide prompt response, equitable treatment, and administrative redress of grievances to parties appealing decisions as provided by the workers' compensation, safety and health laws, and to resolve disputes in collective bargaining for employees.

The Labor Adjudication program consists of two lower-level programs that are administratively attached to the DLIR: the Hawaii Labor Relations Board (HLRB) and Labor and Industrial Relation Appeals Board (LIRAB).

Hawaii Labor Relations Board (LBR 161)

The HLRB administers Chapters 89 and 377, HRS, and serves in a neutral quasi-judicial capacity to promote harmonious and cooperative labor-management relations, and resolve disputes in collective bargaining for employees. The Board, administratively attached to DLIR, provides a means to resolve unfair labor practice charges or complaints. The primary role of the HLRB is to resolve collective bargaining disputes involving State and county employees. It has limited jurisdiction over private sector employees who do not fall under the jurisdiction of the federal National Labor Relations Board. Attempts are made through the HLRB to minimize controversies and expedite the resolution of disputes between labor and management.

In addition, the HLRB decides contests and appeals of decisions rendered by the Director of Labor and Industrial Relations, State of Hawaii, through HIOSH under Chapter 396, HRS. These cases are typically employer contests of citations and penalties issued and appeals in discrimination cases involving retaliation against employees for reporting safety and health violations.

Labor and Industrial Relations Appeals Board (LBR 812)

The LIRAB provides fair treatment for individuals in the prompt, just, and inexpensive review of appeals from Workers' Compensation and Occupational Safety and Health (Boiler/Elevator) decisions of the Director of Labor and Industrial Relations. The activities of the LIRAB are designed to enhance program effectiveness and efficiency by providing prompt response, equitable treatment, and administrative redress to parties appealing to the Board on various labor laws.

LEVEL II

LABOR ADJUDICATION

MEASURES OF EFFECTIVENESS

II. 03 LABOR ADJUDICATION

OBJECTIVE: TO PROVIDE PROMPT RESPONSE, EQUITABLE TREATMENT, AND ADMINISTRATIVE REDRESS OF GRIEVANCES TO PARTIES APPEALING DECISIONS AS PROVIDED BY THE WORKERS' COMPENSATION AND OTHER LABOR LAWS, AND TO RESOLVE DISPUTES IN COLLECTIVE BARGAINING FOR EMPLOYEES.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0203	1. % OF APPEALS RESOLVED IN 15 MONTHS		56	56	56	56	56	56	56	56

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
020301	HAWAII LABOR RELATIONS BOARD	LBR-161	918	969	998	1,018	1,018	1,018	1,018	1,018
020302	LABOR AND INDUSTRIAL RELATIONS APPEALS BOARD	LBR-812	1,000	1,055	1,082	1,099	1,099	1,099	1,099	1,099
	TOTAL		1,918	2,024	2,080	2,117	2,117	2,117	2,117	2,117

OVERALL PROGRAM SUPPORT

This program is the fourth of five Level II major sub-programs. It seeks to enhance the effectiveness and efficiency with which the objectives of the program are achieved by providing executive direction, program planning and analysis, other program support, and administrative services.

This Level II program consists of one lowest-level program: General Administration. The program provides administrative and other housekeeping services for various programs involved in employment and training.

Activities are designed to enhance program effectiveness and efficiency by formulating policies, directing operations and personnel, and providing other administrative and housekeeping services.

LEVEL II

OVERALL PROGRAM SUPPORT

MEASURES OF EFFECTIVENESS

II. 04 OVERALL PROGRAM SUPPORT

OBJECTIVE: TO ENHANCE THE EFFECTIVENESS AND EFFICIENCY WITH WHICH THE OBJECTIVES OF THE PROGRAM ARE ACHIEVED BY PROVIDING EXECUTIVE DIRECTION, PROGRAM PLANNING AND ANALYSIS, OTHER PROGRAM SUPPORT, AND ADMINISTRATIVE SERVICES.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0204	1. % FEDERALLY-MANDATED REPORTS THAT MEET		100	100	100	100	100	100	100	100
	2. % VENDOR PAYMENTS MADE WITHIN 30 DAYS		98	98	98	98	98	98	98	98

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
020402	GENERAL ADMINISTRATION	LBR-902	2,061	5,154	5,391	5,517	5,518	5,518	5,518	5,518
	TOTAL		2,061	5,154	5,391	5,517	5,518	5,518	5,518	5,518
	L									

ASSISTANCE IN WORK RELATED MATTERS/BENEFITS

This is the fifth and last Level II sub-program under the Employment program and is reconstituted to accurately reflect the nature of the program activity. It seeks to protect individuals from undue economic hardships resulting from the involuntary loss of job or due to work or non-work related injury or illness and to assist those disabled to resume gainful employment.

This Level II program consists of two lower-level programs: the Unemployment Insurance Division and the Disability Compensation Division.

This program carries out activities designed to return to the workforce all persons desiring work who are unable to work for any of a variety of reasons. It also provides compensation to prevent undue economic hardship during the period any person is involuntarily unable to work. The specific activities include providing compensation for able bodied workers during periods of involuntary unemployment; providing payment to workers who are unable to work for reasons of illness or injury; providing health care coverage to help workers meet high costs of hospital and medical care; and assisting workers with physical, mental, or behavioral disabilities by providing training, therapy counseling, treatment, prosthetic devices, etc. In many cases, these activities enable the worker to enter a field of work in which his physical or other deficiency is adequately compensated for.

Unemployment Insurance Program (LBR 171)

The Unemployment Insurance program seeks to protect individuals from undue economic hardships resulting from the involuntary loss of a job and to assist those unemployed with financial assistance to resume gainful employment.

This program carries out activities designed to return to the workforce, all persons desiring but are unable to for a variety of reasons. It also provides compensation to prevent undue economic hardship during the period any person is

involuntarily unable to work. The specific activities include providing compensation for able bodied workers during periods of involuntary unemployment and enabling the worker to enter a field of work in which they are adequately compensated for.

Disability Compensation Program (LBR 183)

The Disability Compensation program seeks to alleviate and protect individuals from the economic hardships resulting from the loss of wage income due to work or non-work connected disability and provide vocational rehabilitation opportunities and incentives for industrially injured workers.

The Disability Compensation program carries out activities designed to return to the workforce, all persons desiring to but are unable to for a variety of reasons. The specific activities include providing compensation to workers who are unable to work for reasons of illness or injury; providing health care coverage to help workers meet high costs of hospital and medical care; and assisting workers with physical, mental, or behavioral disabilities by providing training, therapy, counseling, treatment, and prosthetic devices. In many cases, these activities enable the worker to enter a field of work in which physical or other deficiency is adequately compensated for.

LEVEL II

ASSISTANCE IN WORK RELATED MATTERS/BENEFITS

MEASURES OF EFFECTIVENESS

II. 05 ASSISTANCE IN WORK RELATED MATTERS/BENEFITS

OBJECTIVE: TO ALLEVIATE ECONOMIC HARDSHIPS DURING PERIODS OF INVOLUNTARY UNEMPLOYMENT AND FROM WORK OR NONWORK-CONNECTED DISABILITY.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0205	1. NO. INSURED EMPLOYEES AS % OF TTL LBR FORCE		85	94	94	94	94	94	94	94
	2. % OF NON-COMPLIANT EMPLOYERS		33	25	25	25	25	25	25	25

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
020501	UNEMPLOYMENT INSURANCE PROGRAM	LBR-171	801,269	703,884	409,673	359,573	359,574	359,574	359,574	359,574
020502	DISABILITY COMPENSATION PROGRAM	LBR-183	21,406	29,386	29,773	30,009	30,010	30,010	30,010	30,010
	TOTA		822,675	733,270	439,446	389,582	389,584	389,584	389,584	389,584

III. PROGRAM CHANGE RECOMMENDATION

Program structure and measures of effectiveness for FB 2023-25 in the Employment program was significantly changed to realign programs pursuant to changes in the law and program structure effected by the budgetary process during previous fiscal biennia. The four major Level II programs were increased to five major program levels. The fifth major level program reconstituted (Assistance in Work-Related Matters/Benefits) more accurately reflects the nature of the Disability Compensation and Unemployment Insurance programs from their previous programmatic assignments respectively (Enforcement of Labor Laws and Full Opportunity to Work).

IV. EMERGING CONDITIONS, TRENDS AND ISSUES

The DLIR continues to face significant challenges due to the reduction and fluctuation in federal funds to support core programs supported by federal funding. Similarly, the cumulative effect of reduced support in general funds has hampered the effectiveness of core programs supported with general funds. Moreover, additional programs and statutory responsibilities have been added to the department over time, exacerbating the resource challenges. Additional funds will be required to increase the effectiveness of core programs.

Improvements in information technology systems are underway that are intended, in part, to address the loss of funding for program support, particularly for the Unemployment Insurance (UI) and Disability Compensation programs. However, these efforts will require ongoing financial support for routine maintenance and operations that either requires additional general funds or alternative revenue generation support.

With technical assistance from the National Governors Association, DLIR, DHS, the Enterprise Technology Service, is creating a user-friendly online platform HI CAN that links residents with UI, available job opportunities, career pathways, training programs, and DHS benefits and services.

The major focuses of the VR program during the next biennium will be:

- Sustaining training supports for counselors in the field of rehabilitation to meet the diverse needs of individuals with disabilities, especially the most significantly disabled, in order for clients to achieve their employment goals and strengthen their economic self-sufficiency.
- Coordinating with Hawaii's workforce development system to provide individuals with disabilities participation and access to vocational training and employment programs.
- Developing resources to enhance job and career opportunities for individuals with disabilities in the competitive labor market through partnerships within public and private industries.

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

DHS, DLIR, and the DOE are looking to engage more students with disabilities in post-secondary education activities or credential attainment programs to enhance their employability and advancement opportunities in the workforce. Currently, DVR has engaged less than 6 percent of its participants in post-secondary education activities; however, DVR is seeking more information, data, and best practices to improve this participation rate.

03

Transportation

TRANSPORTATION

I. OVERVIEW

This Program Memorandum covers Transportation, the third of the eleven major programs in the statewide program structure.

The overall objective of the Transportation programs is to facilitate the rapid, safe, and economical movement of people, goods, and mail into, within, and out of the State by providing and operating transportation facilities and supporting services.

The Transportation program is composed of four sub-programs: Air Transportation Facilities and Services, Water Transportation Facilities and Services, Land Transportation Facilities and Services, and Overall Program Support for Transportation Facilities and Services. A total of 35 individual, lower-level programs and their associated plans are included in the Multi-Year Program and Financial Plan for the period 2023-2029.

The Department of Transportation is the only organizational entity involved in the Transportation program. Federal agencies involved include the: Federal Aviation Administration (FAA); Treasury Department; Department of Agriculture; Department of Commerce; Department of Health and Human Services; Department of Homeland Security; Customs and Border Protection (CPB); Department of Interior; U.S. Army Corps of Engineers (USACE); U.S. Coast Guard; Federal Highway Administration (FHWA); Federal Transit Administration (FTA); Federal Maritime Commission; Transportation Security Administration (TSA); and the Environmental Protection Agency (EPA). In terms of financial assistance, the U.S. Department of Transportation is the most important of the federal agencies involved. Since county transportation systems must complement the State system, the County Planning Commissions and departments of planning and public works assist in determining the needs and priorities of transportation facilities. In addition, the City and County of Honolulu performs maintenance activities on all traffic lights on Oahu and removes abandoned vehicles from State highways.

The Department of Transportation plans, designs, constructs, operates, and maintains State facilities in all modes of transportation, including air, water, and land. Coordination with other State, County, and Federal programs is maintained in order to achieve the objective. The program currently provides, operates, and maintains 11 commercial service airports, four general aviation airports; nine commercial harbors; and 2,450 lane miles of highway.

Four airports (Daniel K. Inouye International Airport [HNL], Kahului Airport [OGG], Ellison Onizuka Kona International Airport at Keahole [KOA] and Lihue Airport [LIH]) offer non-stop domestic and international flights. Hilo International Airport (ITO) offers non-stop overseas domestic flights.

The Transportation program and its sub-programs are significantly affected by environmental concerns. Pollution controls, for example, increase operating and maintenance costs and can cause significant modifications, delays, or even cancellations of plans or projects. Changes in technology significantly affect the requirements needed in facilities, as do increases in volume requirements. The program strives to reduce its dependence on various energy resources. We are continuously reviewing conservation measures to reduce funding requirements and become more energy efficient.

The Transportation program is also affected by economic conditions. Recession and expansionary cycles affect air travel and in turn, tourist arrivals and cargo shipments. Fluctuations in the currency exchange rate also affect the number of overseas passenger arrivals and the volume of imported and exported goods.

TRANSPORTATION PROGRAM

MEASURES OF EFFECTIVENESS

OBJECTIVE: TO FACILITATE THE RAPID, SAFE, AND ECONOMICAL MOVEMENT OF PEOPLE AND GOODS INTO, WITHIN, AND OUT OF THE STATE BY PROVIDING AND OPERATING TRANSPORTATION FACILITIES AND SUPPORTING SERVICES.

STRUCTURE		PROGRA	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
03	1. AVE TIME FROM PLANE TOUCHDOWN TO PASSENGER DEPART(AIR)		19	19	19	19	19	19	19	19
	2. NO. ACCIDENTS PER 100,000 PASSENGER MOVEMENTS(AIR)		0	0	0	0	0	0	0	0
	3. THROUGH-PUT COST PER PASSENGER (AIR)		2116	2116	2116	2116	2116	2116	2116	2116
	4. NUMBER OF CONTAINERS EXPRESSED IN TEU'S		1768397	1803765	1839840	1876433	1913962	1952241	1991286	2031112
	5. TOTAL BAR. OF LIQ. CARGO PROCESSED PER YR (THOUSANDS)		31421	31421	31421	31421	31421	31421	31421	31421
	6. NO. OF INCIDENTS/ACCIDENTS REPORTED		0	0	0	0	0	0	0	0

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRA	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>									
	TOTAL		25,991	30,012	31,589	33,570	30,383	30,383	30,383	30,383
	<u>OPERATING EXPENDITURES</u>									
	TOTAL		735,624	1,253,044	1,319,757	1,352,673	1,361,586	1,360,301	1,370,566	1,370,176
	<u>TOTAL OPERATING EXPENDITURES</u>									
	TOTAL		761,615	1,283,056	1,351,346	1,386,243	1,391,969	1,390,684	1,400,949	1,400,559
	<u>CAPITAL INVESTMENT EXPENDITURES</u>									
	TOTAL		617,791	1,693,811	1,165,238	414,498	7,085	7,085	4,585	4,585

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

AIR TRANSPORTATION FACILITIES AND SERVICES (AIRPORTS)

The objective of the Level II program, Air Transportation Facilities and Services, is to develop, manage, and maintain a safe and efficient global air transportation organization with the spirit of aloha for Hawaii's residents and visitors.

The Hawaii Airports System is a group of 15 airports operated by the Airports Division of the Department as an enterprise fund of the State. Air travel is the primary means of transportation for State residents to travel between islands in the State of Hawaii and out of Hawaii. The Hawaii Airports System handles all non-military passenger traffic activity in Hawaii. According to the definition used by the FAA in calendar year 2021, the Hawaii Airports System include two medium hubs -HNL, which was a large-hub airport pre-COVID, and OGG, three small-hub airports - ITO, KOA, and LIH, and ten other non-primary airports. The five primary airports provide domestic overseas air services, with all except ITO also providing international services.

Several non-State government agencies are involved in monitoring and controlling activities within the airport system. The FAA must certify that each airport serving scheduled air carriers properly conforms to applicable safety and security standards. The FAA provides air traffic control services for the five primary airports and Molokai. Since the primary airports (other than ITO) serve both domestic and international flights, the U.S. Immigration and Naturalization Service, Public Health Service, Department of Agriculture, the U.S. Customs and Border Patrol Service, and the U.S. Fish and Wildlife Service are involved in border clearance activities for travelers and cargo.

For passenger convenience, the primary airports have a federally funded U.S. Department of Agriculture pre-departure program to inspect the baggage of passengers bound for the mainland who depart from these airports and interline or pass through Honolulu.

The enplaned passenger count has fluctuated over the last two decades, due to economic cycles and changes in airline services, among other influencing factors. The enplaned passenger count reached 17.5 million in FY 2008, then declined to 14.8 million in FY 2009 due to the Global Financial Crisis and Aloha Air ceasing operations. Enplaned passenger traffic gradually recovered over the subsequent decade and reached 18.7 million in FY 2019, exceeding the prior peak of 18.3 million in FY 2000. Due to the COVID-19 pandemic and related traffic restrictions, enplaned passenger count declined to 14.4 million in FY 2020 and 6.1 million in FY 2021, but recovered to 15.8 million in FY 2022.

The Airports Division operates the Hawaii Airports System as one of the four branches of the Department. The Airports Division receives operating expense appropriations for day-to-day airport operations, and receives capital appropriations to maintain and develop airport facilities. The capital appropriations also serve as the approval to issue Airports System Revenue Bonds for the planned capital projects. As a self-sufficient enterprise fund, the Airports Division relies on revenues collected from both airline and non-airline sources, and grants distributed by the FAA and other federal agencies to a lesser extent. In the fiscal year ending June 30, 2021, the most recent fiscal year with audited financial information, the Airports Division collected \$441 million of revenue and aviation taxes according to the bond covenant, spent \$338 million on operating expenses and \$38 million on debt services. The results exceeded the covenant requirements of 125 percent.

LEVEL II

AIR TRANSPORTATION FACILITIES AND SERVICES

MEASURES OF EFFECTIVENESS

II. 01 AIR TRANSPORTATION FACILITIES AND SERVICES

OBJECTIVE: TO FACILITATE THE SAFE, RAPID, AND ECONOMICAL MOVEMENT OF PEOPLE AND GOODS INTO, WITHIN, AND OUT OF THE STATE BY AIR.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0301	1. AVG TIME FROM PLANE TOUCHDOWN-PASSENGER DEPARTURE		19	19	19	19	19	19	19	19
	2. PERCENTAGE OF TSA WAIT TIMES LESS THAN 30 MINUTES		61	61	61	61	61	61	61	61
	3. TOTAL THROUGH-PUT COST PER PASSENGER (CENTS)		2116	2116	2116	2116	2116	2116	2116	2116
	4. ACCIDENTS PER 100,000 PASSENGER MOVEMENTS		0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>										
030101	DANIEL K. INOUE INTERNATIONAL AIRPORT	TRN-102	14,586	15,131	16,010	17,151	15,011	15,011	15,011	15,011
030102	GENERAL AVIATION	TRN-104	239	248	263	281	247	247	247	247
030103	HILO INTERNATIONAL AIRPORT	TRN-111	731	758	802	859	753	753	753	753
030104	ELLISON ONIZUKA KONA INTL AIRPT AT KE'AHOLE	TRN-114	1,708	1,772	1,875	2,009	1,758	1,758	1,758	1,758
030105	WAIMEA-KOHALA AIRPORT	TRN-116	22	23	24	26	23	23	23	23
030107	KAHULUI AIRPORT	TRN-131	2,876	2,983	3,157	3,382	2,960	2,960	2,960	2,960
030108	HANA AIRPORT	TRN-133	8	9	9	10	9	9	9	9
030109	KAPALUA AIRPORT	TRN-135	54	56	59	63	56	56	56	56
030110	MOLOKAI AIRPORT	TRN-141	111	116	122	131	116	116	116	116
030112	LANAI AIRPORT	TRN-151	191	198	210	225	197	197	197	197
030113	LIHUE AIRPORT	TRN-161	1,203	1,248	1,321	1,415	1,238	1,238	1,238	1,238
	TOTAL		21,729	22,542	23,852	25,552	22,368	22,368	22,368	22,368
<u>OPERATING EXPENDITURES</u>										
030101	DANIEL K. INOUE INTERNATIONAL AIRPORT	TRN-102	181,404	239,644	234,268	237,671	237,671	237,671	237,671	237,671
030102	GENERAL AVIATION	TRN-104	8,288	8,524	9,338	9,514	9,515	9,515	9,515	9,515
030103	HILO INTERNATIONAL AIRPORT	TRN-111	18,050	20,775	21,789	22,095	22,095	22,095	22,095	22,095
030104	ELLISON ONIZUKA KONA INTL AIRPT AT KE'AHOLE	TRN-114	21,987	24,314	25,694	26,389	26,389	26,389	26,389	26,389
030105	WAIMEA-KOHALA AIRPORT	TRN-116	852	949	1,127	1,164	1,165	1,165	1,165	1,165
030106	UPOLU AIRPORT	TRN-118	13	49	51	51	51	51	51	51
030107	KAHULUI AIRPORT	TRN-131	36,067	40,641	43,720	44,314	44,315	44,315	44,315	44,315
030108	HANA AIRPORT	TRN-133	980	992	554	596	597	597	597	597
030109	KAPALUA AIRPORT	TRN-135	1,830	2,466	2,849	2,926	2,926	2,926	2,926	2,926
030110	MOLOKAI AIRPORT	TRN-141	2,753	3,335	3,616	3,690	3,690	3,690	3,690	3,690
030111	KALAUPAPA AIRPORT	TRN-143	820	847	488	518	519	519	519	519
030112	LANAI AIRPORT	TRN-151	2,498	3,410	3,944	4,034	4,034	4,034	4,034	4,034
030113	LIHUE AIRPORT	TRN-161	23,684	24,636	27,668	28,448	28,449	28,449	28,449	28,449
030114	PORT ALLEN AIRPORT	TRN-163		1	1	1	2	2	2	2
030115	AIRPORTS ADMINISTRATION	TRN-195	156,546	307,452	392,370	419,509	419,523	419,696	419,711	419,718
	TOTAL		455,772	678,035	767,477	800,920	800,941	801,114	801,129	801,136

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>TOTAL OPERATING EXPENDITURES</u>										
030101	DANIEL K. INOUE INTERNATIONAL AIRPORT	TRN102	195,990	254,775	250,278	254,822	252,682	252,682	252,682	252,682
030102	GENERAL AVIATION	TRN104	8,527	8,772	9,601	9,795	9,762	9,762	9,762	9,762
030103	HILO INTERNATIONAL AIRPORT	TRN111	18,781	21,533	22,591	22,954	22,848	22,848	22,848	22,848
030104	ELLISON ONIZUKA KONA INTL AIRPT AT KE'AHOLE	TRN114	23,695	26,086	27,569	28,398	28,147	28,147	28,147	28,147
030105	WAIMEA-KOHALA AIRPORT	TRN116	874	972	1,151	1,190	1,188	1,188	1,188	1,188
030106	UPOLU AIRPORT	TRN118	13	49	51	51	51	51	51	51
030107	KAHULUI AIRPORT	TRN131	38,943	43,624	46,877	47,696	47,275	47,275	47,275	47,275
030108	HANA AIRPORT	TRN133	988	1,001	563	606	606	606	606	606
030109	KAPALUA AIRPORT	TRN135	1,884	2,522	2,908	2,989	2,982	2,982	2,982	2,982
030110	MOLOKAI AIRPORT	TRN141	2,864	3,451	3,738	3,821	3,806	3,806	3,806	3,806
030111	KALAUPAPA AIRPORT	TRN143	820	847	488	518	519	519	519	519
030112	LANAI AIRPORT	TRN151	2,689	3,608	4,154	4,259	4,231	4,231	4,231	4,231
030113	LIHUE AIRPORT	TRN161	24,887	25,884	28,989	29,863	29,687	29,687	29,687	29,687
030114	PORT ALLEN AIRPORT	TRN163		1	1	1	2	2	2	2
030115	AIRPORTS ADMINISTRATION	TRN195	156,546	307,452	392,370	419,509	419,523	419,696	419,711	419,718
	TOTAL		477,501	700,577	791,329	826,472	823,309	823,482	823,497	823,504
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
030101	DANIEL K. INOUE INTERNATIONAL AIRPORT	TRN-102	22,500	95,000	95,251	12,760				
030102	GENERAL AVIATION	TRN-104	12,000	22,201	12,001	12,001				
030103	HILO INTERNATIONAL AIRPORT	TRN-111	1,400							
030104	ELLISON ONIZUKA KONA INTL AIRPT AT KE'AHOLE	TRN-114	18,141							
030107	KAHULUI AIRPORT	TRN-131		45,000	34,701					
030113	LIHUE AIRPORT	TRN-161	24,100	100,000	9,451	10,000				
030115	AIRPORTS ADMINISTRATION	TRN-195	200,946	264,993	573,134	83,587	4,585	4,585	4,585	4,585
	TOTAL		279,087	527,194	724,538	118,348	4,585	4,585	4,585	4,585

WATER TRANSPORTATION FACILITIES AND SERVICES (HARBORS)

The objective of the Level II program, Water Transportation Facilities and Services, is to provide and effectively manage a commercial harbor system that facilitates the efficient movement of people and goods to, from, and between the Hawaiian Islands, and enhances and/or preserves economic prosperity and quality of life. A total of eleven individual, lowest-level programs and their associated plans are included in the Multi-Year Programs and Financial Plan for the period 2023-2029.

The program consists of: (1) the improvement, operation, and maintenance of the statewide harbors system which consists of ten commercial harbors (Honolulu, Kalaeloa Barbers Point, Nawiliwili, Port Allen, Kahului, Hana, Kaunakakai, Kaunapali, Hilo, and Kawaihae) and (2) program leadership and staff support services, including engineering and administration for the statewide harbors system.

The primary activity within the statewide harbors system is the handling of containers, automobiles, equipment, bulk, liquid, and general cargo. The cargo handling facilities are improved and maintained to meet the cargo volume. The continued growth of cargo has increased facility requirement demands.

Federal programs related to the Water Transportation Facilities and Services program include the programs of the USACE, which administers and participates in the planning, construction, and maintenance of harbor navigational improvements. The Federal Maritime Commission regulates ports and marine terminal operators engaged in United States ocean borne commerce and receives and reviews tariff filings. The U.S. Coast Guard oversees maritime security at the commercial harbors and is also involved in the enforcement of safety and oil pollution regulations within harbor complexes of the State. Under the Department of Homeland Security, the U.S. Customs and Border Protection's (CBP) Office of Field Operations facilitates inspection, enforcement of U.S. Department of Agriculture regulations, targeting, training, and outreach efforts to prevent the introduction of invasive species at Hawaii's ports of entry. The CBP also monitors the flow of foreign people through state ports. The EPA is involved with water quality standards.

LEVEL II

WATER TRANSPORTATION FACILITIES

MEASURES OF EFFECTIVENESS

STATE OF HAWAII

PROGRAM STRUCTURE: 0302

REPORT P65

PROGRAM LEVEL: I. 03 TRANSPORTATION FACILITIES

II. 02 WATER TRANSPORTATION FACILITIES AND SERVICES

OBJECTIVE: TO FACILITATE THE RAPID, SAFE, AND ECONOMICAL MOVEMENT OF PEOPLE AND GOODS INTO, WITHIN, AND OUT OF THE STATE BY PROVIDING AND OPERATING WATER TRANSPORTATION FACILITIES AND SUPPORTING SERVICES.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0302	1. NUMBER OF ACCIDENTS/INCIDENTS		0	0	0	0	0	0	0	0
	2. NUMBERS OF CONTAINERS PROCESSED EXPRESSED IN TEU'S		1768397	1803765	1839840	1876433	1913962	1952241	1991286	2031112

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>										
030201	HONOLULU HARBOR	TRN-301		2,143	2,143	2,143	2,144	2,144	2,144	2,144
030202	KALAELOA BARBERS POINT HARBOR	TRN-303		148	148	148	148	148	148	148
030204	HILO HARBOR	TRN-311		116	116	116	117	117	117	117
030205	KAWAIHAE HARBOR	TRN-313		17	17	17	17	17	17	17
030206	KAHULUI HARBOR	TRN-331		213	213	213	213	213	213	213
030207	KAUNAKAKAI HARBOR	TRN-341		62	62	62	63	63	63	63
030208	NAWILIWILI HARBOR	TRN-361		233	233	233	233	233	233	233
030209	PORT ALLEN HARBOR	TRN-363		12	12	12	13	13	13	13
030210	KAUMALAPAU HARBOR	TRN-351		8	8	8	9	9	9	9
	TOTAL			2,952	2,952	2,952	2,957	2,957	2,957	2,957
<u>OPERATING EXPENDITURES</u>										
030201	HONOLULU HARBOR	TRN-301	6,393	20,589	24,547	25,178	25,178	25,178	25,178	25,178
030202	KALAELOA BARBERS POINT HARBOR	TRN-303	306	1,457	1,484	1,500	1,501	1,501	1,501	1,501
030204	HILO HARBOR	TRN-311	814	2,319	2,956	3,035	3,035	3,035	3,035	3,035
030205	KAWAIHAE HARBOR	TRN-313	85	833	843	849	849	849	849	849
030206	KAHULUI HARBOR	TRN-331	982	3,374	3,559	3,660	3,661	3,661	3,661	3,661
030207	KAUNAKAKAI HARBOR	TRN-341	41	195	200	203	203	203	203	203
030208	NAWILIWILI HARBOR	TRN-361	899	2,540	2,927	3,020	3,020	3,020	3,020	3,020
030209	PORT ALLEN HARBOR	TRN-363	42	186	191	194	194	194	194	194
030210	KAUMALAPAU HARBOR	TRN-351	41	158	162	165	166	166	166	166
030211	HARBORS ADMINISTRATION	TRN-395	5,068	91,523	89,319	92,290	91,994	89,848	89,549	88,614
030212	HANA HARBOR	TRN-333		13	13	13	14	14	14	14
	TOTAL		14,671	123,187	126,201	130,107	129,815	127,669	127,370	126,435

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>TOTAL OPERATING EXPENDITURES</u>										
030201	HONOLULU HARBOR	TRN301	6,393	22,732	26,690	27,321	27,322	27,322	27,322	27,322
030202	KALAELOA BARBERS POINT HARBOR	TRN303	306	1,605	1,632	1,648	1,649	1,649	1,649	1,649
030204	HILO HARBOR	TRN311	814	2,435	3,072	3,151	3,152	3,152	3,152	3,152
030205	KAWAIHAE HARBOR	TRN313	85	850	860	866	866	866	866	866
030206	KAHULUI HARBOR	TRN331	982	3,587	3,772	3,873	3,874	3,874	3,874	3,874
030207	KAUNAKAKAI HARBOR	TRN341	41	257	262	265	266	266	266	266
030208	NAWILIWILI HARBOR	TRN361	899	2,773	3,160	3,253	3,253	3,253	3,253	3,253
030209	PORT ALLEN HARBOR	TRN363	42	198	203	206	207	207	207	207
030210	KAUMALAPAU HARBOR	TRN351	41	166	170	173	175	175	175	175
030211	HARBORS ADMINISTRATION	TRN395	5,068	91,523	89,319	92,290	91,994	89,848	89,549	88,614
030212	HANA HARBOR	TRN333		13	13	13	14	14	14	14
	TOTAL		14,671	126,139	129,153	133,059	132,772	130,626	130,327	129,392
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
030201	HONOLULU HARBOR	TRN-301	10,000	30,000	50,000	35,000				
030202	KALAELOA BARBERS POINT HARBOR	TRN-303	10,000	15,000		5,000				
030204	HILO HARBOR	TRN-311	10,000	15,000	15,000	5,000				
030205	KAWAIHAE HARBOR	TRN-313	10,000	30,000	15,000	5,000				
030206	KAHULUI HARBOR	TRN-331	10,000	63,000	10,000	25,000				
030208	NAWILIWILI HARBOR	TRN-361	1,000	1,000		5,000				
030209	PORT ALLEN HARBOR	TRN-363	1,000	5,000						
030211	HARBORS ADMINISTRATION	TRN-395	4,000	4,000	12,500	7,500	2,500	2,500		
	TOTAL		56,000	163,000	102,500	87,500	2,500	2,500		

LAND TRANSPORTATION FACILITIES AND SERVICES (HIGHWAYS)

The objective of the Level II program, Land Transportation Facilities and Services, is to maximize available resources to provide a safe, efficient, accessible, and sustainable State Highway System that ensures the mobility of people and goods and supports economic vitality and livability. This mission is implemented through the Highways Division's long-range plans, programs, and project development/delivery process.

The program, supported by 1,036.00 permanent positions and 7.00 temporary positions consists of the development, operation, maintenance, improvement, and administration of the statewide highway system consisting of approximately 2,450 lane miles of highway, this is more than 980 centerline miles of highways and roads that provide regional movement and link major sites, such as airports, harbors, industrial areas, military installations, major communities, and primary urban centers. By providing this critical network, the Highways system serves Hawaii's communities, land uses and the economy. It is critical to supporting commuter and freight travel, and provides mobility for a variety of user needs, abilities, and mode choices such as persons with disabilities, pedestrians, bicyclists, transit, motorists, and commercial vehicles.

The State Highway System provides mobility for over 1.4 million Hawaii residents—including a civilian labor force of approximately 680,000 people—over 8 million visitors, and over 32 million tons of freight each year. Although it accounts for only 22 percent of the total centerline miles of highways and roads, the State Highway System carries approximately 56 percent of the total 22.42 million daily vehicle miles (8.2 billion annually) traveled in Hawaii. The segments of the State Highway System that experience the highest freight volumes can transport over 20,000 trucks per day. By connecting regions with key locations and carrying high volumes of vehicles and freight, the State Highway System enables the efficient movement of commuters and goods statewide.

The Land Transportation Facilities and Services program is financed by the State motor fuel tax, rental motor vehicle and tour vehicle surcharge, State vehicle weight tax, State vehicle registration fee, and federal-aid funding for highway projects. The Capital Improvement Program is financed from highway revenue bonds, the highway special fund (cash), federal-aid funds, general obligation bond funds, and private contributions. Fiscal Year 2021 Financial Statements can be found at: <https://hidot.hawaii.gov/highways/files/2022/04/Fin-Stmt-DOT-Highways-Final-2021.pdf>

The Fiscal Biennium 2023-2025 budget request reflects both the operating and capital improvement needs to sustain, maintain, and improve our State highway system based on priorities that improve safety; foster system preservation; improve system efficiency; implement multi-modal integration; encourage economic vitality; and improve resiliency. View the 2022 Highways Act 100 Report here: <https://highways.hidot.hawaii.gov/stories/s/2022-Act-100-Report-Homepage/n8yx-tyve>

The Federal Government, through U.S. Department of Transportation's Federal Highway Administration (FHWA), provides guidance and support to the state highway agencies in developing and operating highway facilities. The Highways Division initiates and administers state highway system program and projects. FHWA is responsible for reviewing and approving the amount and timing of Federal-aid funding for state highway projects. National Highway Traffic Safety Administration establishes and monitors highway safety standards while county planning and public works departments are involved in planning and programming various phases of highway construction for county highway projects. County police departments assist in enforcing traffic regulations.

The Bipartisan Infrastructure Law (BIL), enacted as the Infrastructure Investment and Jobs Act (IIJA), Pub. L. 117-58 (November 15, 2021) authorizes the federal surface transportation programs for highways, highway safety, and transit for the 5-year period from 2022 to 2026. The new highway act provides federal funds to the Highways Division of \$1.2 billion, approximately \$240 million in formula apportioned funds to the Highways Division annually. Another \$339 million, approximately \$67.8 million annually during this same period is

authorized for the Bridge Replacement, Rehabilitation, Protection, and Construction Program. Further, \$17.68 million, approximately \$3.5 million annually during this same period is authorized under the National Vehicle Electric Formula Program.

Some of the federal highway funds that Hawaii receives are passed through to the counties and other agencies. Federal highway funds used by the counties and other agencies vary and depend on the number of projects they have programmed in the Statewide Transportation Improvement Program (STIP). The law requires that projects using Federal highway funds as well as those that are considered regionally significant be included in the STIP. However, the amount of funds that Congress allows the states to obligate each year (obligation limitation) is generally less than the funds apportioned. The obligation limitation has been approximately 90 percent of the apportionment.

The Highways Division is committed to improving the resiliency of the Highway System. The Department generally estimates 10-15 percent of the State's Highway System would be affected by sea level rise. The Highways Division commissioned the University of Hawaii at Manoa, Department of Civil and Environmental Engineering to develop a methodical and rigorous approach to achieve a reliable ranking of critical road sections that takes into account environmental variables such as sea level rise and climate change affecting the State. In August 2019, the Highways Division published a Statewide Coastal Highway Program Report. The report identified and prioritized by tier rankings all State coastal roads in need of immediate and short-term erosion control/shoreline remediation measures, as well as sites that should be monitored. The rankings are based on a new index system identified as Coastal Road Erosion Susceptibility Index or CRESI. The report prioritizes the State Highways in immediate need of relocation and/or hardening. See:

https://hidot.hawaii.gov/highways/files/2019/09/State-of-Hawaii-Statewide-Coastal-Highway-Program-Report_Final_2019.pdf.

In addition to the Statewide Coastal Highway Program Report, the Highways Division developed the Climate Adaptation Action Plan which identifies and assesses hazards to the State's Highway System. The hazard types being assessed are rockfall and landslides, passive flooding, annual high wave flooding,

coastal erosion, storm surge, tsunami, wildfire, and lava flows. The Action Plan includes immediate, near-term, and long-term recommendations with the goal of integrating considerations of climate risk and long-term climate change resiliency into agency practices. <https://hidot.hawaii.gov/wp-content/uploads/2021/07/HDOT-Climate-Resilience-Action-Plan-and-Appendices-May-2021.pdf>

LEVEL II LAND TRANSPORTATION FACILITIES

MEASURES OF EFFECTIVENESS

STATE OF HAWAII

PROGRAM STRUCTURE: 0303

PROGRAM LEVEL: I. 03 TRANSPORTATION FACILITIES

II. 03 LAND TRANSPORTATION FACILITIES AND SERVICES

REPORT P65

OBJECTIVE: TO FACILITATE THE RAPID, SAFE, AND ECONOMICAL MOVEMENT OF PEOPLE AND GOODS WITHIN THE STATE BY PROVIDING, MAINTAINING, AND OPERATING LAND TRANSPORTATION FACILITIES AND SUPPORTING SERVICES.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0303	1. NO. HIGHWAY LOCATIONS WHERE CONGESTION EXISTS-PEAK		29	29	29	29	29	29	29	29
	2. ACCIDENTS PER 100 MILLION VEHICLE MILES		207	234	226	218	210	203	195	188
	3. FATAL ACCIDENTS PER 100 MILLION VEHICLE MILES		36	39	4	4	4	4	3	3
	4. MAINTENANCE COST PER 10 LANE-MILES	408034	509576	509576	509576	492522	509576	509576	509576	509576
	5. VEHICLE MILES PER TRAVEL (MILLIONS OF MILES)		5615	5688	5764	5838	5911	5986	6060	6132

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>										
030301	OAHU HIGHWAYS	TRN-501	3,661	3,879	4,108	4,349	4,350	4,350	4,350	4,350
030302	HAWAII HIGHWAYS	TRN-511	127	135	143	151	152	152	152	152
030303	MAUI HIGHWAYS	TRN-531	298	315	334	354	354	354	354	354
030306	KAUAI HIGHWAYS	TRN-561	170	180	191	202	202	202	202	202
	TOTAL		4,256	4,509	4,776	5,056	5,058	5,058	5,058	5,058
<u>OPERATING EXPENDITURES</u>										
030301	OAHU HIGHWAYS	TRN-501	73,547	82,267	86,610	87,469	87,469	87,469	87,469	87,469
030302	HAWAII HIGHWAYS	TRN-511	14,807	19,466	20,612	21,147	21,148	21,148	21,148	21,148
030303	MAUI HIGHWAYS	TRN-531	17,928	24,310	25,141	25,563	25,564	25,564	25,564	25,564
030306	KAUAI HIGHWAYS	TRN-561	8,218	11,677	12,429	12,697	12,697	12,697	12,697	12,697
030307	HIGHWAYS ADMINISTRATION	TRN-595	123,040	249,801	215,110	207,959	217,154	217,842	228,391	228,929
030308	HIGHWAYS SAFETY	TRN-597	11,923	18,534	18,852	19,009	19,009	19,009	19,009	19,009
	TOTAL		249,463	406,055	378,754	373,844	383,041	383,729	394,278	394,816
<u>TOTAL OPERATING EXPENDITURES</u>										
030301	OAHU HIGHWAYS	TRN501	77,208	86,146	90,718	91,818	91,819	91,819	91,819	91,819
030302	HAWAII HIGHWAYS	TRN511	14,934	19,601	20,755	21,298	21,300	21,300	21,300	21,300
030303	MAUI HIGHWAYS	TRN531	18,226	24,625	25,475	25,917	25,918	25,918	25,918	25,918
030306	KAUAI HIGHWAYS	TRN561	8,388	11,857	12,620	12,899	12,899	12,899	12,899	12,899
030307	HIGHWAYS ADMINISTRATION	TRN595	123,040	249,801	215,110	207,959	217,154	217,842	228,391	228,929
030308	HIGHWAYS SAFETY	TRN597	11,923	18,534	18,852	19,009	19,009	19,009	19,009	19,009
	TOTAL		253,719	410,564	383,530	378,900	388,099	388,787	399,336	399,874

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
030301	OAHU HIGHWAYS	TRN-501	99,100	344,401	1,500					
030302	HAWAII HIGHWAYS	TRN-511	1,300	155,410	9,600					
030303	MAUI HIGHWAYS	TRN-531	54,500	48,000	5,000					
030306	KAUAI HIGHWAYS	TRN-561	17,200	19,102	16,000					
030307	HIGHWAYS ADMINISTRATION	TRN-595	110,604	436,704	306,100	208,650				
	TOTAL		282,704	1,003,617	338,200	208,650				

OVERALL PROGRAM SUPPORT FOR TRANSPORTATION FACILITIES AND SERVICES

The objective of the Level II program, Overall Program Support for Transportation Facilities and Services, is to enhance the effectiveness and efficiency of the Transportation Program by providing program leadership, staff support services, and general transportation related services.

The overall support program interacts with the Federal Transit Administration, U.S. Departments of Commerce, Defense, Interior, Transportation, Treasury, and U.S. Post Office. Close coordination of transportation facility planning with the counties is also maintained.

The FTA, under various programs, provides funding to states for the purpose of supporting public transportation. The assistance ranges from funding transit operations and facilities to assisting private nonprofit groups in meeting the needs of the elderly and persons with disabilities.

These programs interface with the Oahu and Maui Metropolitan Planning Organizations as part of an overall comprehensive and coordinated planning process for all Oahu and Maui transportation projects.

The overall support program provides comprehensive transportation planning based on consideration of land use, socio-economic conditions, and environmental factors. Other ancillary services such as management, administrative support, internal control, and computer coordination are provided to the major transportation programs.

Financing for this program is provided on a pro-rata basis from the three special funds representing the three major activities of the Department of Transportation. These include the three other Level II programs of the Transportation major programs. The current pro-rata shares are as follow: Airport Revenue Fund - 56 percent; Highway Revenue Fund - 32 percent; and Harbor Revenue Fund - 12 percent.

III. PROGRAM CHANGE RECOMMENDATIONS

AIRPORTS

Revenues for the Air Transportation Facilities and Services program are derived from concession fees, aviation fuel taxes, building space and land rentals, investment income, landing fees, airport use charges, federal grants, passenger facility charges and other sources. Committees comprised of representatives from the airlines and concessionaires act in an advisory capacity in reviewing airport operational plans and capital improvement program projects.

The Airports Division requires large capital expenditures to achieve its vision and mission. This includes construction of new facilities for air traffic growth, increasing investment to improve customer satisfaction, and addressing environmental and sustainability needs. The Airports Division continues to seek federal funding to minimize bond/capital funding needs, develop/increase nonairline revenues, and optimize airline rates and charges to meet financial obligations.

HARBORS

The Water Transportation Facilities and Services program is financed through revenues derived from wharfage, rentals, dockage, port entry, mooring, demurrage, cleaning, and other fees and charges. Wharfage and rentals are the largest sources of revenue.

Following lengthy discussions with the Hawaii Harbors Users Group members and seven public hearings statewide, in December 2016, Governor David Ige approved a series of amendments to the Hawaii Administrative Rules Chapter 19-44, to decrease overseas transshipment rates, and to increase the wharfage tariff rates, pipeline use and bunkering fees. In addition, starting in July 2019, incremental rate increases of 3 percent or the annual difference in consumer price index, whichever was greater for these identified tariffs and fees, would be implemented annually to ensure that sufficient revenue was generated to meet the bond compliance tests and maintain the financial health of the statewide harbors system.

Capital improvement costs to maintain existing facilities and develop infrastructure and facilities to keep up with maritime demand as well as operating costs have grown. The continued development of the harbors system is dependent upon the financial ability to underwrite the capital improvement and operating costs. In December 2020, The Harbors Division sold \$266,550,000 of revenue bonds. The sale of bonds served a dual purpose of financing a portion of new CIP projects while refinancing debt service with more favorable interest rates and reducing future debt service payments.

The Harbors Division continues to work on improvements to its business practices to gain improved sources of revenue and financial benefits. Effort is also underway to obtain federal funding assistance to address port security and major development initiatives needed to meet maritime infrastructure development needs.

HIGHWAYS

None.

IV. EMERGING CONDITIONS, TRENDS, AND ISSUES

AIRPORTS

A. COVID-19 Pandemic and Air Traffic Risks

Since early 2020, the Coronavirus Disease 2019 (COVID-19) has disrupted the global economy and air traffic, which led to a reduction of more than 90 percent of the U.S. enplaned air passengers. It has since recovered gradually with the mass adoption of vaccinations, among other factors. Enplaned passenger counts in June 2022 at the Airports System was 94 percent of June 2019 levels, with interisland traffic at 98 percent and overseas traffic at 91 percent. Japan traffic is expected to gradually recover in the second half of 2022. However, significant risks remain for air traffic worldwide as well as the Airports System. New subvariants of COVID-19 have been spreading in the U.S. and may have the combined attribute of high infection rate and high fatality rate. The consumer price index has risen to 9 percent, which has contributed to the Federal Reserve's multiple interest rate increases and

threatens to derail economic growth. Brent crude oil price spiked above \$100 after Russia's invasion of Ukraine and is expected to remain high, partially due to the ongoing Russian oil embargo. The labor shortage has disrupted airline schedules from time to time. All these factors have contributed to higher uncertainty of air traffic worldwide. Hawaii legislators have been balancing the needs of tourism development, environmental preservation, and have implemented further restrictions on Airbnb activities on Oahu, which may affect visitor arrivals to Hawaii.

B. Capital Investment Needs and Environmental, Social and Governance (ESG) Costs

The Hawaii Airports System continues to require additional capital investments to preserving existing assets, accommodating recovering air traffic, and meet ESG requirements, among other drivers. The Airports Division has a rolling capital improvement program (CIP), with more than \$2 billion to spend in the next 5 years. It also has a planned Diamond Head Concourse program with an estimated cost exceeding \$1 billion. In addition, to support the State's Clean Energy Initiatives and the Hawaii 2050 Sustainability Plan, the Airports Division needs to coordinate with other State agencies to identify the required costs and to establish a timetable to achieve those goals. Other potential environmental costs, such as rising sea levels, may trigger billions of additional capital needs. In recent years, the Airports Division has been actively pursuing external funds for the CIP. Under the Bipartisan Infrastructure Law, the Airports Division received \$49 million of formula grant and \$10 million of terminal competitive grants for the first year of a five-year grant period.

C. Airport Costs, Nonairline Revenues, and Airline Payments

In addition to capital needs, the Airports Division will incur higher operation and maintenance expenses to maintain the airport facilities and to improve customer satisfaction. As a self-sufficient enterprise fund, the Airports Division must generate adequate revenues from airline and nonairline tenants to meet capital needs and operating expenses. During the COVID-19 pandemic, the Airports Division used multiple rounds

of federal relief grants to: make up for the reduction in revenues, offer relief to the tenants, and reinstated the minimum annual guarantees in May 2022 after sustained air traffic recovery. In the coming years, the Airports Division needs to continue balancing its strategic objectives, maintaining a reasonable airline rates and charges structure while still providing a high level of service to the travelling public.

D. Operational Challenges

Upon return of the projected passengers, potential gate congestion and TSA security checkpoint congestion are two key concerns for the Airports Division. Prior to the COVID-19 pandemic, the Airports Division did not have adequate gates during the peak hours to accommodate all inbound flights and had to hold flights on taxiways from time to time. With Japan traffic expected to recover during the second half of 2022, the Airports Division may face another gate shortage. In addition, the Airports Division has been working with the TSA to improve security checkpoint screening processes to reduce queuing times.

On the capital investment aspect, the Airports Division continues to follow the duplicative appropriation and allotment processes, which, when combined with the airline capital review and bond funding process, results in project delays from time to time. However, the Airports Division completed two major projects in the CIP in 2021: HNL Mauka Concourse and HNL consolidated rental car facility. The Airports Division continues to implement the multibillion-dollar capital program amid challenges such as staff compensation and hiring difficulties and spiking inflation.

HARBORS

A. Cruise Line Trends

Norwegian Cruise Lines (NCL) currently homeports one U.S. flagged cruise ship, the Pride of America. Prior to the COVID-19 pandemic, NCL provided the State with year-round inter-island service. At the peak of the cruise line business in Hawaii, fiscal year 2019 (pre-pandemic), revenue reached

\$9,000,000 with passenger volumes (inbound and outbound) being approximately 1.2 million passengers.

Currently, cruise lines follow a port agreement which was originally developed to follow the Centers for Disease Control and Prevention (CDC) guidelines on COVID-19 and limited vessel occupancy percentages. Recent port agreement guidance is being relaxed to allow for an increased number of cruise ships with higher passenger counts to port. It is anticipated that cruise ship port calls will increase with the relaxation of requirements and restrictions, positively impacting, the Harbors Division's revenue and the State's economy.

The Harbors Division has completed construction and renovations to Hilo Harbor Pier 4 Inter-Island Cargo Terminal and Pier 1 cargo yard and passenger terminal improvements. The projects are designed to increase operational space and cargo handling efficiencies to make way for improvements to the passenger terminal, which created a more pleasant and comfortable environment for cruise passengers. The Harbors Division has commenced the Kahului Harbor Redevelopment Plan and Environmental Assessments for Land Acquisitions, a key aspect to improve the operational efficiency needed to make way for and will result in improved cruise services and safe passenger flow at Kahului Harbor.

B. Cargo Facilities/Growth Issues

The continued growth in cargo has resulted in continuing increases in cargo operations. Matson Navigation Company continues to be the largest container operator servicing Hawaii with ships arriving at Honolulu Harbor a minimum of three times a week and with barge movements to the neighbor island harbors five times a week.

An efficient and financially healthy harbors system is vital to the State's economy. More than 80 percent of all goods consumed by Hawaii residents and its visitors are imported to the islands, and of that, more than 98.6 percent flows through the Port Hawaii commercial harbor system.

The current capacity of Hawaii's commercial harbor system and the underlying aging infrastructure were not expanded or

maintained to keep up with future economic growth, increased cargo volumes, greater demand for berthing space by more harbor users, and the new needs of the shipping companies' re-built business models centered around containerized cargo shipments, which became the industry norm.

The Harbors Modernization Plan was developed through a partnership of the Department of Transportation, and the Hawaii Harbors Users Group (HHUG). Today the partnership is committed to implementing the Harbors Modernization Plan.

The Kapalama Container Terminal (KCT) is the centerpiece of the Harbor Modernization Plan and the top priority for the commercial harbor system. The KCT project is currently in construction and features a 84-acre cargo yard and 1,800 linear feet of new berthing space at piers 41, 42, and 43 in Honolulu Harbor.

There were number of complex enabling support projects that were completed before the KCT project broke ground, as well as a series of projects located at other island harbors throughout the harbor system -- infrastructure upgrades, development of new infrastructure, expansion of facilities, and land acquisitions -- that are all part of the overarching Harbors Modernization Plan. The KCT Container Yard Project Phase 1 is substantially complete except for areas that were deferred and to be coordinated for completion during the tie-in to Terminal Wharf and Dredging Phase 2. As the largest project that the Harbors Division has undertaken, the aggregate project total for Phases 1 and 2 is approximately \$550 million.

Future projects for the Harbors Modernization Plan and Development for the commercial harbor system will focus on building harbor resiliency, adapting to climate change, including Sea Level Rise, leveraging near-term project sequencing opportunities to improve essential harbor facilities approaching life-cycle expiration while expanding alternate funding sources such as federal grant opportunities, and public private partnerships.

C. Environmental Issues

The Harbors Division continues working with the State's Department of Health (DOH) and Principal Responsible Parties (PRPs) to address ground contamination within the Iwilei District at Honolulu Harbor. The U.S. Environmental Protection Agency (EPA) has monitored this effort. Long-term mitigation measures may be required from the PRPs to address the DOH concerns on Sea Level Rise and Methane Monitoring. Determining the appropriate level of remediation is on-going by the response activities of the PRPs and the commitment from DOH. Through this effort, the PRPs are also undertaking and implementing long-term remediation measures that will assure the most effective and beneficial remediation of the contaminated areas.

The Harbors Division Stormwater Management Program (SWMP) has kept the Division in compliance with federal and state clean water requirements. The Consent Decree entered with U.S. EPA and DOH back in November 2014, has been officially terminated as of 2022. This Consent Decree has helped further enhance Harbors SWMP and advanced it to a more mature normalcy, as a majority of its requirements has grown into our program.

D. Seaport Security Trends and Issues

The Harbors Division continues to upgrade security measures at all ports and seeks federal funding support for its security related infrastructure and equipment needs to meet the substantial federal requirements imposed by the Federal Maritime Transportation Security Act of 2002. Focus on the continuing effort is the development of improvements in staffing and facilities upgrades for access control. The Harbors Division anticipates having to implement new processing requirements associated with the issuance of the Transportation Worker Identification Cards (TWIC) and biometric access control systems that are required under federal legislation.

HIGHWAYS

A. Autonomous Vehicles

Recognizing that autonomous vehicles (AVs) are a transformative technology that will be deployed globally, the Highways Division is taking steps to implement a testing program to bring the technology to the State. The Highways Division is in the process of creating administrative rules that will formally allow testing of autonomous vehicles through the issuance of a permit.

Highways Division has partnered with the University of Hawaii in piloting a Connected Automated Vehicle System Investigations for Enhanced Safety and Mobility of Seniors and Individuals with Disabilities in Hawaii project. The objective of this project is to deploy two 6-12 passenger Connected Autonomous Shuttle Buses (CASBs) at the test locations (East Kapolei) to investigate AV safety and operation efficiency improvements and infrastructure configurations. The project will collect and analyze data on how AVs interact with infrastructure, such as traffic signals, human-driven cars and trucks, and most importantly, bicyclists and pedestrians to help identify infrastructure deficiencies and improvement needs to accommodate the changes AVs will bring to road sharing among all users. An important component of this project is to promote public acceptance and to share information with the public that may foster consumer confidence in AVs.

B. Data Collection

Emerging technologies and systems stimulate smart behavior to monitor roadway assets adequately and efficiently with little to no human interference. Using these systems to assess road conditions that identify areas in need of immediate maintenance attention.

The benefits of using emerging technologies and systems is that it generates a single source of accessible data with increased speed and reliability. It saves time and resources to manage the Highways Division large areas of coverage. Addressing these areas will increase the safety of the roads. Roadway

management and maintenance will become proactive rather than reactive.

A pilot project of such a system by the Highways Division is the Payver by Blynco project. This project utilizes HD images and videos, via Dash Cameras, to provide ratings on pavement quality, paint line visibility, and asset conditions. The data collected will be used to detect work zone traffic control, roadway vegetation encroachments and debris.

Another system being piloted is the i-Probe project which is car mounted sensors and dashcams that collect data to detect road cracks and potholes by providing a roughness measurement of the deficiency and its location.

C. Electric Vehicle Fleet Conversion

The Highways Division executed a service contract to replace light duty vehicles in its fleet with electric vehicles (EVs). The contract allows the Highways Division and other state and county agencies to obtain EVs and charging infrastructure as a service on a per mile cost basis, reducing the upfront costs of electrifying fleet vehicles and reducing fuel and maintenance costs.

The state-wide Hawaii fleet electrification contract (RFP-20-001-HWYS) is now active. This contract allows all participating agencies and departments to obtain electric vehicles and all related charging infrastructure in exchange for usage fees.

This contract is a cost-effective way to begin conversions of an internal combustion engine vehicle fleet to zero emissions without upfront capital costs. The contract is available for all types of vehicles, light duty, and buses to heavy equipment, if the technology is available on the market. The contract is also open to all makes and models available on the market.

The Highways Division obtained 43 EVs and Level II charging stations between April 2021 and September 2021. Through this fleet conversion, Highways Division disposed of 44 internal combustion engine vehicles.

The Highways Division is currently ordering services for 128 light duty trucks chargers and energy systems (PV and battery storage) for all base yards.

D. The Hawaii Road Usage Charge Demonstration Project (HiRUC)

With climate objectives that include a zero-emission transportation sector by 2045, Hawaii ranks second nationally in the adoption rate of electric and alternative-fuel vehicles.

Reducing and eventually eliminating fossil fuel consumption have numerous benefits for Hawaii residents, but one unintended consequence is the loss of revenue from taxation of motor vehicle fuels. Although the state relies on a mixture of revenue sources including vehicle registration fees, weight taxes, and rental car surcharges, fuel taxation stands as Hawaii's second largest source of transportation funding, and the only revenue source that relates to road usage.

To address this challenge, the Highways Division embarked in 2018 on a 4-year research, public outreach, and demonstration effort to examine per-mile road usage charging (RUC) as a future replacement for fuel taxes. This research concluded with a series of recommendations for how the state can begin a gradual transition toward RUC to preserve usage-based funding for upkeep and repair of the state's roads and bridges. Final Report: <https://hiruc.org>

E. Financial Management System Upgrade

The Highways Division is replacing the current accounting legacy system with a new accounting system solution that would modernize certain Highways Division IT systems, associated systems, and business processes, including fully replacing the Highways Financial Accounting System. The new Highways Financial Management System, called H4 will utilize the SAP S/4HANA Cloud ERP and will cover the Highways Division Business Processes of Budget, General Ledger, Accounts Payable, Accounts Receivable, Lease Management, Fixed Assets, Procurement, Project & Grant, Federal Billing, Human Resources, Time and Labor, Payroll, Inventory Management, Plant Maintenance, Reporting, and Analytics.

F. Broadband Pilot Project

The pandemic has brought digital inequities among our communities to the forefront. The Highways Division is doing its part by piloting eight (8) broadband projects in Puna, and Ka'u on Hawaii Island, Hana on Maui, Nanakuli, Waianae, Waimanalo, and Kalihi on Oahu, and Kapa'a on Kauai to level the digital access divide to provide broadband connections to rural and underserved communities by providing access to support structures within our Highways Right-of-Way to run the broadband network.

G. Safety

Google Safety Analytics. The Highways Division goal is to reduce traffic fatalities by 20 percent per year with the goal of zero deaths through a combination of engineering, enforcement, education, and emergency response strategies that focus on equity. The Hawaii Strategic Highway Safety Plan provides core strategies for the following Emphasis Areas: Speeding; Impaired Driving; Vehicle Occupant Protection; Pedestrian & Bicycle Safety; Motorcycle, Motor Scooter & Moped Safety; Roadway Design; First Responder Capabilities; and Improving Data & Safety Management Systems. In the Improving Data & Safety Management Systems Emphasis Area, core strategies that will be implemented with this service are: improve linkage and integration of data; improve existing processes to turn data into useful information for law enforcement and other traffic partners, to be used for problem identification and evaluation, to direct resources in enforcement, education and engineering, and to make positive behavior changes; and improve data/information and the process to track, monitor and assess the progress of each of the other emphasis areas.

Close to 90 percent of traffic fatalities over the past three years (2019-2021) have driver behavior as a contributing crash factor. Making positive behavior changes in areas, such as speeding, is a difficult challenge for HDOT and other safety partners with limited available resources in staffing, funding, and equipment/construction material supplies. Effective use of limited resources requires informed decision-making using quality data from various sources that can be collected and analyzed in a timely manner.

The Highways is moving to a systemic safety approach to complement the traditional crash-based approach. This comprehensive safety management process will provide opportunities and benefits through both crash-based and systemic safety analysis. This will result in better and faster decision-making for prioritizing safety countermeasure/investments.

The traditional crash-based analysis is a reactive approach focusing on high crash locations. The systemic safety analysis is a proactive approach focusing on crash types and risk factors. The systemic safety approach uses risk factors to treat potential future crash locations now with low-cost safety improvements. Selection of low-cost safety improvements can be deployed widely across the system, yielding a greater overall safety benefit/investment. Since systemic improvements are low-cost, they can be implemented quicker and, in some situations, providing an interim solution while the longer-term solution can be developed.

Fatality data is low-density, making crash issues, trends, or locations of concern challenging to identify. Adding real-time type data such as speed, hard-braking, traffic video, and travel times will enhance fatality data to determine countermeasures/safety investments. Real-time type data also provides faster evaluations of implemented safety countermeasure/investments that can be used to adjust future decision-making to prioritize safety countermeasures/investments. This effort will improve the current-state solution through analytics and visualizations related to traveler safety that allow decision makers and practitioners to make informed decisions and implement countermeasures to reduce safety issues and save lives.

Quick-build Safety Improvements. Selection of quick-build low-cost safety improvements can be deployed widely across the system, yielding a greater overall safety benefit or investment. These low-cost, safety improvements can be implemented quicker and, in some situations, providing an interim solution while the longer-term solution can be developed.

Piloting "Headlight" data capturing software for field assessments of high crash locations. The staff has worked with Headlight to adapt fields to capture information related to motor vehicle crash locations. The app is being modified to capture behavioral/environmental/infrastructures elements. The data will be used to validate law enforcement, outreach, and engineering solutions to improve roadway safety.

H. Google Resiliency Tool

Web-based GIS tool that identifies vulnerable State roads and bridges to climate change hazards that include further data sets and GIS layers, such as land uses, transportation data, socio-economic demographics, environmental conditions, and critical facilities. This decision-making tool provides the Highways Division comprehensive information in determining the criticality of the state road and inherently its projects. Furthermore, this tool supports the Highways Division goal of Resiliency.

I. HIBRIDGE

The HIBRIDGE pilot program is a prospective alternative to the current methods of inspecting bridges on Hawaii's highway system. Bridge inspections are costly as they require lane closures, snoopers trucks and specialized equipment to access all areas of the bridges, manual data entry, and a series of field data reporting and reviews of the reporting.

HIBRIDGE focuses on the use of modern technologies that combine unmanned aerial vehicle (UAV) collected bridge inspection data with historical construction data and runs industry related machine learning models on that data to determine existing conditions and to aid in quicker responses by the Highways Division to make sure bridges are safe and functional. Use of UAVs and tablets in the field are safer for HDOT personnel, minimize the disruptions to the traveling public, facilitate the collection of greater volumes of data and images of the bridge conditions, and reduce the costs of bridge inspections.

The automated processing of the collected images and data result in quicker identification of problem areas, and thereby quicker solutions that address any structural deficiencies.

The purpose of the pilot program is to validate the results to be produced by the Headlight hardware and software against the data and collected using current inspection methods. The Highways Division expects inspections using HIBRIDGE can be done at one-tenth the cost of current methods. If the pilot program is successful, the Highways Division will adopt the HIBRIDGE method for future inspections.

J. Econstruction

Econstruction (Econ) is the collection, review, approval, and distribution of highway construction contract documents in a paperless environment. This includes the electronic capture and submission of construction data and documentation, increased use of mobile devices, and automated document review and approval procedures. ECon will use electronic signatures by all parties, as well as secure document and workflow management by stakeholders. The data from these systems will be used and published as easily digestible dashboard stories, which has been the Highways Division's outward facing dashboard environment.

This initiative will modernize the Highway Division's construction document management through elimination of the past cumbersome paper-based approaches. In addition to saving money by decreasing paper use, printing, and document storage costs, this initiative also saves time by decreasing communication delays, eliminating transmittal time, and creating a central standardized process for all projects. This ECon management process allows faster approvals, increased accuracy, and enhanced document tracking, all while increasing transparency.

These improvements to communication and the transparency of the process can virtually eliminate all questions, claims, and disputes as on when (or if) a document was submitted.

Additionally, all stakeholders can eventually gain access to dashboards with necessary information such as the name of the document approver along with the exact timing of each step in the process recorded, schedules, budgets and future programs and projects. The process provides a better foundation to help improve communications and partnering with the legislature as

well as other state and county entities. As our state transportation system touches every business, resident and tourist in the state, access to real time information is invaluable. Increasing the benefit to the consumers and saving valuable staff time and resources.

K. Carbon Reduction Program

The IIJA established the Carbon Reduction Program (CRP) which is implemented by the FHWA. The CRP provides the State with additional federal funding to implement strategies to reduce transportation carbon emissions, examples are traffic monitoring and management, bicycle and pedestrian facilities, infrastructure based ITS improvements, projects that support the deployment of alternative fuel vehicles, and projects that improve traffic flow and do not involve new capacity construction. The CRP supports the Highways Division Resiliency goals.

L. CO2 Entrained Concrete

As part of our efforts toward clean energy, the Highways Division utilizes carbon reduction technology. Specifically, the use of CO2 Entrained Concrete which is a concremented mix that is injected with waste carbon dioxide as a sustainable transportation initiative. The purpose is to reduce the levels of carbon dioxide emitted during the construction process. <http://hidot.hawaii.gov/blog/2019/05/16/hdot-tests-sustainable-concrete-mix-designed-to-reduce-carbon-footprint-of-road-construction/>

M. Sandsaver Beach Erosion Solution

The Highways Division is piloting the sandsaver technology on Kauai and Oahu. Sandsaver is a natural solution that can renourish the beach while protecting our critical infrastructure without hardening the shoreline. First, the sandsaver unit is an actual barrier, it breaks down the wave energy that reaches the shore, therefore reducing the erosion on the beach. Second, the sandsaver unit has bigger holes in the front and smaller holes in the back. When waves carrying sand passes through the sandsaver unit from big holes to small holes, a fair amount of sand will have sufficient time to

settle into the coastline and not back into the surf, therefore building beach. Eventually, the sandsaver unit will become completely immersed in sand and beach sediment, accumulating large amounts of sand on both sides of the sandsaver unit.

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

AIRPORTS

To meet the State's sustainability goals, the Airports Division may need to analyze the costs and timeline to implement sustainability projects, and conduct an ESG analysis to evaluate processes for improving ESG practices, such as sea level changes. As a self-sufficient enterprise fund, the Airports Division must generate adequate revenues to meet higher capital needs and operational needs, which implies that the Airports Division must generate higher nonairline revenues or require higher airline payments to compensate. Balancing the multiple strategic objectives continues to be a key challenge to the Airports Division, and to all U.S. airports alike.

HARBORS

Limited available land areas, financial constraints, and the ability to implement major improvement projects continue to pose the greatest challenges to the Harbors Division. Focus is being placed on improvements in all three areas. As part of the effort, the Harbors Division has collaborated with the HHUG to coordinate the effort in identifying and focusing on the development of priority projects needed to improve the harbor program state-wide. A companion effort is being aimed at improving revenue to support and sustain improvement efforts through the revision of rentals and more frequent updating of appraisal rates for revocable permits.

Future projects for harbors modernization and redevelopment of the commercial harbor system will need to refocus on building harbor resiliency, adapting to climate change, including Sea Level Rise, leveraging near-term project sequencing opportunities to improve essential harbor facilities approaching life-cycle expiration while expanding alternate funding sources such as federal grant opportunities, and public

private partnerships. Major infrastructure projects face many hurdles and challenging with federal resource and regulatory agencies commitments on mitigative measures for adverse impacts to fish and marine habitats from the authorized improvements of future work and projects. Possible studies should include striking a balance on climate adaptation for new improvements to deteriorating infrastructure and coral mitigation of non-native potentially invasive coral species that pose a risk to biosecurity of fragile neighbor island ports and surrounding marine ecosystems.

Sea transportation provides the State with the bulk of its imported goods and its primary means for exporting local products. The statewide harbors system must have the ability and continuity to support shipping and maritime commerce. This is a critical economic lifeline to the State. Harbor facilities are limited and as maritime needs increase, the challenge will be to accommodate this growth is a critical area that must be addressed to assure the economic and social vitality of the State.

HIGHWAYS

Process Improvement for Approvals

Since 2018, the Highways Division has moved from a largely manual paper process to an electronic and automated workflow process. While the Highways Division has implemented this change, the electronic flow ends at the Division once further approval processing with other State Departments is needed. A selected issue for further study would be for improved electronic workflow, for example seamless eSign that would flow from a requesting Division (Highways) to a reviewing Department (Department of Budget and Finance) to the authorized signer (Governor's Office).

Process Improvement for Recruitment

Since 2019, the Highways Division has incorporated WikiWiki hiring for the Engineer class. The Land Boundary Surveyor class was added a year later. The WikiWiki Hire Program is an expeditious method of filling state civil service positions by placing all qualified applicants on a register (previously

referred to as the eligible list). It encourages applicants to exercise initiative in seeking employment and provides state managers and supervisors wider discretion in determining the best qualified individuals for their positions.

To be eligible for WikiWiki Hire, applicants must meet the minimum qualification requirements and public employment standards. Applicants must qualify on the appropriate examination for the class of work or position and be an active qualified applicant on the register to be considered for appointment.

Adding more classes to the WikiWiki hire program would be something for further study as the Highways Division has benefitted greatly from the WikiWiki hire program. The Highways Division has hired 65 engineers in three and a half years since we piloted the WikiWiki program. In the first year under a pilot, we onboarded 47 engineers. Many were internal movements through promotions, many were fresh college graduates, some were from private industry.

04

Environmental Protection

ENVIRONMENTAL PROTECTION

I. OVERVIEW

The fourth major program in the State program structure is Environmental Protection. The program's overall objective is to restore, protect, and enhance, where appropriate, the natural and man-made physical environment.

The Environmental Protection Program is comprised of three Level II sub-programs. These sub-programs are distinguished by the uniqueness of their activities and objectives. They are Pollution Control, Preservation and Enhancement, and General Support for Natural Physical Environment.

Environmental Protection includes a total of 10 individual, lowest-level active programs. The organizational entities involved in this program are the Departments of Health (DOH), Land and Natural Resources (DLNR), and Agriculture (DOA).

Both the federal and State governments are continuously placing added emphasis on the prevention of environmental degradation, pollution abatement and conservation of biological diversity. Consequently, greater attention must be given to environmental considerations in planning processes by both the public and private sectors. The U.S. Environmental Protection Agency's (EPA's) FY 2022-2026 Long-Term Performance Goals - Strategic Goals 1-3 out of 7 are "Climate, Environmental Justice, and Enforcement/Compliance" (page 3) and their Cross-Agency Strategies include Science, Children's Health, Workforce and Partnerships (page 5)¹. This calls for closer coordination among federal, State, and county agencies in general planning, project planning, systems planning, and capital improvements.

The activities performed under this program can be separated into three distinct categories. They are:

1. Pollution Control - Pollution abatement and regulation

¹ <https://www.epa.gov/system/files/documents/2022-03/fy-2022-2026-epa-strategic-plan-overview.pdf>

- a. Source inspections and investigations, risk evaluation, and remediation;
 - b. Issuance of permits and variances;
 - c. Registration of pesticides; and
 - d. Compliance monitoring.
2. Environmental Management - Environmental preservation, conservation, and management
- a. Designation of wildlife refuges, natural area reserves and marine management areas (MMAs);
 - b. Management of use and other impacts on resource values with regulations, public information and education, and other means,
 - c. Forest protection and management (control of fire, noxious plants and forest pests and disease);
 - d. Erosion control;
 - e. Protection of mineral reserves;
 - f. Watershed protection;
 - g. Beach improvement, protection and restoration;
 - h. Restoration of threatened and endangered plants and animals;
 - i. Protection and management of natural area reserves, wildlife sanctuaries and marine management area
 - j. Aquatic habitat restoration;
 - k. Groundwater and surface water protection;
 - l. Water Reuse (builds communities to be sustainable and creates a resilient and drought-proof water supply. Water Reuse programs also ensure that residents have safe drinking water supplies, industries have water to expand and create jobs, farmers have water to grow food, our environment is protected, and our economic future remains strong and secure); and

- m. Waste minimization and recycling programs (support environmental preservation by reducing the amount of resources lost through waste disposal or by reusing materials through its original or secondary markets).
- 3. General Support for Natural Physical Environment -
Administration and Policy-Making

A further discussion of the programs comprising the overall Environmental Protection program will be found in the following sections.

ENVIRONMENTAL PROTECTION PROGRAM

MEASURES OF EFFECTIVENESS

OBJECTIVE: TO RESTORE, PROTECT, AND ENHANCE, WHERE APPROPRIATE, THE NATURAL AND PERSON-MADE PHYSICAL ENVIRONMENT.

STRUCTURE NUMBER	DESCRIPTION	PROGRA ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
04	1. NUMBER OF PROTECTED AREAS, STATEWIDE		13	13	12	12	12	12	12	12

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRA ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
	TOTAL		417,120	446,657	491,523	480,315	463,260	463,260	463,260	463,260
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
	TOTAL		35,483	79,118	62,146	70,334				

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

POLLUTION CONTROL

Pollution control is managed by branches in the DOH Environmental Health Administration (HTH 849), Environmental Management Division (HTH 840), Hazard Evaluation and Emergency Response Office (HTH 849), and the Environmental Health Services Division Indoor and Radiological Health Branch (HTH 610) who have been delegated authority by the EPA to manage programs under various laws. See Section IV for more details on emerging conditions, trends and issues related to the following laws and subprograms in this category.

Clean Air Act (HTH 840)

The EPA has delegated authority to the Clean Air Branch (CAB) to manage the State Operating Permit and Prevention of Significant Deterioration (OPPSD) Programs of the Clean Air Act (CAA) and Chapter 342B, Hawaii Revised Statutes (HRS). CAB administers the Air Pollution Control Permit and OPPSD Programs that address criteria and hazardous air pollutants of stationary air pollution sources, including permitting, monitoring, and enforcement. In accordance with the CAA, CAB also enforces the National Ambient Air Quality Standards, develops statewide emissions inventories, and adopts State Implementation Plans (SIPs). Moreover, CAB manages and operates the statewide Hawaii Ambient Air Monitoring Network, to ensure compliance with federal air quality data requirements and standards and to provide valuable air quality information used in public health and safety decisions. New air regulations continue to emerge (Regional Haze rules, New Source Performance Standards, National Emissions Standards for Hazardous Air Pollutants, air quality standards, greenhouse gas rules, etc.) providing new challenges to CAB in determining impacts to our State; evaluating applicability and implementation strategies; and developing monitoring, compliance, and enforcement activities. CAB oversees statewide compliance of 157 source permits and 210 non-source permits.

Clean Water Act (HTH 840)

The Clean Water Branch (CWB) is federally authorized to implement Section 401, Water Quality Certification, and Section 402, National Pollutant Discharge Elimination System (NPDES), of the Clean Water Act (CWA) as amended in 1977 and Chapter 342D, HRS. CWB also administers the program to reduce discharges from point sources such as sewage treatment plants and power plants, run-off from industrial facilities, and construction activities (greater than one acre). Monitoring continues under the Beaches Environmental Assessment and Coastal Health (BEACH) Act. CWB oversees statewide compliance of 70 individual NPDES permits, 12 general permits, 6,200 monitoring analyses, and monitoring of 147 marine recreational sites.

Safe Drinking Water Act (HTH 840)

The Safe Drinking Water Branch (SDWB) is the primacy agency delegated by the EPA to enforce compliance with the Safe Drinking Water Act (SDWA), as amended in 1996 and subsequent amendments under the Water Infrastructure Improvements for the Nation Act of 2016, America's Water Infrastructure Act (AWIA) of 2018, Infrastructure Investment and Jobs Act of 2021 also known as the Bipartisan Infrastructure Law (BIL), Consolidated Appropriations Act of 2022 (CAA 2022), and others; and Chapters 340E and 340F, HRS. The previously listed Acts address the Drinking Water State Revolving Fund (DWSRF) administration; new water system capacity requirements; existing water system capacity evaluation; consumer confidence reporting; distribution system operator certification program; source water assessment program; and groundwater protection program. The State's Underground Injection Control (UIC) program that regulates the State's underground disposal of wastewater is not an EPA delegated program and does not receive grant funds from EPA. The SDWB oversees statewide compliance of 137 Public Water Systems and over 1,324 UIC permits.

Resource Conservation and Recovery Act (HTH 840)

The Hazardous Waste Program (HWP), in the Solid and Hazardous Waste Branch (SHWB), is delegated the authority by the EPA to implement Resource Conservation and Recovery Act (RCRA) Subtitle C and Chapter 342J, HRS. The HWP is responsible for overseeing compliance of approximately four permitted treatment, storage,

and disposal facilities; 25 large quantity generators of hazardous waste; 147 small quantity generators of hazardous waste; 1,103 very small quantity generators of hazardous waste; 99 hazardous waste transporters; and 37 permitted used oil transporters.

The Underground Storage Tank (UST) Program in the SHWB is delegated the authority by the EPA to implement RCRA Subtitle I and Chapter 342L, HRS. The UST Program is responsible for ensuring compliance of UST regulations by UST owners and operators. This regulatory program includes a permitting program and consists of requirements associated with release prevention, including but not limited to design, operation, and training, as well as release response and remediation. The program oversees approximately 700 UST facilities, including the Red Hill Bulk Fuel Storage Tank Facility (Red Hill Facility).

Brownfields Utilization, Investment and Local Development Act (HTH 849)

The Hazard Evaluation and Emergency Response (HEER) Office collaborates with the EPA to implement the Brownfields Revitalization Act² and the Brownfields Utilization, Investment and Local Development (BUILD) Act³. There are 1,027 sites listed in the HEER Brownfields Inventory⁴ and are under the purview of HEER. Many are dormant at any given time, with some already having remedies in place with No Further Action (NFA) or NFA with Institutional Control. Some sites may have known or suspected contamination or historic contamination which may be considered for redevelopment. An innocent owner or prospective purchaser can conduct assessment activities and reach out to HEER to discuss requirements to investigate and remediate a site. Of the 1,027 sites, there are 196 sites with some form of control and 831 sites with no form of control.

² <https://health.hawaii.gov/heer/about-heer/organization/sdar-programs/brownfields/redevelopment/>

³ <https://www.epa.gov/brownfields/brownfields-laws-and-regulations>

⁴

https://hystategis.maps.arcgis.com/apps/OnePane/basicviewer/index.html?appid=0b64963ab049488b82ad3b7a5f791b80&extent=-157.9251,20.909,-157.3421,21.2889&zoom=true&scale=true&search=true&searchextent=false&details=true&legend=true&active_panel=legend&theme=light

*Comprehensive Environmental Response, Compensation, and Liability Act*⁵ (HTH 849)

The HEER Office maintains the statewide emergency plan and system for response to releases of hazardous substances and identifies, assesses, and prioritizes sites of hazardous substance releases that may pose a threat to human health and the environment. Excerpt from the EPA website:

"The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as Superfund, was enacted by Congress on December 11, 1980. This law created a tax on the chemical and petroleum industries and provided broad Federal authority to respond directly to releases or threatened releases of hazardous substances that may endanger public health or the environment.

The law authorizes two kinds of response actions:

- Short-term removals, where actions may be taken to address releases or threatened releases requiring prompt response.
- Long-term remedial response actions, that permanently and significantly reduce the dangers associated with releases or threats of releases of hazardous substances that are serious, but not immediately life threatening. These actions can be conducted only at sites listed on EPA's [National Priorities List](#).

CERCLA also enabled the revision of the National Contingency Plan (NCP). The NCP provided the guidelines and procedures needed to respond to releases and threatened releases of hazardous substances, pollutants, or contaminants. The NCP also established the National Priorities List.

CERCLA was amended by the [Superfund Amendments and Reauthorization Act](#) on October 17, 1986."

⁵ <https://www.epa.gov/superfund/superfund-cercla-overview>

Emergency Planning and Community-Right-to-Know Act⁶ (HTH 849)

The HEER Office maintains the statewide emergency plan and system for response to releases of hazardous substances and identifies, assesses, and prioritizes sites of hazardous substance releases that may pose a threat to human health and the environment. Excerpt from the EPA website:

"The [Emergency Planning and Community Right-to-Know Act \(EPCRA\)](#) of 1986 was created to help communities plan for chemical emergencies. It also requires industry to report on the storage, use and releases of hazardous substances to federal, state, and local governments. EPCRA requires state and local governments, and Indian tribes to use this information to prepare for and protect their communities from potential risks.

On October 23, 2018, America's Water Infrastructure Act of 2018 (AWIA) was signed into law, amending EPCRA's emergency release notification and hazardous chemical inventory provisions. The revisions require that community water systems 1.) receive prompt notification of any reportable release of an EPCRA extremely hazardous substance (EHS) or a Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) hazardous substance that potentially affects their source water and 2.) have access to Tier II information (i.e., hazardous chemical inventory data). These requirements went into effect immediately upon signing the law."

Oil Pollution Act of 1990⁷ (HTH 849)

The HEER Office maintains the statewide emergency plan and system for response to releases of hazardous substances and identifies, assesses, and prioritizes sites of hazardous substance releases that may pose a threat to human health and the environment. Excerpt from the EPA website:

"The Oil Pollution Act (OPA) of 1990 streamlined and strengthened EPA's ability to prevent and respond to catastrophic oil spills. A trust fund financed by a tax on oil is available to clean up spills when the responsible party is

⁶ <https://www.epa.gov/epcra>

⁷ <https://www.epa.gov/laws-regulations/summary-oil-pollution-act>

incapable or unwilling to do so. The OPA requires oil storage facilities and vessels to submit to the Federal government plans detailing how they will respond to large discharges. EPA has published regulations for aboveground storage facilities; the Coast Guard has done so for oil tankers. The OPA also requires the development of Area Contingency Plans to prepare and plan for oil spill response on a regional scale."

Pesticides (AGR 846)

An emerging trend is the growing general negative public sentiment towards the use of pesticides, leading to a decrease in the overall number of certified applicators. Increased reporting requirements are also burdening certified applicators due to some duplicative reporting requirements between Federal and State laws. The decrease in certified applicators and reliance on registered use pesticides has decreased sales and distribution of some types of pesticides in marketplaces.

Due to the unsubstantiated belief that all pesticides are "bad", many applicators do not want to be associated with pesticide use. Both certified and non-certified applicators have been harassed due to their appropriate use of pesticides. Outreach continues to be a priority as many pesticides are used solely for beneficial situations such as disinfection, sanitization, structural pest control, vector control, invasive species control, etc.

The "organic" movement should be viewed with caution as many consumers believe that organic produce and products are not treated with pesticides. Pesticide use on organic production is allowable; a list of organically approved pesticides products is available widely online. However, organic chemicals may also be more toxic than conventionally produced chemicals because toxicity and organic status are not mutually exclusive.

While some concerns may be valid, targeted opposition of specific pesticides (such as Round-up and Paraquat) may have unintended consequences. Alternatives to these products may be more expensive, more toxic, cause greater negative environmental effects, produce biological resistances, and exhibit various other negative characteristics.

LEVEL II

POLLUTION CONTROL

MEASURES OF EFFECTIVENESS

II. 01 POLLUTION CONTROL

OBJECTIVE: TO REDUCE THE VARIOUS FORMS OF ENVIRONMENTAL POLLUTION TO ACCEPTABLE LEVELS.

STRUCTURE NUMBER	DESCRIPTION	PROGRA ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0401	1. # HIGHLY TOXIC EXP TO PEST THREAT TO LIFE OR HLTH		0	4	4	4	4	4	4	4

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
040101	ENVIRONMENTAL MANAGEMENT	HTH-	353,343	355,126	358,616	374,106	357,049	357,049	357,049	357,049
040102	PESTICIDES	AGR-	2,685	4,265	4,215	4,042	4,042	4,042	4,042	4,042
	TOTAL		356,028	359,391	362,831	378,148	361,091	361,091	361,091	361,091
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
040101	ENVIRONMENTAL MANAGEMENT	HTH-	27,983	63,008	62,146	70,334				
	TOTAL		27,983	63,008	62,146	70,334				

PRESERVATION AND ENHANCEMENT

The Preservation and Enhancement program's overall objective is to restore, protect, and enhance, where appropriate, the natural and man-made physical environment.

Ecosystem Protection, Restoration, and Fisheries Management (LNR 401)

LNR 401 is now a consolidation of the Ecosystem Protection and Restoration program (LNR 401), Fisheries Management program (LNR 153) and the District Resource Management program (LNR 805).

Program objectives are to support and assist in the wise use of and the long-term sustainability of Hawaii's aquatic ecosystems, fishery resources, and other aquatic life for the benefit of Hawaii's people and its visitors through monitoring, research, outreach, collaboration, and management, to coordinate with other resource management agencies, cultural practitioners, and resource users to restore, enhance, or improve existing habitat and resources; thereby, providing opportunities for enjoyment of aquatic resources, including commercial and non-commercial fishing, through effective resource management, appropriate regulatory frameworks, outreach, and collaboration.

Important program relationships: Counties related to County zoning for shoreline use; and other State entities to manage surface (fresh) water bodies and nearshore water quality and quantity, manage upland effects (Division of Forestry and Wildlife), manage boating and ocean recreation (Division of Boating and Ocean Recreation) like Ocean Recreation Management Areas (ORMAs), manage coastal and conservation lands (Office of Conservation and Coastal Lands) or State Parks (SP) that are directly landward of Marine Management areas (MMAs), and enforce regulations (Division of Conservation and Resources Enforcement). Federal agencies that have similar objectives of marine and freshwater aquatic resources conservation, and Federal natural resources agencies that provide funding to assist in attaining mutual objectives.

Significant activities include monitoring of aquatic resources, habitat protection, restoration, and enhancement, invasive and alien species control, licensing and monitoring of Hawaii's commercial fishing industry, providing for recreational public fishing areas, providing for community-based subsistence fishing areas, culture and release of important game, and food, and culturally important fishes, school and public education, including rural, remote, and low-income areas, and ecological research including life history of targeted/important species, stock assessments, and alien species impacts.

Important external developments affecting the program: Protected species concerns have the capability to greatly impact commercial and recreational fishery activity. Greater interests by communities to manage local resources are promoting more community-based management initiatives. A greater federal presence will influence State focus and direction. Alien species concerns will trigger greater regulatory measures. Climate change will result in more frequent and more severe impacts to coral reefs, including storms, flooding, and coral bleaching.

Significant measures of effectiveness include a statewide commercial marine licensing program that processes license applications, processes reported landings information that is used by State and federal resources managers to manage fisheries, without public complaint or lapse in timely data utilization. Amended or new Hawaii Administrative Rules to enhance fishing experience or to protect resources.

Preservation measures: consider rules to sustain aquatic resources and their habitats, restoration projects regarding aquatic species and their habitats, technical guidance in permit or statutory-required reviews, and modification, creation, or enlargement of marine managed areas.

Develop a standardized Statewide Monitoring Program to inform and support adaptive management of MMAs in Hawai'i nearshore waters. Develop a framework for public consultation which includes a process for incorporating advice from scientists, cultural experts, and stakeholders that can be used to create or evaluate MMAs. Utilize socio-cultural indicators to evaluate MMAs from a holistic perspective.

Native Resources and Fire Protection Program (LNR 402)

The mission of the Department of Land and Natural Resource's Division of Forestry and Wildlife is to protect and manage watersheds, native ecosystems, and cultural resources, and ecosystem services through management, partnerships, community involvement, and education.

The Native Resources and Fire Protection Program objectives are to: (1) Manage habitats to protect, maintain, and enhance the biological integrity of native ecosystems; (2) reduce the impacts of wildfires on native ecosystems and watersheds; (3) reduce the impacts of invasive species on native resources; (4) protect, maintain, and enhance native species populations, and recover threatened and endangered species; (5) promote outreach and foster partnerships to improve public understanding, responsibility, and participation; and (6) conduct monitoring and evaluation to guide the development of recovery and management plans, and ensure cost effective adaptive management of implementation actions and tasks.

This program typically cooperates with the following State departments on technical matters and for field implementation of program objectives: Agriculture; Education; Hawaiian Homelands; Health; Transportation; the Office of Hawaiian Affairs; and the University of Hawaii. It also coordinates with federal agencies including the Department of Defense, Environmental Protection Agency, Fish and Wildlife Service, National Park Service, U.S. Geological Survey, U.S. Forest Service, USDA's Natural Resources Conservation Service, and the USDA Animal and Plant Health Inspection Service Wildlife Services. Cooperation with county agencies includes coordination with the county water departments, fire departments, planning and permitting agencies, and personnel working on invasive species.

Important relationships include (1) cooperation with private landowners to manage and restore endangered species; (2) implementation of federal programs for wildlife and endangered species restoration; (3) coordination with federal, state, and county agencies and private organizations for the acquisition of land or conservation easements for protecting and conserving the natural resources of Hawaii; (4) cooperation with federal and county agencies for fire-fighting; (5) cooperation with federal

and county programs to control invasive species; and (6) support of the Watershed Partnership Program.

Significant activities include protection and restoration of native and endangered species, wildland fire protection, native species habitat restoration, management of wildlife sanctuaries, invasive species control, and support for landowner assistance programs.

Water Resources (LNR 404)

Water is Hawaii's most important natural resource. Its protection and preservation are directly linked to health, welfare, and quality of life. Limited water resources and growing demand requires careful consideration and more effective coordination between land use planning and water availability.

As the State approaches the limits of its water resources, effective and proactive plans and strategies should be in place to optimize and conserve water use, to best allocate existing resources, and to implement measures to best meet future needs and competing interests, while protecting public trust uses and sustaining our water resources.

The Commission on Water Resource Management (Commission) is administratively attached to the Department of Land and Natural Resources (DLNR). The objective of the Commission is to protect the water resources (ground and surface water) of the State and provide for the maximum beneficial use of water by present and future generations. The Commission serves as the primary steward of the water resources public trust and exercises exclusive jurisdiction and final authority in all matters relating to the implementation and administration of the State Water Code (Hawaii Revised Statutes Chapter 174C,). Implementation of the State Water Code is achieved through a comprehensive program consisting of long-range planning, hydrologic data collection and analysis, resource monitoring, and regulatory controls and enforcement within established rules, regulations, and guidelines adopted by the Commission.

The Commission's staff is comprised of four (4) branches with the following responsibilities:

1. Planning Branch: Develop comprehensive, long-range plans for the protection, conservation and management of the State's water resources, including the development and updating of the Hawaii Water Plan in accordance with the Hawaii Water Plan Framework.
2. Stream Protection and Management Branch: Protect and regulate the use of the State's surface water resources by permitting stream channel alterations and diversion of surface waters, administering the designation of surface water management areas and surface water use permits, establishing instream flow standards, conducting surface water resource assessments including historical and present flow measurement and stream characteristics.
3. Ground Water Regulation Branch: Protect and regulate the use of the State's ground water resources by approving well construction and pump installation permits, administering the designation of ground water management areas and ground water use permits, monitoring aquifer health and establishing sustainable yields.
4. Survey Branch: Collect and analyze hydrologic data and assess water resource availability and use, maintain an inventory of all water use permits.

Priority activities for the Commission include:

- Prioritize and protect public trust uses of water.
- Develop comprehensive, long-range plans for the protection, conservation and management of the State's water resources, including the development and updating of the Hawaii Water Plan in accordance with the Hawaii Water Plan Framework.
- Collect and analyze hydrologic data and assess water resource availability and use.
- Designate water management areas and regulate water use where water resources may be threatened.

- Establish instream flow standards on a stream-by-stream basis whenever necessary to protect the public interest in waters of the State.
- Protect stream channels from alteration whenever practicable to provide for fishery, wildlife, recreational, aesthetic, scenic, and other beneficial instream uses.
- Administer a statewide permitting system for well construction, pump installation, stream channel alteration, and stream diversion work.
- Administer water use permitting system in designated water management areas.
- Investigate and arbitrate water-related complaints/disputes.

The management and protection of Hawaii's water resources is complex and requires not only collaboration among the Commission's branches, but also expertise by a diverse group of partners. Several agencies support the Commission with its mission to protect the water resources of the State and provide for the maximum beneficial use of water by present and future generations. This includes:

- Department of Health (DOH)

DOH has primary jurisdiction and responsibility for the State's water quality control programs. Historically, the Commission has deferred to DOH on most water quality related matters. As co-trustees of water there is an increasing need for the Commission and DOH to work in partnership rather than operating in silos.

- Division of Forestry and Wildlife (DOFAW)

DOFAW is responsible for the management and protection of Hawaii's forested watersheds and native ecosystems that help capture rainfall, which replenishes aquifers and streams. With help from various partners, including groups like the Watershed Partnerships and Invasive Species Committees, DOFAW seeks to eliminate threats to native forests and ensure future water supplies. The Commission recognizes the value of watershed protection and supports the work of DOFAW and its partners.

- Division of Aquatic Resources (DAR)

The mission of DAR is to manage, conserve, and protect Hawaii's aquatic resources and ecosystems. Many of these ecosystems rely on fresh water from springs and nearshore discharge. As more water is pumped from our aquifers and removed from streams, these systems are impacted in ways that we do not fully understand. The Commission has begun partnering with DAR to understand the impacts of new wells, etc. on ground water dependent ecosystems.

- U.S. Geological Survey

The current cooperative agreement between the Commission and the USGS includes long-term monitoring that collects rainfall, ground water, and surface water data from monitoring stations throughout the State. The data from this program allows managers to observe trends in Hawaii's water resources that are associated with land use change, seasonal climate variability, and climate change. Given the lack of funding, the Commission relies heavily on USGS to supplement its monitoring abilities.

- 'Aha Moku Advisory Council

Traditional and customary practices of Native Hawaiians is a public trust protected use of water. Commission permits are forwarded to 'Aha Moku Advisory Council who coordinates and facilitates review with cultural practitioners and lineal descendants to determine if the resources and their practices may be impacted by the proposed project.

Conservation and Resources Enforcement (LNR 405)

The Division of Conservation and Resources Enforcement (DOCARE), has primary responsibility for natural, cultural, recreational, and historical resources enforcement in our State. Hawaii has the fourth largest coastline in the nation. There are 23,000 acres of inland surface water, 3 million acres of state ocean waters and 410,000 acres of coral reef around the main Hawaiian Islands. Hawaii has the largest tropical rainforest in the United States and the eleventh largest state forest with over 1 million acres utilized for hunting. In addition, there are 2

million acres of conservation land and 1.2 million acres of state-owned lands. DOCARE officers throughout the State attempt to contact, inform, educate and provide law enforcement to the 1.2 million residents and 6 million visitors that use the State's resources daily.

The overall mission of the DOCARE is to promote the safe and responsible use of Hawaii's natural resources.

DOCARE closely follows the goal of the DLNR which is to promote a life-sustaining Hawaii through the protection of our fragile environment, its natural, cultural, and historic resource base, and the function and viability of natural systems on which all life depends. The Division strives to protect food sources, native species, critical habitats, ecosystems and assists with the management of our natural, cultural, and historic resources in order that a strong foundation be maintained for the future.

In partnership with others, the Division helps to lead the citizens and visitors of Hawaii in developing and maintaining a tradition of ethical use, stewardship and sustainability of our land and marine resources. This enforcement effort focuses on the right of all persons to safely use, share and enjoy Hawaii's natural, cultural and historic resources through firm, fair and effective law enforcement.

DOCARE Officers attempt to educate and inform citizens and visitors alike in the responsible use of Hawaii's unique precious resources through the application of county, state and federal laws.

DOCARE also works to promote public safety, the highest priority in any law enforcement entity is to ensure the protection of life, health and property. To this end, DOCARE utilizes appropriate enforcement measures to promote responsible conduct by resource users to ensure the safety of all persons. Experience has demonstrated that effective resource protection cannot be accomplished without a viable law enforcement response and presence is critical to any effort designed to ensure compliance of our land and marine resource protection measures. In meeting these requirements, the Division gives priority to the enforcement of ordinances, statutes and rules designed to protect and enhance Hawaii's unique and fragile environment.

Preventative enforcement measures in the form of public education and community outreach efforts are ongoing and designed to increase the public's awareness and foster their help and cooperation in sustaining our natural, cultural, and historic resources.

Natural Area Reserves and Watershed Management (LNR 407)

The Program's overall objective is to protect, restore, and enhance Hawaii's natural area reserves, forested watersheds, native ecosystems, unique native plant and animal species, and cultural and geological features for their natural, cultural, scientific, educational, and economic values.

Priority activities include: (1) controlling non-native plants in native ecosystems and forested watersheds; (2) protecting native ecosystems from feral ungulates; (3) monitoring the health of native ecosystems; (4) administering the Natural Area Partnership Program (NAPP) contracts; (5) supporting watershed partnerships throughout the state with funding and technical expertise; (6) protecting and enhancing federally and state listed Threatened and Endangered species with active management programs; (7) overseeing the Youth Conservation Corps (YCC) students and interns program for the benefit of the environment and the youth of Hawaii; (8) implementing volunteer programs to engage the general public in resource management projects; and (9) supporting research and environmental education by issuing permits and providing access and interpretation.

The economic benefits of supporting watershed protection have been confirmed by dozens of studies. The University of Hawaii Economic Research Organization found that in the Pearl Harbor aquifer, full forest protection saves the water utility \$26-39 million per year (after 50 years) in replacement costs.— Many other study areas in the state have also resulted in positive cost-benefit analyses. These economists conclude that Watershed protection and restoration provide a range of benefits including clean and ample water supplies, biodiversity, cultural connection to place, carbon sequestration, and a suite of other ecosystem services. Research by UHERO's Environmental Policy and Planning Group demonstrates the economic benefits of native forest protection and restoration for groundwater recharge, pointing to the value of strategic investments in watersheds to

protect water for people and ecosystems. The State Water Projects plan of 2020 affirms that by protecting the forests, we are allowing rain, fog drip, and water to be captured and stored to replenish our aquifers and streams.

Studies also confirm the critical importance of forests in reducing flooding and erosion. Keeping upland areas forested is one of the most important ways to reduce sedimentation into streams. Statewide, where goats and other hoofed animals have created bare ground, annual erosion rates can be 50-100 times the natural rate if the land was forested.

Not only do forests hold soil better, they also absorb water into the ground faster. This prevents the water from running off and causing further erosion and downstream flooding. In a statewide study, the average rate water infiltrates into the soil was 15 times faster in a forest than bare ground.

Natural Physical Environment (LNR 906)

The Administrative Services Office (ASO) provides business management advice, assistance and support services to the Chairperson, the Board of Land and Natural Resources, and the various divisions and staff offices of the Department and to the administratively attached agencies. The ASO serves as the chairperson's key advisory staff and resource in the internal management of departmental programs relative to assigned functional areas, which include: program planning and budgeting, financial management and analysis, auditing, federal grants management, records management, and risk management, to ensure the viability of projects and programs, as well as stewardship, accountability, transparency and compliance. The ASO serves as the Department's resource in the interpretation and application of laws, rules and regulations, policies, procedures, and guidelines governing budgeting, accounting and fiscal, procurement, and management analysis.

Human Resources Office

The Human Resources Office, a sub-program in LNR906, provides comprehensive personnel management services to the Chairperson, Board of Land and Natural Resources, and to heads of divisions and staff offices of the department. Its main objectives are to manage the employee life cycle, training and development, compensation and employee benefits, compliance, and workplace safety. Major services include guidance and technical assistance in such specialized fields such as employee and labor relations; position classification; organization and management; employee training and development; employee safety; recruitment; selection and placement; affirmative action; employee benefits; and personnel transactions and records maintenance.

Information Technology Services Office (ITSO)

The Information Technology Services Office reports to the Office of the Chairperson, Board of Land and Natural Resources. The ITSO provides department-wide leadership and direction in the optimal use and management of information technologies. The program strives to deliver effective and efficient information processing services to operate more efficiently. The objectives of the IT Office are to strengthen DLNR business productivity, administer an effective technology office, and implement technology resources in support of business objectives. The IT Office serves to develop and coordinate the information technologies of departmental business functions and management: applications and geographic information-based systems; local and wide area fiber networks; and voice and radio telecommunication functions to improve the effectiveness and efficiency of program objectives for the public benefit.

Coordinator on Homelessness

DLNR's Coordinator on Homeless is a special program within the Chair's office and works with all DLNR divisions to address homelessness on DLNR properties. In 2022, it consisted of two people, one chair's office staff at 0.4 FTE and one DOCARE Officer at 1.0 FTE. On a statewide level, the coordinator works with the Governor's Office on Homelessness to ensure coordination with Statewide goals and Administration priorities, and with HDOT, who provides storage and debris removal statewide

through legislative funding. Staff also work with other state and county agencies to coordinate clean-ups.

The objectives of this program are to:

- Decrease or eliminate homeless on DLNR properties
- Manage trash and debris generated by homeless on its properties.
- Ensure adequate outreach and review of housing options for all homeless on DLNR properties.

This program services all land-owning divisions, who would generally manage their own lands. However, since management of homeless populations is not within their mission, this program handles the coordination with outreach services, the Office of the Governor's Coordinator on Homelessness, County law enforcement and coordination with adjacent landowners. If the clean-up is relatively small, division staff will do the actual clean-up, with the DOCARE officer on hand to assist with safety. Both staff will do the required posting of notice, usually one week in advance of any clean-up action. Divisions will assist with posting if program staff are unfamiliar with the location of the homeless. Additional DOCARE officers are called in if an encampment is particularly large, or possibly dangerous.

Homeless on DLNR lands are fairly independent and have generally gravitated to beach areas, or forested areas with water, and with access to restrooms and other facilities.

Most of DLNR's homeless suffer from mental health problems or drug addiction. Therefore, homelessness on DLNR lands will not be addressed until the state develops a comprehensive program to address mental health and substance abuse issues. However, addressing the high cost of living, and the extremely difficult circumstances many of Hawaii's underprivileged live in, could lessen the desire for some to start taking drugs in the first place.

Environmental Health Administration (HTH 849)

The major activities in this program area are administration, planning, evaluation, and surveillance of environmental hazards, as well as the investigation and remediation of environmental contaminants under emergency and routine conditions. DOH has enhanced its ability to respond to chemical releases and oil spills. In particular, DOH has enhanced its capability to evaluate hazards to both public health and the environment through scientific risk assessment analyses. DOH has also taken a leadership role in implementing the federal Brownfields Revitalization Act of 2003 by promoting the assessment, cleanup, and redevelopment of underutilized and abandoned property in the State. In this regard, DOH is also actively promoting the use of the Hawaii Voluntary Response Program, which has been very successful in encouraging the voluntary cleanup of contaminated property. Finally, DOH is developing its capability to respond to acts of bioterrorism by participating in national training and assuming responsibilities under the State Incident Command Structure.

LEVEL II

PRESERVATION AND ENHANCEMENT

MEASURES OF EFFECTIVENESS

II. 02 PRESERVATION AND ENHANCEMENT

OBJECTIVE: TO PRESERVE, ENHANCE AND AUGMENT, WHERE APPROPRIATE, THE STATE'S NATURAL RESOURCES AND UNIQUE NATURAL ENVIRONMENTAL CHARACTERISTICS.

STRUCTURE NUMBER	DESCRIPTION	PROGRA ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0402	1. # MARINE PROTECTED AREAS STATEWIDE		13	13	12	12	12	12	12	12

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRA ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
040201	ECOSYSTEM PROTECTION, RESTORATION, AND FISHERIES	LNR-401	4,021	7,215	37,524	15,128	15,128	15,128	15,128	15,128
040202	NATIVE RESOURCES AND FIRE PROTECTION PROGRAM	LNR-402	16,828	24,699	28,055	23,688	23,689	23,689	23,689	23,689
040204	WATER RESOURCES	LNR-404	2,868	4,120	4,407	4,500	4,501	4,501	4,501	4,501
040205	CONSERVATION AND RESOURCES ENFORCEMENT	LNR-405	9,406	16,211	15,137	15,486	15,487	15,487	15,487	15,487
040206	NATURAL AREA RESERVES AND WATERSHED MANAGEMENT	LNR-407	8,803	18,118	12,743	11,398	11,398	11,398	11,398	11,398
	TOTAL		41,926	70,363	97,866	70,200	70,203	70,203	70,203	70,203
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
040202	NATIVE RESOURCES AND FIRE PROTECTION PROGRAM	LNR-402	1,500	5,260						
040204	WATER RESOURCES	LNR-404	2,000	2,000						
040206	NATURAL AREA RESERVES AND WATERSHED MANAGEMENT	LNR-407	4,000	8,350						
	TOTAL		7,500	15,610						

III. PROGRAM CHANGE RECOMMENDATIONS

PRESERVATION AND ENHANCEMENT

Ecosystem Protection, Restoration, and Fisheries Management (LNR 401)

DAR is in the process of developing administrative rules and web-based infrastructure to implement a nonresident recreational marine fishing license and an ocean stewardship user fee to provide a sustainable source of funding for fisheries and ecosystem management. Fishing license revenues will provide a critical source of matching funds to leverage significant available federal funding. Build partnerships with State authorities (DOH, DOFAW, DOBOR, DOCARE, OCCL, and State Parks, to effectively manage the nearshore marine ecosystem. Secure funds to increase resource monitoring staff to support data collection, entry, analysis, and disseminating results.

Additionally, DAR is proposing the consolidation of three (3) program IDs (LNRs 153, 401 and 805) into one (1) program ID LNR 401.

Native Resources and Fire Protection Program (LNR 402) *Natural Area Reserves and Watershed Management (LNR 407)*

Management needs arising from invasive species, fire, and emergency response, and decline and extinction of native species continue to pose an increasing obligation and challenge for the department. While progress has been made recently on all fronts, insufficient funds are the greatest obstacle to continued program development and expansion of the program. As the economic benefits of invasive species reduction and watershed protection have been repeatedly proven by studies to outweigh the costs, additional investment in these programs is warranted. As climate change decreases fresh water supplies, increases the rate of severe storms and flooding, as well as increases the risk of wildfire, the importance of these programs continues to heighten.

Additionally, these programs have a critical lack of staff. For example, there is only a single civil service position to oversee the protection of more than a hundred snail species that are facing extinction in the next 5-10 years.

Water Resources (LNR 404)

The Commission operates on an annual budget of less than \$3 million. Most of this funding supports personnel and the annual USGS contract for statewide hydrologic data collection with very little left over to carry out the extensive authorities and responsibilities outlined in the State Water Code (HRS 174C). Some opportunities and recommendations for change are listed below.

(1) Increase base budget and staff capacity: The Commission operates with a staff of approximately 20. Given the emerging trends identified in Section IV, there is an urgent need to provide adequate and increased funding. More staff will allow the Commission to engage with communities ahead of contentious issues and avoid conflict, conduct research and monitoring essential to ensure the long-term sustainability of the State's water resources and the protection of public trust uses, respond to water-related inquiries and petitions in a timely manner, conduct enforcement and hold permittees accountable, and ensure timely updates to the Hawaii Water Plan by engaging early and often with agency preparers and stakeholders. More funding can also be used as match to apply for federal grant opportunities, often leveraging State dollars 1:1.

(2) More monitoring to ensure the protection of water resources: The Commission maintains and operates a network of 13 deep monitor wells (DMWs) which provide data on changes in freshwater aquifers over time. This data is essential for observing long-term changes in water availability and planning for future water shortages. The Commission estimates at least 20 more DMWs are needed statewide to improve the State's understanding of groundwater conditions and prepare for the impacts of climate change. Over the last few years, the Legislature awarded \$2 million annually in Capital Improvement Project (CIP) funds for the construction of new DMWs, but the

cost of one DMW is typically over \$1.5 million. A recent USGS report identifies immediate and long-term water resource monitoring needs statewide. The recommendations outlined in this report depend on increased funding for the Commission.

(3) Create efficiencies by moving certain DOH authorities under the Commission: We can no longer afford to think of water quantity and water quality as separate issues that should be bifurcated among different agencies. As the lead water agency in the State, the Commission has broad authorities to protect and regulate both water quantity and quality. By moving certain Clean Water Act (CWA) authorities under the Commission, millions of dollars in federal funding can be made available and leveraged by the Commission to invest in water re-use projects, construct more DMWs, conduct proactive climate research and much more.

Conservation and Resources Enforcement (LNR 405)

With the Ige Administration's priority to protect 30 percent of the State's nearshore waters by the year 2030, DOCARE has proposed a substantial increase in the budget for DOCARE. This much needed increase in funding for more manpower, equipment, and other expenses will improve efforts across the State. This increase in funding allows for the purchase of necessary equipment to provide immediate access to information that will aid management and enforcement personnel in their duties. This increase will also include the need for Capital Improvement Program funding to invest in needed repairs and maintenance of DOCARE base yard, office as well as equipment and evidence storage facilities statewide. DOCARE will also continue to improve on its statewide Records Management System that will allow the various branches and division to process data and documents on a timely basis while promoting electronic communication between all users.

To meet public expectation of response, especially during after-hours, night-time hours and during contingencies and emergencies, this requested increase will be used to ensure response during these times, and assist the Division with meeting its contractual obligations under the Employer-Union collective bargaining agreement. At the same time, DOCARE is maintaining, enhancing, and optimizing its working relationships

with other local, State, and federal agencies to address shared enforcement concerns and responsibilities.

The department has established the Civil Resources Violation System (CRVS) civil/administrative penalties procedures and created an CRVS hearing officer and coordinator to increase the use of civil penalties. DOCARE will benefit from this effort since this administrative process will reduce the need to process minor offenses through the criminal justice system.

DOCARE continues to work with community groups, resource users and interested individuals to ensure voluntary compliance with departmental conditions and restrictions through formal and informal education and information opportunities.

NATURAL PHYSICAL ENVIRONMENT (LNR 906)

Administrative Services Office

The legislature in its last regular session, approved the transfer of two unfunded UPW Forestry and Wildlife Worker II (BU03) positions to the Administrative Services Office and to be redescribed to HGEA Accountant IV (BU13) positions. In consultation with both unions during the process of redescribing the positions, UPW flatly denied the redescription. Thus, we are requesting a tradeoff to eliminate the two existing UPW positions and the creation of two HGEA positions. All costs associated with this request will be cost-neutral at the program ID level.

Coordinator on Homelessness

Homelessness will not decrease significantly over time until a convergence of circumstance allows state and NGOs to hit a maximum number of targets at the same time. Until that happens, homelessness will continue to fluctuate at around the 7,000 range because as one person gets into permanent shelter, two more become homeless. All of this is beyond the ability of DLNR to address, with the limited exception of providing land for shelters, which is handled by the Land Division.

This program does not have a significant investment in either operating or capital costs, and none are envisioned for the foreseeable future, unless the HDOT funding goes away. Storage and debris removal is the biggest cost for this program, but those costs are handled by individual divisions, or HDOT. If storage and debris removal must be handled in-house, the coordinator position would need to be full time, and possibly one additional staff would be needed. Operational costs in the range of \$3 million would be needed to cover clean-up operations for all DNLR properties (54 as of June 2022) that have homeless.

Aha Moku Advisory Committee (AMAC), Kahoolawe Island Reserve Commission (KIRC), and Maunakea Stewardship and Oversight Authority (MKSOA)

DLNR has requested the following attached agencies be given their own Program IDs for tracking and monitoring of funds:

- LNR 907 - Aha Moku Advisory Committee
- LNR 908 - Kahoolawe Island Reserve Commission
- LNR 909 - Maunakea Stewardship and Oversight Authority

Kahoolawe Island Reserve Commission (Proposed LNR 908)

Program Change Recommendations:

1. Make permanent the additional funds provided in Act 248/SLH2022:
 - a. The funding provided in Act 248/SLH2022 is a significant one-time contribution to the on-island operations and support needed to continue the KIRC's innovative and effective on-island restoration and management efforts. On-island operations and support such as upkeep of our base camp facilities and infrastructure, housing, accommodation and meals for our field staff and volunteers, maintenance and repairs for our ocean vessel are continuing expenditure that are necessary for the KIRC to have a

continuing presence on Kaho`olawe, to conduct field projects and to ensure public safety.

2. Add personnel to support field operations:
 - a. The increase in weather severity has resulted in an increased need for additional manpower to safely and effectively operate the KIRC ocean vessel and to assist with handling cargo, operating lines and equipment and safety lookouts as staff have been encountering rougher weather conditions and more boat traffic between Kaho`olawe and Maui.
 - b. The increasing impact of coastal erosion and severe weather along the shorelines of Kaho`olawe has increased our focus to coastline stabilization and coastal wetland restoration efforts. This additional effort also needs additional field support including additional staffing and funding.
3. Consolidate all Maui-based KIRC Operations by building the KIRC Education and Operations at Kihei:
 - a. The KIRC currently operates its office in Wailuku, Maui and boathouse operations in Kihei. Consolidating the KIRC operations to lands that it already holds at Kihei and building its proposed Education and Operation Center will streamline its operations, provide a greater public outreach and create revenue generating opportunities to offset the cost of KIRC's operations.

IV. EMERGING CONDITIONS, TRENDS, AND ISSUES

POLLUTION CONTROL

Environmental Management (HTH 840)

Public health demands in the 21st century are affected by increased awareness of the environment's impact on individual and community health (e.g., per- and polyfluoroalkal substances [PFAS], climate change, environmental justice, cesspools, greenhouse gases, Red Hill Facility closure and groundwater aquifer protection, water reuse, etc.) and continue to be sensitized to both physical and cybersecurity threats. Amendments to federal laws and rules continue to advance trends in environmental health programs that increases State initiatives, discretion, and flexibility in enforcing environmental laws with a focus on environmental justice. Further, environmental laws continue to rely on sound science, environmental data, public/private partnerships, and common sense.

In addition, Environmental Health Administration (EHA) is developing its capability to respond to natural and man-made disasters by participating in national training and assuming responsibilities under the State Incident Command Structure as the State Emergency Support Function Annex #10 for Oil and Hazardous Materials Response Primary and Coordinating Agency. Federal funding continues to be directed towards those programs that can and do contribute most to environmental improvements and protection measures. These trends are reflected in changes in each office and branch's programs.

The environmental management programs in DOH involve the regulation of all media areas and require a high degree of complexity of applied sciences involving and sometimes crossing several disciplines. As delegated by the EPA, the State has the authority to exercise discretion and sound science in establishing program requirements. This feature ensures favorable results for the amount of cost incurred by the regulated facilities. As environmental laws and rules change, the State must remain flexible to adjust and comply with these new mandates.

Hazard Evaluation and Emergency Response Office

The major activities in the HEER program area include the implementation and maintenance of the environmental response programs to plan for, respond to, and prevent releases of hazardous substances into the environment and protect public health and the natural resources of the State of Hawaii as defined in Chapters 128D and 128E, HRS; the federal CERCLA; EPCRA; and OPA. DOH investigates adverse health and natural resources damage effects associated with environmental hazards and prepares quantitative human health and natural risk assessments to assist in the regulatory decision-making process. DOH also maintains the statewide emergency plan and system for response to releases of hazardous substances and identifies, assesses, and prioritizes sites of hazardous substance releases that may pose a threat to human health and the environment. See iHEER for the incidents, sites and Hawaii EPCRA facilities on an interactive map as well as other related data - <https://eha-cloud.doh.hawaii.gov/iheer/#!/home>.

Clean Air Branch

Pursuant to the federal CAA and the regional haze regulations, the State is required to identify and address the existing visibility impairments to the two Class 1 areas - the Hawaii Volcanoes National Park and the Haleakala National Park. The State must assess the visibility monitoring data, develop emissions inventories, conduct air model screening and four-factor analyses, amend permits to incorporate regional haze control strategies, and adopt and continue to update a SIP to reach natural visibility goals by the year 2064. In August of 2022, CAB submitted a comprehensive SIP for the regional haze second planning period which is currently under review by the EPA. However, the federal Regional Haze Program is a long-term program (through 2064) with regulations being promulgated on an ongoing basis triggering additional analyses, actions, and continued improvements to air quality in order to meet program goals by the year 2064. Meeting regional haze requirements continues to be challenging for these reasons and because the tasks must be accomplished within specified timelines that are dependent on timely information from both the EPA and the regulated air pollution sources.

Clean Water Branch

The CWB continues to implement the CWA, Section 402 NPDES permit program. The purpose of the NPDES permit is to regulate certain point source water pollutant discharges, to impose legally binding water pollution control requirements on a discharger to minimize their impact on State surface waters, and to ensure that the State's Water Quality Standards and federal water pollution requirements will not be violated.

The CWB also continues to process and issue Section 401 State Water Quality Certifications to condition federal permits, such as the Section 404 permit from the U.S. Army Corps of Engineers, with water pollution control requirements to ensure that the federally permitted project or activity will not violate the State's Water Quality Standards. Finally, the CWB continues to perform marine and coastal recreational water monitoring under the BEACH Act; amends and revises the State's Water Quality Standards; and develops and implements Total Maximum Daily Loads to assist in restoring water quality in an impaired waterbody.

In 2020, the U.S. Supreme Court decided that an NPDES permit was required for the wastewater discharge from the Lahaina Wastewater Reclamation Facility's UIC wells to the ocean. The U.S. Supreme Court also found that point source discharges to Waters of the United States through groundwater requires an NPDES permit if the addition of the water pollutants through groundwater is a functional equivalent of a direct discharge. The challenges to the CWB will be determining how to issue this first of its kind permit to the Lahaina Wastewater Reclamation Facility, determining the specific threshold functional equivalent criteria that will be applied statewide and the justification for the criteria, defending the specific threshold functional equivalent criteria when Hawaii's existing subsurface dischargers challenge, processing and issuing permits for subsurface dischargers that meet the functional equivalent criteria, and the additional workload with limited resources due to this new subsurface discharge requirement.

In addition, while the CWA provided a voluntary framework to address nonpoint sources of water pollution, Congress did not provide federal agencies authority to ensure nonpoint sources of water pollution were effectively managed. As such, the states

throughout the nation are necessitated to develop and implement nonpoint source programs. Existing nonpoint source pollution control efforts administered by CWB has been reorganized within the new Surface Water Protection Branch (SWPB) to better address the issue.

Surface Water Protection Branch

The newly created SWPB is being staffed and will begin implementing Chapter 342E, HRS, and HAR Chapter 11-56. The new branch will begin addressing nonpoint sources of water pollution which are believed to be the biggest contributors to water pollution statewide. The program will continue to implement the CWA Section 319 grant program (a.k.a. DOH, Polluted Runoff Control Program) formerly housed within CWB. In addition, formerly unregulated nonpoint sources of pollution (e.g., agriculture, marinas, and forestry) will begin to be managed and obligated to implement pollution reducing practices as required by law. Staff from the program will conduct inspections, develop technical guidance, participate in environmental planning processes, and support the development of regulations necessary to protect water quality from nonpoint source pollution.

Solid and Hazardous Waste Branch, Hazardous Waste Program

The HWP in SHWB through Chapter 342J, HRS, and its rules has developed opportunities for more efficient management of hazardous waste yet protective of human health and the environment.

For example, in 2019, DOH adopted federal EPA regulations associated with the safe management of recalled airbags. This rule provides a conditional exemption for airbag modules and inflators from regulation as hazardous waste during their initial generation as waste and transport to an airbag waste collection facility. It is designed to facilitate expedited removal of defective airbags from vehicles by automobile dealerships. The airbag waste must be managed according to specific conditions to qualify for the exemptions, and EPA has created these conditions to ensure that the waste is safely handled.

More recently, the State has allowed photovoltaic solar panels to be managed as universal waste in order to provide greater incentive for generators to send this waste for recycling over managing as a fully regulated hazardous waste. With the anticipation of this waste stream increasing as existing panels reach end of life, we believe that this action will increase recycling of this material over than disposal.

Solid and Hazardous Waste Branch, Underground Storage Tank Program

The UST Program in the SHWB has adopted, and in some cases became more stringent than, the federal EPA 2015 regulations that includes additional requirements for field constructed tanks.

In addition to the adoption of new regulations in Chapter 342L, HRS, in 2015, DOH entered into an Administrative Order on Consent with the EPA and Department of the Navy to require improvements of the Red Hill Facility. However, after a series of release events in 2021 at the Red Hill Facility, DOH issued an Emergency Order for the defueling of the Red Hill Facility. The UST Program, in coordination with other environmental programs, is working to oversee safe defueling and closure, and site assessment and remediation of the Red Hill Facility.

Safe Drinking Water Branch

In accordance with HAR Chapters 11-19, 11-20, 11-21, 11-23, 11-25, and 11-65, SDWB continues to implement program areas which include the Public Water System Supervision Program, homeland security measures; Drinking Water Treatment Revolving Loan Fund (DWTRLF, also known as the Drinking Water State Revolving Fund [DWSRF]) administration; new water system capacity requirements; existing water system capacity evaluation; consumer confidence reporting; distribution system operator certification program; source water assessment program; and groundwater protection program.

The SDWB UIC program that regulates the State's underground disposal of wastewater is not an EPA delegated program and does not receive grant funds from EPA. SDWB is coordinating with CWB

on the NPDES permit for the Lahaina Wastewater Reclamation Facility.

SDWB in coordination with other environmental programs in DOH, DLNR, EPA, Honolulu Board of Water Supply, and other environmental organizations are working to oversee the distribution of safe drinking water in the Joint Base Pearl Harbor-Hickam Public Water System and the remediation of the Red Hill Shaft aquifer source below the Red Hill Facility.

SDWB participates in recycled water (water reuse) discussions to ensure that development and implementation of this program does not negatively impact drinking water aquifers and supports the Hawaii Fresh Water Initiative's December 2015 "A Blueprint for Action: Water Security for an Uncertain Future 2016-2030"⁸.

Wastewater Branch

In accordance with HAR Chapters 11-61, 11-62, and 11-65, the Wastewater Branch (WWB) continues to review and approve plans for wastewater treatment systems; implement water and wastewater sludge reuse programs; administer the Cesspool Conversion Working Group; establish and implement a Compliance Grant Program for Cesspool Conversions, administer the certification of wastewater treatment system operators, administer the statewide recycled water program, and implement the Water Pollution Control Revolving Fund (WPCRF) program (also known as the Clean Water State Revolving Fund [CWSRF]).

Environmental Information Management

DOH remains committed to the utilization of information management (data and technology systems) to improve environmental health information and services for the residents and visitors of Hawaii. DOH also ensures information management practices in alignment with the Office of Enterprise Technology Services and DOH Health Information Systems Office directives.

⁸ <https://www.hawaiicommunityfoundation.org/file/2021/Blueprint-for-Action-2016-2030-2.pdf>

In the next five-year period, Environmental Information Management plans to:

- Increase electronic data collection processes to maximize accuracy and timeliness of structured data for better environmental health decision making;
- Employ information management portals with external stakeholders to improve data quality and relationships;
- Develop electronic environmental interest document management processes to allow for document data transparency and meet public records requests and paperless initiatives; and
- Provide basic EHA modules (complaints inquiries intake, incoming and outgoing mail, document management, map-based viewers, site/interest profile management) for programs without federal funding to ensure consolidated common electronic services across the administration.

Over the prior periods, DOH has established shared systems and services by ensuring that program specific information management solutions were developed for broader use. DOH will continue to develop information management resources in this manner.

Indoor and Radiological Health Branch

The Indoor and Radiological Health Branch (IRHB) is delegated by EPA to be responsible for Asbestos NESHAP (National Emissions Standard for Hazardous Air Pollutants), Indoor Air Quality issues, and the Lead-Based Paint Abatement program. IRHB provides enforcement of asbestos and lead-based paint activities at demolition and renovation projects statewide as well as implements the training and certification of all asbestos and lead-based paint professionals and training providers. IRHB also assists the State Department of Education on implementing EPA's "IAQ Tools for Schools" on preventive maintenance and promoting good indoor air quality. See also 0158.PM - Health FY 07.doc.

Safe Drinking Water and Wastewater Branches, State Revolving Fund Programs

The WWB and SDWB each implement multi-million dollar revolving loan fund programs. Both programs receive annual capitalization grant funds from EPA that require State matching funds in the form of CIP requests. In addition, BIL, signed by President Joseph Biden on November 15, 2021, includes \$50 billion over five years to the EPA to strengthen the nation's drinking water and wastewater systems. A significant portion of the BIL water and wastewater infrastructure dollars will flow through the States Revolving Fund Loan Programs to various loan and grant recipients in the state.

1. Wastewater Branch, Water Pollution Control Revolving Fund Capitalization Grant

The WPCRF provides principal-forgiveness and low-interest loans to the counties in order to plan, design and construct and/or improve wastewater pollution control facilities. The EPA mandates the perpetuity of this loan program and provides annual capitalization grants of more than \$10 million annually which requires a 20 percent State match. This biennium request includes a CIP request to provide the required State matching fund for the WPCRF program. The WPCRF program is currently working on developing a pass-through program to provide funds to Counties to assist property owners with upgrading their cesspools.

2. Wastewater Branch, Water Pollution Control Revolving Fund Bipartisan Infrastructure Law

The WPCRF will be receiving an additional \$13.9 to \$19.2 million for the next five years from the BIL which will require a 10 percent State match for the first two years and a 20 percent State match for the third, fourth, and fifth years. For the next five years, the WPCRF program is committed to providing funding up to \$3.0 million per year for residential cesspool upgrades.

The WPCRF program will also be receiving \$0.73 to \$1.66 million from BIL for the next five years to fund projects to reduce the public's exposure to PFAS and other emerging contaminants and to

help address discharges through wastewater and, potentially, non-point sources. BIL requires these funds be distributed in the form of grants or forgivable loans. In addition, no State match is required for these funds.

3. Safe Drinking Water Branch, Drinking Water Treatment Revolving Loan Fund Capitalization Grant

The DWTRLF provides principal-forgiveness and low-interest loans for construction, improvement, and technical assistance and training to public and private water system operators statewide.

Funded by EPA and the State, the DWTRLF provides principal-forgiveness and low-interest loans to qualifying public water systems for improvements and to assure compliance with federal and State laws and rules. These funds support administration of the fund, federal initiatives, small water systems, new programs in water system capacity and source water protection, and technical assistance and training to publicly- and privately-owned public water system operators statewide.

The EPA mandates the perpetuity of this loan program and provides annual capitalization grants of more than \$7 million that require 20 percent State matching funds. This biennium request includes a CIP request to provide the required State matching fund for the DWTRLF program.

4. Safe Drinking Water Branch, Drinking Water Treatment Revolving Loan Fund Bipartisan Infrastructure Law

Over the next five years, the BIL will provide \$35 billion for safe drinking water in the nation. The Hawaii DWTRLF will be receiving almost \$18 to \$25 million each year for the next five years from BIL which will require a 10 percent State match for the first two years and a 20 percent State match for the third, fourth, and fifth years.

The DWTRLF program may be receiving almost \$7.6 million each year from BIL for the next five years to fund projects to address other drinking water emerging contaminants. The DWTRLF program may be receiving a portion of the \$28.3 million from BIL for the next five years to fund eligible lead service line

replacement projects. BIL requires these funds be distributed in the form of grants or forgivable loans. In addition, no State match is required for these funds.

Solid and Hazardous Waste Branch, Solid Waste Program

The SHWB Solid Waste Program is not an EPA delegated program and does not receive grant funds from EPA, and therefore is reliant on State funding. The Solid Waste Program regulates municipal solid waste landfills, for which the program has State program approval from EPA to review and approve alternative design and operational requirements specified in 40 Code of Federal Regulations Part 258, and HAR Chapter 11-58.1 (RCRA Subtitle D and 342H, HRS, are corresponding statutes). In addition to municipal solid waste landfills, the Solid Waste Program regulates all other solid waste management facilities, such as other types of landfills, and recycling, salvaging, composting, remediation, waste to energy, and foreign and medical waste treatment facilities, for which there are about 250 facilities. There are no EPA equivalent regulations for these types of operations and therefore is strictly a state regulatory program. The purpose of the state Solid Waste Program is to ensure that these facilities are designed, operated, and closed in a manner that is protective of human health and the environment, as well as to respond to complaints (over a 100 per year), which are primarily associated with illegal dumping.

Solid and Hazardous Waste Branch, Office of Solid Waste Management

The Office of Solid Waste Management (OSWM) oversees State and county solid waste planning and the State's recycling programs, such as the Deposit Beverage Container Program, Glass Advance Disposal Fee Program, and the Electronic Device Recycling and Recovery Program. Like the Solid Waste Program, OSWM is strictly a State program, however it is funded primarily by special funds. OSWM seeks to protect the public health and the environment through minimizing the amount of solid waste generated and disposed by citizens and encouraging conservation and recovery by diverting usable products from the existing solid waste stream and recycling or converting them into usable products or energy. In State Fiscal Year 2021, the State diverted approximately 53 percent of waste generated from

landfills and had a deposit beverage container redemption rate of approximately 63 percent. Act 151, SLH 2022, expanded the requirements of Electronic Device Recycling and Recovery Program for select electronic waste, and OSWM is currently working to implement this expanded program with expectations that it will increase recycling of covered electronic items. The challenge for OSWM is prioritizing and developing key recycling programs that will provide the state with significant waste diversion from disposal facilities whether by volume or toxicity, while being responsible with State funds and resources. We plan to address this challenge through the update of the state's Integrated Solid Waste Management Plan, which is anticipated to begin in the second half of State Fiscal Year 2023.

Native Resources and Fire Protection Program

(1) **Invasive Species:** The silent invasion of Hawaii by insects, disease organisms, snakes, weeds, and other pests is the single greatest threat to Hawaii's economy and natural environment and the health and lifestyle of Hawaii's people. Invasive pests already cause millions of dollars of crop losses, the extinction of native species, the destruction of native forests, and the spread of disease. Many more harmful pests now threaten to invade Hawaii and wreak further damage. Even one new pest like the brown tree snake or the red imported fire ant could change the character of our islands. New diseases such as avian influenza and West Nile virus threaten not only endangered species but human health and the state economy. Stopping the influx of new pests and containing their spread is essential to Hawaii's future well-being. One of the most cost-effective solutions to this problem is to find and eradicate these species before they proliferate beyond control. This avoids the damage costs created by the pests themselves as well as the costs of perpetual pest control and mitigation.

Chapter 194, Hawaii Revised Statutes, established the Hawaii Invasive Species Council (HISC) to foster and organize coordinated approaches among various executive departments, federal agencies, and international and local initiatives for the prevention and control of invasive species; and to affirm the objective of the State to rid Hawaii of invasive species.

The Administration is requesting that \$1,500,000 for this program to continue the development of integrated invasive species prevention, response and control, research, and outreach projects.

(2) Fire and Emergency Response: Under HRS, Chapter 185, Land Fire Protection Law, the department of land and natural resources is mandated and given the authority to "take measures for the prevention, control, and extinguishment of forest fires on state owned lands; and (to) cooperate with established fire control agencies of the counties and the federal government in developing plans and programs and mutual aid agreements for assistance for the prevention, control, and extinguishment of fires on forest, grass, brush, and watershed lands not within the department's fire protection responsibilities described above." The department has minimal resources to carry out this mandate of fire protection on the vast landscape that it manages despite existing and increasing risks to public health, safety, and the environment from the effects of wildfires. There is a lack of public investment for wildfire prevention (information and education) and presuppression (maintenance and training), increasing risks and costs of the inevitable wildfires that will occur in the future.

Communities at risk from wildfires have become keenly aware of the possibility of a wildfire sweeping through their communities and rely on the department to provide them with technical assistance in protecting their homes and property. The federal Firewise Program has been successfully developed to help these communities work on fuels reduction and prevention programs, develop community wildfire protection plans at minimal cost and assist them in attaining federal grant funding. The continuation of the program is dependent on federal funds.

In addition, the fire program is called upon to provide training, support, and technical expertise for emergency response management to bolster the State's capabilities for homeland security. Providing for public health and safety when extreme burning conditions and other emergencies (hurricanes, tsunamis, etc.) occur is a priority. As the only State firefighting agency with wildfire and incident management expertise, the department is regularly called upon to assist the State Civil Defense Agency for emergency response, even when it

impacts other operational programs. Current budget levels limited the program's ability to fight fire and respond to other emergencies. An adequate investment in firefighting and emergency response capability is needed to continue to effectively protect public health and safety.

(3) Threats from avian-borne diseases such as West Nile virus, avian malaria, and avian influenza have added additional monitoring and emergency response obligations to department programs. These diseases pose a potential threat to wildlife and human health through their possible transport to the islands by wild birds.

(4) Endangered Species Recovery: Hawaii has more endangered species than any other state and has more than 30 percent of all the listed species in the U.S. Last year, efforts to save the last Po'ouli brought worldwide attention to Hawaii's extinction crisis. Unfortunately, it now appears that the fight to save this unique forest bird has been lost. In the last 40 years, 10 species of forest birds found nowhere else in the world have become extinct - an astonishing rate of 1 every 4 years. Losses of plant species appear even higher.

Despite this alarming record, coordinated recovery programs, when implemented before endangered species populations reach critically low levels, can achieve successes. Notable examples include: (1) The Kauai Forest Bird Recovery Team - has released 115 endangered Puaiohi into the wild. This species once numbered only a few dozen individuals was on the brink of extinction - it now numbers more than 400. (2) The Kauai Endangered Seabird Recovery Program - hundreds of birds that are downed by structures and lighting hazards are rescued each year. (3) The Maui Forest Bird Recovery Team - developing a koa forest habitat restoration project and captive propagation and release program for the Maui Parrotbill now numbering only 500 individuals. (4) The Plant Extinction Program - propagating hundreds of species of rare and endangered plants and has planted more than 15,000 plants into native habitats in recent years. (5) Cooperative conservation programs are in place on all the main islands for management of 23 of the 38 listed animals, and more than 100 of the 278 listed plants.

The cooperative endangered species conservation program has benefited from extensive contributions from federal and other non-state grants as well as private and in-kind contributions. However, the availability for State matching funds for federal grants has not kept pace with new funding sources, making it increasingly difficult to continue program development. A reliable source of funding is needed to support and expand these critical programs.

Natural Physical Environment

Kahoolawe Island Reserve Commission

The work conducted by the KIRC has been highly successful for the limited resources available. The KIRC's management and restoration of the island of Kaho`olawe is a microcosm of all DLNR functions within one small agency. Additionally, the KIRC provides all utility services including electrical distribution, water generation and distribution and maintenance of sanitation system. KIRC acts as the on-island public works function in road repairs, building maintenance and on-island housing and food service. Lastly, the KIRC operates and maintains an interisland ferry service between Kaho`olawe and Maui to transport people, supplies and equipment to support the on-island work projects.

The KIRC's annual report to the legislature and separately published year-in-review, provides decision makers and the general public a record and insight to the activities, accomplishments and effectiveness that the KIRC has achieved in restoring Kaho`olawe.

Since reopening Kaho`olawe after the COVID restrictions, the KIRC has been inundated with multiple public requests to volunteer with the on-island restoration efforts. Due to the success of grant writing, we have been able to expand the number of restoration field projects and have been trying to make accommodations to support the increase in public access to Kaho`olawe as we slowly reduce social distancing requirements and increase our volunteer numbers. Our current limitation is funding and staffing to support this increase in volunteers.

With the return of on-island volunteers our data has shown that

the KIRC is making headways in returning to our pre-pandemic numbers of native seedlings planted and areas restored. We are also seeing an increase in invasive species removed and eradicated.

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

POLLUTION CONTROL

Environmental Management

DOH continues to obtain funding and resources to conduct scientific research regarding multi-media impacts of PFAS, prepare for impacts of climate change on DOH regulated communities, support actions related to environmental justice, address replacement of cesspools, reduce greenhouse gases, compliance with the emergency order related to the Red Hill Facility closure and groundwater aquifer protection, and support the increased statewide implementation of water reuse.

Natural Area Resources & Watershed Management

Multiple State agencies have roles in natural area resource protection and watershed management. The DLNR and DOH support development and implementation of watershed management plans. These plans are able to address protection of resources such as native plants and animals to surface water quality and subsurface water resources.

Areas where possible study is desired include: (1) declining federal grant funding impacts the Program both operationally and from a staffing perspective; (2) investigating possible sources of invasive species funding to cost-share across programs that are beneficiaries. For several years the bulk of funding has come from the Natural Area Reserve (special) Fund while social and economic programs, although benefiting greatly, have contributed little; (3) implementation of watershed level management practices to recharge groundwater, improve surface water quality and natural ecological function; and (4) clarifying the process by which the department annually disburses the fund among the varying competing programs. Since a 2005 amendment in HRS 247-7 removed the joint consultation

requirement with the NARS Commission and Forest Stewardship Committee from the overall disbursement process, it is unclear how the department allocates funding to the various programs.

Ecosystem protection, restoration and fisheries management (LNR 401)

The increasing demands on finite natural resources should be focused on with study to elucidate possible avenues to curb degradation, sustain resource abundance, guide effective restoration, and increase scientific knowledge, such as life history, of critical and culturally important nearshore marine resources. Specifically, visioning, strategic planning, sustainable fisheries planning, cost-benefit analysis of government spending on resources management vs. benefits, limited access, etc., can be used, and outcomes can be evaluated in terms of increasing program effectiveness.

Native Resources and Fire Protection Program (LNR 402)
Natural Area Reserves and Watershed Management (LNR 407)

The programs will be utilizing selective surveys to gauge community perception of the division's enforcement efforts and community compliance. Risk assessments of selected areas and activities are being discussed and will be used to monitor compliance and identify corrective measures.

Water Resources (LNR 404)

The Commission's mission is to protect and manage the waters of the State for present and future generations. This all-inclusive mission gives the Commission broad authorities over water. Emerging trends could be tackled more easily if there was a single agency, as envisioned by the Constitution (Article XI, Section 7), to oversee all aspects of water resource management. As stated in a traditional Hawaiian chant, *Aia i hea ka wai a kāne* (Where are the waters of Kāne?), water is everywhere and in everything. It connects us all and as such should be managed inclusively. To achieve this vision, will require more funding and staff.

More studies are needed to fully understand the implications of alternative water sources, their necessary technologies, and the infrastructure needed to make them effective here in Hawaii (i.e.: de-salinization, reuse, etc.). Especially given climate change and current and future drought, the Commission must explore alternatives to potable water supply, which is already in decline in some areas of the State.

Finally, there is an urgent need to build and solidify partnerships with outside agencies and organizations such as 'Aha Moku, T&C practitioners, and the communities most affected by water shortages and future conflicts over water. The Commission has huge responsibilities, but not enough staff or funding to engage with these groups at the level that is needed and must be sustained over time.

Conservation and Resources Enforcement (LNR 405)

In consideration of the current problems experienced by the DOCARE, we believe it could be helpful to study the retention of conservation and resources enforcement officer employees. From late 2021 to current, DOCARE has experienced the loss of three employees who voluntarily left their positions for their own personal reasons. With each of these departures, there is a loss on the return of investment in the hiring, training and equipping of the employees, and a degradation of overall services such as enforcement and response. A study of retention issues such as causes and reasons for departure may assist the division in changing working conditions to create conditions that aid in the retention of employees and provide for longer and greater return on the state's investment in them.

Aha Moku Advisory Committee (LNR 907)

Better communication within the Islands and between DLNR is needed to further strengthen this program.

05 Health

HEALTH PROGRAM

I. OVERVIEW

The Health program's objective is to monitor, protect, and enhance the health of all people in Hawai'i by providing leadership in assessment, policy development, and assurance to promote health and well-being, to preserve a clean, health and natural environment, and to assure basic health care for all.

The program consists of five Level II programs within the Department of Health (DOH): Health Resources (HTH100, HTH131, HTH730, HTH 560, HTH590, HTH595, and HTH596); Hospital Care (HTH210, HTH211, HTH212, SUB601, HTH213, and HTH214); Behavioral Health (HTH420, HTH430, HTH440, HTH460, HTH501, and HTH495); Environmental Health (HTH610, HTH710, and HTH720); and Overall Program Support (HTH906, HTH760, HTH905, HTH907, and HTH908).

The Health program has significant relationships with federal, private, and other State programs. The federal government, through the U.S. Department of Health and Human Services, among other federal agencies, provides project funds and block grants and exerts direct influence over the operation of programs through regulations that must be met to qualify for grants and reimbursements. Within available resources, funds have been provided to contract with private agencies for specialized health care services, and subsidies have been recommended for the operation of private hospital facilities. Administrative, programmatic, and contractual arrangements are coordinated with other State programs, such as the Purchase of Service Program and Health Care Payment Program of the Department of Human Services (DHS) to meet the varied health needs of the public. Relationships with county jurisdictions are not as significant since it is the State's responsibility to provide statewide health services and medical treatment services to the neighbor islands.

The major program activities performed by the Health programs follow:

HEALTH RESOURCES

This program provides early prevention, diagnostic, and treatment services for communicable diseases, dental diseases, and chronic diseases; nutritional services and health and injury prevention education; early prevention, diagnostic, and treatment services for families through maternal and child health services, children with special health needs services, and community health services; emergency medical services (EMS); coordination of the injury prevention and trauma systems; and compliance with State and federal laws to ensure health and safety.

This program is comprised of the following lower-level programs within DOH: Communicable Disease and Public Health Nursing (HTH100), Disease Outbreak Control (HTH131), Emergency Medical Services and Injury Prevention System (HTH730), Family Health Services (HTH560), Chronic Disease Prevention and Health Promotion (HTH590), Health Resources Administration (HTH595), and Office of Medical Cannabis Control and Regulation (HTH596).

HOSPITAL CARE

This program provides general acute care, long term care, outpatient, and emergency services through nine State-operated facilities on all islands except Molokai and Niihau.

This program is comprised of the following lower-level programs within the Department of Health and via subsidy to private hospitals: Hawaii Health Systems Corporation (HTH210), Kahuku Hospital (HTH211), Private Hospitals & Medical Services (SUB601), Hawaii Health Systems Corporation - Regions (HTH212), Alii Community Care (HTH213), and Maui Health System, a KFH LLC (HTH214).

The Hawaii Health Systems Corporation (HHSC) was created in 1996 by Act 262, Session Laws of Hawaii 1996, to operate the State's nine community hospitals. HHSC is a quasi-governmental organization and is autonomous and independent from the Department of Health for operational, policy, and budget issues.

HHSC's purpose is to sustain and enhance both the levels of service and the quality of care for the communities served in the most cost-effective fashion. It is the primary hospital acute care provider on the neighbor islands, and, in many instances, it provides the only in-patient acute hospital services and only long-term care services in rural Hawaii locations.

The mission of HHSC is to provide and enhance accessible, comprehensive health care services that are quality-driven, customer-focused, and cost effective.

The vision of HHSC is to be the provider of choice for the communities it serves; the employer of choice for their staff; and the system of choice for their physicians.

BEHAVIORAL HEALTH

This program provides mental illness prevention, diagnostic, and treatment services through the State Hospital and community mental health programs and centers; alcohol and drug abuse prevention, diagnostic, and treatment services; and services for intellectual and developmentally disabled (I/DD) individuals.

This program is comprised of the following lower-level programs within DOH: Adult Mental Health - Outpatient (HTH420), Adult Mental Health - Inpatient (HTH430), Alcohol and Drug Abuse Division (HTH440), Child and Adolescent Mental Health (HTH460), Developmental Disabilities (HTH501), and Behavioral Health Administration (HTH495).

ENVIRONMENTAL HEALTH SERVICES

This program supports the prevention of public health diseases and illnesses that may result from excessive noise, asbestos and lead contaminants, poor indoor air quality, contaminated or adulterated foods, improperly stored or handled food, vector borne diseases, improper operations of radiological medical devices, and radiological incidents. This program is comprised of the following lower-level programs within DOH: Environmental Health Services (HTH610), State Laboratory Services (HTH710), and Health Care Assurance (HTH720).

OVERALL PROGRAM SUPPORT

This program provides overall health activities for the planning, health data collection and research, coordination, and administration of DOH. HHSC is a quasi-governmental organization and is autonomous and independent from DOH for operational, policy, and budget issues.

This program is comprised of the following lower-level programs within DOH: State Health Planning and Development Agency (HTH906), Health Status Monitoring (HTH760), Developmental Disabilities Council (HTH905), General Administration (HTH907), and Office of Language Access (HTH908).

HEALTH PROGRAM

MEASURES OF EFFECTIVENESS

II. 04 ENVIRONMENTAL HEALTH

OBJECTIVE: TO PROTECT THE COMMUNITY AND ASSURE HIGH LEVELS OF HEALTH CARE BY ESTABLISHING AND ENFORCING REGULATORY STANDARDS FOR UNSANITARY AND HAZARDOUS PRODUCTS/CONDITIONS AND HEALTH CARE FACILITIES/RELATED SERVICES, AND PROVIDING SPECIALIZED ENVIRONMENTAL HEALTH AND LABORATORY SERVICES.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0504	1. % FOOD SERVICE ESTABLISHMENTS RCVG "PASS" PLACARD		88	85	85	85	85	85	85	85
	2. % OF REQUESTS FOR SERVICES MET (STATE LAB SVCS)		100	100	100	100	100	100	100	100

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
050401	ENVIRONMENTAL HEALTH SERVICES	HTH-610	12,459	12,797	13,725	14,143	14,143	14,143	14,143	14,143
050402	STATE LABORATORY SERVICES	HTH-710	9,722	23,741	10,128	10,329	10,330	10,330	10,330	10,330
050403	HEALTH CARE ASSURANCE	HTH-720	9,360	10,408	9,900	10,002	10,002	10,002	10,002	10,002
	TOTAL		31,541	46,946	33,753	34,474	34,475	34,475	34,475	34,475
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
050402	STATE LABORATORY SERVICES	HTH-710	772	6,000	30,567	4,240				
	TOTAL		772	6,000	30,567	4,240				

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

This section discusses activities, costs, and effectiveness of the five major Level II programs which constitute the Health program.

HEALTH RESOURCES

The objective of this Level II program is to promote the optimal state of physical and psychosocial well-being of individuals, families, and communities through assurance of quality and appropriate prevention and intervention services, planned and developed with input from communities. The Health Resources Program is comprised of seven lower-level programs which are administered by DOH and which promote the well-being and reduce morbidity and mortality of the people of the State.

Communicable Disease Services - the Communicable Disease and Public Health Nursing Division (CDPHND) is comprised of programs in 1) tuberculosis (TB), 2) Human Immunodeficiency Virus (HIV) infection and other sexually transmitted infections (STIs), 3) Hansen's disease (HD), and 4) public health nursing. CDPHND plans and implements programs for control, treatment, and elimination of these communicable diseases by: providing screening, detection, and treatment services for both latent TB infection and active TB disease, STIs, HIV and HD; operating clinics for detection and treatment of TB and STIs; recommending rules and statutes for TB screening requirements for employment, housing, and social services; and managing programs to promote adequate treatment of TB, STIs, HIV, and HD to prevent disease progression and transmission of infection to others. Public health nurses support these and other communicable disease activities by providing services statewide for public health preparedness and "boots on the ground" activities for public health emergencies; and partnering with other DOH programs for specific school health activities and support for elders. All CDPHND programs emphasize health equity, social justice, and culturally competent services to at-risk and vulnerable populations.

Disease Outbreak Control - Provides diagnostic, treatment, and prevention services for infectious diseases hazardous to public health. One important component of this division is the

investigation of outbreaks of infectious diseases with the objective of preventing epidemic spread of disease in Hawaii's population. The Disease Outbreak Control Division assists with all hazard preparedness planning activities and integrating these activities with surveillance and response mechanisms.

Family Health - The Family Health Services Division (FHSD) administers programs to plan, provide, and promote health services to mothers, children, and youth. The primary mission of FHSD is to assure that systems are in place to address the full continuum of care throughout the life cycle from preconception to birth to adolescence to adulthood for the population of Hawaii. In addition, FHSD addresses the health and safety needs of vulnerable individuals, children, and youth, especially those children with special health care needs. Activities include: supplemental nutrition for children ages birth to 5 years old and pregnant/post-partum women; primary care safety-net care for individuals that are underinsured or uninsured; family, maternal, and child health primary prevention program planning and coordination; early identification and intervention services for children with special needs; outreach, health education, and special intervention programs directed to adolescents; oral health data surveillance and systems planning; and oral health program assurance through purchase of service contracts, monitoring dental workforce shortages, and establishing federal designations for health/dental professional shortage areas.

Chronic Disease Prevention and Health Promotion - Promotes wellness and improving the quality and years of life for Hawaii's people through effective prevention, detection, and management of chronic diseases. Develops and implements statewide strategic plans and strategies for chronic disease prevention and management that includes nutrition and physical activity, tobacco prevention, asthma, cancer, diabetes, and heart disease and stroke prevention. Coordinates within the department, collaborates with other governmental and non-governmental agencies, and establishes relationships and strategic partnerships to build community capacity for establishing sustainable and equitable solutions through policy, systems, and environmental changes that reduce health disparities and improve health outcomes. Establishes, supports, and manages data collection and dissemination systems to standardize data collection, utilization, analysis, reporting,

and availability to evaluate and improve public health practice. Provides bilingual interpretation services to assist providing health education and public health services for limited and non-English-speaking persons living in Hawaii. Administers and reports on the distribution of the Tobacco Settlement Special Fund and administers the Tobacco Prevention and Control Trust Fund (Trust Fund) pursuant to Section 328L, HRS. Supports the Tobacco Prevention and Control Advisory Board which advises the DOH on the administration of the Trust Fund for tobacco prevention and control interventions and activities.

Emergency Medical Services and Injury Prevention System - Administers a comprehensive EMS and Injury Prevention and Trauma System to minimize death, injury, and disability due to life threatening situations by assuring the availability of high-quality emergency medical care through the development of a system capable of providing coordinated emergency medical care and injury prevention services. Program activities include ambulance services; establishment of pre-hospital care standards and protocols; maintenance of a medical communication system; licensure of all ambulances; quality improvement/assurance; data collection and analysis, billing, and collection of fees for emergency ambulance services; and assurance of an adequate number of appropriately trained emergency medical personnel and other support services to maintain quality pre-hospital medical care. In 2021, the State transferred operations, maintenance, and responsibility for Oahu EMS to the City and County of Honolulu; financial responsibility is cost-shared between the State and City and County of Honolulu. The program also administers the Hawaii Trauma System, the mission of which is to reduce the burden of trauma in Hawaii through collaborative programs of injury prevention, optimal treatment, research, and education. The vision is to ensure all trauma patients within the State receive quality comprehensive trauma care aligned with national trauma standards. Injury prevention and control programs include, but are not limited to, motor vehicle safety, pedestrian safety, violence, and suicide prevention using a spectrum of strategies working through established partnerships and coalitions in communities statewide.

Health Care Assurance - Assure high levels of care through establishment and implementation of State licensing qualitative and quantitative standards for health care facilities, programs,

and home and community-based care giving settings and related services and programs. These include but are not limited to hospitals, nursing homes, home health agencies, adult residential care homes, developmental disabilities domiciliary homes, special treatment facilities, and clinical laboratories. Perform contractual requirements between the State and the federal Centers for Medicare and Medicaid Services (CMS), formerly the Health Care Financing Administration, to perform survey and certification activities using federal regulations to enable health care providers to participate in the reimbursement program under Title XVIII (Medicare) and Title XIX (Medicaid).

Health Resources Administration - Performs activities to enhance program effectiveness and efficiency by formulating policies and directing operations and personnel in areas of health care facility licensing, communicable disease, infectious disease, oral health, health promotion and education, family health, public health nursing, emergency medical services, medical cannabis, and bilingual health services.

Office of Medical Cannabis Control and Regulation - Implements the medical cannabis dispensary licensing system and patient registry pursuant to Chapters 329 and 329D, HRS, to ensure the cannabis for medical use is accessible for Hawaii's patients. The patient registry develops and maintains a secure data system for registration and verification of qualifying patients and caregivers. The dispensary licensing section licenses and inspects dispensary facilities and manufacturing and retail operations to ensure product, patient, and public safety.

LEVEL II

HEALTH RESOURCES

MEASURES OF EFFECTIVENESS

II. 01 HEALTH RESOURCES

OBJECTIVE: TO PROMOTE THE OPTIMAL STATE OF PHYSICAL AND PSYCHO-SOCIAL WELL-BEING OF INDIVIDUALS, FAMILIES, AND COMMUNITIES THROUGH THE ASSURANCE OF QUALITY AND APPROPRIATE PREVENTION AND INTERVENTION SERVICES, PLANNED AND DEVELOPED WITH INPUT FROM COMMUNITIES.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0501	1. ACTIVE TB CASES - PROPORTN COMPL RECOM THERAPY (%)		95	97	97	97	98	98	98	98
	2. % CHILDREN AGE 5 YEARS MEETING IMMUNIZATION REQ		88	90	90	90	90	90	90	90
	3. % OF PERSONS WITH DD/ID RECEIVING DD SERVICES		13	13	13	13	13	13	13	13
	4. % OF PERSONS IN HSH RECEIVING DENTAL TREATMENTS		95	95	95	95	95	95	95	95

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
050101	COMMUNICABLE DISEASE AND PUBLIC HEALTH NURSING	-	54,062	53,471	61,696	117,118	66,879	66,879	66,879	66,879
050103	EMERGENCY MEDICAL SERVICES AND INJURY PREVENTION SYSTEM	HTH-730	27,111	30,202	74,910	70,965	70,966	70,966	70,966	70,966
050104	FAMILY HEALTH SERVICES	HTH-560	101,119	102,939	103,397	103,745	103,745	103,745	103,745	103,745
050105	CHRONIC DISEASE PREVENTION AND HEALTH PROMOTION	HTH-590	63,249	63,249	63,463	63,574	63,574	63,574	63,574	63,574
050106	HEALTH RESOURCES ADMINISTRATION	HTH-595	2,580	3,455	276	313	313	313	313	313
050107	OFFICE OF MEDICAL CANNABIS CONTROL AND REGULATION	HTH-596			3,907	3,992	3,993	3,993	3,993	3,993
	TOTAL		248,121	253,316	307,649	359,707	309,470	309,470	309,470	309,470
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
050101	COMMUNICABLE DISEASE AND PUBLIC HEALTH NURSING	-		9,025	115	2,917				
	TOTAL			9,025	115	2,917				

HOSPITAL CARE

This program provides general acute care, long term care, outpatient, and emergency services through nine State-operated facilities on all islands except Molokai and Niihau.

This program is comprised of the following lower-level programs within the Department of Health and via subsidy to private hospitals: Hawaii Health Systems Corporation (HTH210), Kahuku Hospital (HTH211), Private Hospitals & Medical Services (SUB601), Hawaii Health Systems Corporation - Regions (HTH212), Alii Community Care (HTH213), and Maui Health System, a KFH LLC (HTH214).

The Hawaii Health Systems Corporation (HHSC) was created in 1996 by Act 262, Session Laws of Hawaii 1996, to operate the State's nine community hospitals. HHSC is a quasi-governmental organization and is autonomous and independent from the Department of Health for operational, policy, and budget issues.

HHSC's purpose is to sustain and enhance both the levels of service and the quality of care for the communities served in the most cost-effective fashion. It is the primary hospital acute care provider on the neighbor islands, and, in many instances, it provides the only in-patient acute hospital services and only long-term care services in rural Hawaii locations.

The mission of HHSC is to provide and enhance accessible, comprehensive health care services that are quality-driven, customer-focused, and cost effective.

The vision of HHSC is to be the provider of choice for the communities it serves; the employer of choice for their staff; and the system of choice for their physicians.

LEVEL II

HOSPITAL CARE

MEASURES OF EFFECTIVENESS

II. 02 HOSPITAL CARE

OBJECTIVE: TO ASSURE THAT ALL PERSONS IN THE STATE IN NEED OF HOSPITAL CARE ARE PROVIDED SUCH SERVICES IN THOSE HOSPITALS OFFERING THE REQUIRED SERVICES.

STRUCTURE			PROGRAM	FY	FY	FY	FY	FY	FY	FY	
NUMBER		DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0502	1.	OCCUPANCY RATE - ACUTE CARE		74.74	54.66	55	55	55	55	55	55
	2.	OCCUPANCY RATE - LONG-TERM CARE		74.72	81.07	81	81	81	81	81	81
	3.	AVERAGE LENGTH OF STAY - ACUTE CARE		5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
	4.	AVERAGE LENGTH OF STAY - LONG TERM CARE		447.9	447.9	447.9	447.9	447.9	447.9	447.9	447.9

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>										
050201	HAWAII HEALTH SYSTEMS CORPORATION - CORPORATE OFFICE	HTH-210	61	61	61	61	61	61	61	61
050203	HAWAII HEALTH SYSTEMS CORPORATION - REGIONS	HTH-212	10,835	10,835	10,835	10,835	10,835	10,835	10,835	10,835
	TOTAL		10,896	10,896	10,896	10,896	10,896	10,896	10,896	10,896
<u>OPERATING EXPENDITURES</u>										
050201	HAWAII HEALTH SYSTEMS CORPORATION - CORPORATE OFFICE	HTH-210	17,448	17,448	17,448	17,448	17,448	17,448	17,448	17,448
050202	KAHUKU HOSPITAL	HTH-211	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
050203	HAWAII HEALTH SYSTEMS CORPORATION - REGIONS	HTH-212	694,066	696,949	682,075	695,427	663,112	663,112	663,112	663,112
050204	ALII COMMUNITY CARE	HTH-213	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
050206	MAUI HEALTH SYSTEM, A KFH LLC	HTH-214	22,500	19,000	5,436	1,620				
050207	HHSC - OAHU REGION	HTH-215			61,320	62,320	62,321	62,321	62,321	62,321
	TOTAL		739,314	738,697	771,579	782,115	748,181	748,181	748,181	748,181
<u>TOTAL OPERATING EXPENDITURES</u>										
050201	HAWAII HEALTH SYSTEMS CORPORATION - CORPORATE OFFICE	HTH210	17,509	17,509	17,509	17,509	17,509	17,509	17,509	17,509
050202	KAHUKU HOSPITAL	HTH211	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
050203	HAWAII HEALTH SYSTEMS CORPORATION - REGIONS	HTH212	704,901	707,784	692,910	706,262	673,947	673,947	673,947	673,947
050204	ALII COMMUNITY CARE	HTH213	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
050206	MAUI HEALTH SYSTEM, A KFH LLC	HTH214	22,500	19,000	5,436	1,620				
050207	HHSC - OAHU REGION	HTH215			61,320	62,320	62,321	62,321	62,321	62,321
	TOTAL		750,210	749,593	782,475	793,011	759,077	759,077	759,077	759,077
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
050201	HAWAII HEALTH SYSTEMS CORPORATION - CORPORATE OFFICE	HTH-210	500							
050202	KAHUKU HOSPITAL	HTH-211	1,000	2,600	3,000	7,000				
050203	HAWAII HEALTH SYSTEMS CORPORATION - REGIONS	HTH-212	12,974	23,329	62,000	15,500				
050206	MAUI HEALTH SYSTEM, A KFH LLC	HTH-214	6,000	33,150	6,000	6,000				
050207	HHSC - OAHU REGION	HTH-215			3,000	3,000				
	TOTAL		20,474	59,079	74,000	31,500				

BEHAVIORAL HEALTH

The overall objective of the Behavioral Health program is to reduce prevalence of, and severity and disabling effects related to emotional disorders, serious mental illness, and alcohol and other drug abuse by assuring an integrated public/private community-based system of prevention, intervention, and treatment services.

The Behavioral Health program consists of six lowest-level programs. The major activities performed by the programs are:

Adult Mental Health - has a mission to lead, foster, and coordinate a comprehensive mental health system that promotes mental wellbeing through the delivery of dignified, holistic, and culturally relevant health care and services for Hawaii's communities. This includes in both outpatient and inpatient settings.

Outpatient - Activities performed are currently carried out by eight community mental health centers, the Court Evaluation Branch, and purchase of service contracts with the private sector. Mental health services provided for adults with serious mental illness include case management and support services, treatment services, crisis services, community housing services, and psychosocial rehabilitation services.

Inpatient - Provides specialized inpatient treatment for adults with serious mental illness at acute and sub-acute rehabilitative levels of care. Forensic services are provided for patients committed by the Judiciary for examination, fitness evaluation, not guilty by reason of insanity, and revocation of conditional release.

Alcohol and Drug Abuse - Provides treatment services including adult residential, intensive outpatient, outpatient, methadone maintenance, and adolescent school-based and community-based treatment, with particular emphasis on pregnant women, injection drug users, and native Hawaiians. Provides prevention services concentrating on high-risk children and youth, underage drinking, and dissemination of the latest substance abuse

prevention information. Also accredits substance use residential programs and credentials substance use professionals. The Alcohol and Drug Abuse Division works with the Judiciary to implement different programs to divert the criminal justice population into. Treatment and prevention activities are performed by purchase of service contracts with private, nonprofit substance use agencies.

Child and Adolescent Mental Health - Provides case management and mental health services to address children and adolescent needs relating to physical, social, emotional, and other developmental needs. Activities carried out to achieve program outcomes are provided by three branches and the central division administration offices (central office). The central office assures that a comprehensive array of services is available in all communities and that contracted services are being provided as expected. The Clinical Services Office disseminates and evaluates application of evidence-based services across the State. The Healthcare System Management Office oversees the credentialing of providers; oversees the division's Quality Assurance and Improvement Program; oversees the Performance Management Office's monitoring of provider agencies; and operates the division's Grievance Program. The Central Administrative Services manages contracts, personnel, accounting, and claims review processes. Staff in the seven Family Guidance Center Offices provide intake assessments and intensive case management services while procuring needed treatments from the contracted provider array. Services are provided with the treatment goal of improving the emotional wellbeing of the child or adolescent, while strengthening the family and community's ability to support the child as they grow. Staff in the Family Court Liaison Branch provides risk-for-harm screening, mental health assessments, and treatment services for adolescents entering the Detention Home or Hawaii Youth Correctional Facility. The Child and Adolescent Mental Health Division (CAMHD) operates as a managed care Behavioral Health Organization for a select Medicaid eligible population with serious mental health challenges.

Developmental Disabilities - Administers and provides an array of home and community-based services and supports for individuals with significant intellectual and developmental disabilities. Services are provided primarily through the Medicaid 1915(c) Home and Community Based Services (HCBS) Waiver for Individuals with I/DD, which the Developmental Disabilities Division (DDD) operates on behalf of the DHS Med-QUEST Division. The 1915(c) Waiver is reauthorized every five years by the Centers of Medicaid and Medicare Services (CMS). It allows people who would otherwise be served in an institution to have a full life in the community. There are approximately 3,000 Waiver participants across the State, and another 500+ who receive services through a State-funded contract or receive case management only. The HCBS Waiver, matched by State funds, draws down over \$79,000,000 in federal Medicaid funds a year. Case management is provided by State employees. Operates dental clinics on Oahu for people who are uninsured, at the State Hospital or have disabilities that preclude them from being served in other community settings. Manages the Neurotrauma Supports Program that promotes community partnerships for neurotrauma injury and stroke prevention programs, education, and public awareness through the Neurotrauma Special Fund.

Behavioral Health Administration - Performs activities to enhance program effectiveness and efficiency by formulating policies; implementing current needs assessments and quality assurance functions; directing operations and personnel; and studying treatment outcomes and comparisons with other areas or States in areas of adult mental health, child and adolescent mental health, I/DD, and alcohol and drug abuse systems.

LEVEL II

BEHAVIORAL HEALTH

MEASURES OF EFFECTIVENESS

II. 03 BEHAVIORAL HEALTH

OBJECTIVE: TO REDUCE THE PREVALENCE OF, AND SEVERITY AND DISABLING EFFECTS RELATED TO SERIOUS EMOTIONAL DISORDERS OF CHILDREN, SERIOUS MENTAL ILLNESS, AND ALCOHOL AND OTHER DRUG ABUSE BY ASSURING AN INTEGRATED PUBLIC/PRIVATE COMMUNITY-BASED SYSTEM OF PREVENTION, INTERVENTION AND TREATMENT SERVICES.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0503	1. % OF INDIVIDUALS SUCCESSFULLY COMPLETING TX SVCS		40	40	40	40	40	40	40	40
	2. # OF INDIVS SRVD BY DIVS OF THE BEHAVIORAL HTH ADM		100	100	100	100	100	100	100	100

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
050301	ADULT MENTAL HEALTH - OUTPATIENT	HTH-420	72,096	72,604	80,764	81,554	81,552	81,552	81,552	81,552
050302	ADULT MENTAL HEALTH - INPATIENT	HTH-430	93,992	91,255	94,492	96,410	96,410	96,410	96,410	96,410
050303	ALCOHOL AND DRUG ABUSE DIVISION	HTH-440	36,400	36,400	36,515	36,574	36,574	36,574	36,574	36,574
050304	CHILD AND ADOLESCENT MENTAL HEALTH	HTH-460	63,223	63,223	64,238	64,828	64,829	64,829	64,829	64,829
050305	DEVELOPMENTAL DISABILITIES	HTH-501	96,889	107,301	111,988	113,787	113,787	113,787	113,787	113,787
050306	BEHAVIORAL HEALTH ADMINISTRATION	HTH-495	6,465	6,402	435	582	581	581	581	581
	TOTAL		369,065	377,185	388,432	393,735	393,733	393,733	393,733	393,733
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
050302	ADULT MENTAL HEALTH - INPATIENT	HTH-430	4,700	5,600	3,900	39,000				
	TOTAL		4,700	5,600	3,900	39,000				

ENVIRONMENTAL HEALTH SERVICES

The overall objective of the Environmental Health Services program is to protect the community from unsanitary or hazardous conditions, adulterated or misbranded products, and vector-borne diseases; to control noise, radiation, asbestos, lead and indoor air quality; to enforce standards for health care facilities; and to provide specialized laboratory services.

The Environmental Health Services program consists of three lowest-level programs.

Environmental Health Services - Consists of four statewide, branch-level programs: Food and Drug Branch, Indoor and Radiological Health Branch, Food Safety Branch, and Vector Control Branch. The major activities performed by these programs are:

- a. Research and Standards - Conduct research in areas of control methods for vectors, new methods for assuring public health safety and sanitation, and new and improved methods and equipment for sampling and inspections activities; and develop and maintain program standards and rules reflecting results of the research.
- b. Inspections - Perform inspections of food services, food establishments, noise and radiation sources, chronic vector breeding sources, public and private buildings and dwellings, recreation venues, mortuaries, cemeteries, indoor air environments, and purveyors of pharmaceutical products, to assure that they do not result in significant public health diseases or injuries, or degradation of the community environment.
- c. Measurement and Surveillance - Monitor population trends of major vectors on a statewide basis; perform surveillance of food, prescription drugs, therapeutic devices and cosmetics to assure that they are safe and/or effective and properly labeled; collect and test samples on shellfish and other marine life for compliance with standards of purity and quality; monitor, measure, and conduct surveillance of noise, radiation, asbestos containing materials, lead based

paint, air conditioning and ventilation systems, and indoor air quality to assure healthy and safe environments.

- d. Abatement - Control breeding areas of vectors that may pose a threat to public health or environment through application of chemicals or introduction of biological predators and follow up with inspections and surveillances; minimize risks of excessive noise levels, asbestos and lead containing materials, and indoor air contaminants; and minimize health risks from contaminated or adulterated foods.
- e. Review - Review plans for public buildings to assure conformance with sanitation and ventilation requirements.
- f. Partnerships - Develop and maintain partnerships with all levels of government, the regulated community, and the public to provide the most effective means of public service.
- g. Public Participation - Provide educational programs and information to the public to increase their awareness and understanding of the rules and services of the Environmental Health Services programs.
- h. Emergency Response for Radiological Emergencies

State Laboratory Services - Administer a statewide laboratories program which conducts scientific analysis in support of environmental health and communicable disease monitoring and control activities. Provide consultative and other related laboratory services to departmental programs concerned with environmental and sanitation safeguards. Provide diagnostic and consultative laboratory services to physicians, institutions and various federal, State, county and city agencies for diagnosis and control of disease. Evaluate and approve or license laboratories, clinical laboratory personnel and medical review officers. Provide research, investigations, and related laboratory services in the field of public and environmental health. Participate in the national Bioterrorism Preparedness program which provides new federal funded positions, equipment, and supplies to enable the State Laboratory to respond to chemical terrorism and bioterrorism events including the rapid testing of suspected bioterrorism agents.

LEVEL II

ENVIRONMENTAL HEALTH

MEASURES OF EFFECTIVENESS

II. 04 ENVIRONMENTAL HEALTH

OBJECTIVE: TO PROTECT THE COMMUNITY AND ASSURE HIGH LEVELS OF HEALTH CARE BY ESTABLISHING AND ENFORCING REGULATORY STANDARDS FOR UNSANITARY AND HAZARDOUS PRODUCTS/CONDITIONS AND HEALTH CARE FACILITIES/RELATED SERVICES, AND PROVIDING SPECIALIZED ENVIRONMENTAL HEALTH AND LABORATORY SERVICES.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0504	1. % FOOD SERVICE ESTABLISHMENTS RCVG "PASS" PLACARD		88	85	85	85	85	85	85	85
	2. % OF REQUESTS FOR SERVICES MET (STATE LAB SVCS)		100	100	100	100	100	100	100	100

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
050401	ENVIRONMENTAL HEALTH SERVICES	HTH-610	12,459	12,797	13,725	14,143	14,143	14,143	14,143	14,143
050402	STATE LABORATORY SERVICES	HTH-710	9,722	23,741	10,128	10,329	10,330	10,330	10,330	10,330
050403	HEALTH CARE ASSURANCE	HTH-720	9,360	10,408	9,900	10,002	10,002	10,002	10,002	10,002
	TOTAL		31,541	46,946	33,753	34,474	34,475	34,475	34,475	34,475
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
050402	STATE LABORATORY SERVICES	HTH-710	772	6,000	30,567	4,240				
	TOTAL		772	6,000	30,567	4,240				

OVERALL PROGRAM SUPPORT

The objectives of the Overall Program Support Level II program are to assure that DOH possesses fundamental capacities for effective and efficient actions to accomplish its mission, goals, and objectives by applying the best available technical knowledge, by recruiting and maintaining well trained and competent personnel, by generating and maintaining constituencies and political support, and by securing adequate fiscal support. Program activities include support services relating to planning, reviewing, facilities management and budgeting departmentwide programs, operations, and activities.

This Level II program is composed of the following five lowest-level programs:

State Health Planning and Development Agency - Established under Section 323D-11, HRS, The State Health Planning and Development Agency (SHPDA) administers State health planning and cost containment activities as required by law. SHPDA's principal function is to promote accessibility for all the people of the State to quality health care services at reasonable cost. SHPDA may conduct studies and investigations as necessary as to the causes of health care costs including inflation. The Certificate of Need Program (CON) serves this function under Part V of Chapter 323D, HRS. SHPDA administers the CON Program. SHPDA promotes the sharing of facilities or services by health care providers whenever possible to achieve economies of scale and restricts unusual or unusually costly services to individual facilities or providers where appropriate. SHPDA serves as staff to and provides technical assistance and advice to the Statewide Health Coordinating Council (Statewide Council) and the subarea health planning councils (subarea councils) in the preparation, review, and revision of the State Health Services and Facilities Plan (HSFP). It conducts the health planning activities of the State in coordination with the subarea councils, implements the HSFP, and determines the health needs of the State after consulting with the Statewide Council. SHPDA also supports and coordinates the Statewide Health Coordinating Council and the Subarea Planning Councils.

Health Status Monitoring - Administers a statewide program to collect, analyze, and disseminate population-based public health statistics to assess the health status of Hawaii's multi-ethnic population and to fulfill vital statistics legal requirements including registration and issuance of certified copies of all births, deaths, and marriages occurring in the State. The monitoring of health status which is performed by this office to identify community health problems is one of the ten essential public health services identified by the Institute of Medicine.

Developmental Disabilities Council - Performs statewide planning, coordination, evaluation, advocacy, and reporting activities for individuals with I/DD. Assures that individuals with I/DD and their families participate in the design of and have access to needed community services, individualized supports, and other forms of assistance that promote self-determination, independence, productivity, and integration and inclusion in all facets of community life through culturally competent programs. The Developmental Disabilities Council (Council) acts in an advisory capacity to the Governor, the Legislature, and all concerned department heads on all issues affecting individuals with I/DD. The Council is unique, having a distinct independent role with a non-interference clause mandated by federal law, which brings the Council autonomy and independence.

General Administration - Provides departmentwide policies; directs operations and personnel, special projects, public health policy advocacy; and performs other administration services including budget, fiscal, and facilities management. Within General Administration is the Office of Public Health Preparedness (OPHP) which prepares for natural or humanmade disasters, emerging infectious diseases, epidemics, pandemics, terrorism, accidents that impact human health (e.g., bioterrorism, chemical emergencies, radiological emergencies, and nuclear attack), and other public health emergencies. Preparation and response to the COVID-19 pandemic is one example of these activities.

OPHP also administers the Strategic National Stockpile for distribution of medical countermeasures and collaborates with the Hawaii Emergency Management Agency, Hawaii Healthcare Emergency Management, county/city emergency management agencies, and other related stakeholders in developing and implementing State and local response plans for bioterrorism and other public health emergencies.

Office of Language Access - Language for limited English proficient persons can be a barrier to accessing important benefits or services, understanding and exercising important rights, complying with applicable responsibilities, or understanding other information provided by State funded programs and activities. To address the language access needs of limited English proficient persons, the Office of Language Access provides oversight and coordination to State agencies, as well as technical assistance to State and State-funded agencies in their implementation of language access requirements under Chapter 321C, HRS. The Language Access Advisory Council, consisting of an 11-member board, serves in an advisory capacity on the implementation and compliance with Chapter 321C, HRS, and the overall quality of oral and written language services provided to limited English proficient persons in Hawaii.

LEVEL II

OVERALL PROGRAM SUPPORT

MEASURES OF EFFECTIVENESS

II. 05 OVERALL PROGRAM SUPPORT

OBJECTIVE: TO ASSURE THAT THE DEPARTMENT POSSESSES THE FUNDAMENTAL CAPACITIES FOR EFFECTIVE AND EFFICIENT ACTIONS TO ACCOMPLISH ITS MISSION, GOALS AND OBJECTIVES BY APPLYING THE BEST AVAILABLE TECHNICAL KNOWLEDGE; RECRUITING AND MAINTAINING WELL-TRAINED AND COMPETENT PERSONNEL; GENERATING AND MAINTAINING CONSTITUENCIES AND POLITICAL SUPPORT; AND SECURING ADEQUATE FISCAL SUPPORT.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0505	1. % CERTIF OF NEED APPLIC DOCUMNTNG RELATION TO HSFP		PR	PR	95	95	95	95	95	95
	2. % ACTIV COMPLTD W/IN ESTAB TMEFRM HI STATE DD PLAN		75	85	95	95	95	95	95	95

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
050501	STATE HEALTH PLANNING AND DEVELOPMENT AGENCY	HTH-906	589	646	680	702	702	702	702	702
050502	HEALTH STATUS MONITORING	HTH-760	2,365	3,441	2,788	2,851	2,851	2,851	2,851	2,851
050503	DEVELOPMENTAL DISABILITIES COUNCIL	HTH-905	760	774	785	790	791	791	791	791
050504	GENERAL ADMINISTRATION	HTH-907	15,215	15,741	27,703	38,467	38,467	38,467	38,467	38,467
050505	OFFICE OF LANGUAGE ACCESS	HTH-908	469	683	699	714	714	714	714	714
	TOTAL		19,398	21,285	32,655	43,524	43,525	43,525	43,525	43,525
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
050504	GENERAL ADMINISTRATION	HTH-907	4,000	2,100	1,000	1,000				
	TOTAL		4,000	2,100	1,000	1,000				

III. PROGRAM CHANGE RECOMMENDATIONS

There are no program change recommendations.

IV. EMERGING CONDITIONS, TRENDS, AND ISSUES

HEALTH RESOURCES

Communicable Disease Services

CDPHND's focus is on TB, adult viral hepatitis, STIs, HIV, HD, and public health nursing activities. Activities are analogous to the federal National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention under the U.S. Centers for Disease Control and Prevention.

These infections and the activities of public health nurses commonly occur in populations that face greater barriers in accessing services due to a wide range of social determinants of health, including unfair social stigmatization, poverty, disenfranchisement, low health literacy, substance use, behavioral health difficulties, and immigration/migration-related challenges. Nonetheless, these infections threaten the health of the entire community and have repercussions for the entire State. Consequently, education, special testing, and community outreach programs are essential to identifying people with infection, treating them, and preventing the spread of infection. Partnerships with numerous federal, State, local, private, and non-profit organizations are vital to the program's mission.

The program frequently provides or contracts for health care-related services to prevent and treat these infections, particularly for those who cannot afford these services or who would have difficulty accessing medical care. Communicable diseases generally require prolonged antibiotic or antiviral medications ranging from several months of treatment to lifelong.

This program also provides long-term medical care and daily living support for formerly institutionalized HD patients at

Kalaupapa and Hale Mohalu Expanded Adult Residential Care Home (EARCH) through a legislatively mandated program.

- Tuberculosis

For 2021, there were 106 infectious TB cases reported in Hawaii which equated to a TB case rate of 7.4 per 100,000. This was the second highest in the nation compared with the national rate of 2.4 per 100,000.

About 82 percent of Hawaii's TB cases occur among the foreign-born. Most of Hawaii's immigrants and migrants come from countries with drug-resistant TB. Immigrants from the Philippines account for about 59 percent of these foreign-born cases, followed by those from Republic of the Marshall Islands (11 percent), and Vietnam (7 percent). Almost half of the TB cases in immigrants occur within the first four years after arrival.

TB also remains a major issue for the elderly. Since 1990, the over-65 age group has accounted for a large proportion of the TB cases in Hawaii. Most of these residents contracted their TB infection decades earlier, which remained latent and noninfectious. Their TB infections are now becoming active and contagious because of waning immunity due to age and poor general health.

The program addresses issues around determinants of health by expanding TB treatment services, including directly observed therapy by outreach workers or by using telehealth; expanding directly observed therapy to include high risk individuals receiving preventive therapy; implementing a targeted testing program for high-risk populations; and expanding preventive therapy to include individuals with latent TB regardless of age.

If further shifting of testing and treatment to the private sector is to occur, the TB Branch will be required to maintain increased communication with those involved and to create more sophisticated information systems to continue effective monitoring and reporting of the course of this disease in the State. The cost of community hospital

services providing chest x-rays on neighbor islands may continue to increase with further privatization. Shifting the responsibility of TB screening, detection, and treatment to the private sector will overburden a healthcare system already experiencing statewide chronic physician and nursing shortages and hospitals with overflowing emergency departments and bed shortages.

Private sector infectious disease specialists have referred care of patients with TB to the DOH due to the specialists' overwhelmingly increased role in dealing with other infectious disease crises, such as the COVID-19 pandemic and monkeypox. Staff and funding must be maintained to avoid reductions in critical TB detection, treatment, and surveillance services.

- Hansen's Disease

The State HD Community Program continues to find relatively high numbers of new HD cases from among newly arrived citizens from the South Pacific region, primarily the Compact of Free Association (COFA) countries of the Federated States of Micronesia (FSM) and the Republic of Marshall Islands (RMI). These countries (FSM and RMI) have the highest incidence and prevalence of HD in the Pacific. 78 percent of Hawaii's new HD cases are found in persons born in the COFA countries who are choosing to reside in Hawaii for better employment, education, and medical care opportunities.

Limited access to resources and vast cultural differences within this Pacific Islander population require the program to modify how HD services are delivered. In addition to reliance on community physicians and screening the contacts of active cases, customized skin and nerve screenings for high-risk groups continue. This involves HD education, and screening and assessment of additional health concerns and resources by HD public health nurses in the individual's home or other settings, such as church groups, school groups, job training programs, homeless shelters, and health fairs. Access to health care is a challenge for these and other HD high-risk groups.

With the outbreak of the COVID pandemic, group screenings were curtailed to prevent the spread of COVID. A higher number of self-referrals and referrals from relatives of former patients occurred. Home visits were done with utmost precautions and the use of telehealth and virtual screening were added to visitation methods. Group screenings are gradually returning during the current phase of the pandemic. Case finding and referrals to the program continue to come from provider relationships with primary care practitioners, dermatologists, infectious disease specialists in private practice, community primary care clinics, and public health nurses.

A major problem facing the patients in Kalaupapa and Hale Mohalu EARCH is the increasing severity of medical problems due to a rapidly aging population (average age is 89 years). This is compounded by progressive disabilities due to previous HD infection. The increasing costs and high number of acute care hospitalizations as well as other types of costly complex care results in the continued high cost of medical care for this group despite the decreasing numbers of patients. The greater severity of patients' medical problems has placed a heavy burden on the nursing staff at Hale Mohalu EARCH and the Kalaupapa EARCH as patients require a higher level of care at both facilities.

State and federal statutes allow Kalaupapa-registry patients to remain in Kalaupapa for as long as they choose. As of November 2022, there are nine registry patients. Although patient numbers have declined, the cost for running the severely isolated settlement has not. Funding and personnel cuts over the past several years have put the settlement at the minimum funding level and below the minimum personnel level at which a safe and viable community can be maintained. The transfer of some of the infrastructure responsibilities from the DOH to the National Park Service (NPS) has been initiated as a means of decreasing DOH cost. However, unstable federal funding for the NPS has not allowed for any recent transfers of major responsibilities.

- HIV, STI and Adult Viral Hepatitis

The Harm Reduction Services Branch (HRSB), formerly STD/AIDS Prevention, is responsible for coordination and/or provision of surveillance, prevention, treatment, and care services for individuals who are at risk for or are infected with HIV, STIs, or adult viral hepatitis.

As of June 30, 2022, a cumulative total of 4,960 cases of HIV have been reported. There are 2,311 individuals currently living with HIV in the State.

The HIV program focuses on reaching those at greatest risk for contracting or transmitting HIV and helping them to access counseling, testing, and preventive medical services. For people living with HIV, the program focuses on access to case management and a full range of care, treatment, and supportive services to ensure engagement and retention in medical care. Services are provided by HRSB staff and through contracts and partnerships with community-based organizations in all counties.

The demand for HIV prevention and care services continues to increase while State funding to HRSB has remained flat for over 20 years. Federal Ryan White Comprehensive AIDS Resources Emergency Act funding to support HIV care and supportive services to low-income persons living with HIV has been awarded for over 30 years. When an individual living with HIV is effectively treated and achieves and maintains a suppressed HIV viral load, the individual cannot transmit HIV to sex partners. Statewide, the rate of viral suppression among those living with diagnosed HIV exceeds not only the national average, but also the national 2020 goal for viral load suppression. The State has also made significant progress in reducing the number of new HIV diagnoses and reducing late diagnosis of HIV. Continued services are required to maintain these achievements.

Highly effective preventive interventions, including the use of medication as HIV pre-exposure prophylaxis and sterile syringe exchange are under-funded. HIV pre-exposure prophylaxis is underutilized by those at risk for HIV. Most people with indications for HIV pre-exposure prophylaxis have not been prescribed the medication. More

than 30 years of legal, State-funded syringe exchange have prevented large number of HIV cases among people who inject drugs and their sex partners. Funding for syringe exchange has remained level for years. As costs rise, this has limited the ability to meet the demand. If an adequate level of syringe exchange is not continued, there is a significant risk of increase in HIV and other bloodborne pathogens, such as hepatitis C.

Since the late 1990s there has been a significant and concerning increase in reported cases of syphilis, gonorrhea, and chlamydia infections in Hawaii. Chlamydia and syphilis rates are above the national average while gonorrhea rates almost match the national rate. STIs, if left undiagnosed and untreated, can lead to serious complications including infertility, blindness, brain and other neurological disorders, ectopic pregnancies, still births, and damage to the heart, joints, reproductive, and circulatory system. It is well documented that STIs increase susceptibility and facilitate HIV transmission. This situation is the focus of a continuum of program interventions including provisions of STD examination and treatment services, screening activities, case-finding activities, coupled with STD/HIV education and risk reduction programs. However, long-term flat funding has limited the number of individuals who can receive these services. A collaborative response by HRSB and public and private providers is underway to strengthen prevention and care services. Overall, the program is increasingly integrating HIV, STI, and viral hepatitis services for those most at risk.

Hawaii has one of the highest rates of liver cancer incidence and mortality in the U.S., and the leading causes are viral hepatitis B and C. As such, the Adult Viral Hepatitis Prevention Program continues to plan, develop, coordinate, monitor, and evaluate the statewide response to viral hepatitis A, B, and C, and related harms, particularly drug overdose, among adults. The program cultivates and leverages community partnerships to eliminate viral hepatitis. With Hep Free Hawai'i, the program co-leads the planning and implementation of the Hep Free 2030 statewide strategy, which prioritizes: Awareness

and Education, Access to Clinical Services, Policy at All Levels, Equity in Everything, and Data for Decision-Making.

- Public Health Nursing

The Public Health Nursing Branch (PHNB) supports departmental policies, program priorities and community health needs through population-based approaches and capacity building activities focusing on health equity, social justice, and culturally competent services to at-risk and vulnerable populations. PHNB promotes healthy lifestyle choices and assures access to health care through comprehensive, family-centered, public health nursing services for individuals, families, and communities. Services work towards improving the health of the people based on their needs by focusing on the underlying cause of illness, injury, premature death, and disability. PHNB also provides DOH nursing resources to respond to control of communicable disease, outbreaks, catastrophic community emergencies, and natural disasters. PHNB is an expansion of DOH with far reach into communities throughout the State.

In recent years, there has been an increase in DOH requests for nursing services to support disaster and outbreak response, e.g., the Kilauea volcano eruption, flooding in Kauai, the COVID-19 pandemic, bovine TB on Maui, and the monkeypox outbreak. PHNB has shifted resources based on these community needs. PHNB can mobilize for these public health threats with an intent to build capacity in communities.

Disease Outbreak Control

Diseases with substantial global impact (e.g., Monkeypox, COVID-19, Zika, Ebola) are emerging or reemerging (e.g., Legionnaire's disease, West Nile Virus, hepatitis A, mumps) increasing the threat to the State with potential for very broad impacts as witnessed in the COVID-19 pandemic. Diseases unusual on the mainland (e.g., leptospirosis and angiostrongyliasis) are a concern as are more common infections (e.g., whooping cough or Salmonella). Hawaii's growing population and our many visitors increase the likely introduction and spread of infectious diseases, some with potentially catastrophic consequences across multiple sectors. A strong Disease Outbreak Control program is

essential to successfully address infectious threats in our state which too often disproportionately impact underserved and underrepresented communities. Increasing representation of historically disadvantaged populations and creating strategies to improve the quality of data collected pertaining to these populations (Native Hawaiian, non-Native Hawaii Pacific Islanders, and Asian populations, rural and medical underserved communities) differentially impacted by infectious diseases is important response in mitigating the impacts of infectious disease in the State.

The Disease Outbreak Control Division also actively promotes vaccination, a proven cost-effective measure to prevent infectious disease spread, and serves as the technical lead for mass vaccination efforts such as immunization against SARS-CoV-2. The program distributes federally funded vaccines for Hawaii's keiki who are underinsured or lack insurance, who comprise just under half of children in the State.

The COVID-19 pandemic has strained existing information systems and illustrated the pressing and immediate need to modernize systems to ensure the security, stability, and flexibility required to meet ongoing and future disease response needs. Chronic underfunding of the information infrastructure and human resources needed to support data modernization initiatives. For example, the Hawaii Immunization Registry, a statewide repository of vaccine administered to Hawaii residents rendered this system defunct at the start of the COVID-19 pandemic when it was most needed.

While COVID-19 federal emergency funds have allowed immunization and disease surveillance systems to be rebuilt and strengthened, future consistent, sustainable State funding must be secured to maintain these advances.

Family Health Services

- Special Supplemental Nutrition Program for Women, Infants, and Children

The Hawaii Women, Infants, and Children (WIC) Program is a federally funded program which provides Hawaii residents

with nourishing supplemental foods, nutrition education, breastfeeding promotion and health and social service referrals. The participants of WIC are either pregnant, breastfeeding, or postpartum women, and infants and children under age five who meet income guidelines and have a medical or nutritional risk.

- Children with Special Health Needs

The Children with Special Health Needs Branch (CSHNB) has two major goals: (a) all children and youth with special health care needs (CYSHCN), including young children with developmental delays, will receive appropriate services to optimize health, growth, and development; and (b) access to quality health care shall be assured through the development of a comprehensive, coordinated, community-based, patient/family-centered, and culturally competent system of care. CYSHCN are children who have or are at increased risk for chronic physical, developmental, behavioral, or emotional conditions and who require specialized health care and related services beyond that required by children generally.

The Early Intervention Section (EIS) of the CSHNB is the Lead Agency for Part C, of the Individuals with Disabilities Education Act (IDEA), Public Law (P.L.) 108-446, and Sections 321.351-357, HRS, for all Part C eligible children (i.e., children under age 3 who meet the State's eligibility criteria) and assures that a system is in place to meet all federal and State requirements. EIS is responsible for the development of a family-centered, community-based, comprehensive, interagency, and coordinated system of early intervention services for Part C children and their families.

- Maternal and Child Health

The Maternal and Child Health Branch (MCHB) provides a broad range of programs and services to pregnant women, mothers, infants, children, and their families. MCHB programs promulgate policy and develop standards and guidance to ensure availability, adequacy, and quality of

services. These responsibilities include reducing health disparities, promoting health equity, improving access to health care, and improving the quality of health care. MCHB supports an integrated approach to maternal and child health across the lifespan. Such an approach considers the physical, emotional, socio-economic, cultural, educational, and spiritual aspects of those served. Services include reproductive health and perinatal support services, adolescent preventive health programs, family strengthening programs, sexual assault prevention programs, and home visiting services.

- Office of Primary Care and Rural Health

The Hawaii State Office of Primary Care and Rural Health (OPCRH) coordinates federal, State, and local efforts aimed at improving the health of Hawaii's rural and medically underserved populations. OPCRH is organizationally placed within FHSD. Services include developing health projects that build capacity in rural and medically underserved communities, collection and dissemination of health information, working with federal partners on activities that encourage recruitment and retention of health professionals, including National Health Service Corps and J-1 Visa application information and processing, and working with health care facilities in rural and medically underserved areas to improve financial, operational, and clinical performance.

Chronic Disease Prevention and Health Promotion

While the State has the lowest combined obesity and overweight rates in the nation, Hawaii like elsewhere continues to experience an upward trend toward unhealthy weight. State survey results support the national findings that society has engineered physical activity out of daily life and that social norms and marketing practices has affected eating behavior toward over consumption of calories. Research is showing that primary prevention through a social ecologic approach is required to create collaborating policy and environmental changes to sustain individual behavioral changes. Formative research is needed to understand health disparities in behavior and attitudes that lead to overweight and obesity. Targeted data assessments and prevention interventions are needed to

address the overwhelming health disparities by ethnicity that exists in Hawaii. Perceptions of conflicting priorities can thwart progress for coordinated school health programs. Sustaining shared understanding of common goals and respecting agency missions will be significant as a systems approach to keep health as a priority issue in the school climate.

Emergency Medical Services & Injury Prevention System

The Emergency Medical Services and Injury Prevention System Branch (EMSIPSB) services primarily address departmental policies and program priorities to maintain and protect health and serve the emergency health needs of the people of the State.

The number of calls for 911 EMS has grown each year. New developments in pre-hospital care are constantly being introduced and must be evaluated for possible implementation. The need to maintain the standard of care with new technology and medications can lead to increased cost of operations.

Recent technology and software have allowed the implementation of electronic data collection and management systems that have been planned and anticipated to provide great value. EMSIPSB anticipated the ability these systems must produce information in far less time could lead to improvement in patient care, quality assurance and efficient ambulance billing operations. The Hawaii EMS Information System is expected to be implemented statewide in the coming year.

The statewide EMS communication system (MEDICOM) is an ultra high frequency/very high frequency microwave system that will be obsolete soon. The reliability of this system, which is needed to provide dispatch services and radio communication with physicians at hospital emergency departments for assistance in medical care at the scene and in transport to the hospital, is of concern. The existing County police 800 megahertz trunk systems do not currently meet EMS operational needs. EMSIPSB participates with other State agencies led by the Department of Accounting and General Services in developing plans for a new inter-operable communications system for the State.

Helicopter aeromedical services that can take patients from the scene of an injury or medical emergency are currently available in all Counties except Kauai. On Oahu, the Army ceased its

program of military assistance to civilians when its Medevac Unit was deployed overseas. In April of this year, the Hawaii Army National Guard began providing helicopter medevac services on Oahu. This service is an interim arrangement while a long-term solution for Oahu aeromedical services is still being developed.

Injury (trauma) is the leading cause of early disability and productive years of life lost costing Hawaii many lives and millions of dollars each year. It is increasingly recognized as the neglected disease of modern society. A trauma system built on a public health approach can mitigate the toll that injuries take on society every day. The public health approach incorporates a comprehensive, coordinated array of services from injury prevention to pre-hospital, hospital, and rehabilitative care delivery for injured persons. Recent activity in the Legislature and community indicates that EMSIPSB is being looked to for planning and development of a comprehensive statewide trauma system for Hawaii.

Increasing attention has also been directed at dealing with violence and suicide as public health problems. What public health has done to foster prevention of other health problems can be applied to these areas as well.

Injuries due to falls are a significant barrier to healthy aging and a major public health problem. Among Hawaii seniors, age 65 or older, falls are the leading cause of fatal injuries (37 percent) and injury-related hospitalizations (79 percent). Falls are costly. For the same three-year period (2003-2005), hospital charges averaged \$53 million a year, with about half (52 percent) being paid by Medicare. Falls are also a significant threat to the independence and quality of life of older adults. Among Hawaii seniors who were hospitalized due to a fall in the three-year period, 2003-2005, 34 percent were discharged to skilled nursing facilities for additional care, and another 11 percent were moved to a rehabilitation facility. During the past decade, the State's population of people 65 or older increased by almost 20 percent, and greater increases are expected during the next 20 years making this group an important one for targeted injury prevention programs.

Health Care Assurance

There continues to be an increasing need for long-term care options for the elderly due to longevity and the anticipation of the "baby boomers" aging. There is a concern that the demand for long-term care beds may far outweigh the supply within the next few years and with that a shortage of the appropriate workforce to meet the demands. As such, the Office of Health Care Assurance (OHCA) is working through the department's Long-Term Living Initiative to develop options for the frail elderly, which would include institutional care as well as community-based residential care as well as developed a training model for nurse aide training and apprenticeship. Ongoing dialogue and collaboration of all affected State, departmental and county agencies are crucial to ensure the health and safety of individuals residing in any of these care facilities.

The federal survey and certification program priorities continue to focus on legislatively mandated activities including recertification of nursing homes, home health agencies, intermediate care facilities for the mentally retarded, and validation surveys of accredited hospitals. The CMS has developed a rating of all nursing facilities via its Nursing Home Compare and Hospital Compare which is available to the public via its website. The program continues to provide CMS with appropriate data and information relating to the facilities within the State and Pacific Area. Of continued priority is the completion of complaint investigations regarding allegations of resident abuse, neglect, and misappropriation of resident property; serious threat to the mental or physical health or safety of patients; and Emergency Treatment and Labor Act (EMTALA) violations.

Due to deaths occurring in community-based settings resulting from neglect on the part of the care givers, OHCA has developed training programs for the prevention of abuse, neglect, and financial exploitation of residents as well as identification and prevention of the development of pressure sores. OHCA is also concerned with the continued monitoring and oversight of these facilities, as well as the need for ongoing development of care giver training to ensure the provision of quality care through timely and appropriate assessment. Through collaboration with the community colleges, OHCA has amended the training module for prospective applicants to operate adult

residential care homes and developmental disabilities domiciliary homes. With ongoing communication, it is expected to be able to develop even more training opportunities for all providers of care.

HOSPITAL CARE

Trends and issues that may influence this program:

- Continuing Impact of Coronavirus on Hospital Operations:
In fiscal year 2022, HHSC's facilities continued to deal with the impacts of the Coronavirus pandemic, which extended far beyond just the treatment of patients with the Coronavirus. While the spread and deadliness of the Coronavirus itself began to be mitigated by vaccines and boosters and most of the Coronavirus restrictions that had been in place during the past two years were removed, the healthcare community continued to suffer from the ancillary impacts of the Coronavirus.

HHSC faced significant clinical staffing shortages as a result of staff absences as a result of contracting the Coronavirus and the limited capacity of Hawaii colleges and universities to accept and graduate nursing students. As a result, HHSC has had to supplement its staff with contracted nursing and other clinical personnel. In fiscal year 2022, HHSC spent approximately \$24.8 million in contracted nursing and other clinical personnel as compared to \$14.4 million in fiscal year 2021, a 72 percent increase. HHSC and the private hospitals worked with the Healthcare Association of Hawaii and the State Department of Health to obtain contracted clinical personnel (including nurses and radiology techs) through a Federal Emergency Management Agency program to supplement their staff during the Coronavirus Omicron variant surge. In fact, staffing shortages at all levels of care in Hawaii healthcare facilities is having a tremendous negative impact on HHSC and other private acute hospitals in Hawaii.

Due to the staffing shortage at long-term care and other post-acute settings, those facilities are not able to operate at full capacity and are limiting admissions, and as a result, acute care patients that no longer need acute levels of care are continuing to occupy acute care beds at the hospital (known as "wait-listed" patients). The current situation with wait-listed patients is very complex, as the majority of these patients have multiple reasons for being wait-listed, with the most common reasons being a lack of a place to be discharged, complex medical issues, behavioral issues, and lack of a guardian, among others. As a result, hospitals across the State have experienced a dramatic increase in the daily census of waitlisted patients. For example, Hilo Medical Center's waitlisted census is currently 36 patients; the waitlisted census in 2011 was approximately 10 patients. Kona Community Hospital's waitlisted census is currently 26 patients; the waitlisted census in 2011 was approximately 3 patients.

Further, because of the supply chain shortages as a result of the Coronavirus pandemic, costs for pharmaceuticals and medical supplies have increased dramatically. According to the article "Health Care Costs are about to Skyrocket" that appeared in USA Today on October 27, 2022, "Early in the pandemic, health care supply prices spiked amid supply disruptions and higher demand. Between 2019 and 2022, pharmaceutical prices rose 21 percent and supplies by 18 percent." As a result, HHSC is faced with the double burden of caring for wait-listed patients for whom there is no additional reimbursement for their longer length of stay and the burden of bearing dramatic increases in costs for medical supplies and drugs as well as contracted nursing and other clinical personnel.

- Threat of Declining Medicare/MedQUEST reimbursements: Government-type payors (Medicare/Medicaid/MedQUEST) account for approximately 60 percent of HHSC's gross patient revenue. As the federal government continues to implement measures to constrain the growth of the costs for the Medicare program and the State of Hawaii balances the need to manage costs of the Medicaid/MedQUEST program as enrollment continues to grow, there will be continued

downward pressure on HHSC patient service revenues, which fund over 75 percent of HHSC's operating costs. If these downward pressures continue, it will become increasingly difficult for HHSC to continue providing quality healthcare services without an increasing need for State general fund appropriations to supplant those decreasing revenues.

- **Federal Funding for Coronavirus Costs:** In order to mitigate the negative impacts of the Coronavirus pandemic on its facilities and to reduce the burden on the State of Hawaii to provide general fund appropriations, HHSC aggressively sought after federal funding for Coronavirus relief. To date, HHSC applied for and received over \$66 million in Health & Human Services Provider Relief Fund grants. HHSC also applied for and received approximately \$22.6 million in Small Business Association Paycheck Protection Program (PPP) loans, all of which have been forgiven by the Small Business Administration. HHSC has applied and received various other grants and funding from federal, State, and county relating to the testing, treatment, and preparation costs for potential and actual Coronavirus patients. With these funding opportunities are expected to end in the upcoming fiscal year, HHSC will need to replace the amounts provided by these funding sources with general fund appropriations in order to continue to provide essential healthcare services.
- **Workforce Challenges of Rural Hospitals:** HHSC continues to operate with statutory restrictions controlling levels of service and outsourcing of operating units and must manage the work force under the provisions of State civil service and collective bargaining rules. Further, the lack of sufficient clinical workforce in the State's rural areas will continue to be a challenge due to the limited capacity of the State's residency programs and nursing programs combined with the high cost of living that makes it difficult to recruit and retain personnel in all areas of the hospitals.
- **Unfunded Mandates for State Collective Bargaining and Fringe Benefit Costs:** Public sector union pay raises for HHSC are negotiated by the State Office of Collective Bargaining, approved by the Administration, and funds are

appropriated by the Legislature. Requiring HHSC to pay for collective bargaining increases approved by the State from HHSC's operating revenues imposes unbearable financial hardship on the system because HHSC is unable to require higher reimbursement from commercial or government healthcare payers to cover legislated payroll increases.

HHSC was forced to absorb collective bargaining raises of varying percentages due to agreements between the State of Hawaii and public sector unions retroactive to July 1, 2021, and expiring on June 30, 2025. These raises are projected to cost HHSC a cumulative total of over \$90 million at projected fringe benefit rates over the four-year period of the agreements. Further, the collective bargaining agreements negotiated by the State of Hawaii are meant to cover employees supporting the static business environment of administrative offices, not the dynamic working environment found in the hospitals that HHSC operates. As a result, the work rules and pay schedules dictated by those collective bargaining agreements makes it difficult for HHSC to operate its facilities efficiently and cost effectively.

In addition, the State assessed HHSC a fringe benefit rate of 52.83 percent for fiscal year 2022. Unfortunately, the State of Hawaii has advised HHSC that the fringe benefit rate is expected to increase back up to 62.78 percent starting in fiscal year 2023. Other private hospitals across the United States pay a fringe benefit rate of between 25-30 percent. The impact to HHSC of the difference between its FY 22 fringe benefit rate and the private hospital fringe rate of 30 percent is approximately \$45.7 million in additional annual expense to HHSC. As a result of these ever-increasing cost pressures, HHSC's salaries & benefits expense as a percent of net patient service revenue was 79 percent for fiscal year 2022, as compared to the U.S. Not-for-Profit Healthcare System Median of 57.6 percent (per Standard & Poor's Global Ratings for 2021).

- The increasing competition for healthcare resources including limited reimbursement dollars, the need for qualified healthcare professions, and the encroachment of national organizations into the State, including the neighbor islands.
- Labor costs constitute the majority of the HHSC budget. HHSC costs are high compared to national averages and are higher than those of local competitors. While HHSC has been given limited authority to make memoranda of agreement and collective bargaining sub-agreements, HHSC is basically restricted from modifying salary and benefits. Pay raises for HHSC are negotiated by OCB, approved by the Administration, then appropriated by the Legislature. Requiring HHSC to pay for collective bargaining increases approved by the State from HHSC's operating revenues would impose unbearable financial hardship on the system; because HHSC is unable to require higher reimbursement from commercial or government healthcare payers to cover legislated payroll increases. Pay raises from collective bargaining make it increasingly difficult for the Corporation to manage operating costs. To provide adequate cash for payments to employees required by collective bargaining agreements, HHSC has requested that general fund revenues be provided to HHSC if any collective bargaining agreements are enacted in addition to funds provided to offset HHSC's annual losses attributed to excessive labor cost associated with the entire State collective bargaining process.

BEHAVIORAL HEALTH

Adult Mental Health

The focus of public mental health programming and resources continues to be on services for adults with serious mental illness as well as continuing to grow the State adult crisis system that includes the 988/Hawaii Coordinated Access Resource Entry System crisis line, case-management-based stabilization beds, licensed crisis residential beds, and the mental health emergency worker service. Demand for increased public resources has resulted from U.S. v. State of Hawaii Stipulations and Orders including the Plan for Community Mental Health Services which mandated the expansion and enhancement of outpatient

community services. The purpose of this expansion is to meet the clinical and social needs (meaning social supports including housing, psychosocial rehabilitation, and case management) of individuals who have been or currently are patients of Hawaii State Hospital (HSH), or who have been or will be discharged, transferred, or diverted from HSH, and those who are at risk of hospitalization at HSH. Although the Adult Mental Health Division (AMHD) is no longer under court oversight, it is the expectation that the State sustain the level of gains obtained during the oversight.

HSH continues to experience growth in the number of forensic patients (patients with involvement in the criminal justice system). In 2022, construction was largely complete on a new forensic patient building designed and built with this population in mind. However, as soon as the new building opened, two other buildings on the campus had to close to have anti-ligature work completed for accreditation purposes. After these two buildings are completed, two others must have the same work completed. Finally, another building, the Guensberg Building, also needs extensive remodeling work to continue to be used.

HSH continues to work on maintaining national accreditation. AMHD is continuing to enhance its information collection and processing to improve the accurate collection and utilization of data and information relative to service authorization, services provided, and outcomes of inpatient and outpatient services.

For all of AMHD, another primary focus has been on creating an electronic data system that includes all services directly provided as well as those contracted. This is needed to greatly enhance evaluation efforts and improve efficiency.

Alcohol and Drug Abuse

Major trends affecting the program continue to include social and economic conditions which create additional emotional stress on individuals and families thus resulting in increased substance use and a greater demand for substance use treatment and prevention services. These trends include increased use of alcohol and other drugs by adults and adolescents; increased availability of drugs, including methamphetamine and marijuana; and serving adults and adolescents within the criminal justice,

correctional, and child welfare systems needing treatment. Other trends include the federal government's influence in shaping the direction of substance abuse programs/policies and its focus on requiring States to be more accountable and to report measurable program outcomes.

Child and Adolescent Mental Health

Major trends affecting the program are: (1) social and economic conditions which create undue mental stress on parents and their families, making them less able to deal with their dependents and responsibilities resulting in an increased demand for mental health services; (2) the ready availability of qualified mental health professionals in general as further associated with the civil service recruitment requirements; (3) the sustainability requirements of the Felix Consent Decree; (4) the Olmstead Decision (requiring the least restrictive or community-based services for clients with disabilities); (5) the Department of Education and DOH, via CAMHD, joint responsibility for children and adolescents in public school requiring mental health services to benefit from their education; (6) CAMHD operating requirements to meet the quality and financial obligations of Medicaid Managed Care Health Plans; and ; (7) a diminished array of provider agencies that are capable of fulfilling needs of CAMHD and thereby causing increased service gaps and waitlists.

Developmental Disabilities

DDD, as the operating agency for a long-term services and supports program under the Medicaid authority, is required to comply with assurances and regulations in order to maintain federal funding for services. These include assurances that there is a sufficient provider network; that services are provided based on a person-centered plan; and that the health, safety, and rights of participants is ensured. The Olmstead v. L.C., Supreme Court decision and the HCBS Final Rule promulgated in 2014 to ensure that Medicaid's HCBS programs provide full access to the benefits of community living and offer services in the most integrated settings are key drivers of substantial changes that HCBS programs are required to come into compliance with.

Other key mandates that impact the Division include Electronic Visit Verification requirements of the American Cures Act - aimed at reducing fraud, waste, and abuse; and the U.S. Office of Inspector General and CMS focus on state's implementation of health and safety policies and strengthening practices for incident management and investigation, mortality reviews, audits, and quality assurance.

DDD continues to implement its operations to ensure no waitlist for services pursuant to HDRC v. State of Hawaii (Civil No. 03-00524) Lawsuit and the Makin v. State of Hawaii (Civil No. 98-00997) Lawsuit. The Makin v. State of Hawaii class action lawsuit, filed in 1998, was originally comprised of people with I/DD who had been placed on a waitlist for Medicaid-funded HCBS Waiver Services. The HDRC v. State of Hawaii Settlement agreement, based on non-compliance with Makin, provided for provisions for the timely delivery of services to all eligible applicants or no waitlist for services.

ENVIRONMENTAL HEALTH

Environmental Health Services

In recent years, the need to address new and emerging diseases in food-borne illnesses and vector-borne diseases has become a major focus of the environmental health programs. In the area of vector-borne diseases, there is a significant interest because all the vector species and disease pathogens present in Hawaii were introduced from abroad, such as dengue and West Nile Virus. Due to the potential of other vectors and vector-borne diseases that could be introduced in Hawaii, there is a growing need to remain vigilant and be ready to respond quickly. Terrorism has played a significant role in raising the level of focus and activities for all the environmental health programs. The functions and activities of the environmental health programs are vital in preventing and responding to all acts of terrorism, biological, chemical, and radiological.

The Environmental Health Services Division has special capabilities in its Radiological Response Team. In this regard, all programs are actively involved in developing plans for public health readiness.

Another significant activity is in information management. The environmental health programs are progressing toward developing new technologies in the areas of field inspections, data management, and report generation, thereby improving the level of services to the public.

State Laboratory

The challenges in operating a facility of this magnitude are increasing electricity costs and the need for adequate funds for routine and special repair and maintenance which is essential for the preservation of our facility. The program's success depends largely on its ability to efficiently operate and maintain the sophisticated heating, ventilation, and air conditioning (HVAC) of this facility. Due to personnel safety concerns, when the laboratory experiences an HVAC failure, everyone in the facility is evacuated. Analytical work in progress may be aborted under these conditions.

Meeting critical program needs and maintenance of current level of services require budget adjustments for increased costs. The national program to increase laboratory capacity necessary to analyze selected organisms with high epidemic potential or for use as a bioterrorism threat maintains its high expectations of participant laboratories, including Hawaii.

The 105-seat auditorium, an adjacent training laboratory and smaller conference rooms are used extensively by other departmental programs for training and meetings. The availability of ample parking, conference rooms and a spacious lobby provide comfort and convenience to program participants. The program anticipates that the interest and utilization of this facility will continue in the future.

Health Care Assurance

There continues to be an increasing need for long-term care options for the elderly due to longevity and the anticipation of the "baby boomers" aging. There is a concern that the demand for long-term care beds may far outweigh the supply within the next few years and with that a shortage of the appropriate workforce to meet the demands. As such, the Office of Health Care Assurance (OHCA) is working through the department's Long-Term Living Initiative to develop options for the frail elderly, which would include institutional care as well as community-

based residential care as well as developed a training model for nurse aide training and apprenticeship. Ongoing dialogue and collaboration of all affected State, departmental and county agencies are crucial to ensure the health and safety of individuals residing in any of these care facilities.

The federal survey and certification program priorities continue to focus on legislatively mandated activities including recertification of nursing homes, home health agencies, intermediate care facilities for the mentally retarded, and validation surveys of accredited hospitals. The CMS has developed a rating of all nursing facilities via its Nursing Home Compare and Hospital Compare which is available to the public via its website. The program continues to provide CMS with appropriate data and information relating to the facilities within the State and Pacific Area. Of continued priority is the completion of complaint investigations regarding allegations of resident abuse, neglect, and misappropriation of resident property; serious threat to the mental or physical health or safety of patients; and Emergency Treatment and Labor Act violations.

Due to deaths occurring in community-based settings resulting from neglect on the part of the care givers, OHCA has developed training programs for the prevention of abuse, neglect, and financial exploitation of residents as well as identification and prevention of the development of pressure sores. OHCA is also concerned with the continued monitoring and oversight of these facilities, as well as the need for ongoing development of care giver training to ensure the provision of quality care through timely and appropriate assessment. Through collaboration with the community colleges, OHCA has amended the training module for prospective applicants to operate adult residential care homes and developmental disabilities domiciliary homes. With ongoing communication, it is expected to be able to develop even more training opportunities for all providers of care.

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

This program has not identified any such problems for possible study.

06

Social Services

SOCIAL SERVICES PROGRAM

I. OVERVIEW

The Social Services program's objective is to enable individuals and families in need to attain a minimally adequate standard of living and to achieve the social and psychological adjustments necessary to successful living in modern society.

The program presently consists of four Level II programs within the Departments of Attorney General, Defense, Hawaiian Home Lands, Health, and Human Services: Services to Individuals, Families and Veterans (HMS301, HMS302, HMS303, HMS305, HMS501, HMS503, DEF112, and HMS601; Assured Standard of Living (HMS202, HMS204, HMS206, HMS211, HMS220, HMS229, HMS222, HMS224, HMS605, HMS401, HMS236, HMS238, ATG500, and HMS237); Hawaiian Homesteads (HHL602 and HHL625); and Overall Program Support for Social Services (HTH904, HTH520, HMS902, HMS903, HMS904, HMS901, and HMS777).

Important program relationships exist between the Social Services program and Federal, private, and other governmental agencies, including the U.S. Departments of Health and Human Services, Housing and Urban Development, and Veterans Affairs.

(1) Federal

- Department of Health and Human Services
- Department of Housing and Urban Development
- Department of Agriculture
- Department of Veterans Affairs
- Department of the Interior

(2) Counties

- Community Services Departments
- Police Departments
- Prosecuting Attorney Departments

(3) Private

- Catholic Charities
- Institute of Human Services
- Kamehameha Schools/Bishop Estate
- Association of Hawaiian Civic Clubs

- Council for Native Hawaiian Advancement
- Queen Liliuokalani Trust
- Hale Kipa Youth Services
- Child & Family Services
- Maui Youth & Family
- Salvation Army
- Parents Inc.
- Hawaii Youth Services Network
- Partners in Development Foundation
- Pu'a Foundation
- Queen's Health Systems
- Kapiolani Medical Center for Women and Children
- Domestic Violence Action Center
- Hawaii Youth Services Network
- Hawaii Children's Action Network

(4) Affinity & Philanthropic Organizations

- National Governor's Association
- American Public Human Services Association
- Ascend at the Aspen Institute
- Casey Family Programs
- W.K. Kellogg Foundation
- Hawaii Community Foundation
- Healthcare Association of Hawaii

Increasingly, the effective delivery of social services requires the whole of government and community approach to address the root causes of poverty and related social adversities. This work includes cross-branch, cross-agency, and community collaboration to address the social determinants of health and well-being. For example, DHS works with:

- The Governor's Coordinator on Homelessness and the Hawaii Interagency Council on Homelessness leads the statewide planning and coordinated approach to address the needs of individuals and families experiencing homelessness. These efforts include working with the Departments of Education, Transportation, law enforcement agencies, county governments, and community providers to prevent and address the impacts of homelessness on individuals and families and maintain the health and safety of public lands.

- The Department of Education and the Charter Schools Commission to deliver more nutrition benefits to eligible students;
- The Department of Education to maximize federal reimbursement for health care services needed for students to succeed in school;
- The Executive Office on Early Learning, the Department of Education, and Charter Schools Commission to address the child care needs of families and the investment required to increase the capacity and quality of child care in Hawaii;
- The Department of Public Safety, community advocates, and those with lived experience to address the needs of children of incarcerated parents and support reentry by prison inmates to the community;
- The Judiciary, the Department of the Attorney General, and State and federal law enforcement to combat sex and human trafficking of minors;
- The Office of the Governor, the Department of Labor & Industrial Relations, the Office of Enterprise Technology Services, and the National Governors Association to streamline online services for residents seeking employment and government services;
- The Department of Health and the Children's Healthy Living Program at the University of Hawaii at Manoa, supported by private philanthropy, to improve access to and participation in available nutrition programs for Hawaii's youngest children.

These government and community collaborations require continued investment and dedicated staff, information technology (IT) improvements, and contracted services to redesign and reimagine government so that residents have easier access to government services that are responsive to their needs. In addition, discussing and expanding the understanding of federal programs and their funding schemes will assist Hawaii in maximizing the use of available federal funding.

Similarly, the Department of Hawaiian Home Lands (DHHL) is working in collaboration with other Hawaiian organizations to bring needed services into homestead communities in response to requests from our beneficiaries. These services provide more opportunities to create healthy, vibrant and self-sustaining communities. DHHL continues to provide financial assistance to worthy projects benefiting native Hawaiian communities. Grants are provided to organizations with priority on housing, improvements to homestead land, and building the capacity of homestead communities.

The U.S. Department of Housing and Urban Development, Federal Housing Administration (FHA) insured loans (as provided by private lenders) is the primary source of loan financing for native Hawaiians. The FHA loan program, adopted in 1987, allows homesteaders to apply for new or replacement home financing with long-term loans insured by FHA. Loans are also available through other external sources such as the U.S. Department of Agriculture's Rural Development, U.S. Department of Veterans Affairs, federal credit unions, and other financial entities through which the department provides loan guarantees. DHHL has expanded its capacity for external mortgage financing through private mortgage insurance programs with local lenders.

SOCIAL SERVICES PROGRAM

MEASURES OF EFFECTIVENESS

OBJECTIVE: TO ENABLE INDIVIDUALS AND FAMILIES IN NEED TO ATTAIN A MINIMALLY ADEQUATE STANDARD OF LIVING AND TO ACHIEVE THE SOCIAL AND PSYCHOLOGICAL ADJUSTMENTS NECESSARY TO SUCCESSFUL LIVING IN MODERN SOCIETY.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
06	1. % VULNERABLE ADULTS W/ APS NOT REABUSED		99	95	95	95	95	95	95	95
	2. % WORK PGM PARTICIPANTS WHO EXITED WITH EMPLOYMENT		2	2	3	4	5	5	5	5
	3. %TANF/TAONF RCPT PART WRK PGM MTG FED WRK PART STD		13	15	12	13	14	14	14	14
	4. % PLANNED HWN HOMESTEAD LOTS THAT WERE DEVELOPED		100	100	100	100	100	100	100	100

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>										
	TOTAL		1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
<u>OPERATING EXPENDITURES</u>										
	TOTAL		2,504,246	2,812,979	2,811,393	2,814,118	4,513,139	4,538,811	4,538,811	4,538,811
<u>TOTAL OPERATING EXPENDITURES</u>										
	TOTAL		2,505,996	2,814,729	2,813,143	2,815,868	4,514,889	4,540,561	4,540,561	4,540,561
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
	TOTAL		47,700	60,210	37,115	36,585				

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

SERVICES TO INDIVIDUALS, FAMILIES AND VETERANS

The objective of this Level II program is to enable individuals and families in need, and veterans to achieve and maintain the social and psychological adjustments necessary to successful living in modern society.

This program is comprised of the following lower-level programs within the Department of Human Services and the Department of Defense: Child Protective Services (HMS301); General Support for Child Care (HMS302); Child Protective Services Payments (HMS303); Cash Support for Child Care (HMS305); At-Risk Youth Services, consisting of In-Community Youth Programs (HMS501) and Hawaii Youth Correctional Facility (HYCF) (HMS503); Services to Veterans (DEF112); and Adult Protective and Community Services (HMS601).

LEVEL II

SERVICES TO INDIVIDUALS, FAMILIES AND VETERANS

MEASURES OF EFFECTIVENESS

II. 01 SERVICES TO INDIVIDUALS, FAMILIES AND VETERANS

OBJECTIVE: TO ENABLE INDIVIDUALS AND FAMILIES IN NEED, AND VETERANS TO ACHIEVE AND MAINTAIN THE SOCIAL AND PSYCHOLOGICAL ADJUSTMENTS NECESSARY TO SUCCESSFUL LIVING IN MODERN SOCIETY.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0601	1. % CHDRN OOH RET TO FAM W/IN 12 MO OF OOH PLCMT		70.9	75	75	75	75	75	75	75
	2. % VETERANS' SERVICES PLAN ACHIEVED		95	95	95	95	95	95	95	95
	3. % VULNERABLE ADULTS W/ APS NOT REABUSED		99	95	95	95	95	95	95	95

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
060101	CHILD PROTECTIVE SERVICES	HMS-301	41,125	85,147	91,029	91,607	91,607	91,607	91,607	91,607
060102	GENERAL SUPPORT FOR CHILD CARE	HMS-	15,039	18,953	15,682	15,831	15,832	15,832	15,832	15,832
060103	CHILD PROTECTIVE SERVICES PAYMENTS	HMS-	50,888	77,115	77,115	77,115	77,116	77,116	77,116	77,116
060104	CASH SUPPORT FOR CHILD CARE	HMS-	39,620	94,577	94,577	94,577	94,578	94,578	94,578	94,578
060105	AT-RISK YOUTH SERVICES	-	15,992	18,839	21,641	22,029	22,030	22,030	22,030	22,030
060106	SERVICES TO VETERANS	DEF-112	1,758	2,702	2,009	2,056	2,057	2,057	2,057	2,057
060107	ADULT PROTECTIVE AND COMMUNITY SERVICES	HMS-601	5,389	11,096	11,470	11,679	11,680	11,680	11,680	11,680
	TOTAL		169,811	308,429	313,523	314,894	314,900	314,900	314,900	314,900
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
060105	AT-RISK YOUTH SERVICES	-			6,450					
060106	SERVICES TO VETERANS	DEF-112	1,700	3,210	665	6,585				
	TOTAL		1,700	3,210	7,115	6,585				

ASSURED STANDARD OF LIVING

The objective of this program is to assure that those in need attain at least a minimally adequate standard of living by providing services, direct assistance, and payments for the necessities of life.

This program is comprised of the following lower-level programs within the Department of Human Services and the Department of the Attorney General: Monetary Assistance for General Needs, consisting of Aged, Blind and Disabled Payments (HMS202), General Assistance Payments (HMS204), Federal Assistance Payments (HMS206), and Cash Support for Families - Self-Sufficiency (HMS211); Housing Assistance, consisting of Rental Housing Services (HMS220), Hawaii Public Housing Authority Administration (HMS229), Rental Assistance Services (HMS222), and Homeless Services (HMS224); Health Care, consisting of Community-Based Residential and Medicaid Facility Support (HMS605) and Health Care Payments (HMS401); General Support for Assured Standard of Living, consisting of Case Management for Self-Sufficiency (HMS236), Disability Determination (HMS238) and Child Support Enforcement Services (ATG500); and Employment and Training (HMS237).

LEVEL II

ASSURED STANDARD OF LIVING

MEASURES OF EFFECTIVENESS

II. 02 ASSURED STANDARD OF LIVING

OBJECTIVE: TO ASSURE THAT THOSE IN NEED ATTAIN AT LEAST A MINIMALLY ADEQUATE STANDARD OF LIVING BY PROVIDING SERVICES, DIRECT ASSISTANCE, AND PAYMENTS FOR THE NECESSITIES OF LIFE.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0602	1. % ABD CLIENTS EXITING PGM DUE TO SSI/RSDI BENEFITS		1	1	1	1	1	1	1	1
	2. % OF GA INDIVS EXIT DUE TO AMELIORATN OF DISABIL		6	8	8	8	8	8	8	8
	3. PUB HSG AVG MONTHLY RENT PAYMENT (\$)		376	375	375	375	375	375	375	375
	4. % LTC CLIENTS RECEIVING CARE UNDER HCBS PROGRAM		73.6	74.3	74	74	74	74	74	74
	5. % WORK PGM PARTICIPANTS WHO EXITED WITH EMPLOYMENT		2	2	3	4	5	5	5	5
	6. %TANF/TAONF RCPT PART WRK PGM MTG FED WRK PART STD		13	15	12	13	14	14	14	14

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
060201	MONETARY ASSISTANCE FOR GENERAL NEEDS	-	46,336	107,338	107,338	107,338	107,338	107,338	107,338	107,338
060202	HOUSING ASSISTANCE	-	203,817	208,120	235,713	235,413	235,319	235,319	235,319	235,319
060203	HEALTH CARE	-	2,147,483	2,147,483	2,147,483	2,147,483	3,424,105	3,449,777	3,449,777	3,449,777
060204	GENERAL SUPPORT FOR ASSURED STANDARD OF LIVING	-	51,798	81,049	82,324	77,702	77,704	77,704	77,704	77,704
060205	EMPLOYMENT AND TRAINING	HMS-	883	1,939	2,033	2,033	2,034	2,034	2,034	2,034
	TOTAL		2,450,317	2,545,929	2,574,891	2,569,969	3,846,500	3,872,172	3,872,172	3,872,172
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
060202	HOUSING ASSISTANCE	-	10,000	20,000	10,000	10,000				
	TOTAL		10,000	20,000	10,000	10,000				

HAWAIIAN HOMESTEADS

This program, administered by the Department of Hawaiian Home Lands (DHHL), partners with others toward developing self-sufficient and healthy communities for the benefit of native Hawaiians (persons of at least 50 percent Hawaiian blood) as required by the Admissions Act and as a compact with the United States, the State of Hawaii and the people of Hawaii.

The trust, created by Congress through the Hawaiian Homes Commission Act of 1920, as amended (Act), set aside public lands to be used. The Act was adopted as a provision of the State Constitution and agreed to faithfully carry out the spirit of the Act for the rehabilitation of the Hawaiian race. DHHL is headed by an executive board, the Hawaiian Homes Commission. The department administers a homesteading program in accordance with provisions of the Act, and manages a land trust consisting of approximately 203,500 acres of land on Oahu, Kauai, Molokai, Maui, Lanai and Hawaii.

The program consists of two Level II programs in DHHL: Planning and Development for Hawaiian Homesteads (HHL 602) and Administration and Operating Support (HHL 625). The objectives of these programs are to develop and manage the designated Hawaiian home lands to create more homesteads for native Hawaiians (as defined by the Act) and generate revenues to address program needs.

LEVEL II

HAWAIIAN HOMESTEADS

MEASURES OF EFFECTIVENESS

II. 03 HAWAIIAN HOMESTEADS

OBJECTIVE: TO DEVELOP AND MANAGE THE DESIGNATED HAWAIIAN HOME LANDS TO CREATE MORE HOMESTEADS FOR NATIVE HAWAIIANS (AS DEFINED BY THE HAWAIIAN HOMES COMMISSION ACT, 1920, AS AMENDED) AND GENERATE THE REVENUES NEEDED TO ADMINISTER THE PROGRAM. THROUGH THE USE OF THESE REVENUES, LEASE LANDS, LOAN FUNDS AND TECHNICAL ASSISTANCE WILL BE PROVIDED TO NATIVE HAWAIIANS IN ORDER TO FURNISH THE OPPORTUNITY TO SECURE AND MAINTAIN AN ADEQUATE STANDARD OF LIVING.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0603	1. % PLANNED HWN HOMESTEAD LOTS THAT WERE DEVELOPED		100	100	100	100	100	100	100	100
	2. % SURRENDERED OR CANCELED LOTS RE-AWARDED		100	100	100	100	100	100	100	100
	3. % OF R&M TASKS COMPLETED OF TOTAL TASKS INITIATED		80	80	80	80	80	80	80	80

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>										
060302	ADMINISTRATION AND OPERATING SUPPORT	HHL-625	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
	TOTAL		1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
<u>OPERATING EXPENDITURES</u>										
060301	PLANNING AND DEVELOPMENT FOR HAWAIIAN HOMESTEADS	HHL-602	16,183	48,883	48,883	48,883	48,884	48,884	48,884	48,884
060302	ADMINISTRATION AND OPERATING SUPPORT	HHL-625	13,729	14,045	14,678	15,046	15,046	15,046	15,046	15,046
	TOTAL		29,912	62,928	63,561	63,929	63,930	63,930	63,930	63,930
<u>TOTAL OPERATING EXPENDITURES</u>										
060301	PLANNING AND DEVELOPMENT FOR HAWAIIAN HOMESTEADS	HHL-602	16,183	48,883	48,883	48,883	48,884	48,884	48,884	48,884
060302	ADMINISTRATION AND OPERATING SUPPORT	HHL-625	15,479	15,795	16,428	16,796	16,796	16,796	16,796	16,796
	TOTAL		31,662	64,678	65,311	65,679	65,680	65,680	65,680	65,680
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
060301	PLANNING AND DEVELOPMENT FOR HAWAIIAN HOMESTEADS	HHL-602	36,000	37,000	20,000	20,000				
	TOTAL		36,000	37,000	20,000	20,000				

OVERALL PROGRAM SUPPORT FOR SOCIAL SERVICES

The objective of this program is to enhance the effectiveness and efficiency with which the objectives of the social services program are achieved by providing executive direction, program planning and analysis, and other program support and administrative services.

This program is comprised of the following lower-level programs within the Departments of Health and Human Services: Executive Office on Aging (HTH904), Disability and Communication Access Board (HTH520), General Support for Health Care Payments (HMS902), General Support for Self-Sufficiency Services (HMS903), General Administration (DHS) (HMS904), General Support for Social Services (HMS901), and Office on Homelessness and Housing Solutions (HMS777).

Executive Office on Aging (HTH904)

The Executive Office on Aging (EOA) serves to optimize the health, safety, and independence of Hawaii's older adults and people with disabilities. EOA supports elders and their caregivers through planning, development, advocacy, and coordination of policies, programs, and services.

As a result of the Older Americans Act, EOA was designated the lead agency in the State to address aging issues on behalf of more than 224,000 persons 60 years of age and older. For the well-being (physical, social, mental health, etc.) of the State's older population, EOA is charged with a wide range of responsibilities that include:

- Providing statewide leadership for the development and review of policies and programs for older adults, as articulated by the State Plan on Aging, the Comprehensive Master Plan for the Elderly, Long Term Care Plan for Hawaii's Older Adults, and the State Plan on Alzheimer's Disease and Related Dementias;
- Developing a State Plan every 4 years for submission to the U.S. Administration on Community Living enabling the State to receive allotments under the Older Americans Act, as amended;

- Serving as a clearinghouse of aging policies and information;
- Recognizing older adults, caregivers and individuals with disabilities as resources;
- Maintaining an efficient statewide database system to identify and define the aging population in Hawaii;
- Overseeing a statewide Aging and Disability Resource Center with sites in each county to streamline access to long-term supports and services by integrating the full range of long-term supports and services into a single, coordinated system;
- Overseeing a statewide, client-driven, comprehensive long-term services and supports;
- Recognizing that elders deserve special protection from abuse and neglect;
- Ensuring that there is an Office of the Long-Term Care Ombudsman in EOA to protect the health, safety, welfare, and rights of residents of long-term care facilities in accordance with State and federal law; and
- Promoting and establishing basic services for family caregivers.

Disability and Communication Access Board (HTH520)

The functions of the Disability and Communication Access Board (DCAB) are to:

1. Establish guidelines for the design of buildings, facilities, and sites by or on behalf of the State and counties in accordance with Section 103-50, Hawaii Revised Statutes (HRS);
2. Provide review and recommendations on all State and county plans for buildings and facilities, in accordance with Section 103-50, HRS;

3. Establish guidelines for the utilization of communication access services provided for persons who are deaf, hard of hearing, or deaf/blind in State programs, including the credentialing of interpreters who do not possess national certification;
4. Administer the statewide program for parking for disabled persons, in accordance with Part III of Chapter 291, HRS;
5. Serve as public advocate of persons with disabilities by providing advice and recommendations on matters relating to access for persons with disabilities, with emphasis on legislative matters, administrative rules, policies, and procedures of State and county governments;
6. Review and assess the problems and needs relating to access for persons with disabilities in the State in order to provide recommendations in the improvement of laws and services;
7. Serve as the designated State agency to coordinate the efforts of the State to comply with the requirements of the Americans with Disabilities Act (ADA) for access to services, employment, telecommunications, and facility and site design; and
8. Provide technical assistance and guidance to, but not limited to, State and county entities in order to meet the requirements of State, federal, and county laws.

LEVEL II

OVERALL PROGRAM SUPPORT FOR SOCIAL SERVICES

MEASURES OF EFFECTIVENESS

II. 04 OVERALL PROGRAM SUPPORT FOR SOCIAL SERVICES

OBJECTIVE: TO ENHANCE THE EFFECTIVENESS AND EFFICIENCY WITH WHICH THE OBJECTIVES OF THE SOCIAL SERVICES PROGRAM ARE ACHIEVED BY PROVIDING EXECUTIVE DIRECTION, PROGRAM PLANNING AND ANALYSIS, AND OTHER PROGRAM SUPPORT AND ADMINISTRATIVE SERVICES.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0604	1. UNDUPLICATED # OF CLIENTS SERVED BY OFC OF AGING		7129	7129	7250	7250	7250	7250	7250	7250
	2. % OF OBJECTIVES IN DCAB PLAN OF ACTION COMPLETED		90	90	90	90	90	90	90	90
	3. % MEDICAID APPS PROCESSED W/IN SPEC TIME CRITERIA		90	95	95	95	95	95	95	95
	4. % SELF-SUFFICIENCY SVC PROVIDERS MEETING PERF STDS		90	90	90	90	90	90	90	90
	5. % APPEALS RESOLVED W/IN SPECIF TIME CRITERIA		99	99	99	99	99	99	99	99
	6. % FED COMPLIANCE REVIEWS W/ NO SIGNIF NEG FINDINGS		90	90	90	90	90	90	90	90

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
060402	EXECUTIVE OFFICE ON AGING	HTH-904	24,048	26,974	24,365	24,386	24,386	24,386	24,386	24,386
060403	DISABILITY AND COMMUNICATION ACCESS BOARD	HTH-520	2,384	2,445	3,115	3,183	3,184	3,184	3,184	3,184
060404	GENERAL SUPPORT FOR HEALTH CARE PAYMENTS	HMS-	55,886	98,188	99,008	99,325	99,326	99,326	99,326	99,326
060405	GENERAL SUPPORT FOR SELF-SUFFICIENCY SERVICES	HMS-	60,028	143,173	120,279	120,395	120,395	120,395	120,395	120,395
060406	GENERAL ADMINISTRATION (DHS)	HMS-	11,646	17,006	18,119	18,570	18,571	18,571	18,571	18,571
060407	GENERAL SUPPORT FOR SOCIAL SERVICES	HMS-901	3,040	6,348	6,436	6,486	6,487	6,487	6,487	6,487
060408	OFFICE ON HOMELESSNESS AND HOUSING SOLUTIONS	HMS-			15,500	15,460	15,460	15,460	15,460	15,460
	TOTAL		157,032	294,134	286,822	287,805	287,809	287,809	287,809	287,809

III. PROGRAM CHANGE RECOMMENDATIONS

DEPARTMENT OF HAWAIIAN HOME LANDS

A renewed commitment by the State to support the department's administrative and operating costs through general fund appropriations has allowed the department to allocate revenues it generated from its available lands to the development of new lots and other capital improvement projects on the home lands, providing direct benefits to beneficiaries. Interest earned from the department's loan fund could also be reinvested in the loan fund, allowing for additional lending to beneficiaries.

DHHL intends to request continued funding to allow the design and construction of needed infrastructure improvements on its lands.

DEPARTMENT OF HUMAN SERVICES

The Department of Human Services (DHS) needs additional positions and funds in these challenging times of continuing inequities to support innovation and necessary cross-sector work to implement existing and new programs while supporting the workforce and IT modernization initiatives.

The Affordable Care Act of 2010 (ACA) set DHS on the journey to modernize human services delivery. The ACA provided Hawaii with substantial federal investment to develop Kauhale On-Line Eligibility Assistance system (KOLEA), an improved eligibility determination system that uses integrated technology. The implementation of KOLEA reduced the time from application to determination from 48 days to 24 to 48 hours and was vital in managing a 38 percent increase in Medicaid enrollees during the COVID-19 pandemic. Major IT modernization and organization change management projects continue as DHS develops and implements the Benefits Eligibility System and Comprehensive Child Welfare Information System that will improve the IT infrastructure for staff and streamline accessibility and service delivery for residents.

Developing technology, advances in brain science, and research on the long-term consequences of adverse childhood experiences, influenced DHS in 2014 to adopt a multigenerational approach to

service delivery with an emphasis on investments in children and their families. DHS' theory of change is that with streamlined delivery and reduced barriers, individuals and families could access available benefits and services that support their well-being and efforts to become self-sufficient. DHS executive leadership, divisions, attached agencies, and providers began finding new ways to work across programs and departments to serve Hawaii's families. DHS collaborated with and received technical assistance from the American Public Human Services Association, the Ascend at the Aspen Institute, and the National Governor's Association - all catalysts and conveners for systems and policy change within social service agencies. DHS adapted Ascend's "2-Gen" approach to 'Ohana Nui, Hawai'i's multigenerational framework, to create generative processes that address the root causes of poverty and the social determinants of health and well-being.

In 2019, DHS worked with the administration, the Legislature, and community stakeholders to pass Act 82, SLH 2019. The act changed DHS's enabling statute and requires an integrated and multigenerational approach to reduce intergenerational poverty. The innovative and cross-sector collaborations have resulted in tangible and meaningful 'Ohana Nui investments in leadership and workforce development and allowed staff to gain experience in innovating new processes and programs that improve client experiences and well-being.

The COVID-19 pandemic compounded pre-pandemic challenges with workforce shortages and wage differentials with the private sector, especially in social work, eligibility workers, and IT. However, DHS' successful and rapid pandemic response highlighted the experienced leadership and strength of relationships as we quickly problem-solved, allowing safe access to the highest caseloads in DHS history through a telework environment. The capacity to rapidly pivot DHS' service delivery model has its foundation in the ongoing strategic planning and organizational change efforts.

Traumatic events disproportionately impact vulnerable populations lacking resources and social connections. The pandemic exposed the structural inequities that compounded the health and economic consequences of COVID-19 on people and communities that were vulnerable before the pandemic. The pandemic will continue to impact residents who struggle to make

ends meet as the end of federal program waivers and pandemic benefits; the return to "normal" processes will increase DHS' workload and impact residents' benefits. For example, when the federal public health emergency ends, more than 89,000 Hawaii households, or more than 106,000 individuals, will lose \$199 on average in monthly nutrition assistance when food prices are high, and climate changes and war impact global food supply chains. DHS is preparing for the dramatic reduction in food assistance and has begun working with community providers to assist with accessing food.

Like human services and health care providers across the country, DHS' vacancy rates are also high for various reasons. Importantly, DHS maintains a flexible hybrid telework environment to continue health and safety measures as COVID-19, and other colds and viruses ripple through our staff. During the next two fiscal years, DHS' executive and administrative leadership will need to continue innovating, supporting the workforce, and improving working conditions.

Additionally, in a highly politicized and divided society, DHS needs new training and resources for staff and supervisors to develop de-escalation skills and protocols to prepare and educate staff who face increased threats from the public both in-person and through social media. Internally, DHS is also experiencing increased conflicts wrought by unrelenting pressures and strain of high volumes, high vacancies, and multiple programs and process changes since the pandemic. With the public's expectations for more straightforward, smoother, and technology-supported delivery processes; high demands for services; and reductions in federal resources, the executive and management leadership will redouble the efforts to engage in cross-sector, grant opportunities; public-private partnerships; and community-based solutions.

IV. EMERGING CONDITIONS, TRENDS, AND ISSUES

Disability and Communication Access Board

The advances in medicine, the demographics of an aging society, and the maturation of disability civil rights laws will result in several trends that affect DCAB. Some of the trends mesh with those of EOA.

- Emergency readiness, preparedness, and evacuation of persons with disabilities and special health needs. Recent disasters and the pandemic identified inadequacies in Hawaii's emergency response system particularly for people with disabilities and the elderly with special health needs. To enhance the State's emergency preparedness response efforts, DCAB will participate with federal and State entities to ensure that communications with persons with disabilities concerning emergencies are as effective as communications with all others.
- Designing livable communities. Urban planning, including development of walkable communities and accessible transportation systems to complement an architecturally accessible community will continue to impact our overall program emphasis.
- Community-based services to implement Olmstead. The U.S. Supreme Court's "Olmstead" decision accelerated State planning efforts to develop additional community-based services for persons with disabilities. This legal mandate is in conflict with efforts to cut back on Medicaid funds, a major source of funds for community services.
- Statewide ADA coordination. All departments have self-evaluations and transition plans to implement the ADA. However, funding has not necessarily kept pace, nor has the system been able to administer the volume of construction needed, especially in the schools. Continued coordination with State and county agencies and ADA coordinators will help to ensure greater access for persons with disabilities.
- Stabilization of the parking program for persons with disabilities. The number of individuals eligible for a parking placard for persons with disabilities will continue to increase as the population of persons with disabilities

increases. The program is now stable. Also, issues relating to record retention, and identity fraud will require attention to ensure the integrity of the statewide database.

Protective Services

The Social Services Division of DHS provides prevention and protective services for children and vulnerable adults who may be at risk of or experiencing abuse or neglect. Its programs include services and safe living arrangements to reduce abuse, neglect, and maltreatment.

The Adult Protective Services Branch (APSB) provides crisis intervention, investigation, and emergency services to vulnerable adults reported to be abused, neglected, financially exploited by others, or seriously endangered due to self-neglect. Act 289, SLH 2022, expanded APSB's right of entry to investigate reports of self-neglect or caregiver neglect. Previously, APSB could only enter a person's premises without a court order to investigate reports of physical abuse. The purpose of the additional authority is to prevent harm and wasting of assets and to assist individuals and families address the needs of the vulnerable adult.

The Child Welfare Services Branch (CWSB) provides family strengthening and support services for child protection, foster care, adoption, higher education payments, leadership development for former foster youth, and independent living; and licensing of resource family homes, group homes, and child-placing organizations. Additionally, CWSB responds to all reports of sex trafficking of minors or trafficking in persons.

In 2013, federal law and Act 252, SLH 2013, authorized CWSB to provide voluntary services for youth who exited foster care. The resulting program, Imua Kākou, helps these youth build successful futures through services and benefits, including higher education or continued board payments, peer support, and leadership development.

Hawaii Helping Our People Envision Success (HI HOPES) is a statewide initiative that works to ensure that youth and young people, primarily aged 14-26, who have experienced foster care have the relationships, resources, and opportunities they need to succeed. The initiative is celebrating ten years of youth voice and community collaboration to improve the child welfare

system in Hawaii and ensure the well-being of youth and young adults in foster care. Many HI HOPES youths advocated and supported the passage of Act 252, SLH 2013, which created the extended foster care program, and Act 105, SLH 2018, which consolidated the existing rights of foster children into one section of law.

Furthermore, Act 16, SLH 2017, in compliance with the Justice for Victims of Trafficking Act of 2015, Public Law 114-22, updated Hawaii's child abuse reporting law to include reports of known or suspected child victims of sex and labor trafficking. As a result, CWSB receives reports of sex and labor trafficking, investigates sex and labor trafficking cases, and provides supportive services to all minor victims. Recently, CWSB participated in three successful law enforcement operations that recovered youths who were reported as runaways and suspected to be victims of commercial sexual exploitation of children.

Child Care

Child care in Hawaii is a regulated industry. Eligible parents or guardians may be eligible to receive publicly funded subsidies to assist with paying for the cost of child care.

The COVID-19 pandemic highlighted the critical importance of accessible, affordable, and quality child care for parents and caregivers to maintain employment, perform essential functions, and contribute to the local economy. However, as with other industries, the pandemic also exposed the fragile infrastructure of the child care sector that relies upon small businesses and highly skilled-but low-wage earners to operate.

In response, DHS implemented eligibility and licensing waivers with federal authority and under emergency proclamations so that more parents could qualify for available subsidies. Licensing waivers allowed providers to maintain their businesses safely even as student enrollment varied daily, and health and mitigation recommendations were frequently updated as the community learned more about COVID-19.

DHS also distributed significant federal stabilization grant funds to assist child care providers in paying operational expenses, staff bonuses, or other benefits to maintain staffing.

Child Care Licensing

Child Care Licensing ensures the health, safety, and well-being of children enrolled in registered family child care homes and licensed child care centers (e.g., before & after school child care facilities, group child care centers & group child care homes, and infant & toddler child care centers) by developing and enforcing minimum standards for these types of child care. In addition, it monitors compliance with federal and State child care laws and administrative rules and provides consultation and technical assistance to child care providers.

Child Care Subsidies

Hawaii has two primary child care subsidy programs that provide financial assistance to offset the cost of child care through two programs:

1. Child Care Development Block Grant is a federal subsidy program that is administered by the State through Child Care Connections Hawaii. This program helps low-income families sustain employment, educational efforts, and job training by providing a subsidy to parents for their children in the care of DHS-approved child care providers.
2. Preschool Open Doors is a State-funded subsidy program that provides subsidies allowing income-eligible families to send their child or children to a licensed preschool during the school year before kindergarten entry. The goal of this program is to promote school readiness for children.

The Temporary Assistance for Needy Families (TANF) program also provides funding for afterschool care and programs for families participating in TANF/Temporary Assistance for Other Needy Families (TAONF) programs and attending DOE schools.

Domestic Violence Shelters and Services

DHS is one of the State's largest funders of domestic violence services. It contracts statewide domestic violence shelters and support services, including legal services for victims and families experiencing domestic violence. The TANF/TAONF programs also provide program waivers for individuals experiencing domestic violence.

In 2022, CWSB and the Domestic Violence Action Center agreed to work together when a victim of domestic violence is a parent involved in child welfare services.

Homeless Services and Housing Solutions

Addressing and preventing homelessness continues to be a top priority and involves all branches of State and county governments, community providers, and those with lived experience.

In 2012, Act 105, SLH 2012, codified the Governor's Coordinator on Homelessness and the Hawaii Interagency Council on Homelessness (HICH) in Chapter 346, HRS, as an acknowledgement that addressing homelessness required greater collaboration and coordination among diverse government entities, businesses, nonprofit organizations, and faith-based organizations. Before this, the Governor's Coordinator on Homelessness and the HICH were authorized by Executive Order No. 11-21.

Pre-pandemic, the Governor's Coordinator on Homelessness and the HICH adopted a "Housing First" approach and developed a statewide coordinated entry system for individuals and families to access various homeless services. Between 2016 and 2020, homeless individuals statewide decreased by 1,463 (18.5 percent). There were significant statewide reductions in key homeless sub-populations during this timeframe:

- 43.7 percent reduction (1,469 individuals) in persons in homeless families,
- 27.1 percent reduction (182 individuals) in veterans experiencing homelessness,
- 22.4 percent reduction (437 individuals) in chronic homelessness, and
- 15.2 percent reduction (658 individuals) in unsheltered homelessness.

During this period, the Legislature authorized the `Ohana Zones pilot program by [Act 209, SLH 2018](#), extended it by [Act 128, SLH 2019](#), and extended it again by Act 235, SLH 2022. `Ohana Zones "are designed to assist individuals experiencing homelessness find and transition into permanent housing . . . [and] have the potential to serve individuals experiencing homelessness in a way that existing programs are currently unable." As a result,

the Governor's Coordinator on Homelessness implemented `Ohana Zones across the State by coordinating with the counties to support aligned county projects and maximize the use of State funds.

Most `Ohana Zones pilot program projects began implementation before July 2019 and were set to end by June 2023; however, Act 235, SLH 2022, extended the `Ohana Zones pilot program and appropriated an additional \$15,000,000 to continue the pilot program and seed additional projects. As of November 30, 2021, \$21,520,712, or about 67 percent of the \$32,000,000 appropriated for `Ohana Zones by Act 209, SLH 2018, and Act 128, SLH 2019, has been expended.

The COVID-19 pandemic immediately changed how homelessness services are delivered and impacted services in congregate settings, such as emergency shelters, resulting in a temporary reduction in available shelter space. Despite the challenges, the placement of homeless individuals from an unsheltered environment to housing continued through the pandemic.

The pandemic also required the Governor's Coordinator on Homelessness and the `Ohana Zones operators and service providers to innovate in order to continue to serve more than 5,510 individuals. Their efforts preserved 358 beds for homeless services and added 469 new beds to the overall inventory as of November 30, 2021.

While the State and federal eviction moratoriums and the emergency mortgage, rental, and utility relief programs temporarily prevented additional housing instability and homelessness, the lifting of the eviction moratoriums resulted in an increased focus on homelessness prevention. To address an increase in anticipated evictions, Act 57, SLH 2021, temporarily changed rental termination notice requirements and created a mediation process so tenants could access available federal rental assistance and negotiate payment of past due rent and move-out dates. This allowed many tenants to remain in their rentals and reduced the number of residents who experienced housing instability; however, the temporary provisions expired in August 2022.

In response to the dramatic increases in Hawaii's housing values, landlords with long-term rentals are moving to increase their rents, impacting older residents who rent and subsist on a fixed income. These residents constitute a new population facing homelessness and housing instability as affordable and low-income housing inventories remain inadequate to meet demand.

Additionally, Act 252, SLH 2022, established the Statewide Office on Homelessness and Housing Solutions within DHS and added organizational infrastructure. The Governor's Coordinator on Homelessness will lead this new office and the HICH and continue working with all government branches, State and county agencies, and community stakeholders to prevent homelessness and develop innovative housing solutions.

While the Governor's Coordinator on Homelessness focuses on policy and planning, the Homeless Programs Office administers State-funded homeless programs, including outreach, legal services, the Housing First program - permanent supportive housing for "chronically homeless individuals," rapid rehousing assistance, and prevention services. As part of the coordinated entry system and insight into available services, DHS homeless programs contracts require contracted providers to enter data into one of two Homeless Management Information Systems run by the State's two Continuum of Care organizations.

To make the homeless shelter system more cost-effective and more appealing to families and individuals, Act 234, SLH 2016, established minimum compliance and annual audit requirements for every homeless emergency shelter operated by a provider agency under contract with DHS and tied homeless shelter stipends to performance measures achieved by the provider agency. However, the following year, Act 100, SLH 2017, gave DHS more time and flexibility to establish minimum requirements acknowledging community differences and wide variation in the configuration of homeless emergency shelters across the State. In particular, there are distinct differences between emergency shelters located in rural areas compared to shelters located in more densely populated urban communities.

At-Risk Youth Services

The Office of Youth Services (OYS) provides and coordinates a statewide continuum of services and programs for at-risk youth to prevent delinquency and reduce the incidence of recidivism.

While a core responsibility of the OYS is to manage and operate the State's only correctional facility for youth, the Hawaii Youth Correctional Facility (HYCF), the agency also provides and supports front-end prevention, diversion, and crisis intervention services and after-care services for youth after release. Youth who do not require secure confinement at HYCF are placed in appropriate community-based programs that meet the needs of the youth without jeopardizing the public's safety.

Act 201, SLH 2014, initiated juvenile justice reform in Hawaii to improve and enhance Hawaii's juvenile justice system, which would adopt a therapeutic juvenile justice model instead of a punitive one. By working collaboratively across sectors, OYS and HYCF have reduced the admissions at HYCF by as much as 26 percent since Act 201, SLH 2014, became law. In addition, in 2022, systemic collective work reduced the number of girls incarcerated in Hawaii to zero.

As part of juvenile justice reform, Act 208, SLH 2018, established the Kawaiiloa Youth and Family Wellness Center (Kawaiiloa) on the HYCF Kailua campus to provide much-needed services for at-risk youth and young adults. As a result, HYCF and community providers have commenced innovative and culturally based programs and services at Kawaiiloa, including youth crisis sheltering and residential services, mental health treatment, vocational and educational opportunities, restorative therapeutic alternatives to the juvenile justice system, and services for victims of commercial sexual exploitation of children.

Most recently, Act 130, SLH 2022, tasked DHS to develop and administer the Safe Spaces for Youth pilot program to address the needs of the growing population of youth experiencing homelessness across the State. The OYS will work with the counties, other State agencies, and community stakeholders to implement safe spaces for youth and examine what opportunities and benefits are available to support these youth.

Preventing youth from entering the juvenile justice system and potentially transitioning to confinement at the adult criminal justice system will require increased investment in front-end community-based programs, diversion programs, residential programs, crisis intervention services, and vocational and educational supports for youth. Additional human resources and

IT support are also necessary to help manage the public-private partnerships; to enhance governance and fiscal oversight; and to improve case management, program evaluation, and program development.

HAWAIIAN HOMESTEADS

The 101st year of the Hawaiian Homes Commission Act began with the signing of the most consequential allocation of funding in the program's history. Governor Ige signed Act 279, Session Laws of Hawaii (SLH) 2022, into law on July 11, 2022, setting aside \$600 million for DHHL. In August 2022, the Hawaiian Homes Commission (HHC) approved a Preliminary Strategic Approach to Implement Act 279. A two-year Capital Projects Encumbrance Plan was included with a breakdown of DHHL's quarterly needs for Fiscal Year 2023. In addition to lot development and offsite infrastructure, the Plan includes funding set aside for potential Land/Project Acquisition and Innovative Project Financing/ Partnerships.

Although DHHL's mission "to develop and deliver land to native Hawaiians" is well-known, the lesser-known charge "to manage the Hawaiian Home Lands trust effectively" is equally important. Increasingly, this responsibility is demanding a greater share of DHHL's financial and staff resources to address.

In terms of land holdings, of the total inventory, less than 5 percent are designated for residential use (including existing residential homesteads), while nearly two thirds of DHHL's land inventory (63.3 percent or 128,721 acres) are lands designated as General Agriculture or Conservation/Special District. Most of these lands will remain in DHHL's inventory over the next 20 years with DHHL facing land management issues for this acreage, similar to DLNR and other large private land owners (i.e., trespassing, dumping, fire prevention, etc.). Finding creative ways to manage this trust resource with beneficiary engagement and participation, while honoring DHHL's fiduciary responsibilities to act prudently and not place the interests of one beneficiary group above another, is the challenge ahead.

In September 2019, Governor Ige signed new Administrative Rules allowing for rentals and multi-family housing on Hawaiian Home Lands. DHHL plans to pursue multi-family rental units including affordable rentals (possibly for kupuna) as an additional housing option for beneficiaries particularly in locations where

multi-family density makes sense such as in urban Honolulu and where available infrastructure can support increased density.

Please note that while purely rental units provide our beneficiary families with needed affordable housing it will not take an applicant off of DHHL's waiting lists. The wait lists maintained by DHHL are individuals awaiting a 99-year homestead lease award of land and not a rental housing unit.

HAWAIIAN HOME LANDS

There are several challenges DHHL faces with respect to meeting the mission of homesteading. These include, but are not limited to, the following:

DHHL can only develop where it has lands. Most of DHHL's lands are located on the neighbor islands in rural or more remote locations. The greatest demand (longest waiting list) is for residential property on Oahu (10,996). Yet, DHHL has the least amount of land holdings on Oahu (3.3 percent of total lands).

Reliable funding. The cost for infrastructure (roads, water, sewer, drainage, electrical, etc.) to prepare DHHL lands for homesteading is high. The development process is also long requiring environmental compliance, planning, design, and construction phases. To keep a steady production of lots requires a reliable stream of funding to keep lots in every phase of development. This reliable funding also gives families waiting for an award of a lot (both applicant families on the waiting list or UI lessees) some certainty to plan and prepare financially to take a lot.

Competing needs. In addition to developing new homesteads, DHHL also has other critical, albeit lesser-known responsibilities. Like a county, DHHL maintains and repairs existing infrastructure (e.g., clearing of flood channels and drainage, fire protection of non-homestead areas, roads and facilities maintenance, sewer emergencies and repairs, etc.) In certain counties, the county has either not accepted dedication of portions of newer infrastructure, or has stopped performing

needed repair. One example is sewer systems. Act 227, SLH 2014, clarified and confirmed that operating and maintenance of sewer systems is a county function. However, DHHL continues to maintain the sewer systems on Hawaiian home lands, primarily in the City and County of Honolulu until Act 227 can be fully implemented in subdivisions completed after the mid-1990's.

In addition to county-like responsibilities, DHHL also performs water utility functions. DHHL owns and operates three regulated public water systems: Hoolehua, Molokai; Anahola, Kauai; and Kawaihae, Hawaii. Together, the systems have a total of 826-meter connections serving approximately 2,500 individuals (not including the schools and airport that are supported by the Hoolehua system.) DHHL also owns and operates a non-potable water system for stock purposes in Puukapu and a soon-to-be constructed non-potable water system in Honokaia, both on Hawaii Island. These non-potable water systems are designed to service over 200 connections.

If DHHL trust resources are spent to address these critical functions for existing homesteads and lessees, it will not have the resources needed to maintain its homestead lot development production goals and meet the needs of beneficiaries on the wait list.

Increasing costs of development. In the past 24 months, there has been an increase in construction bids over and above construction cost estimates. Increases in consultant and construction management fees, labor rates, and increases to materials and freight costs have contributed to increased construction bids. Government review and processing times have also contributed to project delays beyond DHHL control. DHHL expects more of the same over the next biennium, as our CIP funding stretches thinner.

Repair and maintenance. DHHL's repair and maintenance program is divided into several components: sewer, drainage, water, and various subdivision improvements.

Sewer. Sewer spills continue to occur and plague homesteaders.

The legislature passed Act 227, SLH 2014, to allow the dedication of sewer infrastructure in DHHL subdivisions to the county after the systems are brought up to county

standards. The department continues to work with the City and County of Honolulu to have systems that have met City standards to be dedicated to the City for maintenance. Some of DHHL's CIP funding has been used to have engineers inspect the existing systems, locate sections that need replacement, repair or cleaning and determine what needs to be done to have the systems inspected and turned over to the county. In September 2020, DHHL has conveyed the sewer lines in Kaupuni Village, Oahu to the City and County of Honolulu in the first of what will be several line transfers stemming from the implementation of Act 227, SLH 2014.

Drainage. Historically speaking, storm events have caused damage to drainage channels and flooding within homesteads. Homestead expansions have burdened existing drainage facilities. Climate change and king tides are also impacting low lying homestead areas. Further, increased storm water and drainage detention standards and requirements have increased maintenance requirements for drainage ditches, channels, streams and detention basins. The department continues to work with the counties and FEMA to address clean-up and pinpoint improvements that would prevent or reduce future flooding.

Water. DHHL also performs water utility functions. DHHL owns and operates three regulated public water systems: Hoolehua, Molokai; Anahola, Kauai; and Kawaihae, Hawaii. Together, the systems have a total of 826 water meter connections serving approximately 2,500 individuals (not including the schools and airport that are supported by the Hoolehua system.)

DHHL also owns and operates a non-potable water system for stock purposes in Puukapu and soon to be constructed non-potable water system in Honokaia, both on Hawaii Island. These non-potable water systems are designed to service over 200 connections. On Molokai, DHHL staff operate and maintain the public water system. On Hawaii Island at Kawaihae and on Kauai at Anahola, DHHL contracts with water operations and maintenance vendors to operate and maintain those public water systems. Due to the relatively small size of the systems and the limited customer base, DHHL's operating expenses remain high, and all systems are heavily subsidized.

In addition to Department of Health safe drinking water standards, DHHL recently adopted a DHHL Water Policy and administrative rules for operations and maintenance of these water systems.

Subdivision improvements. Until roadways are dedicated to the counties for maintenance, DHHL continues to be responsible for major pavement repairs, maintenance of street trees, sidewalks, street lighting, signage, and striping. Recently, various communities have requested traffic calming and speed abatement improvements, such as speed bumps, electronic signs, flashing beacons, and crosswalk improvements. Legislative appropriations have enhanced DHHL's implementation of traffic calming in several Oahu homestead areas, though demand for more improvements is increasing.

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

In Section IV, background information was presented on problems and issues in the Social Services program. The study of these problems and issues should lead to alternative courses of action that could significantly increase program effectiveness.

07

Formal Education

FORMAL EDUCATION

I. OVERVIEW

This Program Memorandum covers Formal Education, the seventh of the eleven major programs in the statewide program structure.

The overall objective of the Formal Education program is: to maximize each individual's intellectual potential; to contribute to his or her personal development, enhance his or her social effectiveness, and provide the basis for satisfying careers by making available a series of high quality formal education programs; to add to human knowledge by conducting basic and applied research; and to enhance the welfare of the community by offering instruction and other services to the general public. Additionally, Hawaii Revised Statutes, 226-107 provides the overarching guidelines to promote quality education for the state of Hawaii.

The Formal Education program is comprised of two principal sub-programs -- Lower Education and Higher Education. A total of 16 individual lowest-level programs and their associated plans are included in the Multi-Year Program and Financial Plan for the Period 2023-2029.

The following State agencies are involved in the Formal Education program: Department of Education (DOE) (6 programs); Public Charter Schools (2 programs); Hawaii State Public Library System (HSPLS) (1 program); University of Hawaii (UH) (8 programs); Department of Defense (DOD) (1 program); Executive Office on Early Learning (EOEL) (1 program); School Facilities Authority (SFA) (1 program); and Department of Budget and Finance (6 programs, which only serve as appropriation holders for DOE and UH fixed costs).

Significant relationships among the Formal Education program and private agencies and other jurisdictions will be discussed under the Level II program sections because of their direct relationships. It would suffice to note here that private concerns, e.g., private elementary and secondary schools and colleges, supplement services provided by this program, and

various federal agencies provide funding to specific Lower and Higher Education programs.

The major activities of this program include: classroom teaching of students of all ages; tutorials; supervising independent scholarly work; counseling students; operating libraries; conducting basic and applied research in the laboratory and in field; assisting individuals and groups in the community; conducting classes for and making presentations to the general public; disseminating general and specialized information; and carrying out all of the administrative, logistical, and technical tasks needed to support students, faculty, staff and facilities.

There are a number of developments and trends, which significantly affect the Formal Education program. These include:

- a. Fully preparing all students for success in college and careers, as part of the Every Student Succeeds Act (ESSA) Act of 2015, a reauthorization of the Elementary and Secondary Education Act (ESEA).
- b. Implementation of the Individuals with Disabilities Education Improvement Act (IDEA) of 2004, as reauthorized.
- c. Demographic changes in the State population, which affect enrollment in DOE and UH systems.
- d. Continued awareness and a call to action to ensure gender equity and the equitable treatment of protected classes of students in and out of the classroom and the DOE.
- e. Desire to prepare students to be workforce ready through Career and Technical Education (CTE) Pathways and Academies.
- f. Continued need to recruit and retain qualified teachers in general and particularly in hard-to-staff geographic areas, special education, and Hawaiian language immersion programs.

g. Desire for increased cultural awareness in education through the Hawaiian Language Immersion Program and through the broader framework of Na Hopena A`o.

h. The COVID-19 pandemic shut down schools and forced students to learn remotely for more than a year resulting in learning loss and increased mental health issues.

i. The Elementary and Secondary School Emergency Relief Fund (ESSER) was provided in three tranches for the purpose of addressing the impact of COVID-19.

j. Greater awareness of gun violence and the need to provide safe schools.

k. Shifts in student demand among academic programs at UH.

l. Technological changes affecting instructional content and delivery of instructional and other services. Including distance learning options.

m. Greater flexibility and autonomy for UH to manage its resources and develop a stronger entrepreneurial approach, provided by Act 115, SLH 1998.

n. Demographic changes in the State population, which affect enrollment in EOEL Public Pre-K programs.

o. Implementation of the Early Childhood State Plan (2019-2024) as a framework to develop a coordinated high quality statewide early childhood system.

p. Implementation of Act 046, SLH 2020, to expand early learning access to all 3- and 4-year-olds by 2032.

q. The COVID-19 pandemic and its impacts that exacerbated early learning workforce barriers and issues.

r. Implementation of Act 257, SLH 2022, which appropriated \$200 million for the expansion of prekindergarten for eligible 3- and 4-year-olds under the School Facilities Authority.

s. Federal funding opportunities, such as the continuation of the Preschool Development Birth through Five Grants, which have focused on enhancing existing the state's early childhood systems.

Actual and estimated expenditures for the 2023-25 fiscal biennium and cost projections for the six-year budget and planning period for the Formal Education program are outlined in the table on the following page. Total program costs will fluctuate from \$3.8 billion in FB 2023-25 to \$3.6 billion in the proceeding years.

FORMAL EDUCATION PROGRAM

MEASURES OF EFFECTIVENESS

OBJECTIVE: TO MAXIMIZE THE REALIZATION OF EACH INDIVIDUAL'S INTELLECTUAL POTENTIAL, TO CONTRIBUTE TO PERSONAL DEVELOPMENT, ENHANCE SOCIAL EFFECTIVENESS, AND PROVIDE THE BASIS FOR SATISFYING VOCATIONS BY MAKING AVAILABLE A GRADUATED AND INTEGRATED SERIES OF HIGH QUALITY FORMAL EDUCATION PROGRAMS; TO ADD TO THE SUM OF HUMAN KNOWLEDGE BY CONDUCTING BASIC AND APPLIED RESEARCH; AND TO ENHANCE THE WELFARE OF THE COMMUNITY BY OFFERING INSTRUCTION AND OTHER SERVICES OF BENEFIT TO THE GENERAL PUBLIC.

STRUCTURE NUMBER	DESCRIPTION	PROGRA ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
07	1. NO. DEGREES & CERTIFICATES OF ACHIEVEMENT EARNED		10695	11187	11702	12241	12806	13397	14016	14665
	2. EXTRAMURAL FUND SUPPORT (\$ MILLIONS)		505	530.3	556.8	584.6	613.9	644.5	676.8	710.6
	3. NO. OF DEGREES IN STEM FIELDS		1753	1830	1911	1995	2083	2175	2271	2371

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>										
0701	LOWER EDUCATION	-	4,006	4,006	4,000	4,000	4,000	4,000	4,000	4,000
	TOTAL		4,006	4,006	4,000	4,000	4,000	4,000	4,000	4,000
<u>OPERATING EXPENDITURES</u>										
0701	LOWER EDUCATION	-	2,147,483	2,147,483	2,147,483	2,147,483	3,918,679	3,987,695	4,043,667	4,075,767
0703	HIGHER EDUCATION	-	1,340,337	1,689,522	1,754,654	1,816,885	1,845,627	1,871,686	1,892,929	1,905,346
	TOTAL		3,487,820	3,837,005	3,902,137	3,964,368	5,764,306	5,859,381	5,936,596	5,981,113
<u>TOTAL OPERATING EXPENDITURES</u>										
0701	LOWER EDUCATION	2,151,489		2,151,489	2,151,483	2,151,483	3,922,679	3,991,695	4,047,667	4,079,767
0703	HIGHER EDUCATION	1,340,337		1,689,522	1,754,654	1,816,885	1,845,627	1,871,686	1,892,929	1,905,346
	TOTAL		3,491,826	3,841,011	3,906,137	3,968,368	5,768,306	5,863,381	5,940,596	5,985,113
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
0701	LOWER EDUCATION	-	424,349	999,815	440,400	655,000				
0703	HIGHER EDUCATION	-	147,887	102,000	67,500	75,000				
	TOTAL		572,236	1,101,815	507,900	730,000				

II. COST AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

This section discusses activities, costs and effectiveness of the major Level II programs, which constitute the Formal Education program.

LOWER EDUCATION

The basic objective of the Lower Education program is to assure that all children in prescribed school age groups learn fundamental facts, concepts, and reasoning processes; develop appropriate physical, social, aesthetic, and basic occupational skills; and acquire attitudes and values necessary for successful functioning in society by providing guidance, instruction, training, exposure to learning experiences, and opportunities to mature. In addition, a supplementary objective of the program is to enhance welfare of the community by offering instruction and other services of benefit to the general public. All of these objectives center on the basic goal of helping children as they grow up, by exposing them to different experiences and challenges and to use their minds and bodies for their own benefit and ultimately for good of the community. While most of the activities of the Lower Education program deal with children and adolescents from kindergarten to high school, standards-based instructional programs are also offered to people who want to continue their education after high school, but who are unable to take or uninterested in taking college- or university-level courses.

A total of nine lowest-level programs, operated by two departments, make up the Lower Education program. The Board of Education (BOE) is responsible for eight programs, while DOD operates one program. The eight programs under BOE are for Public Charter Schools, Libraries, and DOE.

Hawaii has the only single, statewide public school system in the nation. It is governed by a nine-member BOE that is empowered by the State Constitution and Hawaii Revised Statute 26-12 to formulate policy and exercise control over the school system through its chief executive officer, the Superintendent of Education. The Superintendent is supported by a Deputy Superintendent and seven Assistant Superintendents, each of whom is responsible for a major staff division (Talent Management;

Fiscal Services; Student Support Services; Information Technology Systems; Facilities and Operation; Strategy, Innovation and Performance; and Curriculum and Instructional Design). In addition, the Superintendent is assisted by 15 Complex Area Superintendents who are responsible for supervising standards implementation at schools in each complex area.

Hawaii's public school system is among the largest in the nation with a student enrollment of 171,600 in School Year 2021-22. It includes 253 regular, 2 immersion, 2 special, and 37 charter schools or 294 schools in all. The organization of schools by elementary, middle/intermediate, and high school generally follows the pattern used by school districts across the country. The regular curriculum is organized around subject matter areas such as language arts, mathematics, and science. Individualized supports are provided to the deaf, blind, orthopedically handicapped, emotionally disturbed, learning disabled and hospital-bound students. Alternative classroom arrangements are provided to students who have difficulty learning in a regular classroom, and specialized assistance is provided to students who primarily speak a language other than English and to students who are educationally disadvantaged by virtue of their families' economic condition.

The State Public Charter School Commission manages two programs in Lower Education, one program provides funding for public charter schools and the other program provides the funding for the Commission and the Early Learning program in public charter schools. Each public charter school is governed by its own school governing board. The Commission and its charter schools are governed by a charter contract that delineates performance expectations in exchange for state funding on the contract. The Commission serves as the statewide authorizer of public charter schools in the State of Hawaii and oversees 37 public charter schools across the state.

Under provisions of Act 150, SLH 1981, the public libraries were placed under the direct control of the BOE. The State Librarian, under policies established by the BOE, is responsible for the operation of a statewide public library system comprised of 51 libraries.

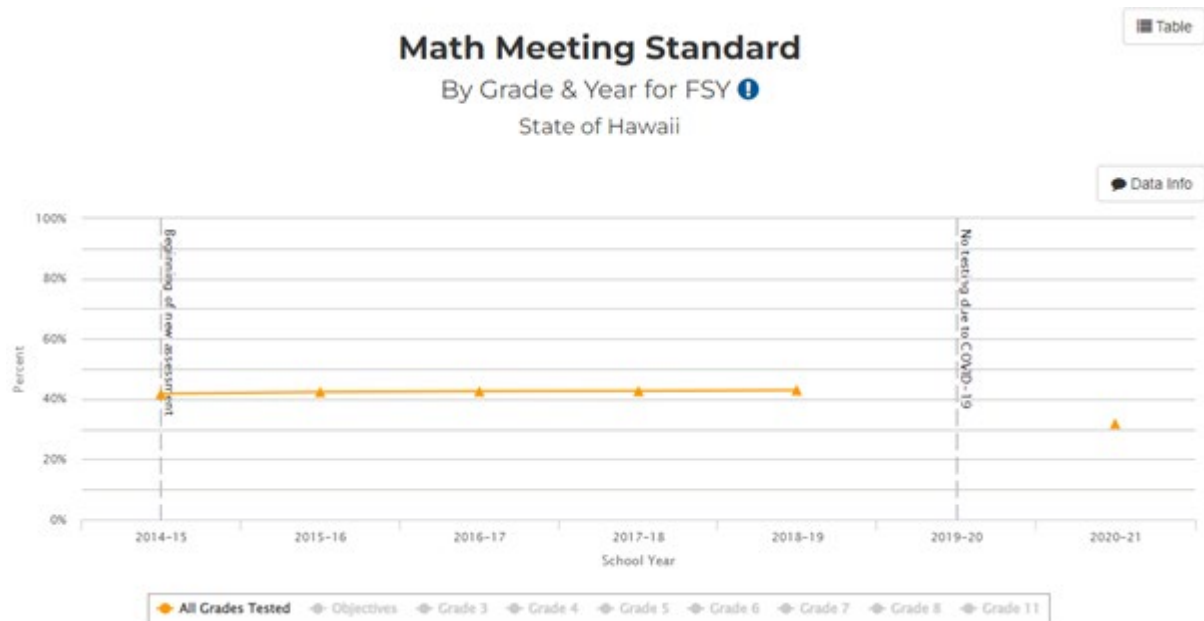
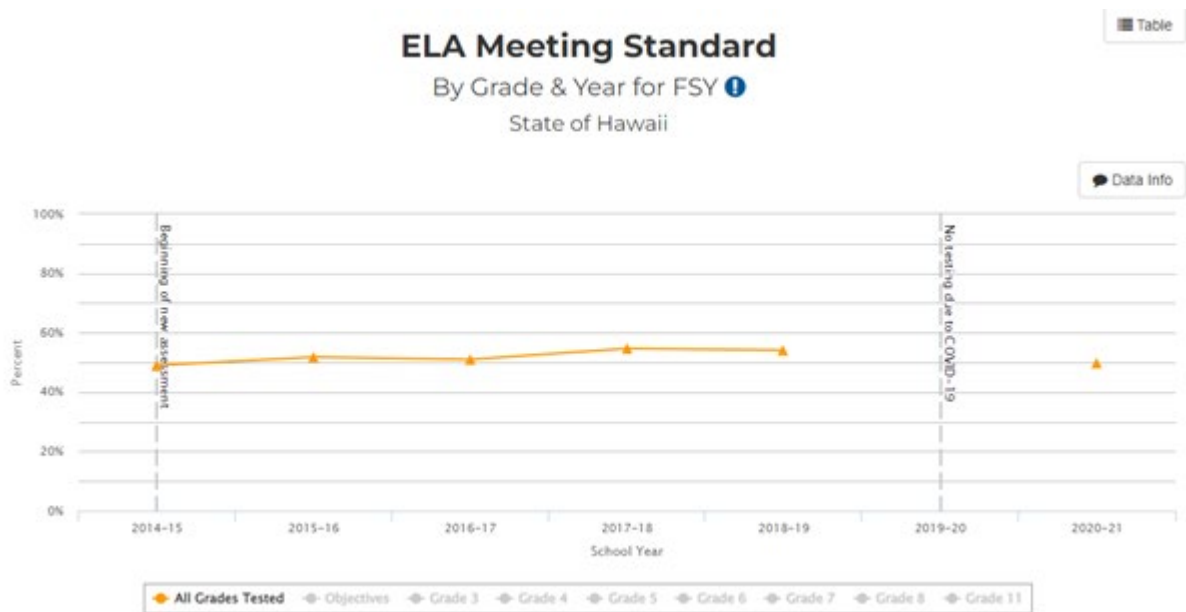
The Federal Every Student Succeeds Act (ESSA) was signed by President Obama on December 10, 2015 (Public Law 114-95).

ESSA includes provisions that will help to ensure success for students and schools. Below are just a few. The law:

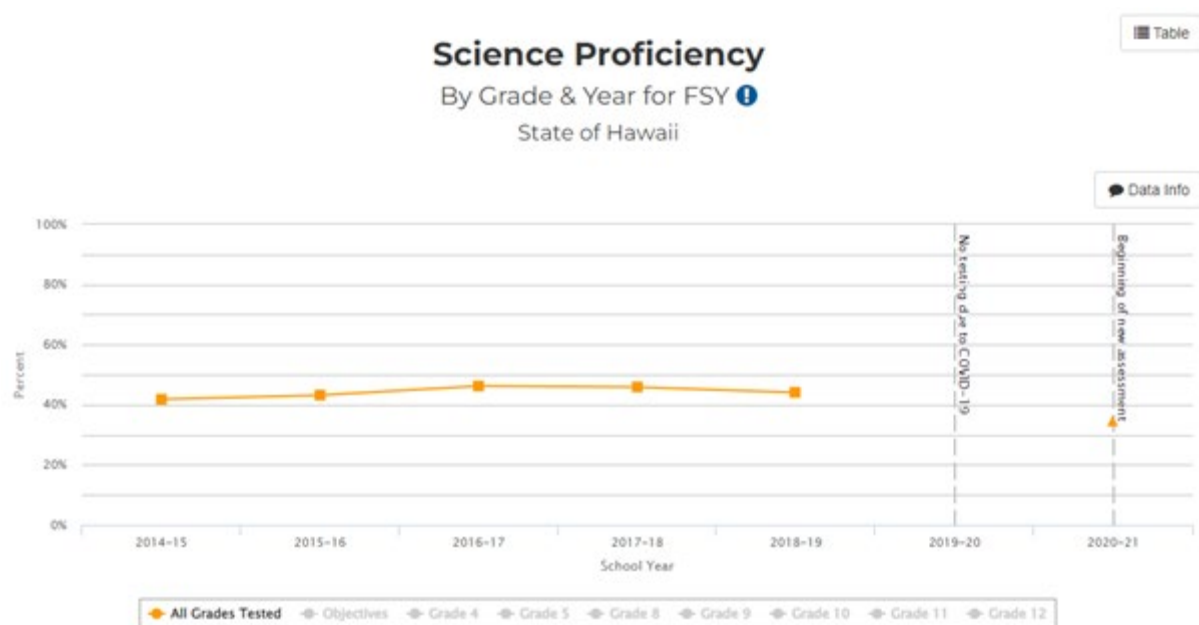
- Advances equity by upholding critical protections for America's disadvantaged and high-need students;
- Requires that all students in America be taught to high academic standards that will prepare them to succeed in college and careers;
- Ensures that vital information is provided to educators, families, students, and communities through annual statewide assessments that measure students' progress toward those high standards;
- Helps to support and grow local innovations—including evidence-based and place-based interventions developed by local leaders and educators;
- Increasing access to high-quality preschool; and
- Maintains an expectation that there will be accountability and action to effect positive change in our lowest-performing schools, where groups of students are not making progress, and where graduation rates are low over extended periods of time.

Since the DOE first received federal approval in May of 2013, the DOE has been using the [Strive Hi Performance System](#) as an accountability and improvement system to ensure all students graduate college- and career-ready. This system was developed after more than a year of collaboration with Hawaii educators, parents, community groups, and higher education stakeholders.

Student achievement in ELA and math since the implementation of new assessments in 2013 can be seen in the graphs below:



Additionally, science proficiency for the same time frame starting in 2014 can be seen below:



It is important to note that due to the COVID-19 pandemic, statewide summative assessments were waived by the U.S. Department of Education and as a result no test results are reported.

School Facilities Authority (EDN 450)

Under provisions of Act 72, SLH 2020, School Facilities Authority, as amended by Act 217, SLH 2021, the School Facilities Authority Board is responsible for one program, the School Facilities Authority (SFA). The SFA is attached to the Department of Education (DOE) for administrative purposes only.

The SFA was created in 2020 for the purpose of undertaking the challenges DOE currently faces concerning inadequate and outdated facilities. The authority shall be responsible for all public school development, planning, and construction related to capital improvement projects assigned by the legislature, governor, or board of education (HRS § 302A-1703(a)).

The SFA's mission is to improve public school facilities by providing Hawaii students, educators, and communities with the

learning environments they deserve. SFA activities include but are not limited to establishing high-quality and healthy learning environments; repurposing underutilized resources and facilities for multi-generational utilization; and teacher housing; through development, planning, fiscal, construction, and public-private relationships.

As a newly established Authority, the operating costs for SFA are expected to increase. Currently, SFA employs three staff members and is anticipated to grow as projects are defined and executed, and resources are maximized. The operating costs include expenses for personal services, equipment, motor vehicles, and other current expenses.

School Community Services (EDN 500)

Hawaii Community School for Adults

The Department of Education identifies the following characteristics of those individuals who are in most need of adult education services to include: adults who lack a high school diploma, disadvantaged and low-skilled adults with multiple barriers to educational attainment, employment and economic self-sufficiency, adults who are or have been low-income, incarcerated, single parents, and displaced homemakers, adults with limited English proficiency, and adults with disabilities.

The Hawaii Community School for Adults (McKinley CSA and Waipahu CSA) are fully accredited by the Western Association of Schools and Colleges (WASC) and provide a comprehensive program for those individuals who are in need. McKinley CSA has a total of five campuses (McKinley, Farrington, Moanalua, Kauai, and Maui to include Lanai and Molokai, and educational programs in the Correctional Facilities statewide. Waipahu CSA has five campuses (Waipahu, Wahiawa, Windward, Hilo, and Kona). Satellite sites as well as partnering organizations within the community extends the reach of both schools in delivering required programs.

Through the Workforce Innovation and Opportunity Act, Section 203 and in partnership with the Hawaii Department of Labor and

Hawaii Division of Vocational Rehabilitation, the Community School for Adults provides workforce preparation activities, which are those services that are designed to help an individual acquire the combination of basic academic skills, critical thinking, digital literacy, job training and self- management skills. While adult education has traditionally supported the development of basic academic skills, workforce preparation is now required under WIOA to include developing competencies and obtaining skills necessary to successfully transition to and complete postsecondary education, advanced job training and employment thereby ensuring that all students have increased opportunities to thrive in the workplace, career, or college within our Hawaii community.

The Community School for Adults (CSA) are included in the HIOE Workforce Pathway System as a major program that reflects rigorous academics, career advising & counseling, and work-based learning. Community School for Adults continues to contribute as a key component of the Hawaii Department of Education Hawaii Workforce Pathway System that increases alignment, integration, and consistent coordination to ensure a clear and coherent path for students.

The CSAs also offers adult learners who have not graduated with a high school diploma, the option to pursue obtaining a High School Equivalency Credential and/or Hawaii Adult Community School Diploma. Two recognized High School Equivalency Tests, the General Educational Development (GED) and the High School Equivalency Test (HiSET) are available. Both are aligned to national Common Core State Standards (CCSS) and College and Career Readiness Standards (CCRS).

General Educational Development (GED)

The GED test provides a valid means of measuring the educational achievement of adults who have not graduated high school and of comparing their academic competence with that of high school graduates. Individuals who successfully complete the test battery will receive an official GED transcript and may qualify for the Hawaii Adult Community School Diploma. The diploma may provide graduates the opportunity to enter the military service, gain college admission, increase income, increase job qualifications or assist in obtaining work advancement. This

program is also offered in our Correctional Facilities statewide through the Department of Public Safety. In an effort to reduce recidivism, McKinley CSA in coordination with the Department of Public Safety offer incarcerated and formerly incarcerated individuals access to career pathway opportunities through innovative approaches that support academic achievement and the ability to complete a high school equivalency through GED or HiSET. The credentials also provide further opportunities for the inmate to transition to postsecondary training upon release.

High School Equivalency Test (HiSET)

The purpose of the HiSET is to certify a candidate's attainment of academic knowledge and skills equivalent to those of a high school graduate. HiSET scores will identify those candidates who have performed at a level consistent with high school equivalency. Individuals who successfully complete the test battery will receive an official HiSET transcript and may qualify for the Hawaii Adult Community School Diploma. The diploma may provide graduates the opportunity to enter the military service, gain college admission, increase income, increase job qualifications or assist in obtaining work advancement.

Workforce Development Diploma (WDD) and Career Foundations Certificate Program

The Workforce Development Diploma (WDD) and Career Foundations Certificate Program was designed to meet the needs of those students entering the workforce with job entry that do not require a high school diploma. The WDD Program prepares students with the necessary basic education and access to job training programs. To be eligible, a student must be 18 years and older or 16- to 17-year-old students who are released from school through the 4140 process. All enrolled students who complete the requirements of the program will earn a Workforce Development Diploma or Career Foundations Certificate from McKinley or Waipahu Community School for Adults.

Prior to the COVID pandemic, student attendance data reflected a higher enrollment count than those two years, however, currently both schools are experiencing an increase in student registration as the schools return to in-person learning.

One of the significant program measures assess the success of the adult education program to retain enrollees in their course through the courses' completion. The two schools have found that once students attain the level of achievement necessary for employment, they leave the program and move on to the job they were preparing for. The student's early departure affects course completion data, however, with the enactment of WIOA, workforce preparation is now required and job placement encouraged.

Furthermore, student achievement data shows that adult students who were pre and post tested as reflected in Table 4B show a significantly higher percentage of students meeting or exceeding the federal benchmarks.

During the last WASC accreditation visit, the Visiting Committee noted that although the CSAs were reduced from eleven to two schools, and the total state allocation significantly reduced, according to the DOE, to \$4,569.292 for both schools.

Public Charter Schools (EDN 600) and the State Public Charter School Commission (EDN 612)

With the enactment of Act 130 from 2012, the State Public Charter School Commission began an ambitious reorganization of Hawaii's charter school system. All of Hawaii's existing charter schools, for the first time, entered into charter contracts incorporating academic, financial, and organizational performance frameworks, based on a national model of charter school authorization. In school year 2022-2023, there are 37 public charter schools operating across the state that serve 12,158 students in grades kindergarten through grade 12.

Act 130 established a new charter school law for Hawaii, codified in the new Hawaii Revised Statutes (HRS), Chapter 302D. Among other things, the new law:

1. Assigned to the Commission the mission of authorizing high-quality charter schools throughout the State and envisioned that the Commission focus primarily on its core accountability-related authorizer functions;
2. Mandated that the State Public Charter School Contract be executed with each charter school and incorporate a performance framework for the schools; and
3. Required that each charter school be governed and overseen by its own governing board, with a shift in emphasis from a community and constituency-based board model under the previous law to one that emphasized a more robust governance role with substantive skill sets relevant to effective governance and school oversight.

The Commission, as authorizer of Hawaii's charter schools, evaluates the academic performance of each school annually through its Academic Performance Framework. The academic performance framework incorporates data from many of the Strive HI measures, and allows for additional flexibility such as offering Hawaiian immersion charter schools the option to request the exclusion of English assessment results for grade levels taught primarily in Hawaiian.

In school year 2021-2022, 22 percent of charter schools (eight schools) met/exceeded State and Charter proficiency averages in all three areas tested: Math, Language Arts, and Science. Further, 24 percent of charter schools met/exceeded both State and Charter averages for Math; 35 percent of charter schools met/exceeded both State and Charter averages for Language Arts; and 38 percent of charter schools met/exceeded both State and Charter averages for Science.

The Financial Performance Framework incorporated a risk-based assessment to measure financial performance for Hawaii public charter schools. Utilizing this method of assessment, the Commission was better able to assess the potential risk of fiscal insolvency for each school using a balanced weighted formula that incorporated six fiscal measures. The results show a measure of fiscal stability within the charter school system, as no charter schools received a "High" or "Significant" risk rating in school year 2021-2022. There were 15 charter schools

assessed at a risk of "Low", the optimal measure of risk for this assessment. Another 19 schools received a risk rating of "Acceptable" and appear to have a solid fiscal foundation for sustainability. Three schools received a risk rating of "Moderate".

The Organizational Performance Framework continued to monitor operational compliance through required submissions to the Commission's online compliance management system, direct submittals, and Commission staff's annual site visits to schools in Spring 2022.

During the 2021-2022 school year, the Commission completed a review and adopted a revised strategic plan, which included a revised mission statement. The revised Mission of the Commission states:

Our mission is to authorize high-quality public charter schools throughout Hawaii by soliciting, evaluating, and approving applications for new schools; negotiating and executing sound school contracts; monitoring performance and legal compliance of our schools; and determining renewal, nonrenewal, or revocation of their charter contracts.

The Commission's Early Learning Program, which is a part of the state's early learning system under the purview of the Executive Office of Early Learning., includes 11 participating public charter schools on Hawaii Island, Kauai, Molokai, and Oahu that provide 18 prekindergarten classrooms. Collectively, these participating public charter schools offer the opportunity for up to 360 students aged 3- and 4 years old to engage in public prekindergarten at no cost.

Early Learning (EDN 700)

Early life experiences lay the groundwork for a child's lifelong learning and behavior. The basic objective of the Executive Office on Early Learning (EOEL) is to assure that high quality early learning programs are affordable and accessible to all young children across the state. The Office accomplishes this through two major means: engaging in systems-level coordination across the entirety of the early learning sector and through the

administration of the EOEL Public Prekindergarten Program in collaboration with the HDOE. This program aims to address children's physical, developmental and health, social and emotional development, cognition, language and literacy, and approaches to learning. In addition, a supplementary objective of the program is to coordinate, improve, and expand upon existing early learning programs and services for children from prenatal care until the time they enter kindergarten, as well as to enhance welfare of the community by supporting other services of benefit to the sector as a whole and the general public. All of these objectives center on the basic goal of helping children as they grow up, by exposing them to quality experiences learning environments for their own benefit and ultimately for the good of the community. While most of the activities focus on young children, the Office also supports the deployment of multi-generational and culturally relevant programs and services focusing on families and the units beyond individual children.

The EOEL is one of the programs that comprise Lower Education. EOEL is governed by the Early Learning Board (ELB), a 17-member board represented by various stakeholders across the comprehensive field of early learning. The ELB is empowered by the Legislature to formulate policy relating to early learning, promote collaboration across agencies and stakeholders serving young children, and appoint the director of the Executive Office on Early Learning. The Director is supported by staff that focus on systems-building and broader policy work, and the administration of the EOEL Public Prekindergarten Program. EOEL staff also work alongside DOE staff, including Complex Area Superintendents, principals, and other administrative staff, to implement the EOEL Public Prekindergarten Program.

Currently, EOEL has 37 classrooms located on 34 DOE campuses with a capacity to enroll 740 children. Understanding that equitable access is critical for Hawaii's youngest children and families, the program prioritizes children who: are eligible for special education services under the IDEA and require general education placement; are in foster care; are experiencing homelessness or unstable housing; are dual or multi-language learners; are in a family whose income is no more than 300 percent of the federal poverty level; and/or are experiencing at-risk situations which may impact their development and learning.

In addition, there are Pre-Plus programs within the Office that focus on expanding access to affordable and high-quality early learning for children from low-income families who are not otherwise eligible for kindergarten, by allowing preschool programs to be established on public school campuses through public-private partnerships. There are currently fourteen (14) Pre-Plus classrooms, eleven on Oahu and three on Hawaii Island. All existing Pre-Plus contracts are administered through Head Start providers and each classroom has a capacity to enroll 20 students.

There are a variety of other public options related to Lower education. The Charter School Administrative Office manages seventeen prekindergarten programs in Lower Education, which provides funding for public charter schools. Each public charter school is governed by its own local school board.

Table 1 indicates the total annual program costs of the EOEL program, fluctuating from \$7 million to \$11.6 million. To note, the State will be applying for the Preschool Development B-5 grant, in partnership with the University of Hawaii. Should Hawaii receive funds from the grant, we anticipate EOEL may receive up to an additional amount of \$3 million. It is also noted that no capital investment costs are reflected in the planning period because projects are under review through the HIDOE and the SFA.

Table 1

	Current (2022)			2023			2024			2025		
	Permanent	Temp	Amount	Perm	Temp	Amount	Perm	Temp	Amount	Perm	Temp	Amount
A	94		7,073,037	94		7,073,037	102		10,141,037	149		11,661,037
N		1	125,628		1	125,628		1	125,628		1	125,628
B			100,000			100,000						3,000,000

Expenditures for personal services, equipment, motor vehicles and other current expenses are included in the operating costs. However, it does not include any anticipated collective bargaining salary increases or other pay increases for the planning period.

Presently, nearly 98 percent of the operating costs are supported by the State General Fund. Federal funds in the form of discretionary grants make up 2 percent of operating costs of the office.

Key measures of effectiveness, as demonstrated in Table 2, include percentages of 4-year-old children enrolled in EOEL Public Prekindergarten Programs, attendance rates of students, percentages of students showing growth in student developmental assessment dimensions, and workforce metrics, including completed coursework and hours of training, and the percentage of classrooms demonstrating improvement in positive teacher-child interactions from the beginning to the end of the school year.

To support these efforts, EOEL, in partnership with the University of Hawaii, will be implementing the Early Childhood Educator Stipend program, aiming to address workforce and retention issues in the early learning field. The Office also looks forward to continuing the expansion of the EOEL Public Prekindergarten Program and family child interaction learning programs, which provide multigenerational and culturally relevant services to develop and enhance a young child's families' knowledge on how to support their child's growth and development.

The COVID-19 pandemic had impacted enrollment in the EOEL Public Prekindergarten Program as well as exacerbated the workforce shortfalls plaguing the field. As such, workforce development and support continue to be priority focal areas for the Office.

Despite these issues, EOEL anticipates we will continue to see expansion of early learning options, enrollment in the EOEL Public Prekindergarten Program, and positive outcomes related to childhood development and learning.

Public Libraries (EDN 407)

After statehood in 1959, the Hawaii State Legislature created the Hawaii State Public Library System (HSPLS), the only statewide system in the United States, with the Hawaii State Library building as its flagship branch. Under provisions of Act 150, SLH 1981, HSPLS was placed under the direct control of the Board of Education. The State Librarian is appointed by the Board of Education and is responsible for the operation, planning, programming, and budgeting of all public libraries within the State.

While public libraries report to the Board of Education, the organization's administrative functions are in alignment with and supported by the Executive Branch. The duties of the Board of Education are described in Hawaii Revised Statute §312-1.

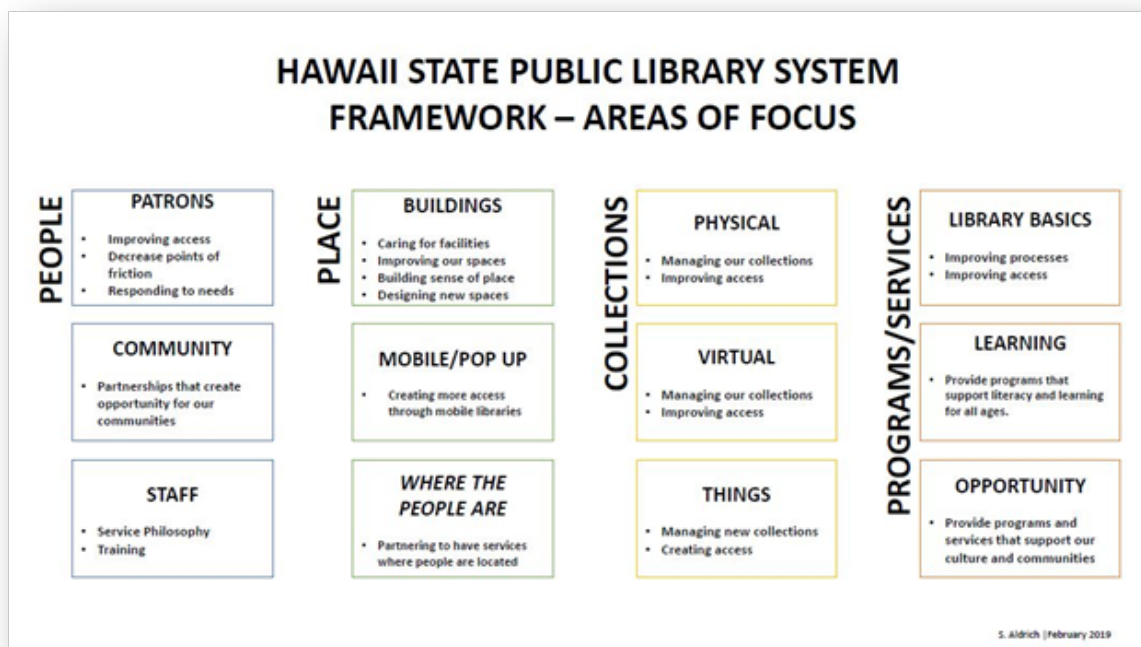
HSPLS is the only single statewide public library system in the United States. There are 51 branches on 6 islands. Of the 51 branches, there are a total of 12 branches that operate as both public and school libraries.



Mission: The Hawaii State Public Library System (HSPLS) nurtures a lifelong love of reading and learning through its staff, collections, programs, services and physical and virtual spaces.

Vision: The Hawaii State Public Library System is the educational, informational, and cultural heart of Hawaii's communities.

Service Philosophy: The Hawaii State Public Library System provides service with aloha. We value and welcome all into our spaces. We are courteous, helpful, knowledgeable, and dedicated to serving our communities.



HSPLS is one single program and uses a Strategic Framework as a map to provide a common vocabulary for the system to think about our organization and what we do, facilitating the development of goals each year to grow and support our ever-changing communities.

Public libraries today are more than just books. They are community hubs that provide connections for all generations to technology (computers and internet access), physical and digital collections, our collective stories and history, early literacy story times, physical and virtual classes to learn new skills, meeting spaces, and non-traditional collections like ukuleles or quilt patterns. Public libraries are also the places that partner with other state and local agencies to create more opportunities for our communities to connect. These

partnerships include new programs like the True eSports Tech Lab at Waipahu and the developing telehealth program that will enable rural communities to connect with doctors and technology to improve and maintain their health.

SB2214, SLH 2022, also designates HSPLS as the statewide hub for digital literacy skills in our communities. HSPLS is responsible for supporting a statewide program to ensure that everyone has access to resources to develop digital literacy skills needed for education, workforce, and day-to-day living in the digital world.

In terms of collection, HSPLS has more than 3 million physical items and a robust collection of digital books, magazines, audiobooks, newspapers, online learning classes, and more. Access is free to the public with just a library card.

Budget

The Hawaii State Public Library System depends on (4) sources of funding:

1. State General Funds (GF)
2. State Capital Improvement Project (CIP) Funds
3. Special Funds
4. Federal Library Services and Technology Act (LSTA) Funds

State General Funds

State General Funds are allocated each year by the State Legislature and Governor. This funding is used for day-to-day operations of the public libraries, such as staffing, equipment, utilities, security, and other basic operations.

Capital Improvement Project Funds

State CIP Funds are used to construct improvements to library facilities ~~for the~~ health and safety of the community, as well as new building projects. These types of projects also include support for ADA access and energy efficiency.

Special Funds

Special Funds are generated by collection of HSPLS fines and fees, and other enhanced services such as meeting room rentals. The funding is used to purchase collections for all public libraries.

Federal Library Services and Technology Act

LSTA is funding that is provided through the Federal Institute of Museum and Library Services to every state based on a formula. Hawaii receives about \$1.3 million each year. The funding is used for technology, internet connectivity, and digital resources to ensure equitable access to resources on all six islands. This funding requires Maintenance of Effort and Matching funds from the State of Hawaii in order to receive the full appropriated funding.

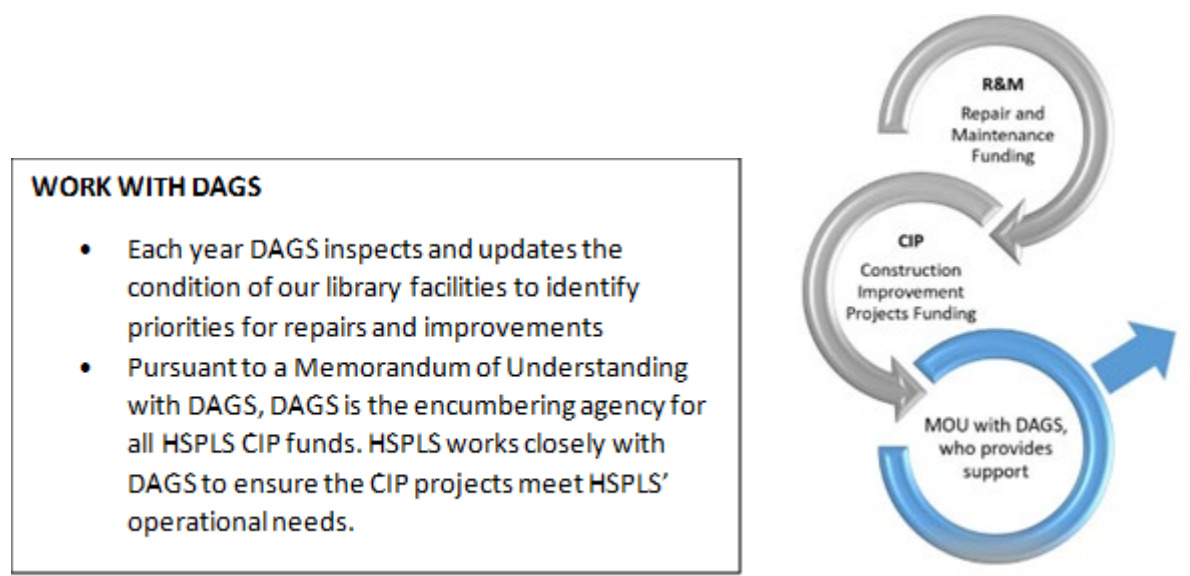
Additional Support

HSPLS also depends on the immense commitment and support of volunteers who dedicate their time and resources to raise funding to support library programs and services across Hawaii. The [Friends of the Library of Hawaii](#) (FLH) was established in 1879 and "is a nonprofit organization whose primary objective is to maintain free public libraries in the State of Hawaii, to promote extension of library services throughout the State of Hawaii and to increase the facilities of the public library system of Hawaii by securing materials beyond the command of the ordinary library budget. Other objectives are to focus attention on libraries and to encourage and accept, by bequest or gift, donations of books, manuscripts, money, and other appropriate material that can enrich the cultural opportunities available to the people of Hawaii. The Friends of the Library of Hawaii is a nonprofit, tax-exempt organization approved by Section 501(C)(3)

of the Internal Revenue Code.” Section 312 -3.7 of the Hawaii Revised Statutes recognizes their role in the support of the public library system. Additionally, there are separate organizations that support individual branches as either an affiliate of FLH or as a separate non-profit organization.

Library Facilities

HSPLS has a statewide infrastructure to support our communities on six islands. In order to maintain the 51 libraries and two administrative locations, HSPLS works with the Department of General Accounting and Services.



Hawaii National Guard Youth Challenge Academy (DEF 114)

DOD administers the Hawaii National Guard Youth Challenge Academy (HINGYCA) which provides non-traditional students ages 16 to 18 a second chance to obtain their high school diploma.

The HINGYCA is a preventative rather than remedial “youth at risk” program that targets unemployed, drug-free, high school dropouts 16 to 18 years of age. Core components of the program are citizenship, academic excellence (GED/High School attainment), life-coping skills, community service, health and hygiene, leadership/followership, life skills training, and physical fitness training. The five-month residential phase is followed by a yearlong mentoring relationship with specially

trained mentors from each youth's community. Youth Challenge Academy is a voluntary educational program that stresses academic preparation, leadership development, mentoring, physical fitness, and post-graduate placement in jobs, continued education and/or a military career.

Hawaii is one of 33 Challenge program sites in 31 states and Puerto Rico and is funded by matching State (currently at 21 percent) and federal (currently at 79 percent) funds. Funded by the United States Department of Defense and administered by the National Guard, this 17-month program consists of a five-month residential phase followed by a 12-month post-residential mentoring and career development phase.

The goal of the program is to use military-based training to significantly improve the life skills and employment potential of youth that cease to attend secondary school before graduating. Since the inception of HINGYCA on September 27, 1994, 81 classes have completed the residential phase of the academy. This translates to over 6,000 cadets that have completed Phase I. Over 80 percent of those cadets have secured their high school diploma.

LEVEL II

LOWER EDUCATION

MEASURES OF EFFECTIVENESS

OBJECTIVE: TO ASSURE THAT ALL CHILDREN IN PRESCRIBED SCHOOL AGE GROUPS LEARN FUNDAMENTAL FACTS, CONCEPTS, AND REASONING PROCESSES; DEVELOP APPROPRIATE PHYSICAL, SOCIAL, AESTHETIC, AND BASIC OCCUPATIONAL SKILLS; ACQUIRE ATTITUDES AND VALUES NECESSARY FOR SUCCESSFUL FUNCTIONING IN SOCIETY BY PROVIDING GUIDANCE, INSTRUCTION, TRAINING, EXPOSURE TO LEARNING EXPERIENCES, AND OPPORTUNITIES TO MATURE; AND, IN ADDITION, TO ENHANCE THE WELFARE OF THE COMMUNITY BY OFFERING INSTRUCTION AND OTHER SERVICES OF BENEFIT TO THE GENERAL PUBLIC.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0701	1. PERCENTAGE OF REDUCTION IN CHAPTER 19 OFFENSES		1	1	1	1	1	1	1	37
	2. % OF ASE ADULT LEARNERS WHO EARN H.S. DIPLOMA		37	37	37	37	37	37	37	37

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>										
070101	DEPARTMENT OF EDUCATION	-	4,006	4,006	4,000	4,000	4,000	4,000	4,000	4,000
	TOTAL		4,006	4,006	4,000	4,000	4,000	4,000	4,000	4,000
<u>OPERATING EXPENDITURES</u>										
070101	DEPARTMENT OF EDUCATION	-	2,147,483	2,147,483	2,147,483	2,147,483	3,851,814	3,920,830	3,976,802	4,008,902
070102	SCHOOL REPAIR AND MAINTENANCE, NEIGHBOR ISLAND DISTRICTS	AGS-807	6,146	7,758	8,211	8,466	8,467	8,467	8,467	8,467
070103	PUBLIC LIBRARIES	EDN-407	37,097	47,508	49,484	50,686	50,687	50,687	50,687	50,687
070104	HAWAII NATIONAL GUARD YOUTH CHALLENGE ACADEMY	DEF-114	6,045	7,044	7,711	7,711	7,711	7,711	7,711	7,711
	TOTAL		2,196,771	2,209,793	2,212,889	2,214,346	3,918,679	3,987,695	4,043,667	4,075,767
<u>TOTAL OPERATING EXPENDITURES</u>										
070101	DEPARTMENT OF EDUCATION	-	2,151,489	2,151,489	2,151,483	2,151,483	3,855,814	3,924,830	3,980,802	4,012,902
070102	SCHOOL REPAIR AND MAINTENANCE, NEIGHBOR ISLAND DISTRICTS	AGS807	6,146	7,758	8,211	8,466	8,467	8,467	8,467	8,467
070103	PUBLIC LIBRARIES	EDN407	37,097	47,508	49,484	50,686	50,687	50,687	50,687	50,687
070104	HAWAII NATIONAL GUARD YOUTH CHALLENGE ACADEMY	DEF114	6,045	7,044	7,711	7,711	7,711	7,711	7,711	7,711
	TOTAL		2,200,777	2,213,799	2,216,889	2,218,346	3,922,679	3,991,695	4,047,667	4,079,767
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
070101	DEPARTMENT OF EDUCATION	-	399,149	957,465	415,400	645,000				
070103	PUBLIC LIBRARIES	EDN-407	25,200	41,900	20,000	10,000				
070104	HAWAII NATIONAL GUARD YOUTH CHALLENGE ACADEMY	DEF-114		450	5,000					
	TOTAL		424,349	999,815	440,400	655,000				

HIGHER EDUCATION

University of Hawaii, Manoa (UOH 100)

The University of Hawaii (UH) System includes 10 campuses and educational, training, and research centers across the Hawaiian Islands. As the public system of higher education in Hawaii, UH offers unique and diverse opportunities.

With a focus on creating a healthy and thriving future for all, the University of Hawaii provides broad educational opportunity for all as the higher education destination of choice in the Pacific that nurtures the personal success, leadership capacity and positive engagement of every resident of Hawaii. It engages in world-class research, scholarship and service that promotes the welfare and sustainability of Hawaii's people and environment while achieving global impact by enriching the fundamental knowledge of humankind. Woven through all it does is an appreciation of and commitment to Indigenous Hawaiian people, culture, values and wisdom.

Foundational principles

A set of five foundational principles were integral in developing the plan and will guide and inform the actions that will be undertaken:

1. Hawaiian Place of Learning

UH champions the principles of aloha, caring for people and place, as we integrate Hawaiian language, culture, history and values across the institution and its work.

2. Statewide Need

The UH System's primary responsibility as the only public provider of post-secondary education is to support the needs of the state of Hawaii.

3. Diversity and Equity

UH System upholds its commitment to provide higher education opportunities for all, especially those historically underrepresented including Native Hawaiian, Pacific Islander, Filipino, economically disadvantaged, first generation, LGBTQ+,

rural and students with disabilities—as well as continue to diversify its faculty, staff and leadership.

4. Sustainability

UH recognizes its responsibility to the 'āina through its own practices, through education, and by developing solutions to the complex global challenges of climate change, sustainability and resilience.

5. Stewardship of Resources

Including facilities, processes and human resources—UH will align institutional resources with the goals of the strategic plan.

Imperatives

UH's goals and objectives are expressed through four imperatives. High-level metrics are provided with the initial plan and will be further refined with additional detailed, objectives, and metrics.

- Fulfill kuleana (responsibility) to Hawaiians and Hawaii
- Promote successful students for a better future
- Meet Hawaii workforce needs of today and tomorrow
- Diversify Hawaii's economy through UH innovation and research

Imperative: Fulfill kuleana to Native Hawaiians and Hawaii

Goal:

- Model what it means to be an Indigenous-serving and Indigenous-centered institution: Native Hawaiians thrive, traditional Hawaiian values and knowledge are embraced, and UH scholarship and service advance all Native Hawaiians and Hawaii.

Objectives:

- Ensure that UH supports the success of Native Hawaiians in learning, teaching, service and research across our campuses and nurtures Native Hawaiians as leaders.
- Create opportunities for all UH students, faculty, staff, executives and regents to inform their work by learning about Hawaiian language, culture, knowledge, and the past and present impacts of colonization.
- Play an active role in the reconciliation of injustices, advancing language parity, and improving the lives of Native Hawaiians across the islands.

Metric:

- Support the Hawaii Papa o Ke Ao Leadership Council in creating a detailed plan as an update to the *2012 Hawaii Papa o Ke Ao Report* in consultation and collaboration with the Pūko‘a Council and others throughout the university. The detailed plan to achieve this imperative and these objectives will be presented to the Board of Regents within one year of the adoption of this plan.

Imperative: Promote successful students for a better future

Goal:

- Educate more students, empowering them to achieve their goals and contribute to society.

Objectives:

- Increase participation in post-secondary education statewide.
- Provide necessary support for student success, including addressing barriers to access, basic needs (such as food and housing insecurity) and holistic health and wellness.

- Fully deploy multiple modalities of instruction that recognize changing times and widely differing student preferences, needs and goals.
- Provide innovative learning experiences that prepare students to achieve their personal and professional goals, while fulfilling their kuleana to people and place.
- Improve campus infrastructure to promote a vibrant, inclusive and safe environment on campuses across the UH System.

Metrics:

- Number of degrees and certificates awarded, including industry-recognized credentials, disaggregated for underrepresented groups.
- Increase the number of returning adults and those enrolling in distance/on-line programs.
- Social/economic mobility index or survey results of alumni perception of success after graduation.

Imperative: Meet Hawaii workforce needs of today and tomorrow

Goal:

- Eliminate workforce shortages in Hawaii while preparing students for a future different than the present.

Objectives:

- Prepare professionals to fulfill statewide needs in occupations that are essential to community well-being including education, health, technology, skilled trades and sustainability/resilience.
- Enhance non-traditional offerings, including micro-credentials serving needs of specific groups of students, and industry-certified credit and non-credit credentials, for those seeking upskilling or career change opportunities.

- Partner with employers to ensure the necessary preparation and support for students to succeed in their careers.
- Prepare graduates for life-long learning, innovation and entrepreneurship.

Metrics:

- Size of workforce shortages in key sectors/occupations (e.g., teacher shortage).
- Number of students with work-based learning, entrepreneurial and research experiences, and internships with a preference for paid internships.

Imperative: Diversify Hawaii's economy through UH innovation and research

Goal:

- Build and sustain a thriving UH research and innovation enterprise that addresses local and global challenges by linking fundamental scientific discovery with applied research necessary for technological innovation to create jobs and advance a knowledge-based economy.

Objectives:

- Build out and sustain research and innovation hubs in key areas: climate resilience, energy and sustainable ecosystems; ocean, Earth and atmospheric sciences; astronomy and space sciences; data sciences and global cybersecurity; health and wellness; food security and agriculture; the Asia-Pacific and Hawaii.
- Leverage intellectual diversity and Indigenous innovation.
- Generate intellectual property and spin off startup companies that create high-quality jobs.
- Advance meaningful engagement in the Indo-Pacific region.

Metrics:

- Amount of extramural and philanthropic funding, including in identified hubs.
- Number of active licenses and options.

The following table provides the enrollment projections for UH in its entirety and broken out by campus:

TABLE 1
HEADCOUNT ENROLLMENT OF CREDIT STUDENTS BY CAMPUS
UNIVERSITY OF HAWAII
FALL 2015 TO FALL 2026

CAMPUS	HISTORICAL						PROJECTED					
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
UH SYSTEM TOTAL	55,756	53,418	51,674	51,063	49,977	49,594	49,407	49,377	49,403	49,552	49,706	49,904
UH AT MĀNOA	18,865	18,056	17,612	17,710	17,490	18,025	18,149	18,207	18,256	18,327	18,393	18,458
UH AT HILO	3,829	3,666	3,539	3,406	3,372	3,165	3,103	3,069	3,051	3,044	3,054	3,076
UH - WEST O'AHU	2,692	2,939	3,082	3,128	3,049	3,168	3,189	3,210	3,227	3,250	3,272	3,290
UH COMMUNITY COLLEGES	30,370	28,757	27,441	26,819	26,066	25,236	24,966	24,891	24,869	24,931	24,987	25,080
Hawai'i Community College	3,087	2,956	2,819	2,632	2,615	2,430	2,389	2,363	2,353	2,342	2,351	2,359
Honolulu Community College	4,328	3,903	3,563	3,541	3,510	3,378	3,355	3,336	3,314	3,303	3,294	3,291
Kapi'olani Community College	7,816	7,382	7,095	6,899	6,488	6,369	6,304	6,303	6,308	6,331	6,358	6,400
Kaua'i Community College	1,401	1,401	1,346	1,486	1,373	1,461	1,473	1,476	1,484	1,493	1,497	1,502
Leeward Community College	7,535	7,262	6,805	6,709	6,568	6,363	6,266	6,230	6,230	6,256	6,276	6,290
UH Maui College	3,593	3,342	3,302	3,092	2,992	2,936	2,912	2,928	2,926	2,939	2,951	2,964
Windward Community College ...	2,610	2,511	2,511	2,460	2,520	2,299	2,267	2,255	2,254	2,267	2,260	2,274

Note: Headcounts include specials (early admits and concurrent students) for all years.
Source: UH Institutional Research, Analysis and Planning Office; November 2020.

Overall enrollment is slightly down at our community colleges and regional universities, reflecting nationwide trends. The dynamics of enrollment are complicated, with factors including the overall economy, inflation, the pandemic, job market, and cost of attendance, as well as graduation and retention rates. Of greatest concern for Hawaii's future is the growing trend of decreased participation of Hawaii public high school graduates in any form of post-secondary education or training.

UH achieved record on-time graduation rates for first-time, full-time freshmen at seven of UH's ten campuses - UH Manoa, UH Hilo, UH West Oahu, Honolulu Community College (CC), Kauai CC, Leeward CC, and Windward CC. This is one factor in the enrollment downturn. Overall, UH accepted a historic record number of first-time students for the second straight year. Notably, Manoa welcomed 3,106 students in the fall of 2022 for its largest-ever freshman class while posting record four-year (44 percent) and six-year (62.3 percent) graduation rates.

LEVEL II

HIGHER EDUCATION

MEASURES OF EFFECTIVENESS

OBJECTIVE: TO DEVELOP ELIGIBLE INDIVIDUALS TO THE HIGHEST LEVELS OF INTELLECTUAL, PERSONAL, SOCIAL, AND VOCATIONAL COMPETENCY COMMENSURATE WITH THEIR ABILITIES AND DESIRES; TO ADD TO THE SUM OF HUMAN KNOWLEDGE BY CONDUCTING BASIC AND APPLIED RESEARCH; AND TO ENHANCE THE WELFARE OF THE COMMUNITY BY OFFERING INSTRUCTION AND OTHER SERVICES OF BENEFIT TO THE GENERAL PUBLIC.

STRUCTURE	PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0703	1. NO. DEGREES & CERTIFICATES OF ACHIEVEMENT EARNED		10695	11187	11702	12241	12806	13397	14016	14665
	2. DEGREE ATTAINMENT OF NATIVE HAWAIIANS		2400	2515	2636	2762	2895	3034	3180	3333
	3. NO. OF PELL GRANT RECIPIENTS		11409	11409	11409	11409	11409	11409	11409	11409

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE	PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
070301	UNIVERSITY OF HAWAII, MANOA	UOH-100	515,707	693,435	725,825	738,530	738,531	738,531	738,531	738,531
070302	UNIVERSITY OF HAWAII, JOHN A. BURNS SCHOOL OF MEDICINE	UOH-110	45,589	59,550	64,296	65,495	65,496	65,496	65,496	65,496
070303	UNIVERSITY OF HAWAII, HILO	UOH-210	71,033	101,018	105,559	107,649	107,649	107,649	107,649	107,649
070304	SMALL BUSINESS DEVELOPMENT	UOH-220	128	978	978	978	979	979	979	979
070305	UNIVERSITY OF HAWAII, WEST OAHU	UOH-700	28,990	43,422	51,769	53,724	53,724	53,724	53,724	53,724
070306	UNIVERSITY OF HAWAII, COMMUNITY COLLEGES	UOH-800	188,447	277,947	290,625	298,237	298,237	298,237	298,237	298,237
070307	UNIVERSITY OF HAWAII, SYSTEMWIDE SUPPORT	UOH-900	82,680	103,466	104,833	108,150	108,150	108,150	108,150	108,150
070308	UNIVERSITY OF HAWAII, PAYMENTS	-	404,543	406,464	406,299	439,415	468,158	494,217	515,460	527,877
070309	UNIVERSITY OF HAWAII, CANCER CENTER	UOH-115	3,216	3,237	4,466	4,703	4,703	4,703	4,703	4,703
	TOTAL		1,340,333	1,689,517	1,754,650	1,816,881	1,845,627	1,871,686	1,892,929	1,905,346
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
070301	UNIVERSITY OF HAWAII, MANOA	UOH-100	39,300	46,500						
070302	UNIVERSITY OF HAWAII, JOHN A. BURNS SCHOOL OF MEDICINE	UOH-110	2,387							
070303	UNIVERSITY OF HAWAII, HILO	UOH-210	2,200		17,500	26,500				
070305	UNIVERSITY OF HAWAII, WEST OAHU	UOH-700	3,500		5,000	3,500				
070306	UNIVERSITY OF HAWAII, COMMUNITY COLLEGES	UOH-800	100,500	55,500	45,000	45,000				
	TOTAL		147,887	102,000	67,500	75,000				

III. PROGRAM CHANGE RECOMMENDATIONS

This section discusses the significant program change recommendations for the Formal Education program.

LOWER EDUCATION

DOE funding requests are focused primarily on three strategic plan goals, Student Success, Staff Success, and Successful Systems of Support.

Funding requests are for several basic school service needs, including school food services, student transportation, school maintenance, and school utilities (electricity, water, sewer); Hawaiian education programs; compliance; leadership development; instructional enhancements; and for funding for students with special needs which involves the provision of specially designed instruction (i.e. special education), related services (e.g. speech-language therapy, behavioral health services, occupational therapy, etc.) and other supplementary aids to meet the unique needs of a student with a disability at no cost to families. The Department provides these services to anyone aged 3 to 21 who demonstrates a need for these services.

Additionally, general funds are provided for educational programs for English Learner (EL) students via the weighted student formula. In line with requirements placed on HIDOE by the Equal Education Opportunities Act of 1974 and Title VI of the Civil Rights Act of 1964, HIDOE is seeking to increase the amount of funds allocated for EL students to increase the capacity of schools to support this population.

Distance Learning Program

The COVID-19 pandemic forced a seismic shift in the department's educational approach as students and teachers used technology to interact virtually to continue their learning despite not being able to attend school in-person. While there is no substitute for in-person instruction, distance learning is an option which will require more development going forward. A Virtual Learning Center will need to be developed which will provide a digital solution to students to provide equity and access to content

that may not otherwise be available to them. A Virtual Learning Center could serve as a hub of innovation where elements of digital education may be infused further into in-person learning or state/complex area distance learning programs. Long-term, a Virtual Learning Center could be a training center to build the pool of virtual learning educators through partnerships with higher education institutions and pre-service students, contributing to the workforce for virtual, blended, and in-person learning.

HIGHER EDUCATION

The University's funding requests focus on returning general fund support to pre-pandemic levels, continuing the funding of ongoing programs, continuation and expansion of the Hawaii Promise Program, and expansion of the existing healthcare workforce education to meet the growing needs of the state.

As a result of the economic impact of the COVID-19 pandemic, the Legislature reduced UH's general fund support in its 2021 Legislative Session. While those funds were restored in the 2022 Session, some portion of those funds remained marked as "non-recurring". As such, they were reduced from the University's budget in the biennium, and the University seeks restoration of those funds to pre-pandemic levels.

The 2022 Legislature also added several programs, notably expansion of Graduate Medical Education (GME) to the neighbor islands. The Legislature also increased the general fund subsidy to the Athletics programs at Manoa and Hilo, as well as providing support for the Hawaii Institute of Marine Biology (HIMB). The University is requesting the continuation of these programs going forward.

The Hawaii Promise Program is a "last dollar" scholarship that provides free in-state tuition for qualified UH Community College students who need financial help to pay for college. The scholarship provides money to cover direct costs of education - including tuition, fees, and an allowance for books and supplies - that are not met by other forms of financial aid. The program is very successful at the Community Colleges which has now exceeded their initial appropriation of \$1.8 million. The University is requesting an additional \$3.7 million to help

cover the increased cost of the program and an additional \$19 million to expand the Hawaii Promise Program to the four-year institutions - Manoa, Hilo, and West Oahu.

The final group of requests seeks additional funding to help address critical staffing shortages in the healthcare industry. In its 2019 Hawaii Healthcare Workforce Initiative Report, the Healthcare Association of Hawaii identified critical workforce shortages in key health professions such as Certified Nursing Assistants, Medical Laboratory Technicians, Medical Assistants, among many others. Also, as demonstrated by the COVID-19 pandemic, Emergency Medical Services departments across the state have experienced critical staffing shortages, especially on the neighbor islands.

To help with this, the University is seeking an additional \$4.3 million in FY24 and \$4.7 million in FY25 to expand its healthcare workforce education programs across the entire system.

IV. EMERGING CONDITIONS, TRENDS, AND ISSUES

This section discusses the significant conditions, trends and issues which will influence the Formal Education program.

LOWER EDUCATION

Inflationary costs will have great impacts to our existing resources in the upcoming year. As costs for basic services rise, the DOE's ability to invest in opportunities for students are diminished. Adding to these rising costs is the shortage of labor ranging from the teaching staff all the way to bus drivers who are essential to bringing our students to school. Finally, global supply chain issues have meant that necessary tools, technology, and supplies are not available in a timely manner.

In addition to inflationary pressures, we are aware of the increasing decline in student enrollment that is a trend both locally and nationally.

The DOE continues to work with the Board of Education to develop a new state-wide strategic plan to further the vision of education within the State of Hawaii. This new strategic plan will continue to build on the successes of the past with the goal of creating students who can earn a living wage and be contributing members of society.

While the DOE continues to measure progress against the 14 indicators laid out in the 2017-2020 Strategic Plan and with data collected by the Strive HI Performance System, the DOE has coalesced around four strategies developed as part of the Elementary and Secondary School Emergency Relief Fund (ESSER) Educational Plan. These four strategies are: Action-Oriented Data Decision-Making; Effective Academic Practices; Healthy Habits, Healthy Schools; and Responsive Capacity Building. While this plan and these strategies are meant to be used to guide the use of federal relief funds provided to overcome the challenges posed by the COVID-19 pandemic, they also provide a good general framework to re-engage students and provide a whole-child and equitable education for all of our students.

The DOE ensures that all students have access to a high-quality education in preparation for college, career, and community success. These successful students will move into the workforce with the competitive skills, knowledge, and attitudes to support current, emerging, and future businesses and industries. This in turn will promote investment in growing our economy which will result in enhanced prosperity and a higher quality of life for all of Hawaii.

Ne`e Papa is the concept meant to encompass the spirit of unity and togetherness. In the context of K-12 education, the idea is to focus all of the efforts of teachers, staff, administrators, and community members to collectively work together to support the education of our students and provide them with the tools they need to find success both within the classroom and beyond.

The significant conditions, trends and issues are as follows:

Responsive School Repairs and Maintenance Services

The Capital Improvements Program (CIP) pays for renovations, repairs and major maintenance to existing facilities, landscape improvements, new construction, land acquisition, and utility modifications. The CIP Budget is set by the state as part of a comprehensive program to manage state facilities, and is handled separately from the DOE's Operating Budget. Facilities staff work with principals directly to prioritize school-level needs.

The DOE has implemented two tools to support compliance with the Hawaii State Board of Education (Board) Policy 301-10, Equitable Allocation of Facilities Resources - Facilities Asset Management (FAM) and the Hawaii Facilities Inspection Tool (HI-FIT). Together, FAM and HI-FIT are used to determine the needs and priorities for the repair and maintenance (R&M) of Department schools.

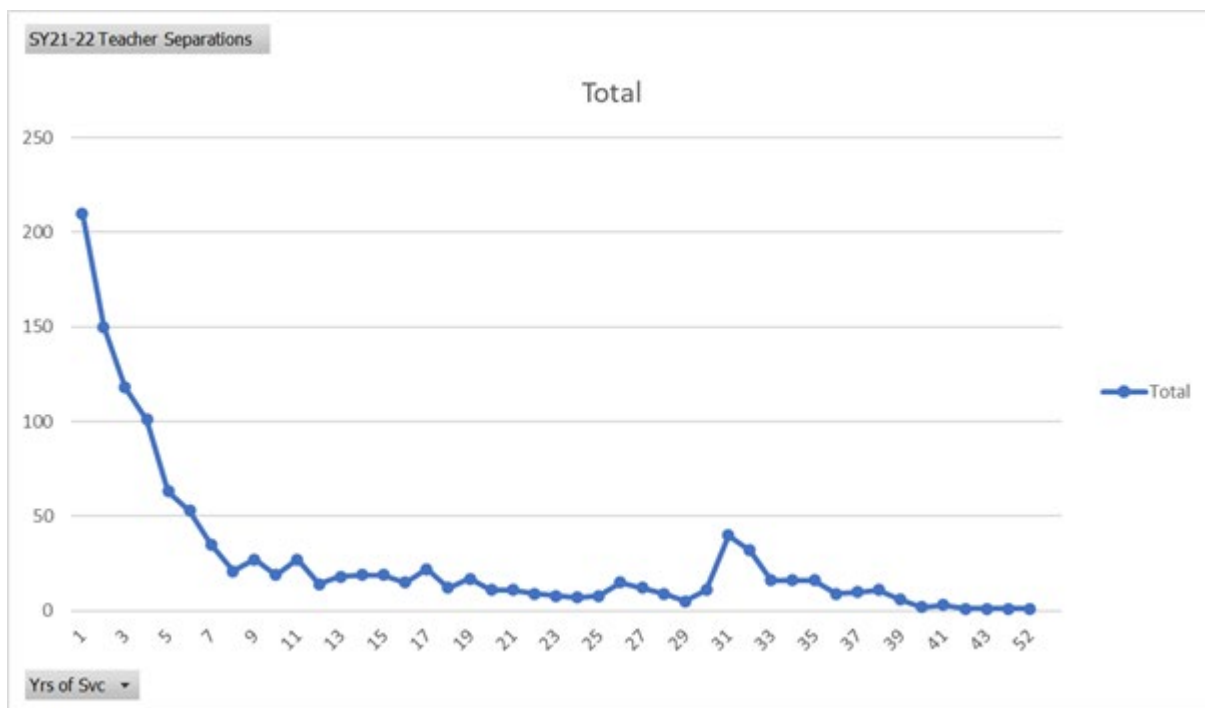
FAM encompasses "integrated, multidisciplinary strategies to sustain school infrastructure assets such as roofs, fire alarms, air conditioners, water and sewer lines, and building structures." The FAM initiative follows industry standards and best practices for the equitable allocation of R&M resources utilizing an equitable allocation framework based upon the landmark American Civil Liberties Union lawsuit of Williams v. State of California. FAM includes facility inspections, assessments and projects, a database of projects and critical assets, and a deferred maintenance program.

The DOE implemented the FAM initiative by ramping up the pilot Job Order Contracting (JOC) program in 2018. JOC allows the DOE to contract several vendors through competitive bidding for commonly encountered projects over the life of a multiyear contract rather than having to bid out individual jobs for repairs. This has expedited work on repairing school roofs, the largest category on the DOE's R&M backlog. FAM is on track to meet the National Council of School Facilities benchmark for the systematic reduction of deferred maintenance within the next biennium budget cycle.

Recruitment and Retention of Highly Qualified Employees

Identification, hiring and retention of highly qualified staff for the department, continues to be a priority. The need for licensed staff is more critical in isolated, hard-to-staff geographic areas. Shortages have been experienced for particular subject matter fields of special education, mathematics, science, English, career technical education, Hawaiian immersion, Hawaiian language, world languages, and Teaching English to Speakers of Other Languages. The department has initiated intensified recruiting efforts to identify and hire for these positions.

In addition, retention of teachers in the initial five (5) years has been challenging. As depicted in the chart below, significant numbers of teachers exit the Hawaii public school system within the first five years of service:



The losses of teachers in those first five years are costly to the department due to the investments in terms of training and professional development that have been made in those individuals prior to their departure. The department is developing strategies to assist in retaining teachers so that they stay with the department on a longer career path.

Detailed information on other topics including enrollment and demography and student outcomes and behavior can be seen in greater detail through the DOE's [Longitudinal Education Information \(LEI\) System](#).

HIGHER EDUCATION

Of concern for the University of Hawaii's enrollment is the decreased participation of public high school graduates in any form of post-secondary education or training. People earning degrees live longer and healthier, have a larger income, and generally enjoy a better quality of life than people who do not earn post-secondary degrees. As such, to improve the lifestyles of Hawaii's citizenry, it is important for students to graduate with a diploma.

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

None submitted.

08

Culture and Recreation

CULTURE AND RECREATION

I. OVERVIEW

This Program Memorandum covers Culture and Recreation, the eighth of the eleven major programs in the statewide program structure. The overall objective of the Culture and Recreation program is to enrich the lives of people of all ages by providing and preserving opportunities and facilities for cultural and recreational activities. Cultural activities in this program encompass both Hawaii's exceptionally rich natural history and its human cultural heritage.

This major program has two principal sub-programs: Cultural Activities and Recreational Activities. A total of eight individual, lowest-level programs and their associated plans are included in the Multi-Year Program and Financial Plan for the period 2023-2029.

State organizational entities involved in the Culture and Recreation program include the Department of Land and Natural Resources, University of Hawaii, Department of Accounting and General Services, and the Department of Business, Economic Development and Tourism. Other non-state agencies significantly involved with this program include the Federal National Parks Service, Army Corps of Engineers, National Endowments for the Humanities and the Arts, and each county's Parks and Recreation departments.

Major activities of this program include: identification, research, protection, and preservation of natural, historical, and archaeological sites; conservation of historic records and artifacts; collection and conservation of oral histories; construction and operation of recreational facilities, such as parks and small boat harbors.

Public participation in the services provided by the program is expected to increase during the planning period. Factors influencing this demand would be general population increases, a greater desire for cultural activities resulting from prior exposure to and experience with the arts, and a greater desire for more diversified choices in recreational activities. For

most of the recreational activities conducted by the program, participation will not be influenced greatly by economic status since low or no user fees are charged with exception of small boats, stadium activities, and park cabin rentals.

CULTURE AND RECREATION PROGRAM

MEASURES OF EFFECTIVENESS

OBJECTIVE: TO ENRICH THE LIVES OF PEOPLE OF ALL AGES BY PROVIDING AND PRESERVING OPPORTUNITIES AND FACILITIES FOR CULTURAL AND RECREATIONAL ACTIVITIES.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
08	1. NUMBER OF CAMPING AND CABIN USERS		53786	53786	53786	53786	53786	53786	53786	53786
	2. # OF PROJ BENEFIT NI, RURAL & UNDERSERV RESIDENTS		96	98	100	102	104	106	108	110

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
	TOTAL		55,614	173,135	97,088	100,070	98,071	98,071	98,071	98,071
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
	TOTAL		34,300	34,125						

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

This section discusses activities, costs, and effectiveness of the major Level II programs included in the Culture and Recreation program.

CULTURAL ACTIVITIES

The objective of this Level II program is to enrich the lives of people of all ages by displaying and making available for appreciation and study significant elements of our cultural heritage such as plant and animal life, unique natural features, places and objects of historical and scientific interest, literature and works of art, and by presenting cultural and artistic events.

There are a total of four individual, lowest-level programs under Cultural Activities. State agencies involved in this sub-program are: University of Hawaii (Waikiki Aquarium), Department of Accounting and General Services (State Foundation on Culture and the Arts and the King Kamehameha Celebration Commission) and Department of Land and Natural Resources (Historic Preservation Division).

The major activities of this program include: practice, perfection, and presentation of ethnic arts; cultural and artistic participation of and presentations for people in rural and remote areas, institutions and low income areas; enrichment of environment through improved design and works of art in public places; arts experiences in the schools; support to improve activities and events in dance, literature, music, film, public programming, theater and visual arts; statewide touring of resident and visiting artists and art events; preservation of the ethnic and cultural history of Hawaii; and identification, protection, management and preservation of historic properties, including burial sites. Also included are activities such as establishing and maintaining aquaria, and places and areas where other unique natural features of Hawaii may be preserved and displayed for scenic, scientific and educational appreciation. Examples of these are the display of Hawaiian aquatic life at the Waikiki Aquarium, and presentations of music, drama, dance and visual arts.

State Foundation on Culture and the Arts (AGS 881)

The State Foundation on Culture and the Arts (SFCA) mission is to promote, perpetuate and preserve culture and the arts in Hawaii. The agency does this by aligning its core values of celebrating the cultural richness and diversity of Hawaii; creating equitable access through transparent community-based decision making; sharing in the role and responsibility to perpetuate Native Hawaiian culture and arts; and view that art and cultural engagement is critical to the educational, economic, and social well-being of individuals, communities, and the entire State of Hawaii. As the official state arts agency for Hawaii, the SFCA provides financial support for a wide range of public exhibitions, concerts, theatrical performances, films, workshops, artist residencies, publications, broadcast programs, conferences, artist fellowships, apprenticeships in the traditional arts, and various types of art classes in a variety of media. The SFCA also implements initiatives in concert with community organizations and maintains close partnerships with a variety of constituents across the state.

The SFCA is supported on a federal level from the National Endowment for the Arts; on a national level with the National Assembly of State Art Agencies; and on a regional level with the Western Art Federation. SFCA's Biennium Grants program is supported with funds from the State of Hawaii, and the National Endowment for the Arts. The agency's Biennium Grants program assists organizations statewide in the areas of Arts Education, Community Arts to include Community Development and Arts & Healing, Heritage and Preservation, and Presenting & Performing Arts.

The SFCA's Art in Public Places (APP) Program contributes to the creative workforce of visual artists through its purchase of artworks from juried and curated exhibitions throughout the state and the commissioning of original works of art for state government sites. The APP Program is responsible for the beautification of the built environment on State property through developing the state art collection through commissions and the relocatable works of art. This program is funded by the Works of Art Special Fund, Section 103-8.5 of the Hawaii Revised Statutes, the collection contains approximately 500 permanently installed commissioned works of art and more than 6,000

relocatable works of art. Included in the APP Program are positions that curate and manage the collection, two commissioned works of art project managers, a registrar, four exhibit specialists, and a conservation coordinator that attend to demands for restoration and repair. A comprehensive conservation and maintenance program for all artwork is part of the Collection Management Policy as best practice.

In November 2022, the Hawaii State Art Museum (HiSAM), a 12,000 square foot art gallery, at the No. 1 Capitol District building, will celebrate its 20th Anniversary. The museum will also rollout a new re-branding campaign in the summer of 2023. The museum continues to be a venue to allow people to view selected works of art from the State's art collection according to both the 1995 Statewide Public Art Master Plan and a 1999 Legislative Audit. Access to the museum is always free, creating an accessible venue for all ages.

During the pandemic, SFCA did a call for artwork under the theme of COVID-19. Artists were able to submit their works online for purchase consideration. Over 125 works were submitted and APP purchased several works from the online exhibition for our Relocatable Works Collection. In partnership with Hawai'i Contemporary we presented the Hawai'i Triennial 2022. The current exhibition is on view through December 2022 accompanied by a series of public programs. SFCA will be an exhibition venue for Festivals of the Pacific (FESTPAC) in June 2024. Guided by a shared reverence for Oceanic arts and culture and shaped by our own, FESTPAC 2024 will create a unique opportunity for Pacific Island nations to connect, create and experience and thrive. School tours, training for teachers and cultural tourism initiatives are also developed as integral to the museum's programming. The Café closed in February 2020 and a new lease begins in 2023, operated by the Friends of HiSAM. The Gift Shop was converted to an auxiliary exhibition space called the POD (Passion on Display). Currently, three staff implement museum activities along with a cadre of community partners. Legislation establishing the Friends of the Hawaii State Art Museum Citizens Group nonprofit (Friends of HiSAM) was passed in May 2004. The Friends continue to support HiSAM events. Additional events have been added to the calendar to include The Vibe (Jazz) on the second Friday of every month. For the art enthusiasts we have Super Saturdays where we highlight hands-on activities for

children with additional public programs and food vendors. The most recent event is in partnership with the Mayor's Office on Culture and the Arts called Pā'ina Pō'alima, showcasing culture and arts from around the Pacific. All of these events are free to the public.

One of the SFCA's mandates is in Arts Education. We are administering implementation of "Arts First", a strategic plan to integrate the arts into Hawaii's public school curriculum. This work includes partnerships with numerous educational organizations throughout the state including the Donkey Mill (Kona, Hawaii), Maui Arts and Cultural Center and Molokai Arts Center. The Arts Education program administers a variety of programs and opportunities to the Department of Education (DOE) including Artists-in-the-Schools Program and a popular program called Art Bento (hands-on activities at HiSAM. These two programs are being evaluated this fiscal year and will be reimaged for FY24. Program efforts have established an annual arts education conference that attracts approximately 200 educators and arts professionals each year. This is a public and private partnership with the Hawaii Community Foundation. SFCA will be launching the 60th Annual Hawaii Regional Scholastic Art Awards (K-12) to exhibit children's artwork in HiSAM and at the Hawai'i Convention Center. The last program is Poetry Out Loud, a national poetry recitation competition (9-12). Other initiatives include developing seminars, workshops, and various professional development training opportunities for educators and administrators in arts education. The program is supported in part with Federal funds dedicated to arts education from the National Endowment for the Arts. The "Arts First" has adopted the new National Core Art Standards and plans to implement these standards throughout the DOE K-12 by 2025.

The Arts Education Program collaborates with the APP Program to conduct the Art in Public Places/Artists in Residence Program wherein a commissioned work of art is created for a public school. This has been a very successful program and staff will be taking a deeper look on ways to enhance the program. This renewed program will be launched in FY24. The program brings together students, teachers, school administrators, members of the community, the artist, the SFCA staff, teaching artists and a specialist from the DOE to select the theme and devise curriculum based on the commissioned work of art.

The SFCA's Folk and Traditional Arts Program continues its substantial work in perpetuating and documenting Hawai'i's traditional arts. The program administers its highly commended apprenticeship awards program through which a master artist and a select apprentice participate in a year of intense study. Disciplines such as lauhala weaving, Hawaiian kapa, slack key guitar, Hawaiian saddlemaking, hula, Okinawan music and dance, Hawaiian canoe building, and Cantonese opera have been conducted in past years. In FY23 we are featuring Lloyd Harold Kumula'au Sing Jr. and his wife May Haunani Balino-Sing and Ke Kumu Hawaii in ulana'ie (Hawaiian twined basketry). These mentorships are meant to be knowledge sharing to help perpetuate a traditional art form.

In FY23 SFCA will fund a new fellowship for a Hawaii State Poet Laureate. This will support a residency for a Hawaii poet for three years. This program will be administered by the Hawaii Council for the Humanities and the Hawaii State Public Library System.

SFCA continues to contract with the King Kamehameha Celebration Commission (KKCC) in support of engagement around King Kamehameha I sculptures in Kohala and Honolulu. KKCC presents an annual public celebration through the King Kamehameha Day Celebrations.

SFCA oversees special projects. This year SFCA participated in the Washington Place's 175th anniversary exhibition and publication celebrating this historic site and milestone.

Historic Preservation (LNR 802)

The Department of Land and Natural Resource's State Historic Preservation Division (SHPD) is a Level III program under the Cultural Activities section of the Cultural and Recreation section of the State Programs.

The SHPD engages and collaborates with various agencies, as well as the public and historic preservation partners to provide leadership in preserving, restoring, and maintaining historic and cultural properties; to ensure historic preservation is conducted in a spirit of stewardship and trusteeship for future

generations in accordance with HRS §6E-3(8). As leaders in the field of historic preservations, SHPD plans continues to expand its existing coordination initiatives with counties and other preservation partners regarding sharing resources among agencies, the development of agreement documents, the development of county historic preservation programs, and ongoing training programs.

Review and Compliance

The SHPD dedicates considerable effort aimed at identification and preservation of significant historic properties and to providing more timely reviews of materials submitted to the division to meet compliance requirements with state and federal regulations for historic preservation.

Responsibilities include (1) interpreting and implementing programs, laws, and implementing regulations regarding historic preservation and historic properties; (2) serving as representatives of the state regulatory agency for National Historic Preservation Act (NHPA) Section 106 and Hawaii Administrative Rules Chapter 6E consultation among county, state, and federal agencies, project proponents (for private projects), Native Hawaiian Organizations, the general public, and local historic preservation partners; (3) partnering in the development of Agreement Documents to address long-term and strategic programmatic challenges as well as agency needs and requirements under the NHPA and/or the Chapter 6E processes for the evaluation, protection, preservation, mitigation, and management of historic properties; and (4) assisting in the preservation and management of historic properties and other significant cultural resources in accordance with legislation, regulations, and accepted theories and professional standards, guidelines, and practices.

Although approximately 60 percent of SHPD's personnel expenditures support the review and compliance program, it fulfills federal and state statutory mandates that results in the administrative review of various agency funded projects. This enables the projects to move forward in the process to expend the funding.

Survey and Inventory

The SHPD recognizes that regulatory-driven archaeological surveys will continue to be the dominant type of archaeological survey undertaken in the state and, as such, the SHPD needs to ensure these surveys are carried out in accord with current professional standards and active and effective community and historic preservation partner participation throughout the preservation process.

A Geographic Information System (GIS) is important to the preservation of historic properties and cultural resources because it allows one to visualize intangible cultural landscapes and analyze the locations and attributes of cultural resources with a known degree of accuracy and reliability. The SHPD GIS has been mostly used as an asset management tool to assign new State Inventory of Historic Places (SIHP) numbers, to digitize legacy and incoming site data, and to report on the statistics of historic properties and surveys to the National Park Service (NPS) every year. The potential use of GIS data at SHPD includes: data integration with other digital systems, site suitability analyses for classifying culturally sensitive areas and predicting the potential locations of unknown cultural complexes, providing reliable data and information for academic research projects, and allowing the public to identify, view, and comment on historic properties and related projects.

State and National Register Programs

The SHPD maintains the list of nominated properties, properties listed in the Hawaii Register of Historic Places, and Hawaii properties listed in the National Register of Historic Places.

Burial Treatment Program

The SHPD in accordance with Chapter 6E, HRS, is required to: determine the proper treatment of Hawaiian burials; provide administrative support to the Island Burial Councils who decide upon the proper treatment of previously identified burials; and maintain a statewide inventory of unmarked Hawaiian burial sites, as well as issue penalties for violations.

The SHPD expends 21 percent of its personnel budget in support of this state mandated program. This program enables development and private building projects to move forward toward completion once the proper burial treatment has been determined and completed.

LEVEL II

CULTURAL ACTIVITIES

MEASURES OF EFFECTIVENESS

II. 01 CULTURAL ACTIVITIES

OBJECTIVE: TO ENRICH THE LIVES OF PEOPLE OF ALL AGES BY DISPLAYING AND MAKING AVAILABLE FOR APPRECIATION AND STUDY SIGNIFICANT ELEMENTS OF OUR CULTURAL HERITAGE (SUCH AS PLANT AND ANIMAL LIFE, UNIQUE NATURAL FEATURES, PLACES AND THINGS OF HISTORICAL AND SCIENTIFIC INTEREST, LITERATURE, AND WORKS OF ART) AND BY PRESENTING CULTURAL AND ARTISTIC EVENTS.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0801	1. # OF PROJ BENEFIT NI, RURAL & UNDERSERV RESIDENTS		96	98	100	102	104	106	108	110

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
080101	AQUARIA	UOH-881	2,006	5,351	5,390	5,429	5,429	5,429	5,429	5,429
080103	STATE FOUNDATION ON CULT. & THE ARTS INCL. KKC COMMISSION	AGS-881	8,425	28,236	7,381	7,426	7,426	7,426	7,426	7,426
080105	HISTORIC PRESERVATION	LNR-802	2,598	4,944	5,215	5,350	5,349	5,349	5,349	5,349
TOTAL			13,029	38,531	17,986	18,205	18,204	18,204	18,204	18,204

RECREATIONAL ACTIVITIES

The objective of the Level II program, Recreational Activities, is to enrich the lives of people of all ages by providing opportunities and facilities for recreational activities, such as acquisition and exercise of artistic skills and crafts, participation in organized and informal sports, and attendance at spectator events.

A total of four individual, lowest-level programs are encompassed under this sub-program. Three are housed in the Department of Land and Natural Resources (Forest and Outdoor Recreation; Parks Administration and Operations; and Ocean-Based Recreation) and one in the Department of Business, Economic Development and Tourism (Spectator Events and Shows - Aloha Stadium).

In addition to the State, the City and County of Honolulu and Counties of Hawaii, Maui, and Kauai conduct a substantial amount of recreational activity. County parks and recreation activities generally focus on providing community programs for the elderly, youth and the handicapped, and facilities for organized sports, such as golf, tennis, and baseball.

The federal government's major recreational activities include preserving and maintaining national parks and shorelines, and creating multiple-use flood control and harbor projects.

Major services of this program include: construction and maintenance of shelters, cabins, roads, areas, and facilities in inland and coastal areas to permit their use for ocean fishing, camping, picnicking, or cycling; development and operation of areas adjacent to the ocean for beach park, small boat harbors, boat launching facilities and shoreline fishing areas; maintenance, operation and management of the Aloha Stadium and related facilities; and interpretive programs in State Parks.

Significant activities include:

- (1) evaluate, maintain or construct recreational trails and access roads;
- (2) maintain ancillary recreational facilities (campgrounds, hunter check-in stations, shelters, arboreta,

picnic areas); (3) install, monitor and maintain informational and warning signage; (4) inventory and conduct surveys of game birds and mammals; (5) evaluate hunter harvest and participation for setting seasons and establishing rules; (6) enhance game habitat areas (fencing, planting, predator control management facilities); (7) manage, regulate and monitor commercial trail and access road tour activity; (8) research title to ancient and historic trails; and determine feasibility of restoring for managed public use; (9) develop new public hunting areas for management; and (10) administer and manage citizen advisory and volunteer groups.

Most of the capital investment expenditures made for the Recreational Activities program will be for outdoor recreational facilities such as small boat harbors, heritage and recreation parks, and the Aloha Stadium. These expenditures reflect the State's continuing concern for providing recreational opportunities for Hawaii's residents and visitors, and the preservation of open spaces. It is noted that no capital investment costs are reflected for the planning period because projects are under review.

Forest and Outdoor Recreation (LNR 804)

The Forest and Outdoor Recreation Level III Program (LNR 804) objectives are to:

(1) provide managed opportunities and facilities for the public to engage in multiple-use outdoor recreation activities (hiking, biking, equestrian riding,

off-highway vehicle use, hunting, and camping) while also providing access for resource management; (2) maintain, and enhance a public hunting program to provide a source of food and outdoor recreation for the public and as a means to control introduced game animals in watershed areas; and (3) inventory, document ownership and restore specific historic trails and non-vehicular old government roads for public use where it is feasible and culturally appropriate.

This Program typically cooperates with the following State Departments on technical matters and for field implementation of

program objectives: Agriculture; Business, Economic Development and Tourism; Education; Health; and Transportation. It also coordinates with federal agencies including: Department of Defense, Fish and Wildlife Service, National Park Service, U.S. Department of Transportation. Cooperation with County agencies and personnel includes coordination with the county water departments, county permitting and planning agencies and county park departments.

Significant activities include:

(1) Evaluate, maintain or construct recreational trails and access roads; (2) Maintain ancillary recreational facilities (campgrounds, hunter check-in stations, shelters, arboreta, picnic areas); (3) Install, monitor and maintain informational and warning signage; (4) Inventory and conduct surveys of game birds and mammals; (5) Evaluate hunter harvest and participation for setting seasons and establishing rules; (6) Enhance game habitat areas fencing, planting, predator control management facilities; (7) Manage, regulate and monitor commercial trail and access road tour activity; (8) Research title to ancient and historic trails, and determine feasibility of restoring for managed public use; (9) Develop new public hunting areas for management; and (10) Administer and manage citizen advisory and volunteer groups.

Important relationships include: (1) cooperation with private landowner to manage recreation and hunting access; (2) implementation of federal programs for wildlife restoration program and the national recreational trails program; (3) coordination with federal, state, and county agencies and private organizations for acquisition of land or conservation easements for hunting and hiking; (4) cooperation with hunting, hiking and off-road vehicle clubs; and (5) cooperation with federal and county agencies for hiking and off-road vehicle programs.

Parks Administration and Operations (LNR 806)

The Parks Administration and Operation Level III program enhances the park program for the public by providing statewide administrative, maintenance, planning and interpretive services, formulating overall policies and plans, and determining future

needs for ensuring the quality of management for current and future state parks and collaborating with the 4 Counties on the expenditure of the Land and Water Conservation Fund. Also, provides safe and enjoyable recreational opportunities for the public by developing and operating state parks and preserving Hawaii's cultural history and traditional and cultural practices in park units that contain revered cultural assets or are part of Hawaii's cultural landscape.

The State Parks program presents Hawaii's finest natural and cultural resources, many of national and international significance. The program involves the development, operation, and maintenance of parks in the Hawaii State Parks system that includes 54 state parks and other areas of responsibility on five major islands. The State Parks system encompasses over 31,000 acres ranging from landscaped grounds with developed facilities to wildland areas with trails and primitive facilities, and sensitive archeological sites and cultural assets that are of great value to the Hawaii community. The Hawaii State Park System, at a current staff roster of 128 positions (with 28 new, non-established positions)

Due to the impacts of the pandemic, estimates vary on the millions of visitors that have and will visit state parks. 2019 it was estimated that over 11 million visitors (comprised of both residents and out of state visitors) patronized Hawaii State Parks. Due to emerging technology and establishing park vendors at 10 heavily patronized parks, data is now being compiled with greater accuracy.

State Parks has been very successful in increasing revenue by executing a parking, entry, camping and lodging rate increase during 2020 and while the parks were closed due to the pandemic. In January of 2021, the unanticipated return of out of state visitors, primarily from the U.S mainland, immediately began patronizing parks and paying the increased fees, generating the highest income State Park has received from fees since its inception. As the visitor industry rebounds, and additional revenue sources are created, the State Parks operating budget will continue to increase revenue that is intended to be reinvested to enhance operation, maintenance, and park programs.

Ocean-based Recreation (LNR 801)

The Division of Boating and Ocean Recreation (DOBOR) is tasked with enriching the lives of people of all ages by providing opportunities and facilities for developing skills and participating in organized and non-organized ocean-based outdoor activities such as boating, canoe paddling, saltwater fishing, surfing, ocean swimming, etc.

DOBOR is responsible for overseeing and managing the State's ocean-based recreation. This includes the operation, management, and maintenance of 16 small boat harbors and 56 ramps statewide. The division establishes rules for the safe use of harbors and ramps as well as for the ocean waters of the state and has the responsibility for establishing and maintaining ocean recreation management areas (ORMA) that ensure the safety of area users and mitigate user conflicts in the ocean waters of the state. Finally, it administers and maintains the State's vessel registration system.

DOBOR is funded by the Boating Special Fund and receives its revenue from mooring and other harbor use fees, including 3 percent of gross revenue of commercial vessels using boating facilities and State waters. Other revenue sources to the fund include the State marine fuel tax, vessel registration fees, rental income from land leases and revocable permits of boating facility's properties, and from federal grants.

DOBOR has made significant progress with dealing with the \$300 million in deferred maintenance when the program was transferred from the Department of Transportation to the Department of Land and Natural Resources in 1991. Adjusted for inflation, the 1991 deferred maintenance amount is equivalent to approximately \$640 million in 2022 dollars. The division has been successful in adjusting fees to market rates, issuing long term land leases at market rates, implemented an online management system, and has implemented a vessel titling program. Funds generated by the program will support the debt service for anticipated capital improvement projects and will also address the increased repairs and maintenance costs at boating facilities and cover increased operating costs. DOBOR continues to upgrade Hawaii's existing small boat harbor and ramp facilities. Since 2001, the program has completed \$191,591,592 in Capital Improvement Projects and Repair and Maintenance.

The facilities have outlived their useful lives and are subjected daily to the harsh marine environment and annual winter storms. This has resulted in the closure of docks and ramps. Due to the limited availability of funds, the division will address these issues through special maintenance projects. The division is also exploring ways to develop lands adjoining its small boat harbors in order to broaden its income base.

DOBOR has established working groups in high use areas. The working groups assist the division in determining priorities for project scheduling and funding, as well as revising and updating master plans for various boating facilities and providing recommendations for improvements in providing recommendations for improvements in providing other services.

Spectator Events & Shows - Aloha Stadium (BED 180)

For 45 years, the Aloha Stadium has been the gathering site on Oahu for hosting major events. The mission of Aloha Stadium is to meet the challenge of providing a first-class arena where the dreams of our young people can be realized through participation in sporting and other special events, where the spirit of achievement can be nourished by the thrill of competition, where families can gather to share their cultural diversity with pride and a feeling of Aloha.

The Stadium Authority (BED180) is now in a transitionary period as work is in progress to redevelop the stadium site to include a new multi-use stadium as the centerpiece of a mixed-use district, termed the New Aloha Stadium Entertainment District (NASED). Although efforts were initiated long ago, work began in earnest in 2019 with Act 268, SLH 2019 that stated,

"Redeveloping, renovating, or improving these public lands in a manner that will provide suitable recreational, residential, educational, and commercial areas, where the public can live, congregate, recreate, attend schools, and shop, as part of a thoughtfully integrated experience, is in the best interests of the State and its people."

Funding for this project is via Act 220, SLH 2022 which appropriated \$350 million in General Obligation Bonds and an additional \$50 million in General Funds.

It is expected that the Request for Proposals for this project will commence in the latter parts of 2022 with evaluation and contract awards in the latter parts of 2023.

Parallel to the site redevelopment plan, the Stadium Authority made the decision to close the stadium facility to public use in late 2021 due to unfunded deferred maintenance and safety concerns with the stadium structure. Stadium management underwent a workforce restructuring plan with a focus on limited operations of the site (parking lots and Swap Meet) while implementing a paradigm shift from a service-delivery model to a planning, design, implementation, and transition model that will allow the Stadium to ramp-up and seamlessly transition stadium's operation to a structure that would support the future NASED project (see Section IV below).

LEVEL II

RECREATIONAL ACTIVITIES

MEASURES OF EFFECTIVENESS

II. 02 RECREATIONAL ACTIVITIES

OBJECTIVE: TO ENRICH THE LIVES OF PEOPLE OF ALL AGES BY PROVIDING OPPORTUNITIES AND FACILITIES FOR RECREATIONAL ACTIVITIES (SUCH AS ACQUISITION AND EXERCISE OF ARTISTIC SKILLS AND CRAFTS, PARTICIPATION IN ORGANIZED AND INFORMAL SPORTS, AND ATTENDANCE AT SPECTATOR EVENTS).

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0802	1. NUMBER OF CAMPING AND CABIN USERS		53786	53786	53786	53786	53786	53786	53786	53786

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
080201	FOREST AND OUTDOOR RECREATION	LNR-804	4,048	11,383	9,767	9,770	9,771	9,771	9,771	9,771
080202	DISTRICT RESOURCE MANAGEMENT (HISTORICAL)	LNR-805	2,250	3,611						
080203	PARKS ADMINISTRATION AND OPERATION	LNR-806	13,437	27,813	31,639	33,945	31,946	31,946	31,946	31,946
080204	OCEAN-BASED RECREATION	LNR-801	17,618	32,596	29,021	29,348	29,349	29,349	29,349	29,349
080205	SPECTATOR EVENTS AND SHOWS - ALOHA STADIUM (HIST)	AGS-889	5,228							
080206	SPECTATOR EVENTS & SHOWS - ALOHA STADIUM	BED-180		59,199	8,672	8,800	8,801	8,801	8,801	8,801
	TOTAL		42,581	134,602	79,099	81,863	79,867	79,867	79,867	79,867
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
080201	FOREST AND OUTDOOR RECREATION	LNR-804	900	350						
080203	PARKS ADMINISTRATION AND OPERATION	LNR-806	25,860	12,950						
080204	OCEAN-BASED RECREATION	LNR-801	7,540	20,825						
	TOTAL		34,300	34,125						

II. PROGRAM CHANGE RECOMMENDATIONS

CULTURAL ACTIVITIES

State Historic Preservation Division (LNR 802)

Review and Compliance

The SHPD dedicates considerable effort aimed at identification and preservation of significant historic properties and to providing more timely reviews of materials submitted to the division to meet compliance requirements with state and federal regulations for historic preservation. Responsibilities include (1) interpreting and implementing programs, laws, and implementing regulations regarding historic preservation and historic properties; (2) serving as representatives of the state regulatory agency for National Historic Preservation Act (NHPA) Section 106 and Hawaii Administrative Rules Chapter 6E consultation among county, state, and federal agencies, project proponents (for private projects), Native Hawaiian Organizations, the general public, and local historic preservation partners; (3) partnering in the development of Agreement Documents to address long-term and strategic programmatic challenges as well as agency needs and requirements under the NHPA and/or the Chapter 6E processes for the evaluation, protection, preservation, mitigation, and management of historic properties; and (4) assisting in the preservation and management of historic properties and other significant cultural resources in accordance with legislation, regulations, and accepted theories and professional standards, guidelines, and practices.

Overall, the GIS and SIHP development of the last 5 years has focused on making the data reliable to meet the goals of providing accurate geospatial data to a greater audience. The development and adoption of new standards, new data formats, ArcGIS Online, and HICRIS has made it possible for SHPD to share geospatial data in novel ways that support historic preservation and hasten the project review workflow. At the current rate of progress, it is estimated that data entry and QA/QC of the legacy GIS data will be 80-90 percent complete in the next 5-7 years depending on data entry support and whether the gaps in the SIHP represent sites or not. With that degree of

reliability, the data will be able to support many different types of spatial and statistical analysis and present a more realistic view of the sites identified in the SIHP.

RECREATIONAL ACTIVITIES

Ocean-based Recreation (LNR 801)

The management structure that DOBOR inherited from DOT is not the most effective for management of the small boat harbor program and does not allow adequate allocation of staff to ocean recreation management functions. The Department therefore recommends implementing the 2019 DOBOR Strategic Plan, which proposes the public-private partnership (P3) model for small boat harbor management. Under the P3 model, DOBOR staff would be able to free up staff to get out in the field to monitor activities and interact with ocean users while having a private entity manage the day-to-day operations in the state small boat harbors.

IV. EMERGING CONDITIONS, TRENDS, AND ISSUES

CULTURAL ACTIVITIES

State Foundation on Culture and the Arts (AGS 881)

The agency is beginning a substantial new direction with the addition of the Hawaii State Art Museum and is thus expecting exciting developments in cultural tourism for the Capital District, as well as partnerships with the arts and business communities. The SFCA's new role in operating an important facility for the arts is challenging and rewarding, both for the agency and the State. New revenue streams and numerous voluntary support systems are integral to future growth.

The agency is guided by its current strategic plan through

FY 08 and is looking forward to charting its growth beyond that period with a new strategic plan to be shaped with statewide community participation during the next fiscal year.

State Historic Preservation Division (LNR 802)

Climate change continues to have a significant impact on the State. Many historic sites are located along coastlines and could potentially be lost due to rising ocean levels and increasing coastal erosion. Pressure on coastal lands also pushes development inland, which can also affect existing historic and cultural properties. The challenge will be to capture knowledge and cultural practices associated with a site before that site is lost.

Another challenge for the historic preservation community is how best to prepare for civil emergencies. Identifying and planning to protect, recover and rebuild historic properties after hurricanes, earthquakes, tsunamis, lava flows, floods, fire, military attack, and other disasters is an important but unrealized goal. SHPD recognizes that security, health and safety come first; and repairs and recovery are a later stage, but one that requires sufficient resources and planning to accomplish. A contingency plan should be in place that outlines the steps to be taken regarding historic properties on State and County land. The DLNR Continuity of Operations Plan has been developed by the State, however it is our understanding that more needs to be addressed at this time.

Forest and Outdoor Recreation (LNR 804)

Land development is driving the State Trail and Access Program abstracting activities, researching land titles, and negotiating with developers for the protection and public use of ancient and historic trails. The program responds to legal issues where historic trails intersect with private property, community access, and cultural concerns, while also identifying the quality and value of historic features from both a cultural and recreational basis.

Increasing urbanization and development of previously rural areas is occurring at an accelerated pace with the housing boom. This can have a negative effect by increasing the number of wildlife nuisance problems in residential areas, leading to conflicts between homeowners and game animals. Directing public and private hunters to problem areas can relieve some of the conflicts but requires cooperation of the entire community to

allow greater hunting activity and access. There is also a need to use public hunting to help control feral mammal numbers in watershed and important native ecosystems.

The continued public recreational interest in access to trails on or across both public and private lands and the associated liability and public safety concerns is creating the continued need for expanding the ability to improve upon public access and better manage and maintain authorized trails and access routes. The continued interest in global ecotourism activities maintains the need to monitor, regulate and collect fees from authorized commercial trail tour operators. Recent national surveys indicate an increased support and acceptance of wildlife activities nationally to include hunting, fishing, and other wildlife activities.

Parks Administration and Operations Division (LNR 806)

The increasing state population and robust visitation through tourism has placed greater demands on recreational facilities, natural resources, and cultural and historic sites.

The successful marketing and branding of Hawaii as a unique and popular visitor destination has further stimulated visitor interests and awareness of Hawaii's natural and cultural resources, and visitors are now seeking wilderness and cultural experiences and accessing areas formerly used mostly by residents (such as hunters, hikers, and cultural practitioners) in greater numbers. Specifically, the scenic beauty and cultural history of State Parks is becoming a more sought-after destination by the global visitors. This trend has been exacerbated by the proliferation of mobile phone technology that allows users to navigate more readily into remote areas and then transmit photos to social media and friends, stimulating greater demand.

In response, rural communities adjacent these highly visited and popular State Parks patronized by out of state visitors are now engaged in advocating for limits. In recognition of these impacts - some of which has been for decades, 3 State Parks: Ha'ena on Kauai, Wai'anapanapa on Maui, and Diamond Head State Monument on Oahu now have advanced reservation systems to reduce congestion and over tourism, thus supporting the adjacent

communities and improving the quality of experience and reducing resource impacts. Currently there are 10 State Park units collecting parking and entry fees, and there are specific additional parks that qualify for future advanced reservations systems. The overarching goal is to create a unified reservation system for State Parks to streamline reservation for the visitor as they prepare for their Hawaii experience. This trend requires visitors to plan more in advance prior to visiting State Parks in Hawaii. Residents are exempt from the reservations and fees and time slots are designed in a manner to ensure a certain quantity of resident access is available. This strategy requires careful observation by the contracted parking vendors.

Of the 3 park units that require advanced reservations, Ha'ena reservation and parking management is now being conducted by a community nonprofit, creating new jobs and empowering the community to help manage visitors, a basic tenant of the concept "regenerative tourism."

Ocean-based Recreation (LNR 801)

DOBOR has the responsibility of facilitating ocean recreation activities in the state's ocean waters. This includes activities such as surf schools, tow-in surfing, surf contests, ocean tourism, and recreational thrill craft recreation areas. These, and other ocean recreation activities, are part of a growing trend of ecotourism that the division will address through the use of Ocean Recreation Management Areas. This is a part of a growing trend of ocean activities that are not associated with the recreational boat harbors. The funding of these programs, however, will be funded from the harbor and user fees.

The division is working to address the proliferation of commercial maritime activities occurring across the state. This exponential growth is in large part due to social media and an increase in visitors to the state. The division is currently in the process of regulating high use areas across the state. Two examples of this area are the manta tour operators and surf school operators on the island of Hawaii. The division has drafted proposed Hawaii Administrative Rules to address these activities and will begin the rule making process in the near future.

Spectator Events and Shows - Aloha Stadium (BED 180)

Parallel to the stadium site redevelopment plan, the Stadium Authority made the decision to close the stadium facility to public use in late 2021 due to unfunded deferred maintenance and safety concerns with the stadium structure. Stadium management underwent a workforce restructuring plan with a focus on limited operations of the site (parking Lots, etc.).

One program that remains a priority for the Stadium Authority, and generates significant revenue, is the Swap Meet. The Authority intends to keep the Swap Meet fully operational during and after the redevelopment of the stadium site. The current Swap Meet relies on existing stadium infrastructure to operate (restrooms, office spaces, etc.). With the existing stadium slated for demolition, the Swap Meet will need to be relocated on the property and a new layout will need to be established in the Upper Halawa parking lot that includes locations for vendor stalls, restroom trailers, office trailers and a food court. Utility connections (sewer, water, power) must be established for each site amenity and asphalt repairs and restriping must be completed prior to the relocation.

Other priorities for the Stadium Authority during this transitional period include:

1. Inventory Management

The Authority is in progress on transferring unneeded inventory to other State entities. Further, the Authority received State Procurement Exception to Hawaii Administrative Rule §3-130-12, Excess State Property and §3-130-10, Regarding Disposal and Restrictions Relating to State Property. With these exemptions, the Authority has contracted with an auction company to establish several on-line auctions to sell items to the public beginning late in 2022 and throughout 2023.

2. Temporary Office Space and Storage

The Authority is in progress on establishing temporary office trailers and storage trailers on the stadium property.

3. Staffing

The Authority has developed a staffing and onboarding plan for the new stadium operation. Although most roles/positions will not be required for several years, there are two key positions

that will be necessary early in the development process.

Contracts Specialist - The Authorities future operational plan will include many more contracted services. Several contracts will need to be established early in the redevelopment process including: Food & Beverage Services Concession, Advertising Sales Concession, Event, Premium Sales Concession, and Suite Sales Concession.

Land Manager - With land management transactions being very complex, the Authority will require expertise to guide the Stadium Authority Board on various land issues and transactions and how these align or conflict with Stadium's land management goals and objectives.

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

CULTURAL ACTIVITIES

State Historic Preservation Division (LNR 802)

The SHPD continues to review the option of legislatively mandating the counties the authority to review projects for determination under HRS, Chapter 6E. This would help with a timelier review of the 6E submittals at the county level.

RECREATIONAL ACTIVITIES

Forest and Outdoor Recreation (LNR 804)

Reliance upon federal funds has increased over time and federal funds now provide a major portion of the operating funds for program activities such as statewide trail and access and hunting program materials, supplies, and equipment. With the shift to a reliance on federal funds for basic program field operations, the department has lost much of its flexibility to respond to state initiatives and emergencies and any activity not tied to federal grants. New funding sources are needed for natural resource management to fund activities that do not qualify for federal grants and to meet the match requirement for high priority activities such as maintenance of trails and accesses for watershed management, outdoor recreation, and

emergency response.

Parks Administration and Operations (LNR 806)

There is a proliferation of unauthorized commercial uses that target new and emerging experiences by out of state visitors who seek unique recreational activities, such as commercially offered camping, picnicking, guided tours, camper vans rental, and other similar experiences. There are two approaches to address this 1) create new commercial permits and determine authorized locations and establish limits if these activities are appropriate and should be regulated, and 2) increased law enforcement to cite and fine these operators. There are both pros and cons associated with this trend, and it merits further examination.

There is a concerning and increasing impact due to the proliferation of social media encouraging and enticing the public - both out of state visitors and residents - to access natural and cultural resource locations that are out of bounds, restricted and either dangerous or environmentally or culturally sensitive locations. A subset of this is social media promoting large after-hours parties and gathering in State Parks where a multitude of prohibited activity then occurs. This activity is dominated by residents. The boundaries established by both public and private land managers are now largely ignored as social media provides detailed information on the value of the location and how to access the sites.

There is an alarming increase and sustained occupation of several Oahu State Park units, with some neighbor islands, by the homeless population. This trend engages social services, law enforcement, DLNR staff and contractors to periodically to provide notice to the homeless campers that a sweep is imminent. This action requires operational funding to conduct the cleanup. Concerns include impact to public health due to human waste and the associated rubbish and debris that is left by the homeless campers. This situation has prompted State Parks in FY23 to budget for homeless cleanup costs. This is a potential reoccurring cost until a solution to the homeless issue is determined.

09

Public Safety

PUBLIC SAFETY PROGRAM

I. OVERVIEW

The Public Safety program's objective is to enrich the lives of people of all ages by providing and preserving opportunities and facilities for cultural and recreational activities.

The program presently consists of two-Level II programs: Safety from Criminal Actions, involving the Department of Public Safety (PSD); and Safety from Physical Disasters, involving the Department of Land and Natural Resources (DLNR) and the Department of Defense (DOD).

On July 8, 2022, Act 278, Session Laws of Hawaii (SLH) 2022, established the Department of Law Enforcement (LAW) as a new State department distinct from the PSD. The LAW will need to establish new positions and create an administrative structure. Operational positions will be transitioned to LAW from the following departments: PSD (Sheriff's and NED), Department of Transportation (Airport and Harbor Police), Department of Defense (DOD) (Office of Homeland Security), and the Department of the Attorney General (ATG) (Criminal Investigation Division) effective January 1, 2024. PSD will also be renamed as the Department of Corrections and Rehabilitation (DCR) as of that date.

PUBLIC SAFETY PROGRAM

MEASURES OF EFFECTIVENESS

OBJECTIVE: TO PROTECT THE INDIVIDUAL AND PROPERTY FROM INJURY AND LOSS CAUSED BY CRIMINAL ACTIONS, ACCIDENTS, PHYSICAL HAZARDS, AND NATURAL AND MAN-MADE DISASTERS.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
09	1. NO. ARRESTS MADE BY DEPT'L LAW ENFORCEMENT OFFICERS		4200	4200	4200	4200	4200	4200	4200	4200
	2. NO. OF ESCAPES AS DEFINED BY SEC. 710-1020, HRS		0	0	0	0	0	0	0	0
	3. NUMBER OF PAROLE VIOLATORS RETURNED TO PRISON		390	390	390	390	390	390	390	390

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
	<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>									
	TOTAL		2,161	2,050	1,856	1,856	1,856	1,856	1,856	1,856
	<u>OPERATING EXPENDITURES</u>									
	TOTAL		355,686	462,266	475,911	489,250	488,250	488,250	488,250	488,250
	<u>TOTAL OPERATING EXPENDITURES</u>									
	TOTAL		357,847	464,316	477,767	491,106	490,106	490,106	490,106	490,106
	<u>CAPITAL INVESTMENT EXPENDITURES</u>									
	TOTAL		48,718	47,500	52,170	34,837				

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

SAFETY FROM CRIMINAL ACTIONS

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

In its present form, this program is comprised of the following lower-level programs within PSD and ATG: Halawa Correctional Facility (HCF) (PSD402), Kulani Correctional Facility (PSD403), Waiawa Correctional Facility (PSD404), Hawaii Community Correctional Center (HCCC) (PSD405), Maui Community Correctional Center (PSD406), O'ahu Community Correctional Center (OCCC) (PSD407), Kaua'i Community Correctional Center (PSD408), Women's Community Correctional Center (WCCC) (PSD409), Intake Service Centers (PSD410), Corrections Program Services (PSD420), Health Care (PSD421), Hawaii Correctional Industries (PSD422), Non-State Facilities (PSD808), Narcotics Enforcement (PSD502), Sheriff (PSD503), Adult Parole Determinations (PSD611), Adult Parole Supervision and Counseling (PSD612), Crime Victim Compensation Commission (CVCC) (PSD613), General Administration (PSD900), and State Criminal Justice Information and Identification (ATG231).

LEVEL II

SAFETY FROM CRIMINAL ACTIONS

MEASURES OF EFFECTIVENESS

II. 01 SAFETY FROM CRIMINAL ACTIONS

OBJECTIVE: TO PROTECT THE INDIVIDUAL AND PROPERTY FROM INJURY AND LOSS CAUSED BY CRIMINAL ACTIONS BY PROVIDING AND COORDINATING SERVICES, FACILITIES, SECURITY AND
LEGISLATION TO PRESERVE THE PEACE; TO PREVENT AND DETER CRIMES; TO DETECT, APPREHEND, DETAIN AND REHABILITATE CRIMINALS; AND, WHERE APPROPRIATE, TO COMPENSATE VICTIMS OF CRIME.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0901	1. NO. ARRESTS MADE BY DEPT'L LAW ENFORCEMNT OFFICERS		4200	4200	4200	4200	4200	4200	4200	4200
	2. NO. OF ESCAPES AS DEFINED BY SEC. 710-1020, HRS		0	0	0	0	0	0	0	0
	3. NUMBER OF PAROLE VIOLATORS RETURNED TO PRISON		390	390	390	390	390	390	390	390

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>										
090101	CONFINEMENT AND REINTEGRATION	-	2,161	2,050	1,856	1,856	1,856	1,856	1,856	1,856
	TOTAL		2,161	2,050	1,856	1,856	1,856	1,856	1,856	1,856
<u>OPERATING EXPENDITURES</u>										
090101	CONFINEMENT AND REINTEGRATION	-	228,145	253,196	266,151	281,661	281,662	281,662	281,662	281,662
090102	ENFORCEMENT	-	31,784	38,000	54,264	58,693	58,694	58,694	58,694	58,694
090103	PAROLE SUPERVISION AND COUNSELING	-	4,690	5,300	5,597	5,762	5,762	5,762	5,762	5,762
090104	CRIME VICTIM COMPENSATION COMMISSION	PSD-613	1,999	3,138	3,157	3,169	3,170	3,170	3,170	3,170
090105	GENERAL SUPPORT - CRIMINAL ACTION	-	24,267	25,864	27,104	27,302	27,303	27,303	27,303	27,303
	TOTAL		290,885	325,498	356,273	376,587	376,591	376,591	376,591	376,591
<u>TOTAL OPERATING EXPENDITURES</u>										
090101	CONFINEMENT AND REINTEGRATION		230,306	255,246	268,007	283,517	283,518	283,518	283,518	283,518
090102	ENFORCEMENT		31,784	38,000	54,264	58,693	58,694	58,694	58,694	58,694
090103	PAROLE SUPERVISION AND COUNSELING		4,690	5,300	5,597	5,762	5,762	5,762	5,762	5,762
090104	CRIME VICTIM COMPENSATION COMMISSION	PSD613	1,999	3,138	3,157	3,169	3,170	3,170	3,170	3,170
090105	GENERAL SUPPORT - CRIMINAL ACTION		24,267	25,864	27,104	27,302	27,303	27,303	27,303	27,303
	TOTAL		293,046	327,548	358,129	378,443	378,447	378,447	378,447	378,447
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
090105	GENERAL SUPPORT - CRIMINAL ACTION	-	42,968	38,500	33,000	20,500				
	TOTAL		42,968	38,500	33,000	20,500				

SAFETY FROM PHYSICAL DISASTERS

The objective of this program is to minimize death, injury, disability and property damage and the economic losses therefrom by preventing potentially hazardous phenomena from occurring, reducing the severity of the harmful forces involved, removing or reducing the number and susceptibility of people and property subject to injury or damage, helping the victims of and restoring property damaged by accidents and disasters, and preventing secondary injury and damage from occurring.

This program is comprised of the following lower-level programs within the Department of Land and Natural Resources (LNR) and the Department of Defense: Prevention of Natural Disasters (LNR810), and Amelioration of Physical Disasters (DEF110).

Prevention of Natural Disasters (LNR 810)

The Prevention of Natural Disasters Level III program objective is to minimize death, injury, disability, property damage, and economic losses resulting from flooding disasters through flood risk management and dam safety activities. However, the program's contributions toward the reduction of losses are contingent on the inspection of dams and land treatment measures, use of land in flood hazard areas, and flood control works installed, operated, and maintained by others. This program maintains and updates a general statewide flood control plan, inventory of dams, and coordinates dam safety regulatory activities in the State.

Flood control is essentially a local matter, as each county has the primary responsibility for flood prevention and control activities. The State and Federal governments assist the counties in carrying out their flood prevention and control responsibilities by providing technical and financial assistance.

This program continually reviews applicable legislation and laws and recommends changes or additions as required. The counties are kept apprised of any changes to or new requirements of State or Federal programs and assists them in qualifying for these programs. Owners of dams are kept apprised of their safety requirements.

LEVEL II

SAFETY FROM PHYSICAL DISASTERS

MEASURES OF EFFECTIVENESS

II. 02 SAFETY FROM PHYSICAL DISASTERS

OBJECTIVE: TO MINIMIZE DEATH, INJURY, DISABILITY AND PROPERTY DAMAGE AND THE ECONOMIC LOSSES THEREFROM BY PREVENTING POTENTIALLY HAZARDOUS PHENOMENA FROM OCCURRING, REDUCING THE SEVERITY OF THE HARMFUL FORCES INVOLVED, REMOVING OR REDUCING THE NUMBER AND SUSCEPTIBILITY OF PEOPLE AND PROPERTY SUBJECT TO INJURY OR DAMAGE, HELPING THE VICTIMS OF AND RESTORING PROPERTY DAMAGED BY ACCIDENTS AND DISASTERS, AND PREVENTING SECONDARY INJURY AND DAMAGE FROM OCCURRING.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
0902	1. DEATHS/INJ/PROP DAM DUE TO FLOODS (INCIDENTS)		1	4	4	4	4	4	4	4

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
090201	PREVENTION OF NATURAL DISASTERS	LNR-810	1,665	2,718	3,032	3,071	3,072	3,072	3,072	3,072
090202	AMELIORATION OF PHYSICAL DISASTERS	DEF-110	31,439	20,853	21,511	21,128	20,129	20,129	20,129	20,129
090203	HAWAII ARMY AND AIR NATIONAL GUARD	DEF-116	25,925	44,011	44,546	44,797	44,796	44,796	44,796	44,796
090204	HAWAII EMERGENCY MANAGEMENT AGENCY	DEF-118	5,770	69,183	50,547	43,662	43,662	43,662	43,662	43,662
	TOTAL		64,799	136,765	119,636	112,658	111,659	111,659	111,659	111,659
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
090202	AMELIORATION OF PHYSICAL DISASTERS	DEF-110	5,750							
090203	HAWAII ARMY AND AIR NATIONAL GUARD	DEF-116			6,170	6,337				
090204	HAWAII EMERGENCY MANAGEMENT AGENCY	DEF-118		9,000	13,000	8,000				
	TOTAL		5,750	9,000	19,170	14,337				

III. PROGRAM CHANGE RECOMMENDATIONS

PSD is in the midst of separating its law enforcement functions from its corrections functions, and centralizing State law enforcement functions as mandated by Act 278, SLH 2022. As of January 1, 2024, all law enforcement functions will be placed under LAW and all other PSD functions will remain with PSD, under its new name, DCR. The goals and functions of corrections and law enforcement are different and distinct. This reorganization is intended to improve the coordination and effectiveness of services to both the inmate population and the community at large.

The centralization of State law enforcement into a new department is intended to provide the highest level of law enforcement services, streamline communication, promote accountability and operational flexibility, establish uniform standards and training, and improve the ability to address State priorities with county law enforcement. At present, State law enforcement officers reside in ATG, LNR, and DOD. The centralization of the majority of State law enforcement is intended to create operating efficiencies as described above.

LAW submitted a budget request which identifies all the administrative and operating costs of an Executive Branch Department. These costs include, but are not limited to, the assumption of Law Enforcement contracts, salary, office leasing, insurance, equipment maintenance, and training.

DCR has proposed adding emphasis on the "rehabilitation" component to the existing Confinement and Reintegration objective statement. The Parole Supervision and Counseling, and CVCC programs will continue to be administratively attached to DCR. These major program structure changes will have an impact on DCR's level IV program IDs, particularly in the rehabilitation and reintegration program objectives. These will be more clearly defined, developed, and implemented over the transition period leading up to implementation on January 1, 2024.

Prevention of Natural Disasters LNR 810

No program changes are currently proposed.

IV. EMERGING CONDITIONS, TRENDS, AND ISSUES

CONFINEMENT, REHABILITATION, AND REINTEGRATION

Crime, the criminal justice system's response to crime, and terrorism continue to be an area of great concern to the public. Although incarceration is viewed as a highly appropriate and popular disposition for convicted persons, there is also growing interest in alternatives to incarceration; substance abuse treatment programs; mental health needs of inmates; and lack of gender-appropriate programming for female inmates.

Moreover, Hawaii's incarcerated population has grown tremendously. During FY 2022, the total inmate population averaged 4,187 inmates. Of this total number, the prison population numbered 2,525 inmates, while the jail population consisted of 1,662 inmates. The current number of inmates far exceeds the correctional system's operating bed capacity of 3,527. The overcrowding of facilities limits DCR's ability to meet its mission of protecting the public and providing reintegration programs for the inmates.

DCR has mitigated the overcrowding problem, in part, by contracting for bed space with out-of-state private prison facilities and with the Federal Detention Center (FDC) in Honolulu. Sentenced felons occupy contracted private prison beds on the mainland and sentenced detention populations occupy the FDC. During FY 2022, there were an average of 1,077 sentenced male inmates incarcerated at the Saguaro Correctional Center in the State of Arizona. DCR's use of FDC has significantly decreased due to the implementation of more stringent acceptance criteria by that facility. Although there is an agreement in place for FDC to house up to 100 DCR offenders, less than 10 offenders are housed at that location on any given day.

Overcrowding has also resulted in lawsuits being filed in the Federal Court by the American Civil Liberties Union, individual inmates, and attorneys, against the State of Hawaii. These suits are based on conditions of confinement that are felt to be lacking due to overcrowding.

The State was embroiled in the Spear v. Ariyoshi (Waihee, Cayetano) Civil No. 84-1104 suit for ten years. Although the Consent Decree was finally dissolved in 1996, the continuous growth of the inmate population statewide has begun to test the conditions of confinement issues again.

The Consent Decree facilities - OCCC, and WCCC - are again very short of beds. So are the facilities on the Big Island, Maui, and Kauai. The HCF cannot operate at its full operational bed capacity due to the steady flow of sentenced felon inmates being admitted to the correctional system.

A conditions suit filed against the HCCC was resolved in 1998. However, overcrowding of the facility in recent years has again caught the attention of the legal community. DCR is in the process of trying to resolve this matter with Capital Improvements Projects (CIP) to increase capacity by 48 beds. It is also noted that Act 248, SLH 2022, addressed this concern by providing a total of 193.00 positions and \$8,104,694 in general funds for FY 23 relating to the new housing at HCCC, MCCC and WCCC. New housing units for these three correctional facilities are currently underway.

Notwithstanding the new housing for HCCC, MCCC and WCCC, overcrowding has made it difficult for DCR to schedule adequate time for inmates to use the library, have visitors, enroll in educational classes, and have recreation. Overcrowding also continues to overburden physical infrastructure at all eight correctional facilities, resulting in breakdowns and the need for expedient repairs. All have problems with wastewater, air ventilation systems, hot water, and other plant properties.

These conditions leave the department with a delicate balance of taking care of operational and infrastructure needs occurring under a 24/7 operational cycle. This is very taxing on DCR managers and administrators. Therefore, until additional facilities are available to alleviate these deficiencies, DCR will continue to be vulnerable to lawsuits stemming from these challenging conditions of confinement for detainees and sentenced inmates. The need to outsource additional beds for Hawaii inmates will not only continue but will also increase with the rising inmate population going forward.

Health care for inmates has emerged as one of the most serious and costly challenges facing the State, for several reasons. First, inmates have significantly higher rates of contagious diseases, including hepatitis, HIV/AIDS, and tuberculosis, than the general population. Second, the lifestyle of criminal offenders contributes to a general deterioration of their health. As a result, inmates enter the correctional system in generally poor health. Third, the average age among inmates is higher than ever before due to longer sentences and the higher average age of inmates at admission. Finally, the cost of health care in the community has increased faster than the cost of living, especially in areas such as nursing care and pharmaceuticals. Because inmates have a constitutional right to health care, these factors have dramatically increased inmate health care costs.

The life expectancy rate of incarcerated women has outpaced the rate of men. This is not true only in Hawaii but also nationally. Hawaii has improved in providing gender-based programming for the sentenced female population, but more needs to be done.

However, like male facilities, female overcrowding has resulted in scheduling problems for available classrooms and space for programs. Better physical health, mental health, substance abuse, and other treatment programs for this population are needed. The twist is that a significant number of incarcerated women are victims and commit, or are involved with, criminal activity for different reasons than men. Long-term issues and effects such as children and family being separated from them, compound the difficulty of the reintegration process they must go through before release. There is a concern about how this separation may negatively affect the next generation.

Another emerging trend in corrections populations throughout the country is the emphasis on addressing inmates with mental health and substance abuse problems. DCR's present health care staff has difficulty providing safe and timely services for mentally ill inmates who require specialized treatment services to address their co-occurring mental health and substance abuse disorders. Without effective treatment for these populations, society pays the price of recidivism and falls prey to the "revolving door" of justice.

PAROLE SUPERVISION AND COUNSELING

Through the years, the number of parolees under the supervision of the Hawaii Paroling Authority (HPA) has decreased significantly. Currently, HPA supervises approximately 1,347 parolees in the community. More specifically, 20 Oahu and Neighbor Island parole officers supervise about 1,134 parolees. Five supervising parole officers in HPA's Special Services Section supervises the remaining 213 parolees, who fall within one of the following four categories: sex offenders; intensive supervision; mental health, and high-needs female offenders.

CRIME VICTIM COMPENSATION COMMISSION

The Hawaii State Legislature established the CVCC in 1967 as a safety net for victims of violent crime. The CVCC is attached to DCR for administrative purposes. Many victims would not be able to receive rehabilitation services, counseling services, or bury a loved one without compensation. Throughout its 54-year history, the CVCC has paid over \$31,500,000 in medical costs, counseling costs, lost wages, and funeral expenses not covered by other sources for over 35,000 victims of violent crimes. The CVCC is a quasi-judicial body that is attached to DCR for administrative purposes.

Mass Violence:

Mass violence incidents have increased significantly across the country. Compensation programs coordinate a network of services and supports to help facilitate short-term and long-term recovery for mass violence crime victims.

CVCC established the Mass Violence and Terrorism Response Project to ensure that the County and State Incident Command Response and Emergency Support Function models include crime victim services and access to compensation funding for victims, witnesses, and survivors of mass violence incidents. As a primary conduit for federal funds addressing these needs, the Commission plays a pivotal role in coordinating with the State and Counties to plan for and respond to incidents of mass violence and terrorism.

CVCC collaborates, trains, plans, and prepares for mass violence incidents by establishing partnerships, developing emergency protocols, and providing training to integrate victim services into mass violence response by the State and the Counties. CVCC receives continued assistance from the Department of Justice, Office for Victims of Crime Training & Technical Assistance Center to plan, prepare and provide statewide training to first responders and victim service providers.

Post-Conviction Victim Services Program:

Hawai'i was the last state in the nation to establish a corrections-based post-conviction victim services program. CVCC, in partnership with DCR, developed a plan to unify victim services resulting in the creation of the Post-Conviction Assistance for Victims program. The Program combines CVCC's Restitution Project and Post-Conviction Advocacy Project with the Department's Restitution and Victim Services (RAVS) unit and Statewide Automated Victim Information and Notification Program. Together they provide information and services to victims of crime throughout the post-conviction process - incarceration, parole, and reentry.

Restitution:

CVCC's Restitution Project ensures that all victims have meaningful access to financial justice. Compensation mitigates the suffering and losses of innocent victims of certain crimes by compensating them and compensating private citizens (good Samaritans) who suffer personal injury or property damage in the course of preventing a crime or apprehending a criminal.

In 2003, CVCC initiated the Restitution Recovery Project to collect court-ordered restitution and certain fees from inmates and parolees and to disburse those funds to their crime victims. In 2011, the Restitution Project became a part of the Justice Reinvestment Act (JRI). JRI enhanced restitution collection from inmates and provided the CVCC with funding to create a database to improve restitution collection efficiency. CVCC has conducted in-depth data analysis of court-ordered restitution since the database was completed in 2015. As of June 30, 2021, CVCC has opened over 11,000 restitution and compensation fee cases and collected over \$5,800,000 in restitution for crime victims.

STATE CRIMINAL JUSTICE INFORMATION AND IDENTIFICATION

All criminal justice agencies statewide rely on the State Criminal Justice Information and Identification-Hawaii system for record information required to support their operational needs. This includes record information for criminal raps (criminal history information on persons arrested), background checks, pre-sentence reports, and much more. The demand for criminal background checks at the national level continues to increase for public housing applicants, those individuals or entities involved with care for vulnerable populations, children, the elderly, and the disabled, and now for homeland security. To meet the growing public demand for this information and with conviction information being a public record in the State of Hawaii, this information is available via the Internet, as well as via public access terminals at the Hawaii Criminal Justice Data Center (HCJDC) and main county police stations.

Changes to the State Constitution and Act 45, Session Laws of Hawaii 2005, restored the availability of public sex offender information via the Internet. The website was reinstated in May 2005 along with criteria that require labor-intensive manual research to determine whether an offender's information can be made public via the Internet, via on-site public access terminals only, or not at all. To ensure that the registry maintains its effectiveness, focus on enforcement of the registration requirements remains a priority.

Nationally, demand for the types of services provided by HCJDC, like criminal history record checks, fingerprint analysis, civil identification, and sex offender registration, is at an all-time high in all states. Federal legislation such as the Adam Walsh Act and the Real I.D. Act of 2005 has significantly impacted these programs. New initiatives, both at the state and national level, continue to impact the program's priorities and direction and make imperative efforts to utilize technology to its fullest to streamline the growing business functions of the HCJDC.

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

Prevention of Natural Disasters LNR 810

Public education is key to flood awareness and to minimize losses from flooding disasters. The program will continue its public outreach through technical assistance, publications, workshops and displays.

The dam safety program will continue to provide technical assistance and training to dam owners, conduct dam inspections, and carry out enforcement actions.

10

Individual Rights

INDIVIDUAL RIGHTS PROGRAM

I. OVERVIEW

The Individual Rights program's objective is to increase opportunities and protection of individual rights to enable individuals to fulfill their socio-economic needs and aspirations, to uphold and protect the legal rights of every individual, and to ensure equal opportunities for individual participation in society.

The program presently consists of three Level II programs: Protection of the Consumer, located in the Departments of Commerce and Consumer Affairs (DCCA), and Agriculture (DOA); Enforcement of Information Practices, located in the Department of Accounting and General Services (DAGS); and Legal and Judicial Protection of Rights, located in the Departments of Budget and Finance (B&F), Land and Natural Resources (DLNR), and Human Services (DHS).

INDIVIDUAL RIGHTS PROGRAM

MEASURES OF EFFECTIVENESS

OBJECTIVE: TO INCREASE OPPORTUNITIES AND PROTECTION OF INDIVIDUAL RIGHTS TO ENABLE INDIVIDUALS TO FULFILL THEIR SOCIO-ECONOMIC NEEDS AND ASPIRATIONS, TO UPHOLD AND PROTECT THE LEGAL RIGHTS OF EVERY INDIVIDUAL, AND TO ENSURE EQUAL OPPORTUNITIES FOR INDIVIDUAL PARTICIPATION IN SOCIETY.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
10	1. % INST EXAMND IN TIMELY MANNER PURS TO STAT RULES		100	93	93	93	93	93	93	93
	2. % INSURER'S EXAM WKLD COMPL AT LEAST ONCE IN 5 YR		80	80	100	100	100	100	100	100
	3. % LEGAL ACTIONS RESOLVED IN FAVOR OF OCP		100	100	100	100	100	100	100	100

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
	TOTAL		95,483	114,755	127,328	129,575	121,266	121,266	121,266	121,266

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

PROTECTION OF THE CONSUMER

The objective of this Level II program is to provide effective services and activities that protect individuals from illegal acts and unfair practices and that alleviate the consequences of these acts and practices in order to foster a safe and secure environment, and to assure the access to, and availability of, legal assistance, consumer protection, and other public services which strive to attain social justice.

This program is comprised of the following lower-level programs within DCCA and DOA: Cable Television (CCA102), Consumer Advocate for Communications, Utilities & Transportation Services (CCA103), Financial Services Regulation (CCA104), Professional and Vocational Licensing (CCA105), Insurance Regulatory Services (CCA106), Post-Secondary Education Authorization (CCA107), Public Utilities Commission (CCA901), Office of Consumer Protection (CCA110), Measurement Standards (AGR812), Business Registration and Securities Regulation (CCA111), Regulated Industries Complaints Office (CCA112), and General Support (CCA191).

DOA's major activities directed at protecting consumers include those aimed at ensuring that wholesome meat and poultry products are sold to consumers and ensuring adherence to measurement, packaging, and labeling standards.

The major duties of DOA's Measurement Standards Program include the following: inspections to ensure wholesomeness of meat, poultry and meat food products; and enforcement of measurement standards related to petroleum products, packaging and labeling, weights, and measures to ensure that the public is receiving the specified amount of product in the specified measurement.

Additionally, the program registers and monitors businesses engaged in the installation and repair of commercially used measuring devices to ensure adherence to specified standards. Furthermore, the program tests and licenses businesses engaged in performing bulk measurement to ensure correct measurement in the marketplace. Finally, DOA houses the State's metrology laboratory to maintain the State standards of mass length and volume and provide calibration and testing services to private industry and other governmental agencies.

The DCCA manages programs that advocate for the consumer's interest in public utilities and transportation proceedings; regulate the financial, securities, franchise, cable television and insurance industries; enforce against securities and franchise law violations; register and license various professions and vocations; ministerially oversee business registration, processing, and maintenance of business registration documents for public access; provide assistance to new and existing businesses applying for State business and employer registrations and State taxpayer IDs; authorize accredited degree-granting institutions with physical presence in Hawaii; investigate and resolve consumer complaints of unfair business practices by regulated and nonregulated business establishments; promote use and expansion of broadband/internet services and infrastructure; engage in consumer education programs; and ensure that regulated companies provide acceptable communication, utilities and transportation services to the public at just and reasonable rates by establishing and enforcing appropriate service standards.

DCCA additionally manages programs to ensure that consumers are provided services by insurance companies, financial institutions, telephone companies, cable television companies, common carriers of property and passengers, and electric, gas and water companies which meet acceptable standards of quality, dependability and safety at fair rates. The Insurance Regulatory Services Program monitors financial institutions and insurance companies to ensure that acceptable standards are maintained for safety, soundness and solvency. The Professional and Vocational Licensing (PVL) Program licenses and regulates various professions to ensure that acceptable standards of practice are met. The Business Registration and Securities Regulation Program registers offerings, sales agents, advisers,

firms and franchise offerings to ensure that proper disclosures are made, while its securities branches investigate and take action against securities and franchise law violations. The securities branches also provide an active, statewide investor education program to provide free materials and resources on investor protection, fraud prevention, and financial literacy. The Office of Consumer Protection Program takes action to promote and maintain a fair marketplace for consumers. It also investigates complaints registered by consumers against those businesses and industries which are non-regulated and, if necessary, initiates court action against violators. DCCA handles consumer complaints regarding the activities of regulated professions and vocations through its Regulated Industries Complaints Office (RICO) Program and Office of Administrative Hearings (OAH). In addition to complaints handling, RICO provides specialized staff support to PVL's commissions and boards in complaint investigation and resolution. OAH provides specialized staff support to all divisions and boards by conducting hearings, as required, ensuring impartial and informal treatment in resolving consumer complaints.

The Public Utilities Commission (PUC) Program, which is attached to DCCA for administrative purposes, is the program responsible for regulating all chartered, franchised, certified, and registered public utility companies that provide electricity, gas, telecommunication, private water and sewage, and motor and water carrier transportation services in the State. It also oversees the administration of a call center that provides advance warning to excavators of the location of subsurface installations in the area of an excavation in order to protect those installations from damage. The PUC is statutorily provided with quasi-judicial authority to establish and enforce administrative rules and regulations and set policies and standards. The primary objective of the PUC is to ensure that regulated companies efficiently and safely provide their customers with adequate and reliable services at just and reasonable rates, while providing regulated companies with a fair rate opportunity to earn a reasonable rate of return.

DOA maintains cooperative relationships with the Food Safety and Inspection Service of the United States Department of Agriculture, which is concerned with the wholesomeness and correct labeling of meat and poultry products and ascertains that such products are unadulterated, and the United States Food and Drug Administration, which is concerned with the safety, purity and wholesomeness of foods and drugs. Additionally, DOA's Measurement Standards Division maintains a relationship with the National Institute of Standards and Technology of the Department of Commerce, which establishes basic standards for weights and measures and quality of materials.

In the area of consumer protection, there are a number of federal programs that support objectives of this program and relate in a cooperative manner with many State programs. Federal agencies such as the President's Office of Consumer Affairs, Federal Trade Commission, General Services Administration's Consumer Protection Information Center, Consumer Product Safety Commission, U.S. Customs Office, U.S. Postal Inspectors Office, U.S. Securities and Exchange Commission, and the Consumer Financial Protection Bureau are all concerned with new federal laws that may be required to stop unfair or deceptive business practices. These agencies also promote general education of the consumer.

Furthermore, the American Society for Testing and Materials International provides standards relating to petroleum products. Various federal agencies such as the Federal Energy Regulatory Commission, Surface Transportation Board, Federal Communications Commission and Federal Maritime Commission have regulatory interests similar to those of the State in the area of utility regulation.

Federal consumer protection programs have been significantly reduced in recent years. If this trend continues, the burden will fall upon State agencies to address and handle consumer complaints and issues which have previously been within the primary or exclusive enforcement jurisdiction of federal agencies.

In Hawaii, the workload of State consumer agencies may increase due to various factors including increased consumer fraud resulting from the declining economy, consumer pressure in the financial, securities and insurance sectors, consumer expectations for immediate transactions, software innovation by financial technology companies, increased cybersecurity incidents, and increased awareness on the part of Hawaii consumers of the existence of State agencies which handle consumer complaints and of their rights in the marketplace. The slowdown in the economy also can result in increased consumer complaints and inquiries regarding unlicensed or fraudulent business activity that seeks to take advantage of consumers' financial problems.

LEVEL II

PROTECTION OF THE CONSUMER

MEASURES OF EFFECTIVENESS

II. 01 PROTECTION OF THE CONSUMER

OBJECTIVE: TO PROVIDE EFFECTIVE SERVICES AND ACTIVITIES THAT PROTECT INDIVIDUALS FROM ILLEGAL ACTS AND UNFAIR PRACTICES AND THAT ALLEVIATE THE CONSEQUENCES OF THESE ACTS AND PRACTICES IN ORDER TO FOSTER A SAFE AND SECURE ENVIRONMENT, AND TO ASSURE THE ACCESS TO, AND AVAILABILITY OF, LEGAL ASSISTANCE, CONSUMER PROTECTION, AND OTHER PUBLIC SERVICES WHICH STRIVE TO ATTAIN SOCIAL JUSTICE.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
1001	1. % INST EXAMND IN TIMELY MANNER PURS TO STAT RULES		100	93	93	93	93	93	93
	2. % INSURER'S EXAM WKLD COMPL AT LEAST ONCE IN 5 YR		80	80	100	100	100	100	100
	3. % LEGAL ACTIONS RESOLVED IN FAVOR OF OCP		100	100	100	100	100	100	100

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
<u>OPERATING EXPENDITURES</u>									
100103	REGULATION OF SERVICES	-	47,226	62,364	65,627	67,125	67,125	67,125	67,125
100104	ENFORCEMENT OF FAIR BUSINESS PRACTICES	-	18,235	20,755	21,619	22,038	22,038	22,038	22,038
100105	GENERAL SUPPORT	CCA-191	9,454	10,436	17,891	17,614	10,055	10,055	10,055
TOTAL			74,915	93,555	105,137	106,777	99,218	99,218	99,218

ENFORCEMENT OF INFORMATION PRACTICES

The objective of this Level II program is to promote government transparency and accountability by providing neutral and consistent decisions and guidance to members of the public and all State, county, and independent agencies regarding access to records maintained under Chapter 92F, HRS (Uniform Information Practices Act), and access to public meetings subject to Part I of Chapter 92, HRS (Sunshine Law). This Level II program consists solely of the Office of Information Practices (OIP), which is attached to DAGS for administrative purposes, as AGS105. OIP provides general advice and guidance to agencies and the public on the Uniform Information Practices Act (UIPA) and the Sunshine Law, assists the public in obtaining access to government records and public meetings, and conducts inquiries into an agency's compliance with the UIPA and Sunshine Law.

LEVEL II

ENFORCEMENT OF INFORMATION PRACTICES

PROGRAM ID: **AGS105**
 PROGRAM STRUCTURE: **1002**
 PROGRAM TITLE: **ENFORCEMENT OF INFORMATION PRACTICES**

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
MEASURES OF EFFECTIVENESS								
1. # OF INFORMAL REQUESTS (AOD) RECEIVED IN FY	1000	1000	1000	1000	1000	1000	1000	1000
2. % OF INFORMAL REQUESTS RESOLVED IN THE SAME FY	90	90	90	90	90	90	90	90
3. # OF FORMAL CASES OPENED IN FY (COR, RFA, ETC)	180	180	180	180	180	180	180	180
4. % OF FORMAL CASES OPEN AND CLOSED IN SAME FY	40	40	40	40	40	40	40	40
5. % OF TOTAL CASES OPEN AND CLOSED IN SAME FY	75	75	75	75	75	75	75	75
6. # OF FORMAL CASES PENDING AT END OF FY	100	100	100	100	100	100	100	100
7. # OF OIP WEBSITE PAGE HITS, EXCL. HOME PAGE & OIP	87,000	87,000	87,000	87,000	87,000	87,000	87,000	87,000
PROGRAM TARGET GROUPS								
1. DE FACTO POPULATION OF HAWAII								
2. ALL STATE, COUNTY, AND INDEPENDENT AGENCIES								
3. ALL STATE AND COUNTY GOVERNMENT EMPLOYEES								
PROGRAM ACTIVITIES								
1. # OF FORMAL/INFORMAL OPINIONS ISSUED	10	10	10	10	10	10	10	10
2. # OF TRAINING MATERIALS ADDED/REVISED	1	1	1	1	1	1	1	1
3. # OF SPECIAL PRESENTATIONS	0	0	0	0	0	0	0	0
4. # OF WRITTEN PUBLIC COMMUNICATIONS AND REPORTS	20	20	20	20	20	20	20	20
5. # OF LEGISLATIVE PROPOSALS MONITORED	140	70	140	70	140	70	70	70
6. # OF LAWSUITS MONITORED	35	35	35	35	35	35	35	35
7. # OF AGENCIES SUBMITTING UIPA LOGS	265	265	265	265	265	265	265	265
8. # OF FORMAL CASES CLOSED WITHOUT OPINIONS	0	0	0	0	0	0	0	0
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
CHARGES FOR CURRENT SERVICES		10	10	10	10	10	10	10
TOTAL PROGRAM REVENUES		10	10	10	10	10	10	10
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS		10	10	10	10	10	10	10
TOTAL PROGRAM REVENUES		10	10	10	10	10	10	10

LEGAL AND JUDICIAL PROTECTION OF RIGHTS

The objective of this Level II program is to ensure that an individual is afforded equal protection of legal and civil rights and interests by providing an equitable and prompt adjudication process.

This program is comprised of the following lower-level programs within B&F, DLNR, and DHS: Office of the Public Defender (BUF151), Conveyances and Recordings (LNR111), and Commission on the Status of Women (HMS888).

The Office of the Public Defender

The Office of the Public Defender Program, which is administratively attached to B&F, provides comprehensive legal and related services for any person in the State who is without adequate financial resources and who is arrested for or convicted of a crime punishable by imprisonment, subject to family court action involving a potential loss of liberty, or threatened by confinement in any mental institution. This program provides services that are mandated by both the federal and State constitutions.

Conveyances and Recordings

DLNR manages the Conveyances and Recordings Program to protect the public by providing an accurate, timely and permanent system of registering and recording land titles and related documents and maps.

Commission on the Status of Women

Under DHS, the Commission on the Status of Women Program works to attain full civil rights of women and advocating for programs that would benefit Hawaii residents.

In 2016, DHS, through the Hawaii State Commission on the Status of Women (The Commission), received a competitive grant from the United States Department of Labor to analyze paid family leave. With the grant, the Commission completed research including economic analysis, eligibility, and benefit modeling; a feasibility and implementation study to carefully examine how to implement a paid leave program on the state level; public polling of Hawaii residents; and focus groups of mothers,

fathers, family caregivers, unions, small businesses, and large businesses.

The Commission completed the grant-funded research in September 2017 and submitted its recommendations to the Legislature.

In response to the COVID-19 pandemic in 2020, The Commission published the Hawaii Feminist Economic Recovery Plan that described the health and economic impacts of the pandemic on women and proposed an economic recovery plan that garnered national attention.

Additionally, the Legislature tasked The Commission to conduct several task forces. Act 32, SLH 2019, established the Home Birth Task Force, directing the Commission to investigate issues relating to direct entry midwives and home births. The investigation shall include but not be limited to the following:

- (1) Data collection and reporting on home births;
- (2) Education and training of direct entry midwives; and
- (3) Regulation of direct entry midwives.

The Commission submitted its report to the 2020 Legislature, and the task force dissolved on June 30, 2020.

In 2021, House Concurrent Resolution No. 11 directed the Commission to convene a task force to study missing and murdered native Hawaiian women and girls. The Commission will submit a preliminary report and a final report of its findings and recommendations, including any proposed legislation, to the 2023 and 2024 Legislatures, respectively.

Although not included in this Level II Program, The Commission also works with three other attached commissions to DHS that also advocate for individuals or the rights of a group: the Commission on Fatherhood; the Youth Commission; and the Hawaii State Lesbian, Gay, Bisexual, Transgender, Queer, Plus Commission.

LEVEL II

LEGAL AND JUDICIAL PROTECTION OF RIGHTS

MEASURES OF EFFECTIVENESS

II. 03 LEGAL AND JUDICIAL PROTECTION OF RIGHTS

OBJECTIVE: TO ENSURE THAT AN INDIVIDUAL IS AFFORDED EQUAL PROTECTION OF LEGAL AND CIVIL RIGHTS AND INTERESTS BY PROVIDING EQUITABLE AND PROMPT ADJUDICATION PROCESS.

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
1003	1. % ATTORNY CASELDS EXCEED NATL STD FOR FELONY CASES		0	0	0	0	0	0	0	0

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>										
100301	OFFICE OF THE PUBLIC DEFENDER	BUF-151	12,507	12,507	13,112	13,513	13,514	13,514	13,514	13,514
100303	CONVEYANCES AND RECORDINGS	LNR-111	7,192	7,712	8,043	8,218	7,469	7,469	7,469	7,469
100304	COMMISSION ON THE STATUS OF WOMEN	HMS-888	156	169	178	183	184	184	184	184
TOTAL			19,855	20,388	21,333	21,914	21,167	21,167	21,167	21,167

III. PROGRAM CHANGE RECOMMENDATIONS

Measurement Standards

Reductions in Measurement Standards staff will require the program to modify inspection and other service schedules in an effort to minimize the impact on the public.

IV. EMERGING CONDITIONS, TRENDS, AND ISSUES

There are two factors influencing the overall direction of the Individual Rights program: 1) increasing consumer awareness of government support that can protect one's rights in a marketplace; and 2) increasing awareness that an individual's rights in society should not be conditioned by status of age, sex, race, income, religion or any other discriminatory factor. Both of these factors place constant demands on government agencies for remedial or protective action. Heightened public demand for accountability will further increase the work of federal and State consumer protection agencies. As public demand for services increase, government agencies should consider a corresponding increase in funding to support the delivery of those services.

Cable Television (CCA102)

The convergence of telecommunication technology has brought major changes to the cable industry, resulting in "blurring of the lines" between services offered by cable companies and telecommunications carriers. Convergent technologies have enabled the dominant statewide cable television provider to expand services to include internet service and provide landline telephone service through Voice over Internet Protocol (VoIP) technology, as well as wireless/mobile telephone service and have allowed the incumbent statewide local telephone company to also provide internet service and compete with traditional cable television service on Oahu through its Internet Protocol television (IPTV). With respect to "traditional cable television service", the market trend over the last decade has shown a growth in the number of households cancelling their cable television subscriptions for streaming services and other content provided over the internet (also known as "over-the-top" service). This practice, referred to as "cord-cutting," has recently slowed, but the number of younger subscribers who only access content online continues to increase.

Streaming services (e.g., Hulu, Netflix, Disney+, etc.), as well as other essential uses, continue to increase the demand for ubiquitous, high-speed broadband. This has been made especially evident when the COVID-19 pandemic forced many in the public to work and study from home, which later prompted the high demand for and rise of telework opportunities. While DCCA, through its Cable Television Division (CATV), continues to advocate and promote broadband/internet services, the State Legislature has also created the Hawaii Broadband and Digital Equity Office in the Department of Business Economic Development and Tourism to support broadband services.

Despite continuous changes in the telecommunications landscape, DCCA continues to support a competitive telecommunications marketplace that offers consumers a choice of vendors and competitively priced products and services.

Consumer Advocate for Communication, Utility and Transportation Services (CCA103)

Federal telecommunications law continues to evolve to support competition in the telecommunications industry and reflect the further evolution of the technology and the convergence of various services. This has resulted in a decreased need for traditional regulatory oversight while also causing an increased need for consumer education and protection about State/federal jurisdictional issues and “public benefits” supported by traditional telecommunications rates such as universal service and emergency 911 services.

Additionally, the PUC, with the adoption of the renewable portfolio and energy efficiency standards, continues to encourage energy transition while reviewing complex and cutting-edge energy issues. This has led to the adoption of a new regulatory paradigm of performance-based regulation that will require increased efforts to identify the appropriate incentives needed to ensure that customers receive quality and reliable services at reasonable prices as Hawaii continues to move towards its zero carbon goals. These efforts to transform the electric industry to achieve zero carbon emissions also require planning for the decarbonization of transportation through electrification of transportation. The regulation of the energy industry has become even more complex with the need to analyze greenhouse gas emissions and the impacts of energy production

and use on the environment and indigenous communities. In addition, regulators must also consider increased resilience planning to minimize possible interruptions of service due to climate change, as was experienced in Puerto Rico after Hurricane Maria. All of this will require greater outreach efforts to address growing customer concerns about where energy projects are located and meeting the needs of each community. Finally, with the growth in the number of energy options such as rooftop solar, enhanced consumer education regarding consumer options, energy usage, and affordability will increase in importance.

Climate change also impacts the need to carefully regulate water utilities in coordination with other agencies to avoid depleting water resources under increasing drought conditions across the State. As resources become scarcer, water rate affordability is expected to become a more salient issue.

In addition, the Consumer Advocate continues to emphasize the need for greater consideration of equity issues for all regulated services. New programs that subsidize new technologies, services, and rates only for certain customers to the detriment of other customers highlight the need for greater equity. DCCA will require enhanced activities to address the growing impacts of equity issues.

Efforts to decarbonize the marine transportation industry, including the regulated transportation providers, will impact the affordability of necessary transport of goods between the islands. Thus, there will be an increased need to monitor the interisland transportation industry.

Financial Services Regulation (CCA104)

The financial services industry continues to undergo phenomenal and accelerating changes in structure and diversity of its business models, delivery systems and products. DCCA finds itself involved in new laws such as bank secrecy and money laundering, money transmitters, fair lending, SAFE Act, truth in lending, foreclosures, cybersecurity, data security, digital currency and installment lending. Reductions in federal regulatory program commitments are also shifting a greater portion of the local examination and regulation process to DCCA. The national mortgage crisis that began in 2007 and evolved into

a global financial crisis in 2008 has resulted in the U.S. Congress, the Treasury Department, the Federal Reserve Board, and the Federal Deposit Insurance Corporation taking extraordinary steps to restore liquidity and stability into the U.S. financial system. However, the major disruptions to the U.S. financial markets are expected to continue.

While Hawaii-chartered banks remain well-capitalized and are prepared to make credit available to qualified borrowers, DCCA must monitor the impact of the disruptions and of numerous federal initiatives on the overall industry and on individual institutions. The COVID-19 pandemic did not slow down the evolution of and innovation in the financial services sector. As residents stayed home, increased online and mobile shopping strained DCCA resources to monitor licensees for data security as well as safety and soundness. The slowdown in the economy will also place strain on financial institutions and the consumers they serve.

Emerging financial technology companies offering immediate access to payment platforms, products, and services without regard to regulatory compliance can harm consumers who use such products. The use of mobile devices poses another level of complexity and regulatory compliance in the areas of cybersecurity, data security, the use of data and fraud. As a result of these innovations by financial technology companies, governments are conceiving new federal and State law and regulations to protect consumers.

Insurance Regulatory Services (CCA106)

DCCA is reviewing and, where appropriate, proposing legislation affecting insurers' market conduct, uniform regulatory standards, licensing of insurers and producers, life insurance, commercial and personal property and casualty insurance, surplus lines insurance, reinsurance, insurance fraud, insurance receiverships, financial surveillance of insurers, State and national insurance partnerships, and creating competitive insurance markets. DCCA is also promoting Hawaii as a respected and sound domicile for captive insurers and a port of entry for alien insurers.

The Insurance Regulatory Services program is observing new products and mechanisms in the field of emerging insurance technology for payment of premiums and claims. As these products and services emerge, new regulations will need to be created to ensure a fair and competitive marketplace.

As the Affordable Care Act becomes a part of the general population, the program is mindful to provide appropriate information to lawmakers. It also continues to apply prior approval rate review for new rates.

The long-term care insurance market continues to be a concern to insurance regulators. The program is regulating for solvency, and monitoring these companies is a priority across the nation.

Professional And Vocational Licensing (CCA105)

Two conditions affect whether the program will encounter an increase or decrease in applications, new licenses and renewals. The first is the economic condition of the State. For example, positive economic conditions and low interest rates encourage the number of applications, new licenses, and renewals for professionals who provide services in the real estate and construction industries to increase. The second condition is the current level of licensees in the State. A shortage of practitioners in any field ordinarily presages an increase in applications to practice in that field. Finally, it is important to note that the need for many services, particularly health care services, was exacerbated by the COVID-19 pandemic.

Post-Secondary Education Authorization (CCA107)

As the pandemic forced colleges and universities to pivot to online instruction, they quickly realized the potential benefits of distance learning. This accelerated the growth of dedicated online offerings to students thousands of miles away, including Hawaii residents. Some previously authorized institutions determined they no longer needed to maintain physical presence in Hawai'i, transitioned to fully online instruction, and opted against reauthorization. Meanwhile, countless accredited degree-granting institutions nationwide continue to inquire with the Hawaii Post-secondary Education Authorization Program (HPEAP) to check if they are operating lawfully in the State with their expanded online reach. Occasionally, some other

program factors trigger the need to seek authorization and increase the workload of HPEAP.

Office Of Consumer Protection (CCA110)

The exponential growth of social media platforms, online shopping, and smartphone usage has transformed the commercial marketplace and the way in which government regulates it. The Internet has created enforcement challenges that were absent a generation ago. Spam, phishing, illegal robocalls, impersonation scams, and other forms of consumer fraud are now widespread.

The Office of Consumer Protection (OCP) reviews, investigates, and conducts enforcement actions against unfair or deceptive trade practices in consumer transactions. The OCP also provides consumer education and promotes awareness of important consumer protection issues through its programs, media releases, and educational materials.

Many factors influence the number of complaints to OCP in any given year, such as the number of victims impacted by a business' illegal conduct. In the past several years, OCP averaged approximately 600 consumer complaints per year. However, consumer complaints remained higher than before the pandemic because of the effects COVID-19 had on the economy.

During the pandemic, OCP focused its educational efforts on webinars, online, and appearances in various media outlets. As consumers became more reliant on technology, OCP revamped its website to improve access to educational materials and launched its new online complaints portal. The online complaints portal enables consumers to submit complaints without dropping off or mailing their forms to OCP's physical office. The portal also receives concerns from consumers who wish to inform OCP of issues affecting them without having to file a formal complaint. This information allows OCP to monitor trends such as the latest scams affecting consumers. Finally, as pandemic restrictions ease, the OCP is slowly moving back to in-person consumer education by participating in consumer fairs and public information forums.

Business Registration and Securities Regulation (CCA111)

Business activity fluctuates over time, but business registration filings remain steady. The business registration branches are undergoing a major information technology systems modernization project to replace its aging document management and storage systems. The project will also replace the existing vendor-managed business registration filing portal to one that will be managed directly by DCCA.

On the securities side, the Securities Online Portal was launched in 2019 and drastically reduced the amount of paper filings handled by the securities compliance branch. The portal also enables the public to file complaints online with the securities enforcement branch. While paper filings will continue to be accepted, utilization of online services results in more efficient processes for both the public and DCCA staff. Securities enforcement cases continue to evolve and become increasingly complex, reflected in an increase in multi-jurisdictional, multi-plaintiff, and multi-defendant cases. The Investor Education Program leverages the proliferation of social media to increase consumer awareness of the division's services by delivering its investor protection, fraud prevention, and financial literacy information in a way that is relevant, engaging, and accessible (e.g., printed, online).

Regulated Industries Complaints Office (CCA112)

The Regulated Industries Complaints Office (RICO) is responsible for intaking, investigating, and prosecuting probable licensing law violations by Hawaii licensees and unlicensed persons who offer or perform work that requires a professional or vocational license. It also provides information to help consumers make informed decisions about hiring a professional or tradesperson, and to assist licensees with compliance. RICO also administers the State Certified Arbitration Program.

RICO works through a team of investigators, attorneys and support staff, which has not grown substantially despite a steady increase in regulated industries over the years. RICO may periodically collaborate with other government agencies to better enforce the licensing laws too. For example, RICO's sister agency, the PVL Division, is a key partner in regulating commerce because PVL is the gate keeper for professional and vocational licensure throughout the State. PVL refers matters

of concern to RICO for investigation so the various DCCA licensing boards, commissions, and programs can issue final disciplinary orders to licensees who are under suspicion of committing licensure misconduct.

RICO is impacted directly by the number of active licensees doing business with consumers in the State, the amount of unlicensed activity that is witnessed or reported, and the number of reports or complaints about industry workers that are filed with the agency. On average, RICO processes between 2,500 - 3000 complaints annually, with an average of at least 300 formal enforcement actions filed every year.

RICO envisions a steady uptick in work in the near future, so it will be always challenged to gear its resources towards good enforcement. RICO recently pivoted towards electronic filing of complaints and tips, so the agency must be able to match or exceed customer expectation of faster complaints processing. This can be done through a steady increase in positions and/or with a nimble, accommodating operation that builds upon the lessons and tools that were customary during the COVID-19 pandemic such as virtual or remote technology. RICO will also have to remain open to exploring new resources, tools, and initiatives to work smarter.

Another significant trend is that RICO's website is becoming a primary source of education for consumers and licensees alike. In the years to come, the agency's website and presence in other forms of social media must continue to remain a high priority and be current and dynamic at all times.

General Support (CCA191)

The General Support program consists of the Administrative Services Office, the Office of Administrative Hearings (OAH), and the Information Systems and Communications Office (ISCO).

OAH

The Office of Administrative Hearings conducts contested case hearings for all DCCA divisions and other State agencies. Thus, OAH's cases are dependent on requests for hearings from other agencies and members of the public.

Statutory changes in subject matter areas of the Office's jurisdiction can cause a significant increase or decrease in number of cases filed with OAH. Pandemic-related disruption of investigations involving licensee conduct may contribute to a decrease in hearings in those matters. On the other hand, use of technology in contested case hearings has made the hearings process more accessible to the public and encourages more *pro se* litigants to file requests for hearings. Note that factors that affect contested cases involving other DCCA divisions and outside agencies have a delayed effect on the petitions filed with the Office.

ISCO

DCCA made great strides in the adoption of Information Technology (I.T.) to improve operational efficiencies and provide ease of service to customers via the internet. However, over time I.T. has transformed from an adjunct to the primary means of doing business and a critical tool to DCCA staff and customers. At DCCA, paper forms are eliminated or discouraged, while our external customers also are reliant on the ease and reduced cost of electronic communication versus "snail" mail. This growing criticality of I.T. puts an increasing pressure on ISCO staff resources, both in human effort and costs. At the same time, recent increases in fuel costs have resulted in expectations to change I.T. so that it uses less electricity. Fuel costs have also prompted greater expectations of telework and additional pressure for ISCO to provide secure remote computing in the field and at home.

Public Utilities Commission (CCA901)

In addition to regulating new industries, PUC will be impacted by national and State trends of increased competition in the telecommunications and energy industries. "Internet Voice Communications," also known as VoIP, is a relatively new, yet rapidly evolving technology enabling telephone calls to be made using broadband Internet connection instead of the traditional (analog) phone line. VoIP technology converts voice signals from an originating telephone call, into packeted digital signals that travel at high speed over the Internet and are then reassembled into voice signals on the receiving end. Using appropriate wireless technologies, VoIP providers are increasingly encroaching on the traditional wireline and wireless telephone industries, leading to increased competition,

more services, and lower costs for users. The PUC continues to remain focused on the regulatory environment of VoIP technology and product offerings, which is constantly evolving on the federal, State, and local levels.

The Federal Universal Service Fund (USF) program, created by Congress through the Telecommunications Act of 1934, as amended in 1996 by the Telecommunications Act "Act", is designed primarily to: 1) promote the availability of quality telecommunications services at just, reasonable, and affordable rates; 2) increase access to advanced telecommunications services throughout the nation; 3) advance the availability of such services to all consumers, including the delivery of broadband services to schools and libraries and consumers in low income, rural, insular, and high cost areas; and 4) encourage the rates charged in rural areas to be reasonably comparable to those charged in urban areas. As provided by the Act, the USF receives contributions from providers of telecommunications services and the moneys paid out to those carriers designated as Eligible Telecommunications Carriers (ETCs), in order to assist them in recovering costs of providing telecommunications services. Amid continued concern over large increases in USF payments to ETCs over the last decade, a greater focus is being placed on ensuring that the moneys from the fund are being spent by the recipient ETCs as intended.

Initiatives supporting the development and utilization of additional and new renewable energy sources have increased on the national and State levels, including State legislation that, among other things, requires the development and implementation of Renewable Portfolio Standards (RPS) and a utility ratemaking structure that may include but is not limited to performance-based ratemaking.

RPS is the percentage of electrical energy sales that is represented by renewable electrical energy. Electric utilities are required to achieve various interim RPS targets including 40 percent by 2030, 70 percent by 2040, and 100 percent by 2045. Part of PUC's efforts to implement the RPS law and policy to encourage and foster the increased use of renewable energy resources in Hawaii includes contracting with the Hawai'i Natural Energy Institute pursuant to §269-95, HRS.

Measurement Standards (AGR812)

The number of businesses using commercial devices in the State and the demands on the Measurement Standards Program heavily depend on often turbulent economic conditions. For example, large fluctuations in energy costs will make consumers more aware and more price sensitive to the cost of retail motor fuel and thus increase consumer complaints regarding the accuracy and quality of the motor fuel they are purchasing. This in turn will increase the number of complaints the branch will receive and have to further investigate regarding retail motor fuel pump accuracy and octane number. Furthermore, taxi rate changes and taxi meter adjustments in the City and County of Honolulu have required the program to inspect all commercial taxi meters used on Oahu twice in a twelve-month period. Finally, the program continues to work with the Hawaii coffee industry to bring all packages and advertisements of locally grown coffee into compliance with State and federal laws.

Enforcement of Information Practices (AGS105)

The COVID-19 pandemic expedited State and county government adoption of remote online, rather than in person, meetings. Remote meetings, as well as increased digitization of records, have required extensive changes to the Sunshine Law and UIPA, thus increasing the need for training and dispute resolution by OIP as agencies and boards adjust to new requirements and challenges.

Bureau of Conveyances (LNR111)

The Bureau of Conveyances is in the preliminary stages of planning for the electronic filing of documents for recordation. The public awaits the ability to file and index documents electronically. Automating the operations of the Bureau will be greater efficiencies for both the public and the DLNR.

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

In the previous section, background information was presented on a number of problems and issues in the Individual Rights program. The study of these problems and issues should lead to alternative courses of action that will significantly increase the effectiveness of the program.

11

Government-Wide Support

GOVERNMENT-WIDE SUPPORT PROGRAM

I. OVERVIEW

The Government-Wide Support program's objective is to enhance the effectiveness and efficiency of State programs by providing executive direction, program coordination, and policy development as well as a wide variety of services supporting the work of the State government as a whole or common to all or most programs.

The program presently consists of three Level II programs: Executive Direction, Coordination, and Policy Development, which includes the Office of the Governor, the Office of the Lieutenant Governor, the Department of Business, Economic Development and Tourism, the Department of Budget and Finance, and the Department of Accounting and General Services; Fiscal Management, located in the Departments of Taxation, Accounting and General Services, and Budget and Finance; and General Services, located in the Department of Attorney General, Department of Accounting and General Services, Department of Human Resources Development, Department of Budget and Finance, and Department of Land and Natural Resources.

In prior years, there were few direct relationships between the government-wide support program and federal and county government entities. However, due to the significant influx of federal funding under various coronavirus relief funds, the program now has direct working relationships with the U.S. Department of Treasury, the U.S. Department of Education, the National Telecommunications and Information Administration of the U.S. Department of Commerce, and the White House, to manage, and enforce compliance with federal grant requirements under the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of 2021, the American Rescue Plan Act (ARPA) of 2021, and the Bipartisan Infrastructure Law of 2021. These duties include direct coordination with the Counties, who in many cases receive federal subawards from the State. These coronavirus-related programs and the obligations related thereto will extend through Fiscal Year 2026.

GOVERNMENT-WIDE SUPPORT PROGRAM

MEASURES OF EFFECTIVENESS

OBJECTIVE: TO ENHANCE THE EFFECTIVENESS AND EFFICIENCY OF STATE PROGRAMS BY PROVIDING EXECUTIVE DIRECTION, PROGRAM COORDINATION, AND POLICY DEVELOPMENT AS WELL AS A WIDE VARIETY OF SERVICES SUPPORTING THE WORK OF THE STATE GOVERNMENT AS A WHOLE OR COMMON TO ALL OR MOST PROGRAMS.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
11	1. AV ANN RATE OF RETURN ON STATE TREASURY INVSTMTS		1.5	1.5	2.5	3	3	3	3	3
	2. AV PRE-BID CONSTRUCTION EST AS % OF AV BID PRICE		100	100	100	100	100	100	100	100
	3. % OF NETWORK INFRASTRUCTURE UPTIME		99.9	99.9	99.9	99.9	99.9	99.9	99.9	99.9

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
	<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>									
	TOTAL		3,218	4,587	4,587	4,587	4,587	4,587	4,587	4,587
	<u>OPERATING EXPENDITURES</u>									
	TOTAL		2,207,107	2,724,930	3,390,655	3,020,871	3,136,519	3,093,073	3,190,145	3,259,310
	<u>TOTAL OPERATING EXPENDITURES</u>									
	TOTAL		2,210,325	2,729,517	3,395,242	3,025,458	3,141,106	3,097,660	3,194,732	3,263,897
	<u>CAPITAL INVESTMENT EXPENDITURES</u>									
	TOTAL		98,051	226,267	57,300	15,000	15,000	15,000	12,000	8,500

EXECUTIVE DIRECTION, COORDINATION, AND POLICY DEVELOPMENT

The objective of this Level II program is to enhance the effectiveness and efficiency of State programs by providing executive direction, policy development, program coordination, and planning and budgeting services. The program provides overall leadership, long range planning, and day to day direction to State government. This is accomplished principally through the Executive offices and central staff agencies.

This program is comprised of the following lower-level programs: the Office of the Governor (GOV100), the Office of the Lieutenant Governor (LTG100), Statewide Planning and Coordination (BED144), Economic Planning and Research (BED130), Departmental Administration and Budget Division (BUF101), Collective Bargaining - Statewide (BUF102), Vacation Payout - Statewide (BUF103), Campaign Spending Commission (AGS871), and Office of Elections (AGS879).

The program is chiefly focused on providing overall leadership, long range planning, and day to day direction. This is accomplished principally through the Executive offices and central staff agencies. As the Chief Executive of the State, the Governor sets broad goals of the State, establishes priorities and administers execution of laws according to legislative intent. The major activities of the program include: identifying and providing analyses of significant issues, problems, and opportunities confronting the State; preparing the proposed six year program and financial plan and State budget; reviewing and approving agencies' expenditure plans, allotment requests, and requests to transfer funds among programs; reviewing capital improvement implementing actions and preparing timely capital improvement project reports; directing and coordinating the elections system; and supervising campaign contributions and expenditures.

FISCAL MANAGEMENT

The objective of this Level II program is to maximize the State's income within the limits of established revenue policies and tax laws and to maintain the financial faith and credit of the State by administering an equitable system of tax assessment and efficient revenue collections, by assuring the availability

of funds when required and the safekeeping and prudent investment of State monies, and by providing for the legal, proper, and prompt payment of the State's financial obligations.

This program is comprised of the following lower-level programs within the Departments of Taxation, Accounting and General Services, and Budget and Finance: Compliance (TAX100), Tax Collection Services Office (TAX103), Tax Services and Processing (TAX105), Supporting Services - Revenue Collection (TAX107), Accounting System Development and Maintenance (AGS101), Expenditure Examination (AGS102) Recording and Reporting (AGS103), Internal Post Audit (AGS104), Financial Administration (BUF115), and Debt Service Payments - State (BUF721).

Major activities of this subprogram include: tax assessments; tax audits and collections; tax services and processing; tax research; pre audit of vouchers and payrolls; examining, certifying and registering contracts; recording and reporting State receipts and expenditures; conducting post audits; assessing and analyzing financial implications of proposed statewide programs and projects; reporting and assessing non tax revenues; issuing and maintaining general obligation bonds; and managing all State funds.

In addition to external effects of economic conditions in the State and nation on the State's tax collections, the Fiscal Management program is significantly affected by provisions of the State Constitution that limit general fund expenditures and issuance of general obligation bonds.

GENERAL SERVICES

The objective of this Level II program is to assist in achieving State objectives by providing logistical, technical, and professional supporting services to all State agencies.

This program is comprised of the following lower-level programs within the Departments of Attorney General, Accounting and General Services, Human Resources Development, Budget and Finance, and Land and Natural Resources: Legal Services (ATG100), Enterprise Technology Services - Governance and Innovation (AGS130), Enterprise Technology Services - Operations

and Infrastructure Maintenance (AGS310), Archives - Records Management (AGS111), Enhanced 911 Board (AGS891), Workforce Attraction, Selection, Classification, and Effectiveness (HRD102), Supporting Services - Human Resources Development (HRD191), Employees Retirement System (BUF141), Hawaii Employer-Union Trust Fund (BUF143), Retirement Benefits Payments - State (BUF741), Health Premium Payments - State (BUF761), Health Premium Payments - ARC (BUF762), Public Lands Management (LNR101), Legacy Land Conservation Program (LNR102), State Risk management and Insurance Administration (AGS203), Land Survey (AGS211), Office Leasing (AGS223), Public Works - Planning, Design, and Construction (AGS221), Central Services - Custodial Services (AGS231), Central Services - Grounds Maintenance (AGS232), Central Services - Building Repairs and Alterations (AGS233), State Procurement (AGS240), Surplus Property Management (AGS244), Automotive Management - Motor Pool (AGS251), Automotive Management - Parking Control (AGS252), and General Administrative Services (AGS901).

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

EXECUTIVE DIRECTION, COORDINATION, AND POLICY DEVELOPMENT

The program is chiefly focused on providing overall leadership, long-range planning, and day-to-day direction. This is accomplished principally through the Executive offices and central staff agencies. As the Chief Executive of the State, the Governor sets broad goals of the State, establishes priorities, and administers execution of laws according to legislative intent. The major activities of the program include: identifying and providing analyses of significant issues, problems, and opportunities confronting the State; preparing the proposed six-year program and financial plan and State budget; reviewing and approving agencies' expenditure plans, allotment requests, and requests to transfer funds among programs; reviewing capital improvement implementing actions and preparing timely capital improvement project reports; directing and coordinating the elections system; and supervising campaign contributions and expenditures.

Statewide Planning and Coordination

The Office of Planning and Sustainable Development (OPSD), administratively attached to DBEDT (BED144), conducts statewide comprehensive, strategic, and regional planning activities. OPSD also facilitates coordinated and cooperative planning among agencies. Core activities include identifying and providing analyses of significant issues, problems, and opportunities confronting the State; articulating the Administration's land use policy; presenting the State's position on land use boundary changes; conducting coastal/ocean planning and management; preparing regional studies; coordinating Smart Growth and transit-oriented development; coordinating planning for climate change and sea level rise adaptation and sustainability; supporting the State Land Use Commission; preparing the Hawaii Comprehensive Economic Development Strategy (CEDS); supporting the Environmental Advisory Council and assisting government agencies and private applicants to conduct environmental assessments and environmental impact statements; and developing and implementing a statewide planning and geographic information system.

OPSD also administers the Brownfields Cleanup Revolving Loan Fund to provide low-cost loans for cleanup of hazardous and toxic chemicals at sites slated for redevelopment.

The Land Use Commission (LUC) is administratively attached to the Office of Planning and Sustainable Development (OPSD). The Land Use Commission (LUC) works with the State legislature, county planning departments, interest groups and landowners to define constitutionally mandated standards and criteria for the classification of land, assisting in planned growth and protecting important agricultural lands in the State of Hawaii. The LUC also engages the county planning departments in enhancing and clarifying the special permit process in the Agricultural Land Use District.

The program objectives of the LUC are to process, review, and act on petitions for district boundary amendments which involve lands over 15 acres in the State agricultural, rural, and urban districts and all petitions seeking reclassification of lands in the conservation district; review and act on applications for special permits in the agricultural and rural districts which are over 15 acres; developing, in conjunction with the counties and the State legislature, maps and boundary designations for all of the State's important agricultural lands; designating the same for protected status; process of private landowner petitions for designation of their lands as important agricultural lands; process motions and boundary interpretation requests; and maintain, update, and disseminate official State land use district maps and land use information.

The LUC operates by means of a nine-member voluntary commission, assisted, and supported by the Executive Officer, chief clerk, GIS specialist and three planners.

Economic Planning and Research

The Research and Economic Analysis Division of DBEDT (BED130) collects, aggregates, reports (in compliance with federal requirements) and interprets essential economic and labor data to enhance and contribute to the economic development of the State by providing analyses and policy recommendations on economic issues; providing economic forecasts that contribute to long-term statewide planning and infrastructure needs assessment; conducting and reporting on basic research on the

economy of the State by collecting, compiling, interpreting, and publishing data and statistics on all aspects of business activity and the economy and demographic characteristics of the State; developing and maintaining a statewide statistical reporting system.

LEVEL II

EXECUTIVE DIRECTION, COORDINATION, AND POLICY DEVELOPMENT

MEASURES OF EFFECTIVENESS

II. 01 EXECUTIVE DIRECTION, COORDINATION, AND POLICY DEVELOPMENT

OBJECTIVE: TO ENHANCE THE EFFECTIVENESS AND EFFICIENCY OF STATE PROGRAMS BY PROVIDING EXECUTIVE DIRECTION, POLICY DEVELOPMENT, PROGRAM COORDINATION, AND PLANNING AND BUDGETING SERVICES.

STRUCTURE	PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
1101	1.	NO MEASURES HAVE BEEN DEVELOPED FOR THIS PROGRAM							

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE	PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>OPERATING EXPENDITURES</u>									
110101	GOV-100	2,998	3,898	6,221	6,319	6,319	6,319	6,319	6,319
110102	LTG-100	955	982	1,790	1,824	1,825	1,825	1,825	1,825
110103	-	399,996	424,973	910,098	410,502	410,502	410,502	410,502	410,502
110104	-	2,804	4,426	5,413	4,256	5,256	4,256	5,256	4,256
TOTAL		406,753	434,279	923,522	422,901	423,902	422,902	423,902	422,902
<u>CAPITAL INVESTMENT EXPENDITURES</u>									
110101	GOV-100	1	1						
110103	-	2,000	117,475						
TOTAL		2,001	117,476						

FISCAL MANAGEMENT

Major activities of this subprogram include: tax assessments; tax audits and collections; tax services and processing; tax research; pre-audit of vouchers and payrolls; examining, certifying and registering contracts; recording and reporting State receipts and expenditures; conducting post audits; assessing and analyzing financial implications of proposed statewide programs and projects; reporting and assessing non tax revenues; issuing and maintaining general obligation bonds; and managing all State funds.

In addition to external effects of economic conditions in the State and nation on the State's tax collections, the Fiscal Management program is significantly affected by provisions of the State Constitution that limit general fund expenditures and issuance of general obligation bonds.

Revenue Collection

The mission of TAX is to administer the tax laws of the State in a consistent, uniform, and fair manner. To this end, the Taxation program is dedicated to promoting and achieving a high level of voluntary compliance (i.e., where taxpayers voluntarily pay the proper taxes on a timely basis) by educating taxpayers of their tax obligations and executing timely, efficient, and effective compliance initiatives to minimize noncompliance and best utilize its limited resources.

The vision is to become more business-friendly and render superior customer service in a professional, timely, and solution-oriented manner. The program has increased its training opportunities to enhance the skill levels of its employees and provide them with the confidence to enable them to reach their full potential, as well as to implement information technology solutions that enhance taxpayer services and program operations.

During this past year, the tax compliance program collected \$184.7 million in delinquent taxes, despite the program having operated at less than full capacity due to the pandemic.

The tax compliance program hopes to be able to increase the number of audit and collections staff to maximize collection of delinquent taxes and encourage voluntary taxpayer compliance with State tax laws.

The program completed a Tax System Modernization (TSM) project in 2020 to improve operations, taxpayer services, and voluntary compliance with tax laws. The program continues to develop enhancements on the TSM system to implement new tax laws, security requirements, electronic services, and new features to streamline operations.

LEVEL II

FISCAL MANAGEMENT

MEASURES OF EFFECTIVENESS

II. 02 FISCAL MANAGEMENT

OBJECTIVE: TO MAXIMIZE THE STATE'S INCOME WITHIN THE LIMITS OF ESTABLISHED REVENUE POLICIES AND TAX LAWS AND TO MAINTAIN THE FINANCIAL FAITH AND CREDIT OF THE STATE BY ADMINISTERING AN EQUITABLE SYSTEM OF TAX ASSESSMENT AND EFFICIENT REVENUE COLLECTIONS, BY ASSURING THE AVAILABILITY OF FUNDS WHEN REQUIRED AND THE SAFEKEEPING AND PRUDENT INVESTMENT OF STATE MONIES, AND BY PROVIDING FOR THE LEGAL, PROPER, AND PROMPT PAYMENT OF THE STATE'S FINANCIAL OBLIGATIONS.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1102	1. AV ANN RATE OF RETURN ON STATE TREASRY INVSTMTS		1.5	1.5	2.5	3	3	3	3	3
	2. AV # OF YRS BETWEEN AUDITS		6	6	6	6	6	6	6	6
	3. AV IN-HSE TIME FOR PAYMTS TO VENDORS-GOAL 5 WK DAY		5	5	5	5	5	5	5	5

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES</u>										
110201	REVENUE COLLECTION	-	23,167	30,537	44,483	41,319	41,318	41,318	41,318	41,318
110202	FISCAL PROCEDURES AND CONTROL	-	3,837	5,290	5,577	5,781	5,261	5,261	5,261	5,261
110203	FINANCIAL ADMINISTRATION	-	480,140	494,593	618,980	672,530	740,961	654,159	702,547	722,921
	TOTAL		507,144	530,420	669,040	719,630	787,540	700,738	749,126	769,500
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
110201	REVENUE COLLECTION	-	500							
	TOTAL		500							

GENERAL SERVICES

The objective of this Level II program is to assist in achieving State objectives by providing logistical, technical, and professional supporting services to all State agencies.

General Services provides support to all agencies. Services provided include: representing the State in all criminal and civil cases; recruiting and retaining qualified government employees; managing retirement and health insurance programs for employees and retirees; providing information processing services; screening records and scheduling records for retention or destruction; supervising construction of State buildings including those constructed by CIP agencies other than DAGS; maintaining State facilities; managing public lands; central purchasing; providing motor pool and parking control services; and telephone and messenger services. It is noted that this does not reflect the total effort of the State in these support services. For example, custodial and grounds maintenance services are also internally provided by UH and DOE and the Department of Transportation (DOT) and the Hawaii Health Systems Corporation. Also, UH and the Department of Agriculture and DOT provide motor pool services for their respective departments.

Archives and Records Management Services

The Hawaii State Archives and the Digital Archives Program is administered by the Archives Division, Department of Accounting and General Services. It provides for the collection, preservation, and accessibility of State government's non-current permanent records and other historical material in a central repository, and issues guidelines and standards for the collection, preservation of and long-term access to government records in digital format.

The Records Management Branch is also administered by the Archives Division. The Branch directs a records management program through the development of records retention and disposition schedules, advisory services, and the operation of the State Records Center, a centralized storage facility of non-current, non-permanent State records, and a vault for the storage of security master microforms that include all branches of government including other counties as well as vital records in micro-form and other non-print format.

State Risk Management and Insurance Administration

Chapter 41D, HRS, provides the Risk Management program the authority and responsibility of protecting the State government against catastrophic losses. The program identifies and analyzes the State's loss exposures, determines risk that should be self-insured versus commercially insured, purchases applicable statewide property, crime, and liability insurance policies with cost effective terms, and coordinates loss control programs to minimize accidental and fortuitous losses. The program also manages and controls a statewide risk management revolving fund, settles informal tort claims up to \$25,000, adjusts automobile claims and property losses, and performs other risk management services. The purpose of these activities is to ensure that losses of the State are controlled and financed on a well-coordinated statewide basis.

Enterprise Technology Services

The Office of Enterprise Technology Services (ETS), provides governance for executive branch IT projects and seeks to identify, prioritize, and advance innovative initiatives with the greatest potential to increase efficiency, reduce waste, and improve transparency and accountability in State government. ETS also supports the management and operation of all State agencies by providing effective, efficient, coordinated, and cost-beneficial computer and telecommunication services such that State program objectives may be achieved. Activities of the program include:

- Shaping the partnership between government functions and IT by creating a standard framework to ensure successful outcomes.
- Expanding the statewide cyber security strategy to protect the State's IT infrastructure and constituent data through adoption of cyber security industry best practices across the State's IT systems.
- Maximizing the value of State data by designing, implementing, and governing State systems for data stewardship, sharing, and public use.

- Optimizing ETS enterprise systems to leverage the State's investment in centralized IT services.
- Extending the State IT governance model to better align the State's functions with resources and ensure the State follows industry best practices and garners the full benefits of its investments.
- Implementing dynamic and sustainable IT operations to ensure business systems are up-to-date and ready to support the current and future needs of business users and citizens at all times.
- Establishing a continuous learning culture and growth mindset to modernize how we work and enable the State to develop and sustain the digital workforce needed in a constantly evolving IT world.

Construction and Office Leasing Programs

The Public Works Division consists of two programs: the Planning, Design, and Construction program and the Office Leasing program.

The Planning, Design, and Construction program plans, coordinates, organizes, directs, and manages a centralized program of architectural and engineering services for State agencies. This includes agencies without internal capabilities and expertise to execute CIP projects, and the Legislature, Judiciary, and others upon request. Program functions include land acquisition for specific projects, planning, design, project management, construction management, and furniture and equipment acquisition for capital improvement and other projects.

The program is a participating agency in the Hawaii Emergency Management Agency (HiEMA) statewide emergency management plan. As such, the program provides technical analysis and evaluations, engineering services, supports construction management and inspection, and does construction contracting and emergency repair of public works facilities during declared emergencies, including natural disasters. The program also coordinates State and federal recovery efforts.

Continuing costs of operation are factored into the design by materials and methodologies selected and by incorporating sustainability and resilience measures, including energy efficient systems such as lighting, electrical, mechanical, and ventilation systems, as applicable. Finally, the program's goal is to expedite the design and construction of facilities so that the facilities are completed within the available funds and are ready for use by user agencies when required and feasible.

The Office Leasing program provides centralized office leasing services to most State agencies of the Executive Branch for the rental of office space in privately owned buildings. As we move forward with reorganizing this program into a new Real Property Branch in FY 2023, it will provide both office leasing and office space planning functions, including assistance in assessing lease space needs and compliance with office space standards, locates suitable office space, negotiates lease terms and conditions including provisions for tenant improvements, prepares lease agreements, and processes applicable leases for recordation at the Bureau of Conveyances. The program also processes requests for lease payments and bills and collects lease rent reimbursements from user agencies, as applicable.

State Procurement

The State Procurement Office (SPO) and the Procurement Policy Board (PPB) and the State Procurement Office (SPO) were established to serve as the single source and authority on public procurement policy to be applied equally and uniformly to the State and counties. The SPO and PPB are administratively attached to DAGS, have authority and responsibility to adopt rules governing the procurement, management, control and disposal of any and all goods, services and construction.

The five-member PPB considers and decides matters of procurement policy including those referred to it by a chief procurement officer, and has the power to audit and monitor the implementation of its rules.

The SPO provides procurement, inventory, and surplus property management best practices for the most efficient and responsible use of taxpayer dollars. Initiatives being pursued by the SPO include integrating electronic purchasing to automate procurement processes, reduce procurement cycle times, and increase the competition for goods, services, and construction; maintaining and enhancing existing electronic platforms such as the Hawaii eProcurement (HIePRO) system, Hawaii Awards & Notices Data System (HANDS), and Hawaii Compliance Express; establishing the Small Business Database and Past Performance Database; providing guidance on statewide procurement policy and procedures to ensure compliance with statutes, rules, policies, and ethics; developing a procurement certification process and growing a proficient workforce of procurement professionals; improving the purchasing card program by incorporating tools that proactively manages pCard spending; leveraging competition through volume purchases and cooperative contracts; ensuring accurate inventory reporting through inventory management system; and coordinating the re-utilization of State and Federal surplus property.

Hawaii Employer-Union Health Benefits Trust Fund

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) provides medical, prescription drugs, dental, vision, and chiropractic health benefit plans for 68,000 active employees and 67,000 retirees and surviving beneficiaries. In addition, a life insurance plan is provided for each active employee and retiree. An additional 60,000 dependent-beneficiaries are covered to include spouses or domestic partners, and children including students attending an accredited college, university, or technical school.

A ten-member Board of Trustees, appointed by the Governor, is responsible for determining the nature and scope of the benefit plans offered, negotiating and entering into contracts with insurance carriers, establishing eligibility and management policies for the EUTF, and overseeing all EUTF activities.

The board consists of five trustees representing the public employers and five trustees representing State and county employees, retirees, and their dependents.

Employees' Retirement System

The Employees' Retirement System (ERS) provides retirement, disability, and survivor benefits for State and county employees and retirees. The ERS has more than 149,000 active, inactive vested, and retired members, with approximately \$12.97 billion in its investment portfolio.

The ERS falls under the policy and executive direction of a Board of Trustees with certain areas of administrative control vested in the Department of Budget and Finance (B&F). The board consists of eight members: the B&F Director of Finance, four members elected by the membership, and three citizens of the State appointed by the Governor.

Public Land Management

The Public Land Management program is responsible for ensuring the effective and efficient use of public lands in ways that will fulfill the public land trust obligations and promote the sustained social, environmental and economic well-being of Hawaii's people, including planning for the use of and developing State lands, leasing lands for agricultural, commercial, industrial and resort purposes, issuing revocable permits and easements, inventorying and managing public lands, and ensuring the availability of lands for public purposes.

The Office of Conservation and Coastal Lands (OCCL) is responsible for the conservation, protection, and preservation of important natural resources of the State through appropriate management and to promote their long-term sustainability and the public health, safety and welfare through regulation and enforcement of land use and protect and restore sandy beaches around the State through improving planning and early identification of coastal hazards, as well as through beach restoration and avoidance of coastal hazards.

Enterprise Technology Services

DAGS owns and operates several enterprise-class systems including FAMIS, the statewide accounting system, and the Hawaii Information Portal (HIP) which serves as the statewide payroll system. HIP is currently issuing payroll for approximately 60,000 State of Hawaii employees in the Judicial Branch, Legislative Branch, Office of Hawaiian Affairs, and the Executive Branch which includes the University of Hawaii, the Department of Education, and Hawaii Health Systems Corp. HIP is the replacement for the State's legacy payroll system. This effort was completed in 2019 and additional features were added since, including electronic timesheets and employee absence requests. DAGS Accounting Division and Department of Human Resources Development (DHRD) Personnel Transactions Office operate HIP and provide user support. FAMIS is being replaced with a modern, integrated accounting and finance suite. Currently, DAGS Accounting Division operates FAMIS and provides user support. Enterprise Technology Services (ETS) maintains the technology platform for the FAMIS system. Similarly, ETS Enterprise Services Branch (ESB) maintains the technology platform for HIP and coordinates and executes user-led enhancement requests dependent upon the platform.

State Workforce Attraction, Selection, Classification & Effectiveness

Workforce analysis by the DHRD shows that over 30 percent of the executive branch workforce will be eligible to retire within the next five fiscal years. With the potential exodus of experienced and skilled employees, and higher-level managers, when they retire, the State will be faced with increasing recruitment and promotional challenges as the skills gap widens between job requirements and the actual pools of qualified and available persons.

The State must develop and implement new strategies and innovative ways to enable programs to compete for the limited labor pool in Hawaii. In order to do so, the State, and its educational partners, must develop applicable pipelines of professionals to fill the job market demands, spend time and effort to grow and mentor existing employees to develop their leadership skills for succession into higher level positions, and expand recruitment efforts to attract new qualified labor to Hawaii.

As such, funds have been requested for the FB23-25 biennium for a new student summer internship program and for an expansion of our leadership curriculum for existing employees. Additionally, funds have been requested to contract an internet service to help recruit intentionally, allowing for targeted recruitment to fill vacancies and to broaden the pool of applicants. Each of these programs will provide tools to help accomplish our recruitment and retention goals.

In addition to recruiting and retaining a highly qualified workforce, DHRD is solely responsible for administering the workers' compensation program for the executive branch. Workers' compensation is a mandated benefit which provides wage loss compensation, medical care and other related benefits to those employees who suffer a work-related injury or illness.

Despite continued efforts to minimize medical costs by reviewing and auditing medical bills to ensure only essential medical care, services and supplies are paid, recent court decisions have made it more difficult to deny treatment or terminate ongoing disability benefits. These decisions compiled by inflated costs for the workers' compensation program due to factors beyond DHRD's control (such as yearly adjustments to the maximum compensation rate, on-going medical care and increased pharmaceutical costs) has led to actual expenses associated for workers' compensation benefits to exceed legislatively appropriated funds.

Nearly three years into the COVID-19 pandemic, medical and administrative costs for coronavirus claims continue to be at the forefront of added expenses. Uncertainty around short- and long-term medical expenses related to this virus has led to significant impacts in the areas of medical treatment and care.

Funds have been requested for the FB23-25 biennium as an emergency appropriation to cover the unanticipated shortfall from FY22 and an increase in the base budget. Without this additional funding, DHRD will be unable to meet its statutory obligations for the workers compensation program.

LEVEL II

GENERAL SERVICES

MEASURES OF EFFECTIVENESS

II. 03 GENERAL SERVICES

OBJECTIVE: TO ASSIST IN ACHIEVING STATE OBJECTIVES BY PROVIDING LOGISTICAL, TECHNICAL, AND PROFESSIONAL SUPPORTING SERVICES TO ALL STATE AGENCIES.

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1103	1. NO. OF APPROVED RECORDS RETENTION SCHEDULES		5420	5430	5440	5455	5460	5465	5470	5475
	2. AV PRE-BID CONSTRUCTION EST AS % OF AV BID PRICE		100	100	100	100	100	100	100	100
	3. PERCENTAGE UTILIZATION OF PARKING SPACES		105	105	105	105	105	105	105	105
	4. COST SAVINGS OF HI ELECT PROC AWARDS (1000)		2000	2000	2000	2000	2000	2000	2000	2000
	5. AV # OF DAYS TO PROCESS PROP LOSS CLAIM REQ		15	15	15	15	15	15	15	15

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE NUMBER	DESCRIPTION	PROGRAM ID	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<u>OPERATING EXPENDITURES - CURRENT LEASE PAYMENTS</u>										
110307	PROPERTY MANAGEMENT	-	99	2,100	2,100	2,100	2,100	2,100	2,100	2,100
110308	FACILITIES CONSTRUCTION AND MAINTENANCE	-	3,118	2,486	2,486	2,486	2,487	2,487	2,487	2,487
	TOTAL		3,217	4,586	4,586	4,586	4,587	4,587	4,587	4,587
<u>OPERATING EXPENDITURES</u>										
110301	LEGAL SERVICES	ATG-100	72,571	81,053	84,453	85,122	85,120	85,120	85,120	85,120
110302	INFORMATION TECHNOLOGY AND COMMUNICATION SERVICES	-	37,803	53,867	52,514	49,517	49,515	49,215	49,215	49,215
110303	ARCHIVES - RECORDS MANAGEMENT	AGS-111	1,485	1,701	2,037	2,093	2,094	2,094	2,094	2,094
110304	ENHANCED 911 BOARD	AGS-891	6,878	9,012	11,014	11,022	11,022	11,022	11,022	11,022
110305	PERSONNEL SERVICES	-	18,943	25,684	30,580	31,797	31,797	31,797	31,797	31,797
110306	EMPLOYEE FRINGE BENEFIT ADMINISTRATION	-	1,055,393	1,427,089	1,449,327	1,529,129	1,575,874	1,620,530	1,668,465	1,718,256
110307	PROPERTY MANAGEMENT	-	62,719	108,792	110,996	111,325	111,325	111,325	111,325	111,325
110308	FACILITIES CONSTRUCTION AND MAINTENANCE	-	28,430	37,471	40,455	41,214	41,216	41,216	41,216	41,216
110309	PROCUREMENT, INVENTORY AND SURPLUS PROPERTY MANAGEMENT	-	1,490	3,541	4,202	4,248	4,248	4,248	3,997	3,997
110310	AUTOMOTIVE MANAGEMENT	-	4,597	6,945	7,902	8,098	8,098	8,098	8,098	8,098
110313	GENERAL ADMINISTRATIVE SERVICES	AGS-901	2,893	5,066	4,605	4,768	4,768	4,768	4,768	4,768
	TOTAL		1,293,202	1,760,221	1,798,085	1,878,333	1,925,077	1,969,433	2,017,117	2,066,908
<u>TOTAL OPERATING EXPENDITURES</u>										
110301	LEGAL SERVICES	ATG100	72,571	81,053	84,453	85,122	85,120	85,120	85,120	85,120
110302	INFORMATION TECHNOLOGY AND COMMUNICATION SERVICES		37,803	53,867	52,514	49,517	49,515	49,215	49,215	49,215
110303	ARCHIVES - RECORDS MANAGEMENT	AGS111	1,485	1,701	2,037	2,093	2,094	2,094	2,094	2,094
110304	ENHANCED 911 BOARD	AGS891	6,878	9,012	11,014	11,022	11,022	11,022	11,022	11,022
110305	PERSONNEL SERVICES		18,943	25,684	30,580	31,797	31,797	31,797	31,797	31,797
110306	EMPLOYEE FRINGE BENEFIT ADMINISTRATION		1,055,393	1,427,089	1,449,327	1,529,129	1,575,874	1,620,530	1,668,465	1,718,256
110307	PROPERTY MANAGEMENT		62,818	110,892	113,096	113,425	113,425	113,425	113,425	113,425
110308	FACILITIES CONSTRUCTION AND MAINTENANCE		31,548	39,957	42,941	43,700	43,703	43,703	43,703	43,703
110309	PROCUREMENT, INVENTORY AND SURPLUS PROPERTY MANAGEMENT		1,490	3,541	4,202	4,248	4,248	4,248	3,997	3,997
110310	AUTOMOTIVE MANAGEMENT		4,597	6,945	7,902	8,098	8,098	8,098	8,098	8,098
110313	GENERAL ADMINISTRATIVE SERVICES	AGS901	2,893	5,066	4,605	4,768	4,768	4,768	4,768	4,768
	TOTAL		1,296,419	1,764,807	1,802,671	1,882,919	1,929,664	1,974,020	2,021,704	2,071,495

EXPENDITURES BY COST CATEGORY OF LOWER LEVEL PROGRAMS (IN THOUSANDS OF DOLLARS)

STRUCTURE		PROGRAM	FY	FY	FY	FY	FY	FY	FY	FY
NUMBER	DESCRIPTION	ID	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>CAPITAL INVESTMENT EXPENDITURES</u>										
110302	INFORMATION TECHNOLOGY AND COMMUNICATION SERVICES	-	5,700	1,000						
110303	ARCHIVES - RECORDS MANAGEMENT	AGS-111		1,000	4,100					
110307	PROPERTY MANAGEMENT	-	10,750	26,600						
110308	FACILITIES CONSTRUCTION AND MAINTENANCE	-	31,900	9,125	53,200	15,000	15,000	15,000	12,000	8,500
110314	GRANTS TO COUNTIES	-	47,200	71,066						
	TOTAL		95,550	108,791	57,300	15,000	15,000	15,000	12,000	8,500

III. PROGRAM CHANGE RECOMMENDATIONS

Continued funding of the State accounting system modernization is needed to ensure that State government can improve its ability to exercise data-informed decision-making going forward. The project has been provided with \$9,000,000 in State and Local Fiscal Recovery Funds to continue with realignment of the project.

Over the course of the first year of the project it has become clear the originally planned timeline, underlying approach, and resource availability were not sufficiently aligned to achieve the State of Hawaii's goals of having a solution that meets the technical requirements of the RFP, implements a modern uniform chart of accounts, enables the uniform reporting of financial data to the centralized financial management system, and minimizes the impact to the user community through business process changes that are neutral or better (i.e., changes that do not create new burdensome workarounds, or impose longer processing time compared to the current state but rather improve upon them and align with federal, State, and regulatory best practice and law).

The change will allow the project team to enhance the Explore Phase requirements fit/gap process and subsequent phases by reaching out to departments and other State entities to (1) better understand their needs, requirements, and the current condition of their financial and accounting systems, (2) introduce them to new business processes that will be implemented using the modern accounting system, and (3) support the State of Hawaii Executive Branch in selecting the departments and entities that may initially adopt the EFS as their financial system of record and provide an interface to the EFS for departments that may not initially adopt the EFS. These Explore sessions will begin with the central financial departments (DAGS and B&F). The Explore sessions will expand to include the Executive, the Judiciary, and the Legislature branches of government in Hawaii.

IV. EMERGING CONDITIONS, TRENDS, AND ISSUES

Financial Management System Modernization

The Executive Branch is in the midst of modernizing the State accounting system. The new cloud-based Financial Management System will modernize accounting and financial operations by making the system more reliable, while also providing a platform for future improved budgeting, procurement, and financial reporting capacities.

REVENUE COLLECTION

GenTax Core21 Version Upgrade

The GenTax Core21 version upgrade will enable DOTAX to use the latest application, security, and technology features offered by the vendor for the GenTax application. The upgrade is critical because the codebase of the current version of application is being deprecated. Vendor support will be required to perform the upgrade due to the large amount of work to convert the codebase and the short timespan to perform the upgrade without impacting the implementation of changes for the next tax year. This upgrade is an important investment to extend the life of the GenTax system and enable new features to increase the effectiveness of the department's tax administration.

GenTax Identity Services

The GenTax Identity Services will be a vital feature for DOTAX to quickly identify fraud and prevent losses to the State from fraudulent returns. The GenTax Identity Services will allow the department to check returns for fraud before they are processed and invalidate the return before any refunds are distributed. It will use public data and data from other tax jurisdictions to validate the identity of taxpayers and compare return information against other known fraudulent data or techniques. The Identity Services will require a one-time implementation fee to configure the fraud rules and an ongoing subscription fee to continually process and monitor the department's tax information. The estimated fraud that will be prevented by the service will be greater than the fees for the services.

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

In Section IV, background information was presented on problems and issues in the Government Wide Support program area. The study of these problems and issues should lead to alternative courses of action that could significantly increase the effectiveness of the program.