

**TESTIMONY OF THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII**

**TO THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TAXATION
ON JANUARY 22, 2008**

Chair Fukunaga and Members of the Senate Committee on Economic Development and Taxation:

Thank you for allowing me to testify on four department programs.

1. AGS-131 Information Processing and Communication Services
2. AGS-818 King Kamehameha Celebration Commission
3. AGS-881 State Foundation on Culture and the Arts
4. AGS-889 Spectator Events and Shows – Aloha Stadium

The Information Processing and Communication Services program improves government efficiency and effectiveness through information processing and communication technologies.

The King Kamehameha Celebration Commission educates and entertains residents and visitors. It also provides activities for leisure time, in addition to bringing awareness to a wider audience concerning the traditions and history of Hawaii.

The State Foundation on Culture and the Arts promotes, perpetuates, and encourages culture and the arts, history and the humanities as central to the quality of life of the people of Hawaii.

The Spectator Events and Shows – Aloha Stadium program provides people of all ages with the opportunity to enrich their lives through attendance at spectator events and shows.

The total requirement of our four operating programs is \$36,025,598 (271.50 positions) for FY 2009. The general fund requirement is \$19,408,392 (180 positions) for FY 2009. The non-general fund requirement is \$16,617,206 (91.50 positions) for FY 2009.

\$275,000 has been requested for the Information Processing and Communications Services program to enhance internet services.

\$100,000 was requested for the State Foundation on Culture and the Arts interdepartmental transfers account to accommodate increased transfers of federal grants from the Department of Human Services. We are also requesting the conversion of three temporary positions (Arts Program Specialists) in the special fund to permanent.

\$117,761 was requested by Aloha Stadium for pay increases for part-time intermittent employees and \$759,000 was requested for various operating expenses and repairs. The Aloha Stadium also has an emergency appropriation requested for FY 2008 of

\$271,852 for funds to cover shortfalls in the electricity, sewer, refuse collection and insurance premium payments.

Testimonies related to the four programs are attached.

My staff and I are available to answer any questions you may have concerning these programs.

**Senate Committee on Economic Development and Taxation
Budget Requests for Supplemental Budget 2008-2009
January 22, 2008**

**Testimony of the Department of Accounting and General Services
Information Processing and Communication Services**

Program Structure Number:

11 03 02

Program I.D. and Title:

AGS 131 Information Processing and Communication Services (IPCS)

Page Reference in the Supplemental Budget Document:

Volume 1 Pages 124-125

1. Introduction:

- a. Summary of program objectives.

To enable State agencies to improve the management, operation, and efficiency of their programs by enhancing computer and telecommunications capabilities, technical advice, and related consultation services provided to them.

- b. Description of program objectives.

The key activities of the program are to: (1) provide computer operations and data input preparation services to State agencies; (2) provide systems programming and database services to State agencies; (3) develop and maintain statewide application systems; (4) develop and maintain online enterprise systems, including email and access to Internet to improve efficiency of internal State business processes; (5) develop and maintain telecommunications infrastructure, connectivity, and remote access services for State agencies; (6) develop, maintain, and promote enterprise-wide policies for effective use of computer and telecommunications facilities and resources; (7) provide leadership, guidance, and technical expertise for government radio communications users and in the administration of public safety radio frequencies; (8) develop, manage, and promote services for public access to information; and (9) develop, manage, and maintain policies and procedures to protect confidential information and to secure systems against unauthorized access.

- c. Explain how your program intends to meet its objectives in the upcoming supplemental year.

The IPCS program will continue to prioritize projects in order to support increased demands to statewide information technology support. Key policies that are being pursued during Fiscal Year 2008-2009 include: (1) 24x7 monitoring, trouble reporting center, and problem determination and resolution for the State telecommunications infrastructure and business processing computer systems; (2) implementation of the State Continuity of Operations Plan; (3) timely upgrades of computer, database management, and telecommunications capabilities and capacities to effectively support current processing requirements as well as natural growth of State agencies' needs; (4) transformation of State business processes to a state-of-the-art electronic base to improve the quality and responsiveness of government services to the public; (5) timely updates of policies, standards, and methodologies to optimize the planning, budgeting, expenditure, and management of scarce and precious information technology funds; (6) development of an information security program for the State including the establishment of a State Cyber Security Office within the IPCS program; and (7) continuation of the joint State-U.S. Coast Guard Anuenue partnership to rebuild and upgrade the shared statewide digital microwave radio infrastructure to stabilize and enhance radio communications capabilities for federal, State, and county public safety agencies, including facilitating solutions to interoperability issues for radio communications and information exchange among these agencies.

2. Program Performance Results:

- a. Discuss the performance results achieved by each program in FY07.

The majority of all requests for information processing services were completed on schedule, and all trouble calls were resolved.

- b. Explain how these results relate to the program's objectives and department's mission.

Computer services were provided to departments in a timely and complete manner.

- c. Explain how the effectiveness of the program is measured (i.e.: outcomes, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past two years.

The program's PPB Measures of Effectiveness are comprehensive; therefore, other than the PPB, the program uses no other measurements. In the last two years, there have been no significant variances from the targeted performance levels.

- d. Discuss actions taken by each program to improve its performance results.

The Information and Communication Services Division had implemented efficiency and cost reduction measures, triaged and discontinued less critical services such as computer related training, and prioritized existing services, as necessary, to direct sufficient resources to the highest priority objectives. The IPCS program cannot absorb further cuts to its budget, programs, or services without negatively affecting the State's ability to meet its business processing requirements and obligations to the public.

The program has conceived and implemented innovative and cost-effective strategies and technologies to provide processing services required by State agencies. It has been able to meet the higher priority requirements and actually added some technical services. However, focusing primarily on the high priorities and ignoring other important but lower priority information processing services and support to State agencies or the public is risky and cannot be continued on a long-term basis.

- e. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

None

3. Problems and Issues:

- a. Discussion of problems and issues encountered, if any.

The major challenges facing the program include:

Insufficient operating budget - the program has had difficulty in maintaining its operations at the proper levels of readiness and preparedness.

Data Center Recovery Site - The program has had difficulty in finalizing its continuity of operations plan due to the lack of an alternate data center.

Increasing requests for service - The program has had difficulty in fulfilling all requests for services. Demand for video and audio content on State supported websites has increased requiring additional funding to size the technology appropriately. Public

use of sites has increased as well, to the point that citizens wishing to visit the site were frustrated when they were unable to view the Super Ferry broadcast due to limitations in available ports and licenses.

Rapid technological advances - the challenge is to keep up with technological changes.

Difficulty in recruiting and retaining highly skilled and qualified information technology specialists.

b. Program change recommendations to remedy problems.

Funding is required for enhanced Internet services. This request will meet the Administration's objective of keeping the public informed of activities in the State Government through various technologies over the Internet. Web sites are migrating from a text only, published site to a media rich environment by including audio and video.

More people respond favorably to audio or video content on Web sites. Some citizens do not want to read text. These may be mobile users or individuals who find it too time consuming to read when they can listen or watch. Some customers cannot read text. These may be customers for whom English is their second language or aging population and have difficulty reading computer screens. By offering audio and video in addition to text, the State of Hawaii can meet the information dissemination preferences to a larger constituency.

Based on the evaluation of non-State resources to provide these services, coupled with our measures of past and increasing volumes, resulted in an assessment that providing these services within IPCS would yield better response time, reduced cost, and increased control over the process.

In FY06, the ICSD produced 45 news conferences, 2 live video conferences, 2 training sessions, and 6 special events/seminars. The State demand for these types of services is continuously growing.

In FY07, the ICSD produced 61 news conferences (35% increase); 19 special video events (200% increase); and 120 radio shows (new).

Alternatives considered: Hire a private company to provide these services. The approximate costs to outsource these services on a per broadcast basis are:

Webcast	\$1,750
Encoding (60 minute-video)	\$250 – \$1,000

Using FY07 work statistics, the total annual cost to hire a consultant would have been approximately \$180,000=80 events x (\$1750 for webcast + \$500 for encoding). Over three years the cost to broadcast the events would be approximately \$540,000.

With the increasing demand for video webcasts, the costs of using a consultant would increase exponentially. Assuming a 20% annual increase in demand for services with constant consultant costs over three years the cost would be approximately \$785,250.

- c. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

Any natural or intentionally caused event that disrupts the information processing services of the State's primary data center would leave the State in a vulnerable position and open to liability, resulting in limited backup/recovery capability and no disaster recovery site identified for alternate processing capability. The inability to restore its information processing services in a timely manner will severely handicap the State's ability to continue or quickly resume its business transactions or meet its obligations to the public.

Availability of State resources to accommodate the anticipated volume of work will affect implementation of the program. Our corrective measures and planned remedies include limitations on the quantity of requests we can handle, value based prioritization, and lead time restrictions that require advanced forecasting and planning of video/audio requests by departments.

Other anticipated problems include our ability to respond to immediate-need requests or short-notice requests. We will be faced with deferring other work to do so. Furthermore, added stress and bandwidth requirements to our telecommunications infrastructure may require use to vary class of service to avoid potential network capacity overload. Additionally, there is the risk that our inability to respond in the timeframe expected due to lack of resources can lead to our departments utilizing alternative sources of audio/video creation, which could ultimately result in increased cost to the State and an inconsistency in presentation that would detract from the public perception of cohesiveness in State information dissemination.

4. Expenditures for Fiscal Year 2008:

	Appropriation			Available	Estimated
	Budget Act	Collective	Transfer In	Resources	Expenditures
(Pos. Count)	<u>FY 2007-08</u>	<u>Bargaining</u>	<u>Transfer(Out)</u>		
	(203.00)		Restrictions	(203.00)	(203.00)
Personal Services	11,350,132	303,953	(586,624)	11,067,461	11,067,461
Current Expenses	8,077,343		574,005	8,651,348	8,651,348
Financing Agreements	0		0	0	0
Equipment	1,598,303		12,619	1,610,922	1,610,922
Motor Vehicles	0		0		0
Total	21,025,778	303,953	0	21,329,731	21,329,731
Less:					
(Pos. Count)	(33.00)			(33.00)	(33.00)
Interdepartmental Transfers	2,237,432	37,827	0	2,275,259	2,275,259
(Pos. Count)	(170.00)			(170.00)	(170.00)
General Fund	18,788,346	266,126	0	19,054,472	19,054,472

- a. Explain all transfers within the Program I.D. and the impact on the program.

Moneys were transferred between payroll, other current expenses, lease payments, and equipment as necessary for program operations.

- b. Explain all transfers between Program I.D.s and the impact on the program.

None

- c. Explain any restrictions and the impacts on the program.

None

5. Supplemental Budget Requests for Fiscal Year 2009:

	Act 213/07 <u>FY 2009</u>	Budget Adjustment <u>FY 2009</u>	Supplemental Budget <u>FY 2009</u>
(Pos. Count)	(203.00)		(203.00)
Personal Services	11,350,132		11,350,132
Current Expense	7,045,343	150,000	7,195,343
Financing Agreements	0		0
Equipment	759,303	125,000	884,303
Motor Vehicles	<u>0</u>	<u>0</u>	<u>0</u>
Total	19,154,778	275,000	19,429,778
(Pos. Count)	(170.00)		(170.00)
General Fund	16,917,346	275,000	17,192,346
(Pos. Count)	(33.00)		(33.00)
Interdepartmental Transfers	2,237,432		2,237,432

a. Workload or program request:

- i. A description of the request, the reasons for the request, and the desired outcomes or the objectives to be accomplished by the proposed program.

The program is requesting \$275,000 for additional equipment and software, which is needed to enable the capture, creation, editing, and publishing of audio and video content on State supported web sites.

- ii. A listing/description of the positions requested, and funding requirements by cost category and source of funding.

Other Current Expenses

Software (editing, web stats)	\$100,000 (A)
Installation/Configuration Services	\$ 25,000 (A)
Training	<u>\$ 25,000 (A)</u>
Total Other Current Expense	\$150,000 (A)

Equipment

Video Equipment	\$120,000 (A)
Miscellaneous Accessories	<u>\$ 5,000 (A)</u>
Total Equipment	\$125,000 (A)

Total Request \$275,000 (A)

- iii. For all lump sum requests, please provide a breakout indicating specific purposes for all planned expenditures.

None

- b. For all position count reductions, please specify whether the positions were filled or vacant.

None

6. Program Restrictions:

- a. A description of the reduction, the reasons for the reduction, and the impacts to the objectives to be accomplished by the program.

None

- b. A listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

7. Capital Improvement Program (CIP) Requests for Fiscal Year 2009:

None

8. Proposed Lapses of CIP projects:

None

**Senate Committee on Economic Development and Taxation
Budget Requests for Supplemental Budget 2008-2009
January 22, 2008**

**Testimony of the Department of Accounting and General Services
King Kamehameha Celebration Commission**

Program Structure Number:

08 01 04

Program I.D. and Title:

AGS-818 King Kamehameha Celebration Commission

Page Reference in the Supplemental Budget Document:

None.

1. Introduction:

a. Summary of program objectives.

King Kamehameha Celebration Commission was established by the Territorial Legislature in 1939, to plan and implement an annual celebration on a statewide basis to honor the life and accomplishments of Kamehameha the Great. Our objective is to educate and entertain the residents and visitors and provide activities for leisure time, in addition to bringing awareness to a wider audience concerning the traditions and history of Hawaii.

b. Description of program objectives.

For nearly 70 years, this commission has worked as a hands-on body, creating and providing many of the statewide activities themselves. Events held on Oahu include Statue Decoration Ceremony, 91th Annual King Kamehameha Celebration Floral Parade and the Na Hana No`eau highlighting various ethnic cultures. On the island of Hawaii, Kailua-Kona, a parade with pa`u riders, floats and a ho`olaule`a is held at the old Kona airport. On Molokai a ho`olaule`a in Kaunakakai is held with various performers and choral groups to entertain the visitors and residents, including arts and crafts and hands on workshops honoring ali`i. Maui and Kaua`i will be included, as commissioners have been newly appointed.

c. Explain how your program intends to meet its objectives in the upcoming supplemental year.

We are continuously seeking funds through applications for State and Federal grants as well as private donations.

2. Program Performance Results:

- a. Discuss the performance results achieved by each program in FY07.

The celebration events draw visitors from all over the world, including large bands and their supporters. The television broadcast of the Parade and the hula competition brings them to the neighbor islands, to hospital patients and to the mainland and Japan audiences.

- b. Explain how these results relate to the program's objectives and department's mission.

Mainland Bands exposure has encouraged bands to apply for participation in the parade. This past year's event brought bands from the mainland. We are expecting an increase in continued interest from bands inquiring about future participation.

- c. Explain how the effectiveness of the program is measured (i.e.: outcomes, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past two years.

Parents, siblings, boosters and friends accompany these bands spending money for food, admissions, transportation, gifts, accommodations and other necessities. Viewing audiences tend to travel during winter months to our tropical setting.

- d. Discuss actions taken by each program to improve its performance results.

Effectiveness of the program is successful due to its widespread attendance, participants, volunteers, commercial sponsorships, pa'u units, floats and decorated vehicles.

- e. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

There have been no significant modifications to the celebration events. This past year presented a challenge with a new starting time as instructed by our permit to accommodate the neighboring businesses along the parade route.

3. Problems and Issues:

- a. Discussion of problems and issues encountered, if any.

The lack of program funding continues to challenge the commission to secure matching funds for grant opportunities.

b. Program change recommendations to remedy problems.

Changes have been made to charge entry fees for participants due to lack of funding.

c. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

Implementation of program events and activities will require a reduction or elimination without sufficient funding to continue. Along with entry fees, marketing efforts with increased advertising, promotions and sponsorship selection continues. Consistent, long range funding is required to sustain the celebration.

4. Expenditures for Fiscal Year 2008:

	Appropriation Budget Act <u>FY 2007-08</u>	Collective <u>Bargaining</u>	Transfer In <u>Transfer (Out)</u>	<u>Restrictions</u>	Available <u>Resources</u>	Estimated <u>Expenditures</u>
(Pos. Count)	(0.00)				(0.00)	(0.00)
Personal Services	51,820				51,820	51,820
Current Expenses						
Financing Agreements						
Equipment						
Motor Vehicles						
Total	51,820				51,820	51,820
(Pos. Count)	(0.00)				(0.00)	(0.00)
General Fund	51,820				51,820	51,820

a. Explain all transfers within the program I.D. and the impact on the program.

None.

b. Explain all transfers between program I.D.s and the impact on the program.

None.

c. Explain all restrictions and the impacts on the program.

None.

5. Supplemental Budget Requests for Fiscal Year 2009:

	Act 213/07 <u>FY 2009</u>	Budget Adjustment <u>FY 2009</u>	Supplemental Budget <u>FY 2009</u>
(Pos. Count)	(0.00)		(0.00)
Personnel Services	51,820		51,820
Current Expense			
Financing Agreements			
Equipment			
Motor Vehicles	_____	_____	_____
Total	51,820		51,820
(Pos. Count)	(0.00)		(0.00)
General Fund	51,820		51,820

a. Workload or program request:

- i. A description of the request, the reasons for the request, and the desired outcomes or the objectives to be accomplished by the proposed program.

None

- ii. A listing/description of the positions requested, and funding requirements by cost category and source of funding.

None

- iii. For all lump sum requests, please provide a detailed breakout including specific purposes for all planned expenditures.

None.

- b. For all position count reductions, please specify whether the positions were filled or vacant.

None

6. Program Restrictions:

- a. A description of the reduction, the reasons for the reduction, and the impacts to the objectives to be accomplished by the program.

None.

- b. A listing/description of the positions cut including source of funding, please specify whether the positions were filled or vacant.

None.

7. Capital Improvement Program (CIP) Requests for Fiscal Year 2009:

None.

8. Proposed Lapses of CIP Projects:

None.

**Senate Committee on Economic Development and Taxation
Budget Requests for Supplemental Budget 2008-2009
January 22, 2008**

**Testimony of the Department of Accounting and General Services
State Foundation on Culture and the Arts**

Program Structure Number:

08 01 03

Program I.D. and Title:

AGS 881 State Foundation on Culture and the Arts

Page Reference in the Supplemental Budget Document:

Volume I, Pages 114-115

1. Introduction:

- a. Summary of program objectives.

The mission of the State Foundation on Culture and the Arts (SFCA) is to promote, perpetuate, preserve, and encourage culture and the arts, history and the humanities as central to the quality of life of the people of Hawai'i.

- b. Description of program objectives.

The agency's current strategic plan is effective FY2003-2008. Program goals of the plan are 1) to provide leadership and advocacy for culture and the arts in Hawai'i, and to promote better collaboration and communication between SFCA, the culture and the arts community, the business community, policy makers and the general public; 2) to increase funding in support of the culture and arts community and SFCA's overall mission; 3) to reach people with limited access to culture and the arts, especially rural communities and the Neighbor Islands; 4) to undertake initiatives focusing on Native Hawaiian culture and the arts, in partnership with the Hawaiian culture and arts community and interested organizations; and 5) to advance the goal of ensuring that the arts are integral to the education of every student in Hawai'i.

The agency is currently developing its strategic plan for FY2009-2013. The new plan will be disseminated at the close of the 2008 fiscal year.

- c. Explain how your program intends to meet its objectives in the upcoming supplemental year.

The SFCA plans to meet its program objectives through implementation of the following: distribution of 109 grants in support of statewide arts and cultural programming; completing the initiation of an online application and jurying process for its exhibition programs; convening activities and providing technical assistance in arts education, folk arts, history and humanities, and public art; honoring master artists in the traditional arts, outstanding writers of literature, and artistic fellows; publishing the agency's newsletter, annual report, and maintaining the agency's website; implementing a formal communications plan; continuing implementation of the agency's strategic plan; assuming the administration of the Artists-in-the-Schools Program from the DOE; opening a gift shop and visitor's center as part of the Hawai'i State Art Museum complex; conducting efforts to encourage cultural tourism and the preservation of the Native Hawaiian culture and arts; launching new programs and exhibitions at the Hawai'i State Art Museum; developing educational tours for the museum; initiating and completing public art commissions; and designing initiatives that meet community needs through culture and arts programming.

2. Program Performance Results:

- a. Discuss the performance results achieved by each program in FY07.

In FY2007 funding was sustained at \$1.8 million to 101 organizations; launched an online application process for the Biennium Grants Program; the SFCA continued its partnership with the Department of Human Services to award grants using grant funds from the Temporary Assistance for Needy Families fund; the SFCA executive director continued representing the agency on the Hawaii Tourism Board; the SFCA convened a formal awards ceremony honoring accomplishments in literature, the visual arts and lifetime achievement; SFCA staff chaired the Hawaii Commemorative Quarter Commission; the SFCA rejoined the Western States Arts Federation, a regional arts organization; the Hawai'i State Art Museum received 30,000 visitors during the year; two art commissions were completed; a new art exhibition called

Precious Resources was mounted at the Hawai'i State Art Museum; conservation work was assessed for more than 60 works of art; the SFCA conducted a tour of the Hawaii Youth Opera Chorus to 3 neighbor islands as part of NEA American Masterpieces initiative; the SFCA commenced planning of hula conference called Ka 'Aha Hula O Halauaola; the Arts First strategic plan continued to integrate the arts into the core curriculum of public education; the student art exhibition was mounted at the Hawaii Convention Center; three School Arts Excellence Awards to elementary schools conducting outstanding arts programs were conferred; the agency's newsletter, Hawai'i Artreach, continued to be published; an e-newsletter was initiated. And SFCA initiatives met with success, including the state's representation at the NEA's Poetry Out Loud national competition; Live from the Lawn,/Lanai (5,677 attendance), First Fridays (6,343); Second Saturdays (2,220) and ArtLunch (427) at the Hawai'i State Art Museum.

- b. Explain how these results relate to the program's objectives and department's mission.

The results support the HSFCA's objectives to promote effective programming at the community level in culture and the arts and history and the humanities. Through these activities, programs, services, and initiatives, leadership and partnerships have been developed and sustained, arts education has been strengthened, access to the arts has increased and the artistic, historical, and cultural heritage of Hawai'i has been perpetuated.

- c. Explain how the effectiveness of the program is measured (i.e.: outcomes, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past two years.

Measurements of program effectiveness include assessing the number of projects (including grants) funded in the community; assessing the ability of the agency's programs to reach target populations such as residents, rural and underserved communities, at-risk youth; needy families; schools, individual artists and visitors; and evaluating the type of program activities supported through funding and the implementation of initiatives. Grantees must complete contractual obligations through project reports. Agency programs are consistently evaluated through participant evaluation forms, formal surveys, field observations and reports, and debriefings with staff and related committees. Consultant services are engaged for more in depth assessments such as the agency's

strategic plan. The agency also conducted a benchmark assessment of its current strategic plan.

Program activities range from a community grants program that awards an average of 100 grants statewide each year of a biennium, to Art in Public Places Program events such as art dedications and the student art exhibit at the Hawai'i Convention Center, to Folk Arts Program apprenticeships that support cultural preservation through grants awards to traditional master artists/apprentice teams. Publications and promotions were completed, including the agency's newsletter, annual report and new e-newsletter.

- d. Discuss actions taken by each program to improve its performance results.

Programs use a variety of measurements to evaluate effectiveness including final project reports, assessments by users (such as grant applicants, artists, and initiative partners), amount of staff time spent on projects, providing technical assistance and development of legislation to address target audiences such as Native Hawaiians, the Capital District and the general arts community. The agency also complies with Federal reporting standards to qualify for its grants from the National Endowment for the Arts and the Department of Human Services. Other quantifiable measurements include the number of visitors in the museum, audience size, website hits, and number of requests for public information services.

- e. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

Grant funds from the SFCA Biennium Grants Program reach an estimated one million residents and visitors per year. Our most dramatic modifications in progress are establishing online applications for both the Biennium Grants Program and the Art in Public Places Program exhibition process. These online programs are being implemented through membership in the Western States Arts Federation (WESTAF). The rationale for the conversion to online applications was to facilitate ease and access for the public. Grants contracts and the grants RFP were revised to continually improve efforts to effectively administer the agency's Biennium Grants Program. Criterion to align community projects with the SFCA strategic plan and Department of Human Services objectives was inserted in the grants application forms.

3. Problems and Issues:

- a. Discussion of problems and issues encountered, if any.

The SFCA must continually represent the needs of the arts community for sustained, and possibly increased, funding. This is a priority of the current strategic plan. The SFCA has conducted an intensive evaluation of its grants program, restructured and cut operating costs in an effort to be more effective to both the State administration and the public. Negotiations, new partnerships, research and outreach are all necessary to develop and sustain funding. The SFCA is continuing its partnership with the Department of Human Services to address the prevention of teen pregnancy through arts programming at the community level.

- b. Program change recommendations to remedy problems.

None

- c. Identify any program issues or problems that have affected or will affect the implementation of the program and the corrective measures or remedies established or planned.

None

4. Expenditures for Fiscal Year 2008:

	Appropriation				Available	Estimated
	Budget Act	Collective	Transfer In	Restrictions	Resources	Expenditures
	<u>FY 2007-08</u>	<u>Bargaining</u>	<u>Transfer(Out)</u>			
(Pos. Count)	(26.00)				(26.00)	(26.00)
Personal Services	1,765,111	62,458	(74,739)		1,752,830	1,752,830
Current Expenses	7,192,129		(71,588)		7,120,541	7,120,541
Financing Agreements	0					0
Equipment	10,000		146,327		156,327	156,327
Motor Vehicle	<u>36,000</u>				<u>36,000</u>	<u>36,000</u>
Total	9,003,240	62,458	0	0	9,065,698	9,065,698
Less: (Pos. Count)	(14.00)				(14.00)	(14.00)
Special	4,471,223	35,983	0	0	4,507,206	4,507,206
(Pos. Count)	(2.00)				(2.00)	(2.00)
Federal	772,791	6,887	0	0	779,678	779,678
(Pos. Count)	(0.00)				(0.00)	(0.00)
Interdepartmental	625,000				625,000	625,000
Transfer						
(Pos. Count)	(10.00)				(10.00)	(10.00)
General	3,134,226	19,588	0	0	3,153,814	3,153,814

- a. Explain all transfers within the program I.D. and the impact on the program.

Transfers from Personal Services and Current Expenses were made to meet information technology needs.

- b. Explain all transfers between program I.D.s and the impact on the program.

None

- c. Explain any restrictions and the impacts on the program.

None

5. Supplemental Budget Requests for Fiscal Year 2009:

	Act 213/07 <u>FY 2009</u>	Budget Adjustment <u>FY 2009</u>	Supplemental Budget <u>FY 2009</u>
(Pos. Count)	(26.00)	(3.00)	(29.00)
Personnel Services	1,769,954		1,769,954
Current Expense	6,222,129	100,000	6,322,129
Financing Agreements	0	0	0
Equipment	10,000	0	10,000
Motor Vehicles	<u>0</u>	<u>0</u>	<u>0</u>
Total	8,002,083	100,000	8,102,083
(Posn Count)	(10.00)	(0.00)	(10.00)
General Fund	2,164,226	0	2,164,226
(Posn Count)	(14.00)	(3.00)	(17.00)
Special Fund	4,439,723	0	4,439,723
(Posn Count)	(2.00)	(0.00)	(2.00)
Federal Fund	773,134	0	773,134
(Posn Count)	(0.00)	(0.00)	(0.00)
Interdepartmental Transfers	625,000	100,000	725,000

a. Workload or program request:

- i. A description of the request, the reasons for the request, and the desired outcomes or the objectives to be accomplished by the proposed program.

The SFCA requests a conversion from Temporary to Permanent status for 3 arts program specialist positions in the Art in Public Places Program and raising its U Fund account ceiling from \$625,000 to \$725,000.

The three FTE arts program specialists, all SR-18, support the installation, transportation, and gallery design functions of the Art in Public Places Program and the Hawaii State Art Museum. The positions report to a senior arts program specialist and collectively this versatile, industrious team is responsible for the display of works of art in the State's collection. This entails transporting, mounting, framing,

crating, shipping, insuring, labeling and other numerous tasks. With the added demands of the museum, retaining a core exhibit support team is imperative to the upkeep of the collection and the integrity of exhibitions.

The request to increase the ceiling of the U Fund account is to accommodate an increase in funds from the Department of Human Services' Temporary Assistance to Needy Families (TANF) grant. The TANF funds support community grants and agency initiatives to prevent teen pregnancy and to engage at-risk youth through the arts. The SFCA-DHS partnership has been developing steadily, serving statewide communities through approximately 40 organizations each year.

- ii. A listing/description of the positions requested, and funding requirements by cost category and source of funding.

	<u>FY 2009</u>	
	<u>F.T.E.</u>	<u>Amount</u>
Personal Services		
Arts Program Specialists II (SR18)	(3.00)	<u>0.00</u> (B)
Total Personal Services	(3.00)	0.00 (B)
Other Current Expenses		<u>100,000</u> (U)
Grants		
Total Other Current Expenses		100,000 (U)
Total Request	(3.00)	100,000

- iii. For all lump sum requests, please provide a breakout indicating specific purposes for all planned expenditures.

The \$100,000 increase in the agency's U Fund account is specifically designated for the SFCA Biennium Grants Program and/or SFCA initiatives that encourage culture and arts programming at the community level throughout the state.

- b. For all position count reductions, please specify whether the positions were filled or vacant.

None

6. Program Restrictions:

- a. A description of the reduction, the reasons for the reduction, and the impacts to the objectives to be accomplished by the program.

None

- b. A listing/description of the positions cut including source of funding, please specify whether the positions were filled or vacant.

None

7. Capital Improvement Program (CIP) Requests for Fiscal Year 2009:

None

8. Proposed Lapses of CIP projects:

None

Senate Committee on Economic Development and Taxation
Budget Requests for Supplemental Budget 2008-2009
January 22, 2008

Testimony of the Department of Accounting and General Services
Stadium Authority

Program Structure Number:

08 02 05

Program I.D. and Title:

AGS 889, Spectator Events and Shows - Aloha Stadium

Page Reference in the Supplemental Budget Document:

Volume I, Pages 116-117

1. Introduction:

- a. Summary of program objectives.

The objective of this program is to provide people of all ages with the opportunity to enrich their lives through attendance at spectator events and shows.

- b. Description of program objectives.

Among its activities, this program conducts an on-going promotional program to enhance and expand utilization of the facility; provides ticket selling services; directs, controls and coordinates support activities relative to the preparation and execution of all events and shows; provides for public safety and security during events; maintains and enhances the main and related facilities; and provides parking and maintains traffic control within the stadium premises.

- c. Explain how your program intends to meet its objectives in the upcoming supplemental year.

The Stadium Authority intends to meet its objectives by continuing to develop strong partnering relationships with its existing licensees; seek and cultivate relationships with new promoters and other potential licensees who have not utilized the Aloha Stadium as a venue for their events; reexamine all existing contractual relationships to determine if the program's position can be

enhanced immediately or in future contract cycles; foster external competition for goods and services provided by the program; review existing facilities to determine needed improvements/upgrades that will attract new licensees and fulfill hereto untapped niche market needs; continue to focus on customer service, employee training and development; and provide value and customer satisfaction in the quality of products, prices and services.

2. Program Performance Results:

- a. Discuss the performance results achieved by each program in FY07.

In FY2007, the Aloha Stadium hosted 295 events. Revenues from events in FY 2007 were \$8,607,272 with \$752,042 in additional revenues from other sources. Total revenues earned in FY 2007 was \$9,359,314. Total attendance for events held at the stadium was approximately 1.8+ million.

- b. Explain how these results relate to the program's objectives and department's mission.

These results relate directly to the Stadium Authority's objective which includes providing a first class arena for large spectator sporting events and shows. Attendance at the University of Hawaii football games averaged 32,000+ per game in FY2007. Per capita revenues for these events were \$10.10, an increase of \$0.95 over FY2006.

- c. Explain how the effectiveness of the program is measured (i.e.: outcomes, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past two years.

The effectiveness of the Stadium Authority is measured in the number and variety of large spectator events held at the facility. In FY2007, the stadium hosted 295 events.

- d. Discuss actions taken by each program to improve its performance results.

During the past year, the Stadium Authority through its Stadium Manager's Office spent considerable time and energy cultivating relationships with new promoters to entice them to utilize the Aloha Stadium as a venue for their events. The building and maintenance of these relationships is critical to the expansion of

the program. In December of last year, the stadium hosted a U2 concert which grossed more than \$4.4 million in ticket sales and \$266,000 in food and beverage sales. Slated for early 2008 is a soccer event which will be televised internationally.

- e. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

None.

3. Problems and Issues:

- a. Discussion of problems and issues encountered, if any.

There are several unexpected issues which the Stadium Authority is facing during the upcoming supplemental budget year. Chief among these are increases in sewer, utility, refuse and insurance costs totalling \$271,852 for FY08.

- b. Program change recommendations to remedy problems.

Increase of \$13,973 for Electricity: The projected electricity cost is based on last year's actual cost plus a 5% increase. However, last year's average cost per barrel of sweet crude was approximately in the low \$70 range. This fall, the price of sweet crude has hovered around \$90+ per barrel and projected to reach more than \$100 per barrel. The 5% increase is a very conservative estimate on what will be needed in the fiscal year. At this point in time, it is difficult to predict exactly what the shortfall will be.

Increase of \$123,800 in Sewer Assessment Fee: The Stadium Authority originally budgeted only \$90,000 for sewer assessments. However, in July 2007, the stadium's sewer rate climbed to \$6.22 per thousand gallons (up from the old rate of \$3.42 per thousand gallons). The increase is based on projected usage of 34,500 at \$6.22 per thousand gallons. Total sewer assessment fee for FY2008 is projected at \$213,800.

Refuse Disposal Increase of \$92,100: The increase in refuse disposal fees is due to an increase in contracted services. Contract service adjustments were due to increases in fuel prices and operational expenses (e.g., labor increases and dumping fees).

Increase of \$41,979 for Insurance: The increase in insurance costs is based on the rising costs of property and liability insurance premiums as imposed by DAGS-Risk Management.

- c. Identify any program issues or problems that have affected or will

affect the implementation of the program, and the corrective measures or remedies established or planned.

The problems and issues identified in the above significantly affect the Stadium Authority's ability to carry on everyday operations. The emergency increase in operational funding is required to provide for basic health, safety and sanitation needs. Without the increase, the program will not be able to meet minimal operational objectives.

4. Expenditures for Fiscal Year 2008:

	Appropriation				Available Resources	Estimated Expenditures
	Budget Act FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Restrictions		
(Pos. Count)	39.50					39.50
Personal Services	4,224,755	106,395	---	---	---	4,331,150
Current Expenses	3,340,401	---	---	---	---	3,340,401
Financing Agreements	---	---	---	---	---	---
Equipment	1,283,150	---	---	---	---	1,283,150
Motor Vehicles	---	---	---	---	---	---
Total	8,848,306	106,395				8,954,701
Less: (Pos. Count)	39.50	---	---	---	---	39.50
Special	8,848,306	106,395	---	---	---	8,954,701

a. Explain all transfers within the Program I.D. and the impact on the program.

None.

b. Explain all transfers between Program I.D.s and the impact on the program.

None.

c. Explain any restrictions and the impacts on the program.

None.

5. Supplemental Budget Requests for Fiscal Year 2009:

	Act 213/07 <u>FY 2009</u>	Budget Adjustment <u>FY 2009</u>	Supplemental Budget <u>FY 2009</u>
(Pos. Count)	39.50		39.50
Personnel Services	4,224,755	242,761	4,467,516
Current Expense	3,340,401	634,000	3,974,401
Financing Agreements	---	---	---
Equipment	---	---	---
Motor Vehicles	---	---	---
Total	<u>7,565,156</u>	<u>876,761</u>	<u>8,441,917</u>
(Pos. Count)	39.50		39.50
Special Fund	7,565,156	876,761	8,441,917

a. Workload or program request:

- i. A description of the request, the reasons for the request, and the desired outcomes or the objectives to be accomplished by the proposed program.

The program budget requests an increase of \$451,761 for part-time employee pay raises, electricity, gasoline, insurance, sewer, refuse, and central services costs.

The Stadium Authority is requesting funds to do incremental seat replacement work. Most of the 47,000 spectator seats at Aloha Stadium are 32 years old and have experienced extreme deterioration due to solar heat and ultraviolet exposure, rain and wind damage, spectator wear and tear, and obsolescence. Consequently, many of the seats are brittle and cracked, and are unsafe for continued public use (sudden seat failures, pinching, etc.). While replacing the seats in a single capital improvement project would probably be the most cost effective approach, it would impose extreme hardships on stadium operations and events; requiring closing the stadium for an extensive period of time, resulting in revenue losses for the Stadium Authority, its licensees and concessionaire. Replacing the seats in five-phase increments is more suitable because it would reduce

stadium closure periods. The Stadium Authority recommends replacing the defective seats using in-house staff to perform the necessary work. It is estimated that the task can be completed by six part-time, intermittent employees. The goal is to replace approximately 3,000 seats each year. Material costs for the replacement work is estimated at \$300,000 per year and \$125,000 in labor annually.

- ii. A listing/description of the positions requested, and funding requirements by cost category and source of funding.

Personal Services		
Hourly payroll	242,761	(B)
Other Current Expenses		
Electricity	76,600	(B)
Gasoline	2,000	(B)
Insurance	41,700	(B)
Sewer	29,700	(B)
Refuse	108,000	(B)
Central services assessment	76,000	(B)
Repair and maintenance	<u>300,000</u>	(B)
Total other current expenses	<u>634,000</u>	
Total request	<u>876,761</u>	

- iii. For all lump sum requests, please provide a breakout indicating specific purposes for all planned expenditures.

Funding for all items is solely through the Stadium Special Fund. General Funds and other programs will not be affected or negatively impacted by these requests.

\$117,761	Increase to base budget for part-time employee pay raises in keeping with Section 103-55, HRS.
125,000	Labor costs for part-time employees to perform seat replacement work.
334,000	Increase to base budget to cover increases in electricity, gasoline, insurance, sewer, refuse, and central services assessment costs.

300,000 Increase to base budget to purchase 3,000 seats, brackets, and incidental hardware for seat replacement work.

- b. For all position count reductions, please specify whether the positions were filled or vacant.

None.

6. Program Restrictions:

- a. A description of the reduction, the reasons for the reduction, and the impacts to the objectives to be accomplished by the program.

None.

- b. A listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None.

7. Capital Improvement Program (CIP) Requests for Fiscal Year 2009:

Capital improvement program (CIP) requests for fiscal year 2009 will be submitted through AGS-221.

8. Proposed Lapses of CIP projects:

None.