

COMMITTEE ON WAYS AND MEANS

Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair

Testimony Index

Date: Friday, January 11, 2008

Time: 1:30 PM

Place: Conference Room 211

Department of Accounting and General Services

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LINDA LINGLE
GOVERNOR



Russ K. Saito
Comptroller
Barbara A. Annis
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

December 21, 2007

The Honorable Rosalyn H. Baker
Chair, Senate Committee on Ways and Means
State Capitol, Room 210
Honolulu, HI 96813

Dear Senator Baker:

We are transmitting the requested copy of written testimony for the briefings on the Executive Supplemental Budget (Fiscal Year 2008-2009) in response to your memorandum of December 14, 2007. Members of my staff and I look forward to the opportunity to discuss our supplemental budget testimony with your committee.

If you have any questions, please call me at 586-0400 or have your staff call Kerry Yoneshige of the Administrative Services Office at 586-0696.

Sincerely,

Russ K. Saito
State Comptroller

Attachment

**SENATE COMMITTEE ON WAYS AND MEANS
BUDGET REQUESTS FOR SUPPLEMENTAL BUDGET 2008-2009
January 11, 2008**

**TESTIMONY OVERVIEW OF THE
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**

Senator Baker and Members of the Senate Committee on Ways and Means:

It is my pleasure to appear before the Senate Committee on Ways and Means to discuss our departmental programs.

I. Introduction

DAGS' purpose is to provide the physical, financial, and technical infrastructure to support the State departments and agencies in accomplishing their missions. Our goal is to provide this infrastructure efficiently and cost-effectively. The services provided include centralized accounting, auditing, risk management, surplus property programs, central mail and messenger services, fixed assets and inventory management, State procurement of goods and services, archives and records management, parking control, motor pool, land surveying, operations and maintenance of State buildings and grounds, the planning, design, engineering and construction of public works projects, office leasing, and systems information processing and telecommunications. Included in our submission are the budgets of seven attached agencies which range from the State Foundation on Culture and the Arts to the Wireless Enhanced 911 Board.

II. Departmental Performance Results

DAGS' effectiveness is measured in a number of ways depending on the program being reviewed. For example, the expenditure examination program measures its effectiveness based on the average in-house time it takes to process payments to vendors. The information processing services program measures its effectiveness based on the percentage of production jobs run on schedule. The construction program measures its effectiveness based on the average cost of non-user change orders as a percentage of average actual construction cost. The custodial services and grounds maintenance programs measure their effectiveness based on service evaluations from internal inspections.

Our Variance Reports for Fiscal Year 2007 show that we met our measurement goals and provided efficient and cost-effective, centralized support services to other State departments as prescribed in our mission statement. There has been no negative impact to internal customers from the transfer of 207 employees and resources to the Department of Education on July 1, 2005 as a result of Act 51, SLH 2004. For Fiscal Year 2008, we plan to have no significant negative variations from measures of effectiveness.

As we move forward into the supplemental budget year, we will strive to improve the way we conduct our business and address any administrative or budgetary constraints without sacrificing our internal customer satisfaction. Key objectives in the upcoming biennium will include the improvement of public building and sites by addressing health and safety needs and replacing aged equipment with more reliable and energy efficient units. A significant component in the improvement of the public buildings will be to incorporate energy efficient and sustainable design concepts through "retrocommissioning" projects and incorporating "LEED" design criteria in new and renovated building projects. We will also review the feasibility of implementing renewable energy sources such as photo voltaic systems. The lump sum health & safety CIP project to the stadium will ensure its long term use by addressing the corrosion on the superstructure and upgrading the infrastructure (railings, toilets, elevators, electrical systems, etc.) to current building code and ADA requirements.

The department continues its commitment to provide superior support services to other State departments effectively and efficiently as described in the attached program narratives.

III. Department-Wide Budget Summary Information

1. Totals for department FY08 budget with restrictions and emergency requests and FY09 proposed operating budget adjustments by means of financing.

- Total Fiscal Year 08 budget and proposed adjustments:

The department's Fiscal Year 08 operating budget is \$151,638,172 (\$76,621,624 General Fund; \$22,378,273 Special Funds; \$32,944,305 Revolving Funds; \$10,605,689 Interdepartmental Transfers; \$8,246,155 Federal Funds; and \$842,126 Trust Funds).

(See attachment 1)

- Total Fiscal Year 09 proposed adjustments are:

Supplemental Budget Requests totaling \$2,644,032 (\$1,173,391 General Fund; \$876,761 Special Funds; \$493,880 Revolving Funds; and \$100,000 Interdepartmental Transfers).

(See attachment 1)

2. Emergency requests that our department will be seeking for the current fiscal year.

- The department is requesting an emergency appropriation of \$1,000,000 for the custodial program to address a deficit in electricity

payments for the Department of Accounting and General Services managed facilities statewide. Because local utility companies are dependent upon oil as the primary source of fuel, the steady rise in world oil prices has directly contributed to this shortfall.

- An emergency appropriation request to increase the Spectator Shows & Events-Aloha Stadium Special Fund (AGS-889) by \$271,852 to address the projected deficit in electricity, sewer, refuse and insurance premium payments.

(See attachment 2)

3. Summary of FY09 proposed operating budget adjustments by Program ID.

Our general fund request includes funds for the Custodial Services program (AGS-231) of \$694,600 for increases in electricity costs due to the rising global oil prices; \$90,000 has been requested for the Uniform Accounting and Reporting Program (AGS-103) for additional funds for actuarial valuations of post-employment health benefit plans to meet the GASB reporting standards; \$113,791 is requested to properly compensate the positions that were converted from temporary to civil service in the Office of Elections (AGS-879); and \$275,000 has been requested to provide funds to enhance internet services in the Information Processing and Communication Services Program (AGS-131).

Non-general fund requests include funds for the Parking Control Program (AGS-252) of \$43,880 for the increase in the risk management cost allocation, \$50,000 to replace the air-conditioning system in the mechanic bay areas and \$400,000 to install energy efficient ballasts and bulbs in lots A, P, R, and V; \$117,761 was requested by Aloha Stadium (AGS-889) for pay increases for part-time intermittent employees and \$759,000 for other operating expenses and repairs.

Details of these budget requests are included with the budget testimonies of the applicable programs.

(See attachment 3)

4. FY09 proposed operating budget adjustments by Program ID.

(See attachment 4)

5. FY09 capital improvements program projects.

The Executive Biennium budget also requests the sum of \$62,150,000 in Fiscal Year 2009 to cover our department's capital improvement

requirements for our AGS-221 and AGS-889 programs. This amount provides for projects, which include the Lump Sum Maintenance of Existing Facilities/Health and Safety, Washington Place Health and Welfare and Queen's Gallery Renovation, Lump Sum Health and Safety-Aloha Stadium, Energy Conservation Improvements, Statewide, the Operational Assets Management-Kona Civic Center, Hawaii, and the State Capitol Building. Replace Lining & Circulation System in Reflecting Pools and Other Improvements, Oahu. Details of these CIP requests are included with the AGS-221 budget testimony.

(See attachment 5)

6. Specific budget adjustments of concern for your agency.

- The request from the custodial services program for a \$694,600 increase in electricity appropriations to cover increased electricity costs. The continuous escalation of world oil prices has created significant shortfalls in utility (electricity) appropriations. Oil is the key fuel source that is used to manufacture electricity for Hawaiian Electric Company and counterpart companies on the neighbor islands. In turn, the State of Hawaii is a significant consumer and the program is responsible to pay for electricity at 62 facilities statewide.
- The request for additional funds of \$90,000 is necessary to cover the additional costs for the actuarial valuations required by GASB 43 and 44.
- The request for \$275,000 will fund enhanced internet services for the State.

7. Summary of department's supplemental budget request.

The summary on attachment 6 has no information in the Budget and Finance (B&F) section as only a joint list of B&F and Governor's Supplemental Budget Request Decisions was received. This list was input into the Governor's Final Decision Section.

(See attachment 6)

8. Process used to identify priorities for additional operating and capital improvements program funding.

Our requests were prioritized based on the following five categories:

1. Health and safety, contractual/legislative requirement, security, high priority administration initiative.
2. Initiatives with Statewide impact, efficiency initiative.
3. Departmental Objectives.

4. Other Initiatives.
5. Trade Off/Transfers.

(See attachment 6)

The requests were further prioritized to determine whether or not they fit into the long term (six year) goals of the programs and agencies. The underlying long term goals for all of the programs are health and safety initiatives and providing satisfactory service to the public.

For capital improvement projects, the six year planning process also allowed us to view and prioritize all upcoming projects rather than those just appearing on a two year horizon. This allowed us to prioritize projects with a fuller understanding of the long term impacts.

9. Process used to prioritize additional operating and capital improvements program funding and discuss manner in which community, departmental and legislative input was gathered and utilized to determine priorities.

As previously mentioned, health and safety initiatives and providing satisfactory public service are our over arching goals which we use to prioritize our departmental requests. The DAGS staff that interfaces with the community, departments, and legislature is an important part of our bottoms up budget approach. This is evidenced by the number of requests included in our operating budget submittal to the Department of Budget and Finance.

10. Actions the department has taken or is planning to take to reduce operating costs and impact on the budget.

Cost reduction actions taken by our department have allowed us to maintain our current operating levels. We have modified our activities and processes to offset maintenance cost increases as facilities age while achieving budget reductions made necessary by economic conditions. In addition, we have added new facilities to our programs without additional funding. All funding in the department is used to maintain the current level of services. Any savings generated by modifying actions have been used to fulfill the department's operational needs.

(See Attachment 7)

11. Positions vacant as of December 1, 2007.

As shown in attachment 8, the department has 120 positions (85 permanent, 4 CIP and 31 temporary) that are vacant as of December 1, 2007. The department faces challenges in filling these vacant positions due primarily to a lack of qualified applicants. The significant reasons follow.

- Inadequate compensation levels in the information and communication services and public works programs. While there are positions available and approved for filling, it has been difficult to recruit and retain qualified personnel in these areas because compensation levels outside of the state government are substantially higher.
- In the engineering and survey fields, the demand for licensed individuals exceeds the supply.
- Most of the vacancies in the Office of Elections are for seasonal hires, positions not normally filled at this point in the year.

12. All instances where expenditures exceeded the federal fund ceiling for FY07 and FY08.

In FY07 federal fund ceiling increases were requested to expend prior year federal fund balances due to non completion of projects due to lack of staffing.

(See attachment 9)

13. Budget appropriations transferred to another program ID and/or another department in FY07 and FY08.

(See attachment 10)

14. Positions currently deployed from our department.

(See attachment 11)

Our Program Managers have prepared the attached documents regarding their respective program operations.

Senator Baker, my staff and I will be happy to answer any questions you and your committee members may have concerning our programs.

Attachments

Attachment 1
Department-Wide Summary Information
Totals for Proposed Department Budget Adjustments (by Method of Funding)

MOF	FY08			
	Act 213/07 Appropriation (a)	Restriction (b)	Emergency Request (c)	Total FY08 (a)+(b)+(c)
(A) General	76,621,624		1,000,000	77,621,624
(B) Special	22,378,273		271,852	22,650,125
(N) Federal	8,246,155			8,246,155
(T) Trust	842,126			842,126
(U) Interdepartmental Transfers	10,605,689			10,605,689
(W) Revolving	32,944,305			32,944,305
Dept. Totals	151,638,172		1,271,852	152,910,024

MOF	FY09			
	Act 213/07 Appropriation (d)	Reduction (e)	Addition (f)	Total FY09 (d)+(e)+(f)
(A) General	72,865,946		1,173,391	74,039,337
(B) Special	21,063,623		876,761	21,940,384
(N) Federal	8,246,498			8,246,498
(T) Trust	4,670,814			4,670,814
(U) Interdepartmental Transfers	10,605,689		100,000	10,705,689
(W) Revolving	32,944,305		493,880	33,438,185
Dept. Totals	150,396,875		2,644,032	153,040,907

Please indicate restrictions and reductions as negative numbers, using brackets ()

Attachment 2
Department-Wide Summary Information
Fiscal Year 08 Proposed Emergency Requests

<u>Program ID</u>	<u>MOF</u>	<u>Title of Emergency Requests</u>	<u>FTE</u>	<u>\$ Amount</u>
AGS-231	A	Making an Emergency Appropriation for Electricity Payments Statewide		1,000,000
AGS-889	B	Making an Emergency Appropriation for Electricity, Sewer, Refuse and Insurance Premium Payments		271,852
Dept. Totals by MOF			-	1,271,852
	A			1,000,000
	B			271,852

Attachment 3
Department-Wide Summary Information
Fiscal Year 09 Proposed Budget Adjustments

<u>Program ID</u>	<u>MOF</u>	<u>Program ID Title</u>	<u>FTE</u>	<u>\$ Amount</u>
AGS-103	A	Recording and Reporting		90,000
AGS-131	A	Information Processing and Communication Services		275,000
AGS-231	A	Central Services-Custodial	(3.00)	575,014
AGS-232	A	Central Services-Grounds Maintenance	-	(7,212)
AGS-233	A	Central Services-Building Repairs & Alterations	3.00	126,798
AGS-240	A	State Procurement	1.00	
AGS-252	W	Automotive Management-Parking Control		493,880
AGS-879	A	Office of Elections		113,791
AGS-881	B	State Foundation on Culture and the Arts	3.00	
AGS-881	U	State Foundation on Culture and the Arts		100,000
AGS-889	B	Spectator Shows & Events-Aloha Stadium		876,761
Dept. Totals by MOF			4.00	2,644,032
	A		1.00	1,173,391
	B		3.00	876,761
	U		-	100,000
	W		-	493,880

Attachment 4
Fiscal Year 09 Proposed Budget Adjustments

<u>Program I.D.</u>	<u>Description of Adjustment</u>	<u>FTE</u>	<u>\$ Amount</u>	<u>MOF</u>
AGS-103	Additional funds for actuarial valuations		90,000	A
AGS-131	Enhance Internet Services		275,000	A
AGS-231	Additional funds for electricity cost for FY09		694,600	A
AGS-231	Trade-Off, Transfer Minus, Positions 18923 and 37304	(2.00)	(89,550)	A
AGS-231	Trade-Off, Transfer Minus, Position 22452	(1.00)	(30,036)	A
AGS-232	Trade-Off, Transfer Plus, Position 22452	1.00	30,036	A
AGS-232	Trade-Off, Transfer Minus, Position 22339	(1.00)	(37,248)	A
AGS-233	Trade-Off, Transfer Plus, Positions 18923 and 37304	2.00	89,550	A
AGS-233	Trade-Off, Transfer Plus, Position 22339	1.00	37,248	A
AGS-240	Procurement Services (Convert Temporary Position to Permanent)	1.00		A
AGS-252	Increase for Risk Management Cost Allocation		43,880	W
AGS-252	Replace Air-conditioning System for Mechanic Bay Areas		50,000	W
AGS-252	Install energy efficient ballasts and bulbs in lots A, P, R, and V		400,000	W
AGS-879	Compensation for Civil Service Positions		113,791	A
AGS-881	Convert Temporary Arts Program Specialists to Permanent	3.00		B
AGS-881	Increase U Fund Ceiling for TANF Grants		100,000	U
AGS-889	Increase base budget for part-time employee pay raises		117,761	B
AGS-889	Increase base budget for Operating expenses and repairs		759,000	B

Attachment 5
FY09 Capital Improvements Program Summary

<u>Priority</u>	<u>Project Title</u>	<u>FY09 \$ Amount</u>	<u>MOF</u>
1	Lump Sum Maintenance of Existing Facilities, Statewide-PWD	10,000,000	C
2	Energy Conservation Improvements, Statewide	10,500,000	C
3	Lump Sum Health & Safety-Aloha Stadium	25,850,000	C
4	Washington Place, Health and Safety and Queen's Gallery Renovation	4,900,000	C
5	Operational Assets Management-Kona Civic Center, Hawaii	3,000,000	C
6	State Capitol Bldg. Replace Lining & Cir Sys in Reflecting Pools and Other Improvements, Oahu	7,900,000	C

62,150,000

**Attachment 6
FY09 Request Decisions**

Department Priority	Program ID	Description	MOF	Department			Budget and Finance			Governor's Final Decision		
				Perm. FTE	Temp. FTE	\$ Amount	Perm. FTE	Temp. FTE	\$ Amount	Perm. FTE	Temp. FTE	\$ Amount
1	AGS-131/EC	Interim Alternate Data Center	A			2,015,000						
2	AGS-901/AE	Governor's 2010 Automation Initiative	A			4,626,000						
3	AGS-101/CA	Consultant Study to Upgrade Financial Management Systems	A			500,000						
4	AGS-231/FA	Additional Funds for Electricity Cost for FY09	A			1,213,100						694,600
5	AGS-103/CC	Additional funds for actuarial valuations	A			90,000						90,000
6	AGS-131/EF	Radio Communication Systems Management Section	A	3.00		141,000						
7	AGS-879/OA	Compensation for Civil Service Positions	A			144,523						113,791
8	AGS-240/JA	Procurement Services (Compliance, Audit and Training)	A	3.00		147,180						
9	AGS-807/FP,F Q,FR	Neighbor Island Districts request for 26 Motor Vehicles	A			912,000						
10	AGS-232/FE	Additional Funds for Tree Trimming	A			237,000						
11	AGS-240/JA	Procurement Services (HEPS)	A	3.00		147,612						
12	AGS-211/HA	Funds for Shoreline Specialist	A			27,000						
13	AGS-233/FK	Additional General Funds for a second R&A Crew	A	12.00		1,093,524						
14	AGS-131/EB	Consolidated Server	A			400,000						
15	AGS-131/ED	Email Security Project	A			100,000						
16	AGS-879/OA	Elections Commission	A			12,390						
17	AGS-879/OA	Official Observers	A			16,200						
18	AGS-240/JA	Procurement Services (Convert Temporary Position to Permanent)	A	1.00	(0.75)	-					1.00	(0.75)

**Attachment 6
FY09 Request Decisions**

19	AGS-240/JA	Procurement Services (Management of SPO web page)	A	1.00		51,544						
20	AGS-240/JA	Procurement Services (Small Business Assistance)	A	1.00		33,412						
21	AGS-131/ED	Enhance Internet Services	A	1.00		318,824						275,000
22	AGS-131/ED	Desktop Upgrades	A			825,000						
23	AGS-879/OA	Voter Pamphlet	A			400,000						
24	AGS-211/HA	Funds to purchase equipment to increase filing capacity	A			23,000						
25	AGS-231/FA	Replace Mail Delivery Van	A			26,500						
26	AGS-889/MA	Increase base budget for part-time employee pay raises	B			117,761						117,761
27	AGS-889/MA	Increase base budget for operating expenses and repairs	B			791,000						759,000
28	AGS-252/GB	Increase for Risk Management Cost Allocation	W			43,880						43,880
29	AGS-252/GB	Replace Airconditioning System for Mechanic Bay Areas	W			50,000						50,000
30	AGS-252/GB	Install energy efficient ballasts and bulbs in lots A, P, R, and V	W			400,000						400,000
31	AGS-881/LA	Convert Temporary Arts Program Specialists to Permanent	B	3.00	(3.00)					3.00	(3.00)	
32	AGS-881/LA	Increase U Fund Ceiling for TANF Grants	U			100,000						100,000
33	AGS-233/FK	Trade-Off, Transfer Plus, Positions 18923 and 37304	A	2.00		89,550				2.00		89,550
34	AGS-231/FA	Trade-Off, Transfer Minus, Positions 18923 and 37304	A	(2.00)		(89,550)				(2.00)		(89,550)
35	AGS-232/FE	Trade-Off, Transfer Plus, Position 22452	A	1.00		30,036				1.00		30,036
36	AGS-231/FA	Trade-Off, Transfer Minus, Position 22452	A	(1.00)		(30,036)				(1.00)		(30,036)
37	AGS-233/FK	Trade-Off, Transfer Plus, Position 22339	A	1.00		37,248				1.00		37,248
38	AGS-232/FE	Trade-Off, Transfer Minus, Position 22339	A	(1.00)		(37,248)				(1.00)		(37,248)

**Attachment 8
All Positions Vacant As of 12/1/07**

Date of Vacancy	Program I.D.	PositionTitle	Position Number	Exempt (Y/N)	Budgeted Amount	Actual Salary Last Employee Paid	MOF	Program ID	Authority to Hire (Y/N)
6/6/2007	AGS-101	SECRETARY II	21255	N	32,424	\$ 29,976.00	A	AGS-101	Y
3/16/2007	AGS-101	ACCOUNTANT IV	23414	N	43,836	\$ 43,836.00	A	AGS-101	Y
5/17/2004	AGS-102	ACCOUNTANT IV	111848	N	42,144	\$ 38,976.00	A	AGS-102	Y
1/1/2006	AGS-103	CONTROL ACCOUNTS BOOKKEEPER II	03554	N	33,756	\$ 48,252.00	A	AGS-103	Y
1/1/2006	AGS-103	CONTROL ACCOUNTS BOOKKEEPER I	22958	N	31,212	\$ 46,404.00	A	AGS-103	Y
3/31/2006	AGS-104	AUDITOR VI	27981	N	47,448	\$ 70,560.00	A	AGS-104	Y
6/13/2007	AGS-111	CLERK TYPIST II	04313	N	28,860	\$ 23,736.00	A	AGS-111	Y
11/9/2007	AGS-111	LIBRARY ASSISTANT IV	118803	N	18,513		A	AGS-111	Y
11/9/2007	AGS-111	LIBRARY TECHNICIAN V	118804	N	19,998		A	AGS-111	Y
5/17/2006	AGS-111	CLERK TYPIST II	12953	N	23,736	\$ 25,764.00	A	AGS-111	Y
7/9/2007	AGS-111	ARCHIVIST III	22294	N	38,952	\$ 43,824.00	A	AGS-111	Y
1/18/2007	AGS-111	ARCHIVIST II	41403	N	36,048	\$ 36,048.00	A	AGS-111	Y
10/9/2006	AGS-131	INFORMATION TECH SPECIALIST V	118223	N	47,448		A	AGS-131	Y
10/16/2007	AGS-131	INFORMATION TECH SPECIALIST II	14444	N	42,144	\$ 43,824.00	A	AGS-131	N
2/15/2007	AGS-131	CLERK TYPIST II	16061	N	26,664	\$ 26,664.00	A	AGS-131	Y
8/1/2007	AGS-131	ASST ADMR, INFO AND COM SVCS	22013	N	83,412	\$ 83,448.00	A	AGS-131	Y
11/8/2004	AGS-131	CLERK STENOGRAPHER II	40861	N	24,684	\$ 27,744.00	A	AGS-131	Y
8/3/2007	AGS-131	E-GOV TEAM SPECIALIST	112487	Y	60,000	\$ 55,488.00	A	AGS-131	N
10/2/2007	AGS-131	INFORMATION TECH SPECIALIST V	39820	N	49,332	\$ 51,300.00	A	AGS-131	Y
9/18/2007	AGS-131	DATA PROCESSING CONTROL CLK I	07832	N	27,768	\$ 28,884.00	A	AGS-131	Y
8/1/2006	AGS-131	NETWORK CONTROL TECHNICIAN	12289	N	31,212	\$ 33,912.00	A	AGS-131	Y
9/1/2007	AGS-131	COMPUTER OPERATOR I	12647	N	44,424	\$ 46,200.00	A	AGS-131	N
4/1/2003	AGS-131	NETWORK CONTROL TECHNICIAN	14382	N	31,212	\$ 31,200.00	A	AGS-131	Y
2/19/2004	AGS-131	NETWORK CONTROL TECHNICIAN	22021	N	31,212	\$ 36,504.00	A	AGS-131	Y
12/31/2004	AGS-131	DATA PROCESSING CONTROL CLK I	26791	N	27,768	\$ 37,968.00	A	AGS-131	Y
10/18/2003	AGS-131	DATA PROCESSING CONTROL CLK I	26793	N	27,768	\$ 31,200.00	A	AGS-131	Y
9/1/2004	AGS-131	COMPUTER OPERATOR II	27646	N	23,736	\$ 27,744.00	A	AGS-131	Y
12/31/2005	AGS-131	DATA PROCESSING CONTROL CLK I	29628	N	27,768	\$ 41,256.00	A	AGS-131	Y
9/18/2007	AGS-131	NETWORK CONTROL SUPERVISOR	38449	N	48,024	\$ 49,944.00	A	AGS-131	Y
10/4/2007	AGS-131	COMPUTER OPERATOR II	40589	N	33,756	\$ 35,112.00	A	AGS-131	Y
11/2/2007	AGS-131	INFORMATION TECH SPECIALIST VI	40648	N	64,932	\$ 67,524.00	A	AGS-131	N
7/21/2007	AGS-131	INFORMATION TECH SPECIALIST IV	113017	N	38,952	\$ 43,824.00	A	AGS-131	Y
10/2/2007	AGS-131	INFORMATION TECH SPECIALIST V	113019	N	49,332	\$ 51,300.00	A	AGS-131	Y
2/1/2007	AGS-131	INFORMATION TECH SPECIALIST III	113060	N	38,952	\$ 38,952.00	A	AGS-131	N

Attachment 8
All Positions Vacant As of 12/1/07

5/19/2007	AGS-131	INFORMATION TECH SPECIALIST III	52269	N	40,524	\$	38,952.00	A	AGS-131	Y
11/7/2006	AGS-131	CLERK TYPIST II	23554	N	23,736	\$	22,152.00	A	AGS-131	N
10/18/2007	AGS-203	CLERK IV	17225	N	28,860	\$	30,012.00	A	AGS-203	N
7/1/2005	AGS-211	LAND BOUNDARY SURVEYOR IV	02745	N	42,144	\$	56,040.00	A	AGS-211	Y
3/16/2007	AGS-221	ENGINEER V	38709	N	60,024	\$	60,024.00	CIP	AGS-221	Y
12/1/2005	AGS-221	ENGINEER V	38710	N	60,288	\$	60,288.00	CIP	AGS-221	Y
10/31/2002	AGS-221	BUILDING CONST INSPECTOR II	43714	N	37,956	\$	37,956.00	CIP	AGS-221	Y
3/21/2007	AGS-221	BUILDING CONST INSPECTOR II	43716	N	37,944	\$	37,944.00	CIP	AGS-221	Y
11/1/2007	AGS-221	SECRETARY II	17053	N	37,944	\$	39,456.00	A	AGS-221	Y
7/1/2007	AGS-223	LEASING SPECIALIST	118559	N	31,608			A	AGS-223	Y
10/31/2006	AGS-231	JANITOR II	22452	N	30,036	\$	29,688.00	A	AGS-231	Y
10/1/2007	AGS-231	JANITOR II	22555	N	30,036	\$	21,236.00	A	AGS-231	Y
8/7/2007	AGS-231	ENGINEER V	18923	N	53,352	\$	55,488.00	A	AGS-231	Y
7/1/2007	AGS-232	GROUNDKEEPER I	118110	N	30,036			A	AGS-232	Y
11/1/2006	AGS-232	GROUNDKEEPER II	21595	N	31,800	\$	31,428.00	A	AGS-232	Y
7/20/2007	AGS-233	ENGINEER III	02329	N	43,836	\$	45,588.00	A	AGS-233	Y
9/4/2007	AGS-233	CARPENTER I	02656	N	39,864	\$	41,460.00	A	AGS-233	Y
9/13/2007	AGS-233	BUILDING MAINTENANCE WORKER I	06252	N	39,864	\$	41,460.00	A	AGS-233	Y
10/1/2007	AGS-233	BLDG CONSTR & MTNCE SUPVR I	118752	N	35,028			A	AGS-233	Y
10/1/2007	AGS-233	PLUMBER II	118753	N	32,859			A	AGS-233	Y
10/1/2007	AGS-233	PLUMBER I	118754	N	31,023			A	AGS-233	Y
10/1/2007	AGS-233	PLUMBER I	118755	N	31,023			A	AGS-233	Y
10/1/2007	AGS-233	ELECTRICIAN II	118756	N	32,859			A	AGS-233	Y
10/1/2007	AGS-233	ELECTRICIAN I	118757	N	31,023			A	AGS-233	Y
10/1/2007	AGS-233	ELECTRICIAN I	118758	N	31,023			A	AGS-233	Y
10/1/2007	AGS-233	ENGINEER V	118759	N	47,835			A	AGS-233	Y
8/31/2007	AGS-240	PURCHASING SPCLT V	00094	N	60,024	\$	62,424.00	A	AGS-240	Y
8/12/2005	AGS-240	CLERK III	09717	N	23,736	\$	23,040.00	A	AGS-240	Y
10/1/2007	AGS-240	PURCHASING SPCLT III	14423	N	36,048	\$	40,512.00	A	AGS-240	Y
7/26/2007	AGS-240	PURCHASING SPCLT III	15016	N	36,048	\$	38,952.00	A	AGS-240	Y
10/1/2007	AGS-240	PURCHASING SPCLT III	33366	N	43,836	\$	45,588.00	A	AGS-240	Y
10/6/2007	AGS-252	PARKING & SECURITY OFFICER II	45134	N	27,768	\$	28,884.00	W	AGS-252	Y
10/24/2007	AGS-252	PARKING & SECURITY OFFICER II	48114	N	29,976	\$	31,176.00	W	AGS-252	Y
6/13/2005	AGS-252	PARKING & SECURITY OFFICER I	48119	N	24,684	\$	24,888.00	W	AGS-252	Y
11/27/2007	AGS-807	BUILDING MAINTENANCE WORKER I	21136	N	39,864	\$	41,460.00	A	AGS-807	Y
2/15/2006	AGS-807	ENGINEER V	21161	N	51,312	\$	70,560.00	A	AGS-807	Y

Attachment 8
All Positions Vacant As of 12/1/07

11/30/2006	AGS-807	CARPENTER I	21168	N	39,864	\$ 39,408.00	A	AGS-807	Y
12/29/2006	AGS-807	PLUMBER SUPERVISOR	21169	N	49,572	\$ 49,572.00	A	AGS-807	Y
11/1/2007	AGS-807	CARPENTER SUPERVISOR I	21391	N	45,792	\$ 47,628.00	A	AGS-807	Y
12/18/2006	AGS-807	CARPENTER I	21393	N	39,864	\$ 38,076.00	A	AGS-807	Y
5/29/2007	AGS-807	PLUMBER HELPER	21408	N	33,396	\$ 33,396.00	A	AGS-807	Y
12/18/2006	AGS-807	CARPENTER I	43772	N	39,864	\$ 38,076.00	A	AGS-807	Y
6/14/2007	AGS-807	ELECTRICIAN I	17228	N	41,364	\$ 41,364.00	A	AGS-807	Y
9/20/2007	AGS-807	ELECTRICIAN I	47408	N	41,364	\$ 43,020.00	A	AGS-807	Y
7/1/2007	AGS-818	CLERK TYPIST II	98013M	Y	11,868		A	AGS-818	N
7/1/2006	AGS-879	CLERK STENOGRAPHER III	032781	Y	28,836	\$ 32,616.00	A	AGS-879	Y
8/8/2007	AGS-879	ELECTION ASSISTANT	101159	Y	24,840		A	AGS-879	Y
7/3/2007	AGS-879	ELECTION LOGISTICS WORKER	105766	Y	22,800		A	AGS-879	N
1/2/2007	AGS-879	ELECTION SPECIALIST (VS)	117212	Y	23,598		A	AGS-879	N
7/1/1996	AGS-879	ELECTIONS LOGISTICS WORKER II	100370	Y			A	AGS-879	N
1/2/2007	AGS-879	ELECTION SPECIALIST (BOPS)	101161	Y	14,000		A	AGS-879	Y
11/3/2006	AGS-879	ELECTION ASSISTANT (POPS)	101882	Y	10,800		A	AGS-879	Y
1/2/2007	AGS-879	ELECTION ASSISTANT (POPS)	101884	Y	10,800		A	AGS-879	Y
1/2/2007	AGS-879	ELECTION SPECIALIST (CCOP)	101885	Y	12,000		A	AGS-879	Y
12/3/2002	AGS-879	ELECTION ASSISTANT (VS)	101886	Y			A	AGS-879	N
10/13/2006	AGS-879	HOTLINE OPERATOR (VS)	101887	Y	1,200		A	AGS-879	Y
2/2/2004	AGS-879	WAREHOUSE CREW CHIEF	101888	Y			A	AGS-879	N
3/2/2007	AGS-879	CHIEF ELECTIONS OFFICER	103133	Y	79,866	\$ 79,866.00	A	AGS-879	Y
12/15/2006	AGS-879	ELECTION CLERK (P/T)	105760	Y	1,600		A	AGS-879	Y
1/2/2007	AGS-879	ELECTION LOGISTICS WORKER	105761	Y			A	AGS-879	Y
12/11/2006	AGS-879	ELECTION LOGISTICS WORKER	105763	Y			A	AGS-879	Y
12/21/2006	AGS-879	ELECTION LOGISTICS WORKER	105764	Y			A	AGS-879	Y
12/21/2006	AGS-879	ELECTION LOGISTICS WORKER	105765	Y			A	AGS-879	Y
11/1/2006	AGS-879	ELECTION CLERK	105925	Y	6,400		A	AGS-879	Y
12/18/2006	AGS-879	ELECTION CLERK (P/T)	105928	Y	1,600		A	AGS-879	Y
11/20/2006	AGS-879	HOTLINE OPERATOR	105929	Y	1,200		A	AGS-879	Y
11/16/2006	AGS-879	ELECTION CLERK	105932	Y	4,800		A	AGS-879	Y
11/16/2006	AGS-879	HOTLINE OPERATOR	105933	Y	1,200		A	AGS-879	Y
12/8/2006	AGS-879	ELECTION ASSISTANT (POPS)	106053	Y			A	AGS-879	Y
12/1/2004	AGS-879	HOTLINE OPERATOR	106236	Y	1,200		A	AGS-879	Y
1/31/2003	AGS-879	ADMINISTRATIVE ASSISTANT	112427	Y			A	AGS-879	N
1/31/2003	AGS-879	GENERAL TECHNICIAN	112428	Y			A	AGS-879	N

Attachment 8
All Positions Vacant As of 12/1/07

1/31/2003	AGS-879	GENERAL TECHNICIAN	112429	Y			A	AGS-879	N
12/18/2006	AGS-879	ELECTION INFO SPECIALIST	116489	Y	60,000	\$ 33,534.00	N	AGS-879	Y
10/16/2007	AGS-881	ARTS PROGRAM SPECIALIST IV	27869	N	60,024	\$ 57,720.00	B	AGS-881	Y
2/1/2007	AGS-881	ARTS PROGRAM SPECIALIST II	52286	N	40,524	\$ 40,524.00	B	AGS-881	Y
3/17/2007	AGS-881	ARTS PROGRAM SPECIALIST II	52287	N	37,488	\$ 37,488.00	B	AGS-881	Y
7/2/2007	AGS-881	CLERK TYPIST II	52291	N	24,684	\$ 24,684.00	B	AGS-881	Y
6/1/1996	AGS-889	SCOREBOARD SUPERVISOR	27943	N	16,878		B	AGS-889	Y
8/16/2007	AGS-889	ENGINEER VI	27944	N	82,140	\$ 85,428.00	B	AGS-889	Y
10/1/2006	AGS-889	BUILDING MANAGER	52281	N	42,144	\$ 45,840.00	B	AGS-889	Y
7/1/1995	AGS-889	SCOREBOARD ADMINISTRATOR	96006M	N	41,772		B	AGS-889	N
7/1/2007	AGS-889	STADIUM INFORMATION SPECIALIST	107519	Y	43,840	\$ 43,830.00	B	AGS-889	Y
8/23/2007	AGS-901	PRE AUDIT CLERK III	17220	N	42,696	\$ 44,400.00	A	AGS-901	Y
7/2/2007	AGS-901	CLERK TYPIST II	44790	N	26,664	\$ 24,792.00	A	AGS-901	Y

Attachment 9

Listing of Expenditures Exceeding Federal Fund Ceiling for FY07 and FY08

<u>Program ID</u>	<u>FY07 Ceiling</u>	<u>FY07 Expenditures</u>	<u>FY08 Ceiling</u>	<u>FY08 Expenditures</u>	<u>Reason for Exceeding Ceiling</u>	<u>Recurring (Y/N)</u>
AGS-881	763,594	978,594			Ceiling increase of \$215,000 due to lapsed FY2006 federal funds from the NEA grant of \$170,000 and \$45,000 return of federal funds from a contract with the UH Conference Center. These funds will be used to implement and complete projects addressing arts	N

Attachment 10
Listing of Transfers for FY07 and FY08

<u>Program ID</u>	<u>FY07 Ceiling</u>	<u>FY07 Amount Transferred</u>	<u>FY08 Ceiling</u>	<u>FY08 Amount Transferred</u>	<u>Reason for Transfer</u>	<u>Recurring (Y/N)</u>
AGS-104	729,163	(60,000)			The transfer of funds between accounts for Other	N
AGS-103	654,626	60,000			Current Expenses is necessary to fund the	N
					purchase of actuarial services regarding the	
					State's implementation of GASB Statements No.	
					43 and 45 in FY 07. The funds were budgeted in	
					AGS-104, but the expending agency will be	
					AGS-103.	
AGS-901	2,634,752	(100,000)			Transfers between AGS programs to cover payroll	N
AGS-223	11,620,429	20,000			shortfalls. Funds are available from programs	N
AGS-231	14,719,495	30,000			with vacancy savings. Payroll deficits are due to	N
AGS-233	2,660,814	20,000			overtime, vacation payouts and other payroll	N
AGS-807	4,690,420	30,000			costs.	N

**Senate Committee on Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Accounting System Development & Maintenance Program**

Program Structure Number:

11 02 02 01

Program I.D. and Title:

AGS-101 Accounting System Development & Maintenance

Page Reference in the Supplemental Budget Document:

None

1. Introduction:

- a. Summary of program objectives.

The objectives of the program are to develop, maintain, and improve the statewide accounting and reporting systems of the state (i.e., FAMIS, Payroll System, Central Warrant Writing System, Warrant Reconciliation System, and Time and Attendance System), and control the methods, procedures, and forms of these systems.

- b. Description of program objectives.

Develops new statewide accounting systems or major enhancements to existing systems and provides related user training, conversion, implementation and post implementation support; maintains and manages existing statewide accounting systems to improve the operational efficiency and/or utility of the systems, comply with changes in applicable State and Federal laws, and/or management policies, correct accounting deficiencies or internal control weaknesses, and correct system errors that occur in the normal course of business; and establishes, maintains and administers the Statewide Accounting Manual, FAMIS Procedures Manual and related State Accounting Forms to provide internal control over the accounting functions of the state.

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

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

Provides support to the other programs of the Accounting Division and the departments by enhancing the accounting system to make the processing and the accessibility of accounting information more efficient and cost effective.

2. Program Performance Results:

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

The Accounting System Development and Maintenance Program was able to achieve the majority of its objectives in FY07.

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

By achieving the majority of its objectives of developing, maintaining, and improving the statewide accounting and reporting systems of the state, the program continues to provide efficient and cost effective systems accounting services to all state departments and agencies.

- 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 effectiveness is measured in terms of the percentage of projects completed for new systems developed or enhancements to existing systems, and new or changes to the accounting manuals and forms. The program has been able to meet the majority of its objectives over the past two years by shifting its resources among the various projects.

Because the Executive's proposed FB 07-09 Program Structure was not approved (consolidation of AGS 101, 102, and 103 programs), measures of effectiveness 3 through 8 does not apply to this program as reflected in Act 213, SLH 2007.

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

This program has increased the throughput and output of work performed by developing and implementing procedures to fast track assignments and tasks that are recurring in nature, and establishing a more efficient and direct means of communication.

- 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.

As a result of past reductions in personnel resources, the program has suffered setbacks, delays, deferments, and/or reductions in the scope of work to all statewide accounting systems developments, enhancements and modifications to improve the functional capacity and/or utilization of the systems, and increase the productivity and efficiency of departments and agencies. In addition, the program's ability to provide for the maintenance and controls of all statewide accounting systems has also sustained delays and/or deferments. .

- b. Program change recommendations to remedy problems.

The program will continue to redirect its work efforts toward completing the high priority projects.

- 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
(Pos. Count)	FY 2007-08	Bargaining	Transfer (Out)			
	(7.00)				(7.00)	(7.00)
Personal Services	484,149	13,040	(60,000)		437,189	437,050
Current Expenses	77,592		60,000		137,592	137,592
Financing Agreements						
Equipment						
Motor Vehicles						
Total	561,741	13,040	0		574,781	574,642
(Pos. Count)	(7.00)				(7.00)	(7.00)
General Fund	561,741	13,040	0		574,781	574,642

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

\$60,000 in savings due to delayed filling of vacant positions will be used to fund the actuarial valuations of post-employment benefit plans for inclusion in the State's Comprehensive Annual Financial Report.

- 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)	(7.00)		(7.00)
Personnel Services	484,149		484,149
Current Expense	77,592		77,592
Financing Agreements			
Equipment			
Motor Vehicles	_____	_____	_____
Total	561,741		561,741
(Pos. Count)	(7.00)		(7.00)
General Fund	561,741		561,741

a. Workload or program request:

1. 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

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

None

3. 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Expenditure Examination Program**

Program Structure Number:

11 02 02 02

Program I.D. and Title:

AGS 102 Expenditure Examination

Page Reference in the Supplemental Budget Document:

None

1. Introduction:

- a. Summary of program objectives.

The Expenditure Examination Program's objectives are to ensure that the State's payments conform to established standards of propriety and legality and are made promptly.

- b. Description of program objectives.

Contract and vendor payment vouchers and payrolls are pre-audited on a test basis to confirm compliance with State's laws, administrative rules, collective bargaining agreements and to prevent expenditures that are illegal or otherwise improper.

The program also performs duties related to the disbursement of State funds which include the timely issuance of State contract, vendor, and payroll payments; the re-issuance of checks due to non-receipt, lost, or destroyed checks; and the review and processing of escheat claims.

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

The Expenditure Examination Program will continue to meet its program objectives as it has done in the past fiscal years by reviewing its workload and reprioritizing its activities in order to pay contractors, vendors, and employees on a timely basis.

2. Program Performance Results:

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

The Expenditure Examination Program has met its program objectives in FY 2007 by paying contractors and vendors on a timely basis.

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

The Pre-Audit Branch continues to maintain its standards for quality and consistency in its pre-audit responsibilities and its payment processing responsibilities which directly relate to the department's objective to strive for quality and consistency in the delivery of essential support services to other state departments and agencies.

- 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.

For FY 2006 and FY 2007, the Expenditure Examination Program's five work day standard was met by processing and mailing all contract, vendor, and third party checks within the time period.

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

Because the program has had to maintain its responsibilities after sustaining cuts in positions in previous years, the program reviews its operations on an ongoing basis to insure that resources are utilized efficiently. The program has also supported the implementation of the ACH method of payment for tax refunds and Medicare refunds to retirees.

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

Executive program structure changes (consolidation of AGS 101, 102, and 103 programs) were not approved by the Legislature. Changes to the program's performance measures will be submitted with the next biennium budget request.

3. Problems and Issues:

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

None

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		Resources	Expenditures
	<u>FY 2007-08</u>	<u>Bargaining</u>	<u>Transfer (Out)</u>	<u>Restrictions</u>		
(Pos. Count)	(18.00)					(18.00)
Personal Services	754,486	29,335	(5,090)			778,731
Current Expenses	353,400		5,090			358,490
Financing Agreements						
Equipment						
Motor Vehicles						
Total	1,107,886	29,335				1,137,221
(Pos. Count)	(18.00)					(18.00)
General Fund	1,107,886	29,335				1,137,221

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

Savings due to delayed filing of vacant positions will be used to fund anticipated postage increase and increased cost to comply with new postage requirements.

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)	(18.00)		(18.00)
Personnel Services	754,486		754,486
Current Expense	353,400		353,400
Financing Agreements			
Equipment			
Motor Vehicles	_____	_____	_____
Total	1,107,886		1,107,886
(Pos. Count)	(18.00)		(18.00)
General Fund	1,107,886		1,107,886

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 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Recording and Reporting**

Program Structure Number:

11 02 02 03

Program I.D. and Title:

AGS 103 Recording and Reporting

Page Reference in the Supplemental Budget Document:

Volume 1, Pages 122-123

1. Introduction:

- a. Summary of program objectives.

The objective of the Recording and Reporting Program is to assure that the State's financial transactions are promptly and properly recorded and reported.

- b. Description of program objectives.

The program objectives are to record all receipt and disbursement of money and other accounting transactions; to administer statutes that restricts the expenditure of funds to the amount authorized by the legislature and made available through the allotment process; to keep accounting records of all state funds and report on the status and condition of those funds; and to prepare financial statements and reports.

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

The program intends to meet its objectives in the upcoming supplemental year with enhancements to the accounting system and the use of overtime, if necessary.

2. Program Performance Results:

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

The program achieved all its program objectives in FY07 except for the timely issuance of the State's Comprehensive Annual Financial Report (CAFR) because of the late completion of a component unit's financial statements.

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

The timely issuance of reports directly relate to the program objectives and mission of the department which is to strive for quality and consistency in the delivery of essential support services to other state departments and agencies.

- 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.

Program effectiveness is measured by the timeliness of the dissemination of financial information. Specific measures include the time it takes to publish or issue the Comprehensive Annual Financial Report and the quarterly reports to departments and agencies.

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

The program will strive to adhere to the time line and benchmark dates for the dissemination of financial information. The program will continue enhancements to the accounting system to increase the efficiency in the processing and recording of accounting transactions and the distribution of financial information.

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

Executive program structure changes (consolidation of AGS 101, 102, and 103 programs) were not approved by legislature. Changes to the program's performance measures will be submitted with the next biennium budget request.

3. Problems and Issues:

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

Reporting standards for state and local governments promulgated by the Governmental Accounting Standards Board (GASB) continues to impact the program. The GASB, the primary authoritative body on the application of generally accepted accounting principles (GAAP) for state and local governments, significantly changed the accounting and financial reporting with its GASB Statement No. 34.

The GASB Statement No. 34 requires additional government wide financial statements on an accrual basis, and a new Management's Discussion and Analysis, a short and long term analysis of the financial activities of the government. Recent GASB statements require the actuarial valuation and reporting of post employment health benefits costs.

The program has incurred extensive overtime in its efforts to conform with GAAP by performing a complex restatement of the budget-based accounting records to a GAAP-based format. This process has been highly successful, as evidenced by the unqualified opinion of the State's financial statements and the award of the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for the last eighteen years.

The preparation of the State's financial statements in accordance with generally accepted accounting principles (GAAP) and on a timely basis avoids the risk of a negative impact on Hawaii's bond rating. The lowering of the State's bond rating would result in additional bond debt interest costs.

- b. Program change recommendations to remedy problems.

The program expects to continue the current level of services to the departments and the public as well as to prepare the State's financial statements in conformity with GAAP with enhancements to the accounting system and the use of overtime, if necessary.

- 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 Resources	Estimated Expenditures
	Budget Act FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Restrictions		
(Pos. Count)	(11.00)				(11.00)	(11.00)
Personal Services	656,295	21,569			677,864	677,864
Current Expenses	142,827				142,827	142,827
Financing Agreements						
Equipment						
Motor Vehicles						
Total	799,122	21,569			820,691	820,691
(Pos. Count)	(11.00)				(11.00)	(11.00)
General Fund	799,122	21,569			820,691	820,691

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)	(11.00)		(11.00)
Personnel Services	656,295		656,295
Current Expense	142,827	90,000	232,827
Financing Agreements			
Equipment			
Motor Vehicles	_____	_____	_____
Total	799,122	90,000	889,122
(Pos. Count)	(11.00)		(11.00)
General Fund	799,122	90,000	889,122
(Pos. Count)			
Interdepartmental Transfers			
(Pos. Count)			
Revolving Fund			

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 \$90,000 is for additional cost of having an actuarial valuation for each employer group (i.e., 4 counties, Boards of Water of Honolulu and Big Island) serviced by the Employer-Union Trust Fund. The separate actuarial valuations is needed to meet GASB's reporting standards for the State's CAFR.

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

Other Current Expense
 Services on a Fee Basis \$90,000 (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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Internal Post-Audit Program**

Program Structure Number:

11 02 02 04

Program I.D. and Title:

AGS 104, Internal Post-Audit

Page Reference in the Supplemental Budget Document:

None.

1. Introduction:

a. Summary of program objectives.

To achieve complete compliance with the State Comptroller's established accounting procedures and internal control by the State's Executive departments and agencies through financial and compliance audits.

b. Description of program objectives.

The program objectives are:

- 1) To keep the average length of time (years) between audits (annual and non-annual) from exceeding five years.
- 2) To reduce the number of audit findings through the active follow-up of the implementation of action plans to resolve the audit findings.

The major activities to meet the program objectives include the following:

- 1) Ensure that certified public accountants (CPA) procured to provide audit services to State departments and agencies are qualified and that audit costs are reasonable.
- 2) The following types of audits are performed:
 - a) Annual audits required by statutes or external mandate.

- b) Annual audits by request.
 - c) State department and agency requests with urgent needs.
 - d) Audits of other departments and agencies not requiring annual audits but scheduled on a cyclical basis. These audits constitute the major part of the target group of this program.
- c. Explain how your program intends to meet its objectives within the upcoming supplemental year.

The program intends to meet its objectives as follows:

- 1) The program will monitor and ensure that all State departments, which are required to have an annual financial or single audit by statute or external mandate, have contracted the audits with CPAs.
- 2) Identify and evaluate that the CPAs procured to provide audit services to State departments and agencies are qualified and that audit costs are reasonable.
- 3) The program will schedule its staff to perform the annual count of cash and securities in the State Treasury, as required by Section 40-7, Hawaii Revised Statutes (HRS).
- 4) The program will schedule its staff to perform the annual financial audits requested by the State's Senate and the House of Representatives.
- 5) The program will schedule its staff to perform any department and agency requests with urgent needs, which are received during the fiscal biennium.
- 6) The program will schedule its staff to conduct internal audits of departments' financial transactions to determine the legality of expenditures and the accuracy of accounts, as required by Section 26-6, HRS.
- 7) The program will schedule its staff to conduct internal audits of departments' financial transactions to determine the departments' compliance with the State Comptroller's established accounting procedures and internal control, as required by Section 40-2, HRS.
- 8) The program will schedule its staff to conduct internal audits of the books of account kept by any public school in connection with

school fees and all other moneys collected by these schools, as required by Section 40-83, HRS.

- 9) The program will schedule its staff to conduct internal audits of the accounts and transactions of the clerks of the courts in their official capacity as guardians of the property of protected persons or as personal representatives of small estates, and report the results of the audit to the judges of the respective circuit courts, as required by Section 560:3-1214, HRS.
- 10) As time permits and funding is available, the program will contract with CPAs, on a cyclical basis, the audit of State departments that do not require an annual financial audit.

2. Program Performance Results:

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

There was no significant variance in the average length of time (years) between audits. This was attributable to the continuing completion of audits of public schools.

There was no significant variance in the number of annual and non-annual audits completed as a percentage of the number of annual and non-annual audits planned.

The program monitors the number of audit findings presented in the various audit reports of State departments and agencies. There was a significant decrease in the number of audit findings resolved as a percentage of audit findings. This was attributable to an increase in audit findings that required additional funds by State departments to resolve. Audit findings that did not require additional funds were resolved in FY07. The program could not actively follow-up on the implementation of action plans to resolve audit findings due to a shortage of qualified applicants to fill the vacant positions.

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

Timely audits ensure that State departments comply with established accounting procedures and internal control. The program's objective of keeping the average length of time (years) between audits (annual and non-annual) from exceeding five years is based on the timely completion of audits.

The number of audits completed each fiscal year has a direct relationship to the average length of time (years) between audits. The more audits completed annually each fiscal year, the shorter the average length of time (years) between audits and the less likelihood of a deterioration of the accounting system and internal control.

Resolving audit findings strengthen the accounting system and internal control to ensure that financial transactions are processed properly, correctly and summarized into reliable departmental financial statements. These financial statements assist State managers with their fiduciary responsibility in safekeeping State assets, effectiveness and efficiency of operations, and accomplishing their goals and objectives. This is the Department's mission with regards to accounting and auditing activities, which is to ensure fiscal integrity, accountability and efficiency in State government.

- 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 measures its effectiveness through the results achieved from planned program activities. In determining the measures of effectiveness, the program first identifies its target group and then plans its program activities for the fiscal year. The key activity is the number of audits completed during the fiscal year. From this, the measures of effectiveness are determined: (1) the percentage of the number of audits completed in relation to the number of audits planned for the fiscal year; (2) the average length of time (years) between audits is not greater than 5 years; (3) the percentage of the number of audit findings resolved in relation to the number of audit findings at the beginning of the fiscal year.

For FY07, there was no significant variance in the number of annual and non-annual audits of the program's target group. For FY07, the number of planned annual audits remained unchanged. For FY07, the number of planned non-annual audits increased due to smaller and less complex audits, which require less time and resources. The completion percentage is greater as the audits require less time to complete.

For FY07, there was a decrease in the number of audit findings resolved as a percentage of audit findings at the beginning of the year. The program's involvement was limited due to vacant positions and resulted in the deferral of the active follow-up of the implementation of action plans to resolve audit findings.

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

To keep the average length of time (years) between audits (annual and non-annual) from exceeding five years, the program plans to ensure that all of the annual financial audits required by statute or external mandate are completed each fiscal year. The program also plans to schedule as many annual requests for audits, requests with urgent needs, and non-annual audits on a cyclical basis as its staff can accommodate during the fiscal year. Additionally, the program will continue its efforts to reduce the number of hours needed to complete audits without sacrificing the quality of the audits and also provide its staff with an adequate level of training through accredited seminars and workshops as required by *Government Auditing Standards*.

To reduce the number of audit findings through the active follow-up of the implementation of action plans to resolve the audit findings, the program plans to recruit qualified individuals to fill the vacant positions.

- 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.

None.

- 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 Budget Act FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Restrictions	Available Resources	Estimated Expenditures
(Pos. Count)	(12.00)	...	...	...	(12.00)	(12.00)
Personnel Services	681,277	28,563	(5,350)	...	704,490	704,490
Current Expenses	7,717	...	5,250	...	12,967	12,967
Financing Agreements	...	...	...	...	...	...
Equipment	...	...	100	...	100	100
Motor Vehicles	...	...	...	...	...	...
Total	688,994	28,563	...	...	717,557	717,557
(Pos. Count)	(12.00)	...	...	...	(12.00)	(12.00)
General Fund	688,994	28,563	...	...	717,557	717,557

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

The program continues to encounter difficulty in recruiting for its vacant positions. Available senior auditors in the private and government sectors are scarce and the likelihood of filling the vacant positions in the first quarter was doubtful.

In FY06, the program recruited individuals at a lower auditor series level. The plan was to provide training to allow the individuals to function at the higher auditor series level. \$5,250 of personal services savings was used for training and \$100 was used to provide email access for the audit staff.

- 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)	(12.00)	...	(12.00)
Personnel Services	681,277	...	681,277
Current Expenses	7,717	...	7,717
Financing Agreements	...	...	...
Equipment	...	...	...
Motor Vehicles	_____...	_____...	_____...
Total	688,994	...	688,994
(Pos. Count)	(12.00)	...	(12.00)
General Fund	688,994	...	688,994

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 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Archives-Records Management**

Program Structure Number:

11 03 03

Program I.D. and Title:

AGS 111 Archives-Records Management

Page Reference in the Supplemental Budget Document:

None

1. Introduction:

a. Summary of program objectives.

To foster open government by preserving and making accessible the historic records and artifacts of state government and partnering with state agencies to manage their active and inactive records. To facilitate the management of government records by evaluating, storing and disposing of records and setting policies thereon, and by identifying, preserving and providing access to records of permanent value.

b. Description of program objectives.

The Archives Division-Records Management Program provides logistical, technical and professional support to all state agencies by:

1. Collecting, preserving, and managing Hawaii's historical government records and providing access to these records in a centralized repository and through online systems;
2. Providing consultant services for records control by inventorying, evaluating and determining final disposition of records in state agencies;
3. Providing a low-cost records storage warehouse facility for inactive, non-permanent records of state government; and

4. Storing and inspecting master/security microforms for safekeeping.
- c. Explain how your program intends to meet its objectives in the upcoming supplemental year.
1. Currently the Archives provides limited access to its collections through description and cataloging of its records on the University of Hawaii Library's bibliographic database Hawaii Voyager and a partnership with Alu Like through their Ulukau website for its genealogical indexes. Two new positions have been established and are in the process of being recruited. These positions will greatly augment our capacity to make Archives collections available on the web.
 2. Contract a consultant to plan for a digital archives to manage government electronic records of enduring legal and historical significance.
 3. Development and revision of records retention/disposition schedules for executive agencies and expand records management information posted on the state's intranet website.
 4. Continue to study and coordinate electronic records preservation initiatives.
 5. Cost-effective management of the State Records Center.

2. Program Performance Results:

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

In FY 2007, the State Archives served 11,494 researchers; accessioned 112 cubic feet of government records and special collections; described 196 cubic feet of government archives and private manuscripts; and retrieved 23,252 records. The Records Management Branch scheduled 23 records series. The State Records Center accepted 5,304 cubic feet of non-current records for storage, received 3,724 retrieval requests, and coordinated disposal of 5,429 cubic feet of records.

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

The program continues to satisfy both public and agency needs for services that are consistent with the department's objectives to strive for quality and consistency in the delivery of essential support services to other state departments and agencies.

- 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 met established benchmarks for retrieving records, responding to e-mail and other reference requests.

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

1. The State Archives prioritizes its resources by acquiring, preserving, and describing non-current government records of long-term, enduring value. It selectively accepts private manuscript materials.
2. The State Archives continues to be part of the University of Hawaii Library's online library, which is accessible via the Internet to increase access to its unique collections of government archives and private manuscripts.
3. The State Archives continues to add information to their intranet website to assist state agencies with their records management questions and activities.
4. The State Archives continues its private-government partnerships with Alu Like for access to genealogical indexes through their Ulukau website and with the University of Hawaii Law Library and the Law Library Microform Consortium to make Hawaii's printed laws and other legal records available online.

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

Beginning in FY2007, we have significantly modified our performance measures to more accurately describe our desired results, customer needs, target groups and activities.

3. Problems and Issues:

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

At the Historical Records Branch a Clerk-Typist II position has been vacant since May 2006 and we have interviewed from six lists without any viable candidates. A second Clerk-Typist II position became vacant in June 2007. Both positions are filled by emergency hires as these essential positions work directly with the public retrieving records, processing requests, and handling collections and cannot be vacant without impacting service to the public. An Archivist III position became vacant in January 2007 due to failure to pass probation.

The long term illness of two staff members (one archivist and one clerical supervisor) in the Records Management Branch continues to adversely impact the program.

- b. Program change recommendations to remedy problems.

We temporarily assigned archivists from the Historic Records Branch to cover the retirement of the Archivist IV at the Records Management Branch until we can hire a replacement. We are filling vacancies with temporary hires to alleviate some shortages, but vacancies due to illness remain a problem.

- 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 Budget Act FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Restrictions	Available Resources	Estimated Expenditures
(Pos. Count)	(20.00)				(20.00)	(20.00)
Personal Services	827,291	26,830	-24,489		829,632	829,632
Current Expenses	174,118		7,889		182,007	182,007
Financing Agreements						
Equipment	68,100		16,600		84,700	84,700
Motor Vehicles						
Total	1,069,509	26,830	0	0	1,096,339	1,096,339
(Pos. Count)	(20.00)				(20.00)	(20.00)
General Fund	1,069,509	26,830	0	0	1,096,339	1,096,339

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

Transfer salary savings due to delay in hiring and vacancy savings. A portion of the savings will be used to purchase a digital microfilm scanner to replace aging microfilm reader-printer, as well as additional hardware, software and furniture to support our digital initiative.

- 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:

	<u>Act 213/07</u> <u>FY 2009</u>	<u>Budget</u> <u>Adjustment</u> <u>FY 2009</u>	<u>Supplemental</u> <u>Budget</u> <u>FY 2009</u>
(Pos. Count)	(20.00)		(20.00)
Personnel Services	840,128		840,128
Current Expense	56,118		56,118
Financing Agreements			
Equipment	3,000		3,000
Motor Vehicles	<hr/>		<hr/>
Total	899,246	0	899,246
(Pos. Count)	(20.00)		(20.00)
General Fund	899,246		899,246
(Pos. Count)			
Interdepartmental Transfers			
(Pos. Count)			
Revolving Fund			

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 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 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)			(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	\$ 25,000 (A)
Total Other Current Expense	\$150,000 (A)

Equipment

Video Equipment	\$120,000 (A)
Miscellaneous Accessories	\$ 5,000 (A)
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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
State Risk Management and Insurance Administration**

Program Structure Number:

11 03 07 02

Program I.D. and Title:

AGS 203 State Risk Management and Insurance Administration

Page Reference in the Supplemental Budget Document:

None.

1. Introduction:

- a. Summary of program objectives.

The objective of this Program is to operate a comprehensive risk management and insurance program to protect the State against catastrophic losses and to minimize total cost of risk.

- b. Description of program objectives.

The Program identifies and analyzes the State's loss exposures, determines risks that should be self-insured versus commercially insured, purchases applicable statewide property, crime and liability insurance policies with cost effective terms, and develops 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 \$10,000, adjusts property losses and automobile claims, 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.

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

The Program plans to continue to perform as set forth in 1.b. The Program purchases Statewide property, excess liability, and crime insurance to protect the State against catastrophic losses. In addition, the Program processes approximately 900 tort claims, 100 property claims, and 350 automobile claims annually. All claims adjusting is performed in-house which has reduced the cost to adjust claims and improved quality and productivity. Loss control and risk assessment services are provided by the State's insurance broker in connection with Program.

The cost allocation system was first implemented in FY 01 and assessments were issued to all agencies. The methodology was revised in FY 07 to have the assessments for all general fund agencies, with the exception of the Department of Education, the University of Hawaii, the Judiciary and the Legislature, to be budgeted by the Program for greater efficiency. The Program continues to assess and collect from special or trust fund agencies their costs of risk through a revised cost allocation system. See 2.d. for details.

Statewide property, crime, and liability insurance continues to be purchased to protect against catastrophic losses through cost effective terms.

Loss control services and training sessions for the departmental risk management coordinators by the insurance broker in connection with the Program will be conducted to assist the State in protecting its assets, providing a safe environment and ensuring uninterrupted service to the public.

2. Program Performance Results:

- a. Discuss the performance results achieved by each program in FY 07.

The cost of property insurance had another significant increase in FY 07 from \$8 million to \$12.3 million. The increase is a direct result of insured losses from hurricanes Katrina and Rita, as well as the State's own loss history of five (5) major fire losses (FY 05 and FY 06), the October 30, 2004 flood, and the October 15, 2006

earthquake losses. The property insurance coverage limit of \$100 million remained the same as the prior year, with a reduction in flood and quake coverage from \$50 million to \$40 million. The deductible increased in FY 07 for fire and losses other than named windstorm, flood, and earthquake from \$250,000 per occurrence to \$1 million per occurrence. The deductibles for named windstorm, flood and earthquake remained the same at 3% of the value of each building damaged and increased the minimum deductible from \$250,000 to \$1 million per occurrence, with no maximum deductible.

The cost of liability insurance increased slightly from \$1.5 to \$1.7 million in FY 07, with a decrease in the self-insured retention from \$4 million to \$3 million. The coverage remained at \$10 million per occurrence and was improved to include coverage for liability arising from State-owned dams or inspections of non-owned dams.

Crime insurance continued to remain stable, with the coverage at \$10 million per occurrence and the deductible at \$500,000 per occurrence. The premium in FY 07 had a slight reduction from \$152,000 to \$149,000.

The Program continues to update data through property survey forms on the State's property inventory to provide a portfolio of property covered and estimated replacement cost. This process was started in FY 05 and is an ongoing project that provides information regarding the State's buildings and contents and is crucial for the marketing and pricing of property insurance. It is also useful in the event of large loss claims to determine the deductible amounts and possible insurance coverage.

All claims adjusting services were done in-house and continues to keep these costs reduced without compromising quality and productivity.

Four training workshops were conducted in FY 07, two of which were on Maui and Hawaii. In addition, the Program continued to have frequent contacts to the various departments and agencies to reinforce methods to keep losses to a minimum. An electronic information newsletter continues to be distributed that provides loss control and insurance information. The newsletter had three issues in FY 07. Fifteen property and risk assessments were conducted in FY 07.

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

The performance results of the Program are consistent with the objectives and mission of the department, which are to plan, direct and conduct centralized risk management and insurance for the State government.

- 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 measures of effectiveness are comprehensive, therefore, other than PPB Measures of Effectiveness, no other measurements are used by the Program. The variances in measures of effectiveness were consistent with the volatile nature of losses.

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

The Risk Management Cost Allocation process was streamlined by consolidating the budget of 19 general fund agencies into one, with the exception of the Department of Education (DOE), the University of Hawaii (UH), and the Judiciary (JUD). The revision achieved four key objectives:

- a) Reduced the budget preparation of 18 agencies.
- b) Simplified the process of calculating annual risk management costs.
- c) Allocations are still billed and collected from non-general fund agencies, and the DOE, UH and JUD.
- d) Reduced the emphasis on losses that the agencies have little or no control (i.e. natural disasters, arson, etc.) and increases the emphasis on the departments' replacement cost values of buildings, contents, and equipment.

The Program implemented a \$5,000 deductible on property losses that are determined to be preventable as a disincentive to prevent

these types of losses.

The procedures to investigate and process pothole claims were changed to achieve more prompt resolution time, from a minimum of 90 days to less than 60 days.

Changes in the processing of claim payments by automated interfaces between the Program's claims management system, FMS, and FAMIS were implemented and requires only a fourth of the data entry time by reducing double data entry by clerks in both the Risk Management Office and Administrative Services Office. In addition, it reduced the time to mail checks out to claimants by several days since the checks are mailed directly from the accounting division. Overall this resulted in an average reduction in the processing time by 5 - 7 days.

Quarterly reports detailing the department's claim activities were developed and implemented for FY 08. This allows departments to review their activity and take appropriate preventative measures to reduce losses.

Workshops will continue to be conducted to educate state departments about the services that the Program provides (ie: insurance for contracts, property loss claims, disaster recovery training, loss control, etc.)

The Program has frequent contact with the various departmental risk management coordinators and provides technical assistance in methods to prevent losses.

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

No additional modifications to the program's performance measures were made.

3. Problems and Issues:

- a. Discussion of problems and issues encountered, if any.
 - 1. The cost of property insurance will continue to fluctuate depending upon several factors: the impact of hurricanes worldwide, catastrophic fires and earthquakes; the State's

own loss history; and the State's increase in replacement cost values for its buildings, contents and equipment. Events such as hurricanes Katrina and Rita, 5 major school losses (in FY 05 and FY 06), the October 30, 2004 Manoa flood, and the October 15, 2006 earthquake impact the property insurance premium. The increase in FY 07 was from \$8 million to \$12.3 million. The property coverage remained the same at \$100 million and reduced from \$50 million for flood and quake to \$40 million. In FY 08, the property insurance improved over FY 07 with an increase in coverage from \$100 million to \$175 million, including flood and quake with a premium reduction from \$12.3 million to \$11.1 million. The deductible amount remained at \$1 million per occurrence. The deductibles for named windstorm, flood and earthquake remained the same at 3% of the value of each building damaged, with a minimum deductible of \$1 million per occurrence and no maximum deductible. The improved coverage and premium were the result of a general improvement of the insurance markets as well as seeking London based insurance companies for the State's risk.

In FY 07 liability coverage remained at \$10 million per occurrence, however, the self-insured retention decreased from \$4 million to \$3 million per occurrence. The premium increased from \$1.5 to \$1.7 million. In FY 08 the deductible was increased to \$4 million from \$3 million with a decrease in premium from \$1.7 to \$1.2 million.

Crime insurance coverage remained the same in FY 07 at \$10,000,000 per loss, with a \$500,000 deductible. The premium cost reduced by slightly from \$149,000 to \$147,000 in FY 08.

b. Program change recommendations to remedy problems.

Consider amending Chapter 41D, Hawaii Revised Statutes to allow flexibility in the spending ceiling to account for the volatile nature of insurance premiums.

- 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.

Although FY 08 provided improved insurance coverage and premiums for all of the policies, it should be noted that both coverage and insurance premiums can change drastically depending upon worldwide events, such as hurricanes, catastrophic fires, floods, and earthquakes.

4. Expenditures for Fiscal Year 2008:

	Appropriation Budget Act <u>FY 2007-08</u>	Collective <u>Bargaining</u>	Transfer In Transfer <u>(Out)</u>	<u>Restrictions</u>	Available <u>Resources</u>	Estimated <u>Expenditures</u>
(Pos Count)	(4.00)				(4.00)	(4.00)
Personal Services	205,505	7,560			213,065	213,065
Current Expenses	25,726,502				25,726,502	25,726,502
Financing Agreements						
Equipment						
Motor Vehicles						
Total	25,932,007	7,560			25,939,567	25,939,567
Less:						
(Pos Count)	(0)				(0)	(0)
Revolving Fund	21,450,000				21,450,000	21,450,000
(Pos Count)	(4.00)				(4.00)	(4.00)
General Fund	4,482,007	7,560			4,489,567	4,489,567

- 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>	Supplement Budget <u>FY 2009</u>
(Pos Count)	(4.00)		(4.00)
Personal Services	205,505		205,505
Current Expenses	25,271,975		25,271,975
Financing Agreements	0	0	0
Equipment	0	0	0
Motor Vehicles	0	0	0
	<hr/>	<hr/>	<hr/>
Total	25,477,480		25,477,480
(Pos Count)	(0)		(0)
Revolving Fund	21,450,000		21,450,000
(Pos Count)	(4.00)		(4.00)
General Fund	4,027,480		4,027,480

- a. Workload or program request:

- i. A description of the request, 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 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Land Survey**

Program Structure Number:

11 03 07 03

Program I.D. and Title:

AGS 211 Land Survey

Page Reference in the Supplemental Budget Document:

None

1. Introduction:

- a. Summary of program objectives.

The objective of the Land Survey Program is to assist in protecting the rights of public and private land ownership by providing field survey services and descriptions of surveyed lands.

- b. Description of program objectives.

Check and process all Land Court and File Plan maps referred by the Land Court and the Bureau of Conveyances prior to being adjudicated and recorded (Sections 506 and 502 H.R.S.).

Provide extensive reports for each quiet title action referred to the Division by the State Attorney General. Considerable research and analysis is undertaken paying special attention to protecting the Government and Public Interest (Section 669 H.R.S.).

Provide maps and descriptions of all Government and selected private lands as a service to State agencies that require survey and technical assistance. All requests are authorized by the Government Board or Commission of the requesting agency (Sections 26-6 and 107-3 H.R.S.).

Provide statewide field survey to State agencies requesting Survey's assistance.

Review all shoreline certifications statewide submitted to the Division by the Department of Land and Natural Resources and recommendation for approval or rejection is forwarded to the Chairman, Board of Land and Natural Resources (Chapter 12-222, HAR, DLNR).

Maintain a depository for all Government survey records and other historic maps, field books, calculation and other survey information for public records.

Provide copies of maps and descriptions and other map products to Government agencies, private sectors and individuals.

Provide counter service to the general public regarding survey matters.

Maintain and establish survey triangulation stations statewide and provide information to other agencies and to the public.

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

Current staffing has resulted in having the Program prioritize its workload based on the core functions that are mandated by statutes and administrative rules.

One licensed surveyor has been hired on an 89-day appointment for this fiscal year to help alleviate the backlog of work until the position is filled.

2. Program Performance Results:

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

The Program continues to maintain a high rate in completing its various mandated functions. With the help of 2 part time contract surveyors in FY07, the Program was able to reduce the backlog of requests down from six months to four months.

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

Survey services provided by the Program for other Government agencies consists of various purposes such as executive orders, general leases, grant of easements, exchanges, transfers and sale of Government lands. The Program provides the maps and descriptions for all Government agencies conveyances.

The Program also provides boundary and topographic field surveys for government projects such as homeless shelters and various public school campus improvements.

- 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.

Survey Program effectiveness was measured by the percentage of completion for functions of the Division in FY06. Completion rates were as follows:

	FY 2006
Field Survey	100%
Request for Maps and Description	100%
Process Land Court and File Plan Maps	100%
Shoreline Certification	100%

The Program met and exceeded its goal in FY06.

Survey Program effectiveness is now measured by the percentage of completion and average completion time for functions of the Division. Completion rates are as follows:

	FY07 Planned	FY07 Actual
Maps and Description (%)	80	100
Maps and Description (days)	15	22
Field Survey (days)	15	24
Process Land Court Maps (days)	15	24
Shoreline Certification (days)	40	42

The program completed 100% of requests but spent 30% more time than planned to complete the requests. Larger, more complex requests and delayed responses from private surveyors attributed to the majority of the delays.

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

The staff and workload are regularly evaluated and to achieve the best results, the work is assigned according to the individual's strengths.

Survey Division staff continue to work overtime. Overtime is funded by the Department of Land and Natural Resources.

The Program has retained 2 licensed surveyors on personal services contracts for FY07 to help alleviate the backlog of work.

All of the above actions have contributed to the increase in the program completion percentage of requests for maps and descriptions from 63% in FY02 to 100% in FY06 and FY07.

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

Performance measures for the fiscal Biennium 2007-09 were modified from completion percentage to completion time in days for most of the Survey Program functions. Measuring the average turnaround time for requests more accurately measures the Program's effectiveness.

3. **Problems and Issues:**

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

Recruitment of licensed surveyors continue to be a problem. A shortage of licensed surveyors throughout the state, including the private sector, results in difficulty in recruiting qualified applicants. The salaries for licensed surveyors are not competitive with the private sector and the Program does not have the budget to pursue an increase in shortage differential to make the salaries competitive.

- 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.

Retirement of experienced and key staff poses a problem for the Program. Ten employees retired within the past four fiscal years of which 7 of the retirees averaged 35 years of service. Two more senior land surveyors with an average of 32 years of service anticipate retiring in 2008. The other 14 employees average 4 years of service in the Survey Division. Filling vacated positions and training employees is a priority.

4. Expenditures for Fiscal Year 2008:

	Appropriation Budget Act FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Restrictions	Available Resources	Estimated Expenditures
(Pos. Count)	(17.00)				(17.00)	(17.00)
Personal Services	819,679	25,772	-22162	---	823,289	823,289
Current Expenses	327802	---	22162	---	349,964	349,964
Financing	---	---	---	---	---	---
Agreements						
Equipment	---	---	---	---	---	---
Motor Vehicles	---	---	---	---	---	---
Total	1,147,481	25,772	---	---	1,173,253	1,173,253
Less: (Pos. Count)						
Interdepartmental Transfers	285,000				285,000	285,000
(Pos. Count)	(17.00)				(17.00)	(17.00)
General Fund	862,481	25772	---	---	888,253	888,253

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

Transfer of \$22,162 to fund 1/3 of the Shoreline Specialist position. The Shoreline Specialist position was created by a tri-party agreement between the Department of Accounting and General Services (DAGS), the Department of Land and Natural Resources (DLNR) and the University of Hawaii at Manoa Sea Grant College Program (UH) to help implement the new policies and practices of DLNR, DAGS and UH in the area of shoreline morphodynamics and coastal natural hazards. The Shoreline Specialist is a position in the UH program and assists the State Land Surveyor in reviewing shoreline applications, coordinating and conducting site visits, and determining shorelines required by Chapter 13-222 of the Hawaii Administrative Rules.

- 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)	(17.00)	---	(17.00)
Personnel Services	819,679	---	819,679
Current Expense	327,802	---	327,802
Financing Agreements	---	---	---
Equipment	---	---	---
Motor Vehicles	---	---	---
Total	1,147,481	---	1,147,481
(Pos. Count)	(17.00)		(17.00)
General Fund	862,481	---	862,481
(Pos. Count) Interdepartmental Transfers	285,000		285,000

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.

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 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Public Works – Planning, Design, and Construction Program**

Program Structure Number:

11 03 08 01

Program I.D. and Title:

AGS 221 Public Works – Planning, Design, and Construction

Page Reference in the Supplemental Budget Document:

Volume I, Pages 126-127; 141-144 (CIP)

1. Introduction:

a. Summary of program objectives.

The objective of the program is to ensure development of approved physical facilities and improvements necessary for the effective operation of State programs by providing timely and economical design and construction services within assigned areas of responsibility.

b. Description of program objectives.

The program provides centralized architectural and engineering services to agencies of the Executive Branch of the State, and to the Judicial and Legislative branches, county governments, and others, upon request.

Program activities include preparing site selection studies; coordinating site acquisitions; master planning proposed site improvements; designing and constructing buildings, facilities and other improvements; acquiring furniture and equipment for these projects; and implementing other operating and Capital Improvement Program (CIP) projects where DAGS is designated as the expending agency or when projects are delegated to DAGS.

The program strives to acquire quality new construction and reconstruction of facilities and to improve its construction/project management program in order to meet all requirements and users' needs within time and within budget, and to obtain the best value for expenditure of public funds for the above activities.

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

To meet its objectives, the program will utilize a staff of licensed professional architects and engineers in conjunction with other trained staff including building construction inspectors and administrative, managerial, and clerical support staff. It will also obtain services of private architectural and engineering consultants for specific projects. In addition, the program uses computer technology and reference tools, such as software, libraries and on-line resources, to obtain and disseminate information; provides training for user agency staffs, in-house staff and consultants, contractors, and others involved in the construction processes; keeps in contact with designers, contractors, suppliers, regulatory agencies and users for latest trends, materials, supplies, and methods; monitors project status; and documents performance measures.

2. Program Performance Results:

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

The Public Works Program compares target or planned performance measures to actual results and analyzes internal and external trends that have an effect on the program's measures, such as the health of the State's economy and its effects on the program, the availability of materials, supplies, fuel, utility costs, and a stable labor workforce; efficiency, effectiveness, and productivity of the program, workload, and the dollar amount of CIP projects directed to the Public Works Program.

In FY07, the program opened bids within .5 months from the planned bid opening date. Construction estimates amounted to 82% of actual average bid prices received. Change orders increased from a planned 1% of construction costs to an actual average of 10% of construction costs during this period, due to unforeseen conditions uncovered during progress of construction, increased government requirements, and a change to the parameters of data collection from capturing non-user change orders only to expanding it to listing all change orders.

The program requested \$53.7 million in CIP funding, and received appropriations totaling \$46.1 million, for an 86% request to actual percentage.

Additionally in FY07, the program managed \$387 million in total costs of facilities or projects under design and \$230 million in projects under construction during the fiscal year.

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

The DAGS mission statement as it pertains to this division provides for "efficient and cost effective (centralized) services to State Departments and agencies...(for) planning, design, engineering and construction of public works projects...."

The performance measures reflect program efficiency and effectiveness in providing these centralized professional services to the Division, the Department, and other agencies and clients throughout the State in a timely, appropriate and economical 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.

Program effectiveness is measured by analyses and comparisons of data summaries contained in accounting and expenditure reports, audit reports, the program's internal database systems, economic forecasts, and evaluations by users, and results are compared with benchmarks or targets.

The program performance results for the last two years reflect responsiveness to clients' needs, greater oversight in maintaining State facilities, earlier project implementation, and careful review of change orders. Two measures were revised and one new measure added in FY07, so a direct comparison of all measures is not realistic.

Basically, bids were opened faster, or on the average within 15 days of estimated bid opening dates in FY07 and within 60 days in FY06. Construction estimates amounted to 82% of average bid prices received in FY07, down from 96% in FY06, indicating a healthy construction economy, where the quantities of available projects allow bidders to pick and choose jobs. Projects were completed earlier, within three months of the estimated construction completion dates in FY07, and within 5 months in FY06.

The average cost of all change orders as a percentage of the average actual construction cost was 10% in FY 07. In FY 06, user-requested change orders amounted to only .68%, as the measure captured a smaller base of information.

There was no measure established for % of funds actually appropriated in FY06. In FY07, the program secured 86% or \$46.1 million of its total CIP budget request of \$53.7 million.

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

Program staff continue to coordinate with State and county regulatory agencies to reduce review and approval time through a clear understanding of requirements. We provide training to customer agencies, consultants, contractors, interested professional and trade organizations, and promote effective communication with user agencies, contractors and community members, before, during, and after completion of projects. We offer training opportunities to staff.

The program posts on its Internet website, information on current and future bid availability, bid results, bid awards, and other program information to increase communication within the program and with others interested in doing business with Public Works.

Electronic bid sets are provided on compact disks and are also downloadable from the Internet website, resulting in convenience to bidders through reduced travel, staff, and fuel costs, and reduced production costs for bid documents, storage space, mailing costs and staff time for the program.

Project evaluations are made at the end of each project, with input from all stakeholders, including user agencies, design consultants, contractors, and staff. A "lessons learned" database was also developed to share causes and solutions to problems.

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

The program made the following changes to its Measures of Effectiveness for the Fiscal Biennium 2007-09 period:

- 1) For the variance between original estimated bid opening dates and the actual bid opening dates, the criteria for projects selected was changed from projects completed during the fiscal year to projects with bids opened during the year, to capture data that is more recent;
- 2) For the variance between the average pre-bid construction estimate as a percentage of the average bid price, the criteria was changed from projects completed in the fiscal year to projects with bids opened during the year, to compare more current construction industry bidding trends rather than compare data from up to three years prior to bid opening when design estimates were formulated.
- 3) For the variance between the estimated and actual construction completion dates, the base measure was changed from the original estimated completion date in initial meetings with users, to the estimated completion date determined during progress of the work,

in order to reflect the program's timeliness during the construction phase of projects. The new base measure is more realistic than the previous measure, and should provide more accurate and meaningful results. The measure tracks effectiveness of construction oversight by staff, accuracy of designer projections, and contractor efficiency and reliability;

- 4) For the variance of the average cost of change orders as a percentage of average actual construction costs, the measure was changed to all change orders rather than measuring only non-user change orders, and the goal of change orders not exceeding more than 3% of total construction costs was deleted. The revision measures contractor and staff efficiency and designer effectiveness. The 3% was deleted in the description as a goal should be more appropriately placed in the "planned" field, recent variances have been less than 3%, and the number is outmoded as it was set when the variance was much higher and has now been achieved;
- 5) A new measure was added to track the percentage of funds actually appropriated to the total CIP funding requested in each year. The measure will show the effectiveness of the program in securing funding for the department's priorities and goals, as measured by the program's planned projections against actual project appropriations received.

The target group of repairs and maintenance of public schools was deleted as it is no longer a function of DAGS.

3. Problems and Issues:

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

The program continues to work with other agencies to plan, design, and construct physical shelters to house homeless persons statewide, while maintaining its workload and current staffing. No additional funding or positions are being requested at this time.

- 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:

	<u>Appropriation Budget Act FY 2007-08</u>	<u>Collective Bargaining</u>	<u>Transfer In Transfer (Out)</u>	<u>Restrictions</u>	<u>Available Resources</u>	<u>Estimated Expenditures</u>
(Pos. Count)	(16.00)				(16.00)	(16.00)
Personal Services	2,492,415	39,376	(12,644)	...	2,519,147	2,519,147
Current Expenses	3,050,000	...	...	...	3,050,000	3,050,000
Financing Agreements	...	...	...	...	...	...
Equipment	...	...	12,644	...	12,644	12,644
Motor Vehicles	...	...	...	...	...	...
Total	5,542,415	39,376	0	...	5,581,791	5,581,791
Less: (Pos. Count)	(0.00)				(0.00)	(0.00)
Revolving	4,000,000	...	...	...	4,000,000	4,000,000
(Pos. Count)	(16.00)				(16.00)	(16.00)
General Fund	1,542,415	39,376	0	...	1,581,791	1,581,791

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

\$12,644 in projected savings was transferred to Equipment to purchase replacement personal computer hardware and software to upgrade obsolete systems. Impact expected is increased productivity.

- 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:

	<u>Act 213/07</u> <u>FY 2009</u>	<u>Budget</u> <u>Adjustment</u> <u>FY 2009</u>	<u>Supplemental</u> <u>Budget</u> <u>Requirements</u>
(Pos. Count)	(16.00)		(16.00)
Personnel Services	2,492,415	...	2,492,415
Current Expenses	2,650,000	...	2,650,000
Financing Agreements	...	...	...
Equipment	...	...	...
Motor Vehicles	...	...	...
Total	<u>5,142,415</u>	<u>0</u>	<u>5,142,415</u>
(Pos. Count)	(16.00)		(16.00)
General Fund	1,142,415	...	1,142,415
(Pos. Count)	(0.00)		(0.00)
Revolving Fund	4,000,000	...	4,000,000

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

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 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:

See Appendix A attached.

8. Proposed Lapses of CIP Projects:

See Appendix B attached.

APPENDIX A

**SECTION 7. CAPITAL IMPROVEMENT PROGRAM (CIP) REQUESTS
FOR FISCAL YEAR 2009**

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

AGS 221 PUBLIC WORKS – PLANNING, DESIGN, AND CONSTRUCTION
AGS 889 SPECTATOR EVENTS AND SHOWS – ALOHA STADIUM

LIST OF EXECUTIVE BUDGET RECOMMENDATIONS

Priority	Prog ID	CIP No.	Project Title	FY 2009* (IN 000's)	MOF
1	AGS221	Q101	LUMP SUM MAINTENANCE OF EXISTING FACILITIES, PUBLIC WORKS DIVISION, STATEWIDE	10,000	C
2	AGS221	P60131	ENERGY CONSERVATION IMPROVEMENTS, STATEWIDE	10,500	C
3	AGS889	Q104	LUMP SUM HEALTH & SAFETY, ALOHA STADIUM, OAHU	25,850	C
4	AGS221	P104	WASHINGTON PLACE, HEALTH AND SAFETY AND QUEEN'S GALLERY RENOVATION, OAHU	4,900	C
5	AGS221	Q107	OPERATIONAL ASSETS MANAGEMENT – KONA CIVIC CENTER, HAWAII	3,000	C
6	AGS221	R102	STATE CAPITOL BLDG, REPLACE LINING & CIRC SYS IN REFLECTING POOLS AND OTHER IMPRVMNTS, OAHU	7,900	C

* Does not include amounts appropriated for FY 09 in Act 213, SLH 2007.

TOTAL: 62,150

BY MOF (IN 000's)

C: GENERAL OBLIGATION BOND FUND: 62,150

B: SPECIAL FUND: 0

TOTAL: 62,150

BY PROGRAM ID (IN 000's)

AGS 221 36,300

AGS 889 25,850

TOTAL: 62,150

- Project Title and Description of Project:

Project Title: Lump Sum Maintenance of Existing Facilities, Public Works Division, Statewide

Project Description: Plans, design, construction and equipment for improvements and maintenance of public facilities and sites, statewide. Projects may include roofing, other repairs, and improvements.

- Financial Requirements by Project Phase and Means of Finance:

	<u>Past Appropriations</u>	<u>FY 2009 Supplemental Budget</u>	<u>Future Appropriations</u>
Plans	\$300,000	\$645,000	\$6,400,000
Land	\$1,000	\$2,000	\$6,000
Design	\$700,000	\$1,504,000	\$8,700,000
Const.	\$3,600,000	\$7,715,000	\$82,494,000
Equip.	<u>\$399,000</u>	<u>\$134,000</u>	<u>\$600,000</u>
	\$5,000,000	\$10,000,000	\$98,200,000
Means of Finance	\$5,000,000 C	\$10,000,000 C	\$98,200,000 C

- Explanation and Scope of Project:

Building systems and sites will receive necessary major upgrades and maintenance that is required to protect our facilities and occupants from damage or injury due to deteriorated conditions. Repair/upgrade will be more comprehensive than would be possible under routine maintenance and will help allay larger costs to address future failure if nothing is done. Future maintenance costs to repair items such as air conditioning systems, leaking roofs and leaking fire sprinkler pipes in public facilities will be eliminated for those facilities that receive work. These projects will reduce the State's exposure to lawsuits and their associated costs and required manpower requirements.

- Justification for the Project:

These construction projects are essential to maintain DAGS-managed public facilities. The operational life span of many of our building systems has long-passed, and costs continue to escalate to maintain the obsolete systems.

Failure of obsolete systems that are beyond repair pose health and safety risks for facility occupants. Urgent health and safety and court mandates needs are included in this lump sum fund. This project will also ensure that those systems that are not being immediately replaced or upgraded will continue to function. Just as importantly, this project will be the stepping stone to allowing DAGS to proactively properly maintain all systems to protect our asset inventory.

- Senate and House District for the Project:

Senate District: 00

House District: 000

- Project Title and Description of Project:

Project Title: Energy Conservation Improvements, Statewide

- Project Description: Plans, design, construction and equipment for development and implementation of a comprehensive energy conservation plan to maximize energy efficiency in public facilities and operations.
- Financial Requirements by Project Phase and Means of Finance:

	<u>Past Appropriations</u>	<u>FY 2009 Supplemental Budget</u>	<u>Future Appropriations</u>
Plans	\$1,701,000	\$1,700,000	\$2,400,000
Land	\$0	\$0	\$0
Design	\$1,401,000	\$1,400,000	\$2,400,000
Const.	\$10,887,000	\$7,390,000	\$14,340,000
Equip.	\$11,000	\$10,000	\$60,000
	<u>\$14,000,000</u>	<u>\$10,500,000</u>	<u>\$19,200,000</u>
Means of Finance	\$14,000,000 C	\$10,500,000 C	\$19,200,000 C

- Explanation and Scope of Project:

Building occupants will benefit from improvements to the buildings' systems, especially those that affect the working environment. Retrocommissioning, lighting improvements, window treatments, LEED initiatives and continuing development of the departmental energy conservation plan will include such issues as indoor air quality, sustainability, and protection of non-renewable resources. The energy conservation program will provide guidance to assess and monitor facilities' energy consumption as well as implementation methods for reducing use of non-renewable resources.

- Justification for the Project:

This program includes work necessary for: retro-commissioning; upgrading lighting systems controls; installation of window treatments; LEED initiatives; conducting energy-use surveys for existing facilities to upgrade facility

management policies to include the latest initiatives for conserving energy and non-renewable resources; and implementation of these policies to maximize energy conservation benefits and to meet the mandates of Act 77, SLH 2002.

Overall, the resultant improvements will help create a better working environment for building occupants, and they will target providing the long-term benefit of conserving non-renewable resources. For those facility systems receiving energy-related improvements, the goal is to reduce non-renewable energy consumption by 20% compared to what may have been consumed if conservation efforts were not implemented.

- Senate and House District for the Project:

Senate District: 00

House District: 000

- Project Title and Description of Project:

Project Title: Lump Sum Health and Safety, Aloha Stadium, Oahu

Project Description: Plans, design, construction, and equipment for the mitigation/elimination of conditions that may become hazardous to health and safety, including repairs, alterations, and improvements to the Aloha Stadium to meet code, safety, and/or operational requirements.

- Financial Requirements by Project Phase and Means of Finance:

	<u>Past Appropriations</u>	<u>FY 2009 Supplemental Budget</u>	<u>Future Appropriations</u>
Plans	\$1,000	\$1,870,000	\$0
Land	\$0	\$0	\$0
Design	\$549,000	\$11,330,000	\$2,822,000
Const.	\$11,880,000	\$12,650,000	\$142,956,000
Equip.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	\$12,430,000	\$25,850,000	\$145,778,000
Means of Finance	\$12,430,000 C	\$25,850,000 C	\$145,778,000 C

- Explanation and Scope of Project:

This project will repair and upgrade existing facility systems essential to the continued safe use of the stadium by the public for at least another twenty to thirty years. The scope includes detailed forensic analysis of the structural components and exterior protective coatings, an electrical needs assessment, and the design for the repair and upgrade work, complete. Construction is comprehensive, and will take place over the span of roughly five consecutive years. This request includes the construction which incorporates the critical stiffening of the concourse bridges, additional handrails, replacement of the high roof, additional toilets, new elevators, and utility upgrades.

- Justification for the Project:

The existing protective coating system is at the end of its useful life. As a result, corrosion is beginning to affect structural steel members which are exhibiting deterioration due to age and exposure. The deterioration needs to be addressed immediately to prevent the corrosion from impacting the structural integrity of the stadium. This work is to be expected, as the stadium is over 30 years old. Maintenance efforts have been stretched as far as possible to defer comprehensive refurbishment of the stadium. If the corrosion is not addressed within the next five years, the safety of the facility users may be severely compromised.

Many of the remaining stadium facility systems are likewise reaching the end of their useful life. This comprehensive approach will allow the stadium facilities to continue to operate safely and efficiently for a completely renewed lifespan. Project delay will increase future renovation and upgrade costs exponentially, and may compromise public safety.

- Senate and House District for the Project:

Senate District: 16

House District: 032

- Project Title and Description of Project:

Project Title: Washington Place, Health and Safety and Queen's Gallery Renovation, Oahu

Project Description: Plans, design, construction and equipment to renovate Washington Place. Project also includes renovation and restoration work of the Queen's Gallery and other areas at the Washington Place site.

- Financial Requirements by Project Phase and Means of Finance:

	<u>Past Appropriations</u>	<u>FY 2009 Supplemental Budget</u>	<u>Future Appropriations</u>
Plans	\$1,000	\$35,000	\$0
Land	\$0	\$0	\$0
Design	\$85,000	\$305,000	\$0
Const.	\$413,000	\$3,900,000	\$0
Equip.	<u>\$1,000</u>	<u>\$660,000</u>	<u>\$0</u>
	\$500,000	\$4,900,000	\$0
Means of Finance	\$500,000 C	\$4,900,000 C	\$0

- Explanation and Scope of Project:

This project will address immediate health and safety needs at Washington Place. Project includes lead based paint abatement/encapsulation, building code requirements (structural, electrical, plumbing, ventilation and building envelope) and ADAAG requirements for primary access routes. Due to the broad nature of this project, associated and integral to this work is renovation for building preservation with the retention of existing historic material.

- Justification for the Project:

Washington Place, a prime representation of American Greek revival style, is historically highly significant in Hawaii's history as "Beretania," the site of early British settlement in Hawaii, later as the home of Queen Liliuokalani; and home of the Governors of Hawaii since 1919. It is one of the oldest and

most historically valuable Governor's Mansions in the United States. Certain elements are believed to be the finest examples of 1840's American architectural detailing in existence.

The primary goal in the renovation is to perpetuate the public benefit and safe enjoyment of Washington Place through its preservation, with the retention of existing historic material.

- Senate and House District for the Project:

Senate District: 12

House District: 028

- Project Title and Description of Project:

Project Title: Operational Assets Management – Kona Civic Center, Hawaii

Project Description: Plans, land, and design to address critical office and operational space needs by development of a civic center in Kona, Hawaii.

- Financial Requirements by Project Phase and Means of Finance:

	<u>Past Appropriations</u>	<u>FY 2009 Supplemental Budget</u>	<u>Future Appropriations</u>
Plans	\$0	\$500,000	\$0
Land	\$0	\$1,500,000	\$0
Design	\$0	\$1,000,000	\$0
Const.	\$0	\$0	\$0
Equip.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	\$0	\$3,000,000	\$0
Means of Finance	\$0	\$3,000,000 C	\$0

- Explanation and Scope of Project:

Development of a new civic center will help mitigate the increasing lease rent burden on the State and will increase the State's office space assets.

- Justification for the Project:

Plans for a civic center in Kona, Hawaii are required to address the shortfall of office space for State agencies that are currently paying high lease rents in private spaces. It is projected that the demand for office space will continue to increase Statewide, as will lease rents.

- Senate and House District for the Project:

Senate District: 03

House District: 006

- Project Title and Description of Project:

Project Title: State Capitol Building, Replace Lining & Circulation System in Reflecting Pools and Other Improvements, Oahu

Project Description: Design and construction to upgrade the water circulation system and to replace the lining system in the reflecting pools, including other associated items at the State Capitol.

- Financial Requirements by Project Phase and Means of Finance:

	<u>Past Appropriations</u>	<u>FY 2009 Supplemental Budget</u>	<u>Future Appropriations</u>
Plans	\$0	\$0	\$0
Land	\$0	\$0	\$0
Design	\$360,000	\$1,000	\$0
Const.	\$0	\$7,899,000	\$0
Equip.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	\$360,000	\$7,900,000	\$0
Means of Finance	\$360,000 C	\$7,900,000 C	\$0

- Explanation and Scope of Project:

Safe and healthy building operations will be preserved and not compromised. The long-standing problem of smelly and unsightly ponds will be replaced with a pleasing environment of sparkling water and the soothing sound of water playing through fountains. Work includes replacement of the existing deteriorated and leaking lining/membrane, and installation of a good and permanent circulation system in both pools.

- Justification for the Project:

The existing waterproof membrane is leaking and affecting areas such as the Legislative Reference Bureau's basement office space, and is starting to affect electrical conduits and circuits and the mechanical air conditioning duct system in various places in the Chamber or parking level. The conduits and ducts are

corroding and will become unsafe for use. As leaks have been found in the concrete ceiling of the basement, the repair method used has been to inject epoxy from below to stop the leak, but this does not prohibit or even retard corrosion to any structural reinforcing steel exposed above. The current temporary circulation system is not functioning very well as its configuration is predicated on only using existing pool lining penetrations, it is lacking essential filtration, and the pumps are undersized. During the installation of new pool membrane and surface finishes, proper repairs to structural elements can be undertaken from above, circulation penetrations can be made where needed for a good and permanent system, which will also comply with current environmental laws for water discharge into sewer and storm drain systems. The new finish surfaces can provide an attractive setting and facilitate cleanup and maintenance.

- Senate and House District for the Project:

Senate District: 12

House District: 028

APPENDIX B

SECTION 8. PROPOSED LAPSES OF CIP PROJECTS

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
AGS 221 PUBLIC WORKS – PLANNING, DESIGN, AND CONSTRUCTION

LIST OF EXECUTIVE BUDGET PROPOSED LAPSES

Act/Yr	Item No.	CIP No.	Project Title and Reason for Lapsing	FY 2009* (IN 000's)	MOF
178/05	K-9	L102	KAMAMALU BUILDING, ASBESTOS REMOVAL AND BUILDING RENOVATION, OAHU – Voluntarily lapsing as a trade-off for additional future funding necessary to complete the entire project scope.	\$9,600	C

TOTAL: 9,600

BY MOF (IN 000's)

C: GENERAL OBLIGATION BOND FUND: 9,600

B: SPECIAL FUND: 0

TOTAL: 9,600

BY PROGRAM ID (IN 000's)

AGS 221 9,600

TOTAL: 9,600

**Senate Committee on Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Office Leasing Program**

Program Structure Number:

11 03 07 04

Program I.D. and Title:

AGS 223 Office Leasing

Page Reference in the Multi-Year Program and Financial Plan:

None.

1. Introduction:

- a. Summary of program objectives.

The objective of this program is to provide centralized office leasing services to user agencies in the acquisition of office space in nonstate-owned buildings in compliance with Section 171-30, Hawaii Revised Statutes.

- b. Description of program objectives.

The Office Leasing Program (AGS-223) provides leasing services for all state agencies of the Executive Branch, with exceptions that include the Hawaii Community Development Authority (HCDA), Hawaii Public Housing Authority (HPHA), and the University of Hawaii. It currently assists 16 state departments in assessing their lease space needs and tenant improvements, locates suitable office space, negotiates lease terms and conditions, prepares offers to lease and lease contract documents. The program also tracks existing leases and renegotiates each as required.

The Office Leasing Program maintains lease cost data, initiates monthly lease rental payments, and bills and collects reimbursements from user agencies. Our staff serve as tenant representatives and ensures the delivery of appropriate building services for state occupants. When necessary, the program coordinates and manages tenant improvement and renovation projects for leased space.

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

We will continue to provide office leasing services for all state departments within the Executive Branch, with as much efficiency and quality of service as possible. Occasionally, however, our Leasing Specialists are faced with the task of reducing department's office space requests that are excessive, and dissuading them in their pursuit of more costly office properties. This challenging responsibility is accomplished through our understanding of the user department's functional requirements, and our general knowledge of the commercial office market. By introducing alternative locations, we can satisfy the needs of the user agency as well as the demands on state government for fiscal prudence.

The Office Leasing Program plans to meet its objectives by continuing to pursue the reduction of leased office space and related cost reductions through various means, including the relocation of offices from leased space to new or existing state facilities, and the consolidation of office space.

2. Program Performance Results:

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

The Leasing Services Branch took the lead in soliciting a Request for Proposal (RFP) for four (4) types of real estate services. These services included property inspections, property acquisitions, strategic planning, and consulting for the development of State land. The intent was to pre-screen and qualify various vendors who would be placed on a statewide vendor list, which can be used in

the future by any State department. Much of the work on this RFP was completed over the last fiscal year, which resulted in qualifying six out of the seven firms who responded, and setting up these services under State Procurement Office's statewide vendor list.

Also, last fiscal year we began discussions with the Department of Labor to plan for drafting of administrative rules for Act 62, Sessions Laws of 2007, and prepared related boilerplate lease language to incorporate into our office leases. Act 62 extends the definition of a public work under HRS, Chapter 104 (Wages and Hours of Employees on Public Work) to include the tenant improvement build-outs and building maintenance work contracted for by the landlord of a privately owned building, once more than 50% of the building is leased to state and county agencies.

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

One of the Leasing Branch's mission is to continually improve our service. Although the real estate services under the vendor list are not direct functions of our program, we took the lead on developing the RFP to help other state departments and counties to become more productive, by expediting the process to secure various types of land transaction services.

By actively participating with the Department of Labor and other affected state and county agencies on the administrative rules for Act 62, we were able to prepare for the extremely negative impacts that this law will have on our future ability to lease appropriate office space for our customers (user agencies) at reasonable rates.

- 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 performance Measures of Effectiveness are reflective of the program's objectives to respond to user departments' needs for leasing services. It is indicative of our ability to satisfy our customers and to provide support services

in the most cost efficient manner.

In FY 2006, the Office Leasing Branch was able to respond to 98% of its requests submitted from user departments. We also completed 33 new office leases and lease renewals. Our program oversaw approximately 1,920 lease rental payments in FY 2006 for 160 separate office leases, which made up our office inventory throughout most of the year.

For FY 2007, we responded to about the same amount of lease requests from user departments, and completed 51 new leases and lease renewals. The Leasing program ended the year with an increase in the amount of leases in its inventory (164) and oversaw approximately 1,968 lease rental payments in FY 2007.

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

The Leasing Services Branch was active in recommending revisions to the Request for Proposal (RFP) for the State's H.A.T.S. telephone contract. This was necessary because on several occasions last year, user agencies were not able to get the telephone contractor to fulfill their order to install telephone lines in their lease space within a reasonable period of time, even with advance notice. This created situations where the current lease for the user agency could have been terminated prior to the agency's relocation to their new offices. The program in charge of the RFP did consider some of our suggestions and revised their RFP accordingly.

Also, last year our program extended our services to the non-profit organization, Friends of the Hawaii State Art Museum (HISAM) to aid in the leasing of the café on the ground floor of the No. 1 Capitol District building. We worked with the Attorney General's Office and the Department of Budget and Finance to ensure that the lease complied with the critical terms of the lease financing arrangement (certificates of participation) used to acquire the building.

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

The performance measure "Total Number of State Departments" was modified to "Total Number of State Departments and Agencies". This will more fully reflect the number of various agencies which our program services in its leasing activities.

Also, "Total Number of Employees" was added as an additional measure to identify how many State employees are impacted by our services, and working out of office space leased from the private sector.

3. Problems and Issues:

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

A very pressing concern to our program, is the impact of Act 62, session laws of 2007. Act 62 expands the definition of a public work under Chapter 104 (Wages and Hours of Employees on Public Work) to include the tenant improvement build-outs and even building maintenance work contracted for by the landlord of a privately owned building, once more than 50% of the building is leased to state and/or county agencies. Accordingly, prevailing wages must be paid by the contractor and certified payroll affidavits collected by government contracting agencies. The requirements under this law will make it difficult to find landlords willing to lease to the State, and will increase our leasing costs.

Oahu's office vacancy rate of just under 7% for the 3rd quarter of the 2007 calendar year was a slight improvement from the prior year, when the rate was a little less than 8%. However, the robust growth in the office sector of the commercial market, appears to have somewhat tapered off, due in part, to what appears to be a slowdown in segments of the economy like tourism, real estate home sales and construction.

On the outer islands, vacancy rates are equal to or less than Oahu's rates, and gross rental rates for office space near main business districts continue to match or exceed those in the Honolulu Central Business District.

Although different areas of each island are experiencing varying vacancy results, we are hopeful that the general slowdown in economic growth will stabilize, if not begin softening lease rental rates.

- b. Program change recommendations to remedy problems.

We will be recruiting for the new Leasing Specialist position which was approved and funded last legislative session. When the position is filled and the person trained, we will be able to more effectively meet the constant challenges of the commercial real estate market, and be better staffed to deal with the repercussions of Act 62.

- 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:

	<u>Appropriation Budget Act FY 2007-08</u>	<u>Collective Bargaining</u>	<u>Transfer In Transfer (Out)</u>	<u>Restrictions</u>	<u>Available Resources</u>	<u>Estimated Expenditures</u>
(Pos. count)	(5.00)				(5.00)	(5.00)
Personal Services	263,100	9,311			272,411	272,411
Current Expenses	10,058,035				10,058,035	10,058,035
Financing Agreements	6,839,900				6,839,900	6,839,900
Equipment	0				0	0
Motor Vehicles	<u>0</u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>	<u>0</u>
Total	17,161,035	9,311			17,170,346	17,170,346
Less:						
(Pos. count)	(0.00)				(0.00)	(0.00)
Interdepart- mental Transfers	5,500,000				5,500,000	5,500,000
(Pos. count)	(5.00)				(5.00)	(5.00)
General Fund	11,661,035	9,311			11,670,346	11,670,346

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:

	<u>Act 213/07</u> <u>FY 2009</u>	<u>Budget</u> <u>Adjustment</u> <u>FY 2009</u>	<u>Supplemental</u> <u>Budget</u> <u>FY 2009</u>
(Pos. Count)	(5.00)		(5.00)
Personnel Services	273,636		273,636
Current Expenses	10,058,035		10,058,035
Financing Agreements	6,839,900		6,839,900
Equipment	0		0
Motor Vehicles	0		0
Total	<u>17,171,571</u>	<u>0</u>	<u>17,171,571</u>
(Pos. Count)	(5.00)		(5.00)
General Fund	11,671,571		11,671,571
(Pos. Count)	(0.00)		(0.00)
Interdepartmental Transfers	5,500,000		5,500,000

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.

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 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Central Services - Custodial Program**

Program Structure Number:

11 03 08 02

Program I.D. and Title:

AGS 231 Central Services - Custodial

Page Reference in the Supplemental Budget Document:

Volume I, Pages 128 - 129

1. Introduction:

- a. Summary of program objectives.

The objective of the Custodial Services Program is to maintain assigned public buildings in a clean and safe condition by providing a variety of custodial services.

- b. Description of program objectives.

The program's objectives are to deliver timely building management services through a variety of activities. These include the provision of in-house custodial care that is based on national standards; administration of maintenance contracts for air conditioning systems, elevators and sump pumps; and implementation of an energy management program that assesses the consumption and cost of electricity and other utilities. Minor repairs and groundskeeping are also performed and monitored, to assure responsive support and services for building occupants and users.

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

The program will utilize a customer satisfaction survey to gauge its in-house cleaning and repair services.

Additionally, basic work requirements for each site have been identified and appropriate training is being conducted to assure standardization in the delivery of services.

With respect to energy conservation, program staff will evaluate consumption patterns and work towards educating building occupants on the importance of conservation. As required, system calibration and other adjustments will be made to assure optimum performance.

2. Program Performance Results:

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

The performance results as indicated by the PPB Measures of Effectiveness did not show significant variation over the previous fiscal year. Moreover, this trend is not expected to change during the current fiscal year.

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

These results support the program's objectives and department's mission of essential support services, by providing a safe and clean working environment for users and occupants of public facilities assigned to DAGS.

- 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 PPB Measures of Effectiveness are utilized to gauge performance. For the past year these measures do not show a significant variance.

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

Custodial cleaning services are based on national standards. The program provides its users with an annual survey of customer satisfaction. Follow-up action is taken to resolve complaints or concerns.

Internal inspections via checklist, testing of new products and equipment, and training opportunities for program staff are also on-going.

- 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.

As of December 2007, the price of oil stood within a price range of \$87 to \$89 a barrel. This represented a nearly 30% increase from July 2007 when oil was priced around \$67 a barrel. If this trend continues, the program will begin to experience deficits towards the end of this fiscal year with a more pronounced impact during FY09 if oil prices continue to escalate.

- b. Program change recommendations to remedy problems.

The program is reducing the hours of air conditioning in many of its facilities. Although this is an essential action, its overall impact will be nominal.

- 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.

Besides energy conservation, an emergency appropriation request for Fiscal Year 2008 and an increase in the budget for electricity is needed for Fiscal Year 2009. On top of the requested increase in the electricity budget for FY09, an emergency appropriation sometime in FY09 may be needed to address any shortfall in FY09 if prices continue to rise. Other possible alternatives will rely upon the Administration's ability in the coming year, to reprioritize the delivery of governmental services.

4. Expenditures for Fiscal Year 2008:

	<u>Appropriation Budget Act FY 2007-08</u>	<u>Collective Bargaining</u>	<u>Transfer In Transfer Out</u>	<u>Restrictions</u>	<u>Available Resources</u>	<u>Estimated Expenditures</u>
(Pos. Count)	(158.50)				(158.50)	(158.50)
Personal Services	4,862,830	197,656			5,060,486	5,060,486
Current Expenses	11,628,824				11,628,824	11,628,824
Financing Agreements						
Equipment	10,490				10,490	10,490
Motor Vehicles						
Total	16,502,144	197,656			16,699,800	16,699,800
Less: (Pos. Count)	(0.00)				(0.00)	(0.00)
Interdepartmental Transfer 1/	894,001				894,001	894,001
(Pos. Count)	(0.00)				(0.00)	(0.00)
Special Fund 2/	58,744				58,744	58,744
(Pos. Count)	(158.50)				(158.50)	(158.50)
General Fund	15,549,399	197,656			15,747,055	15,747,055

1/Reimbursement for utilities and janitorial services performed for the Department of Transportation (\$430,501) and Department of Commerce and Consumer Affairs (\$463,500).

2/Reimbursement for utility expenses for the State Foundation on the Culture and Arts.

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:

	<u>Act 213/07 FY 2009</u>	<u>Budget Adjustment FY 2009</u>	<u>Supplemental Budget FY 2009</u>
(Pos. Count)	(158.50)	(-3.00)	(155.50)
Personnel			
Services	4,862,830	(119,586)	4,743,244
Current Expenses	11,628,824	694,600	12,323,424
Financing			
Agreements			
Equipment			
Motor Vehicles			
Total	<u>16,491,654</u>	<u>575,014</u>	<u>17,066,668</u>
(Pos. Count)	(158.50)	(-3.00)	(155.50)
General Fund	15,538,909	575,014	16,113,923
(Pos. count)	(0.00)	(0.00)	(0.00)
Interdepartmental	894,001		894,001
Transfer 1/			
(Pos. Count)	(0.00)	(0.00)	(0.00)
Special Fund 2/	58,744		58,744

1/ Reimbursement for utilities and janitorial services performed for the Department of Transportation (\$430,501) and Department of Commerce and Consumer Affairs (\$463,500).

2/ Reimbursement for utility expenses for the State Foundation on the Culture and Arts.

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.

This request of \$694,600 is required to cover operating costs for electricity in FY09 due to existing and expected future high oil prices

A position trade-off request of three(3) custodial positions is being transferred from the Custodial Program. One position, Janitor II, Pos.# 22452 is being transferred to the Grounds Program and is being redescribed to a Groundskeeper I position to allow for coverage and health and safety concerns. The other two positions, Clerk-Typist III, Pos.#37304 and Engineer V, Pos.#18923 are both being transferred to the Building Repairs and Alterations Program, where these positions belong. The Clerk-Typist III position has been redescribed to a Secretary I position which takes into account her new job duties.

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

<u>Item/Description</u>	<u>FY09</u>	
	<u>\$ Requirement</u>	
Personal Services		
<u>Transfer-Out from AGS-231/FA – Trade Off(Minus)</u>		
Clerk Typist III, Pos. # 34304	\$33,756	A
Engineer V, Pos. #18923	\$55,794	A
Custodian II, Pos. #22452	\$30,036	A
<u>Other Current Expenses</u>		
Electricity	\$694,600	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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Central Services - Grounds Maintenance Program**

Program Structure Number:

11 03 08 03

Program I.D. and Title:

AGS 232 Central Services - Grounds Maintenance

Page Reference in the Supplemental Budget Document

Volume I, Pages 130 - 131

1. Introduction:

- a. Summary of program objectives.

The objective of the Grounds Maintenance Program is to maintain the grounds surrounding assigned public buildings in a neat and attractive condition by providing a variety of grounds maintenance services.

- b. Description of program objectives.

The program services 115 sites and 98 acres statewide. Its objectives are to deliver timely and cost effective services through: (1) groundskeeping activities, which include regular mowing, watering, fertilizing, tree trimming and beautification projects; (2) refuse collection, which consists of pickup and disposal of office generated rubbish in the downtown civic center and various outlying State facilities; (3) administration of landscape contracts for outlying State facilities; and (4) review of landscape plans for public works projects.

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

Work standards have been developed to correlate productivity and costs with the private sector. In addition, a customer satisfaction survey and regular internal inspections are utilized to assure that the program's objectives are being met.

2. Program Performance Results:

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

The performance results as indicated by the PPB Measures of Effectiveness did not show significant variation over the previous fiscal year. Moreover, this trend is not expected to change during the current fiscal year.

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

The results support the department's objectives of delivering essential and timely support services, by providing for an aesthetic, clean and safe grounds environment for users and occupants of public facilities assigned to DAGS.

- 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 PPB Measures of Effectiveness are utilized to gauge performance. These measures do not show a significant variance. For the current year, the program does not foresee a significant change to its performance results.

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

The program has developed a work process that assures both cost efficiency and clear standards for productivity. In conjunction, staff will test new products and equipment, and participate in training opportunities.

- 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 Grounds Program has undertaken and initiated irrigation repairs and badly needed tree trimming. Although funding has been recently provided, additional funds are necessary to fully undertake the timely cutting of trees, coconut and other palms.

- b. Program change recommendations to remedy problems.

Recent tree trimming contract prices have increased greatly and the program will be hard pressed to afford annual and complete tree trimming, which may result in property damage and injuries to the public.

- 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 Budget Act FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Restrictions	Available Resources	Estimated Expenditures
(Pos. Count)	(38.50)				(38.50)	(38.50)
Personal Services	1,231,982	45,311			1,277,293	1,277,293
Current Expenses	727,379				727,379	727,379
Financing Agreements						
Equipment	6,300				6,300	6,300
Motor Vehicles	20,000				20,000	20,000
Total	1,985,661	45,311			2,030,972	2,030,972
(Pos. Count)	(38.50)				(38.50)	(38.50)
General Fund	1,985,661	45,311			2,030,972	2,030,972

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:

	<u>Act 213/07</u> <u>FY 2009</u>	<u>Budget</u> <u>Adjustment</u> <u>FY 2009</u>	<u>Supplemental</u> <u>Budget</u> <u>FY 2009</u>
(Pos. Count)	(38.50)	(0.00)	(38.50)
Personnel Services	1,231,982	(7,212)	1,224,770
Current Expenses	727,379		727,379
Financing Agreements			0
Equipment			0
Motor Vehicles	<hr/>	<hr/>	<hr/> 0
Total	1,959,361	(7,212)	1,952,149
(Pos. Count)	(38.50)	(0.00)	(38.50)
General Fund	1,959,361	(7,212)	1,952,149

- 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.

- 1. Position trade-off request, receiving one (1) Janitor II Pos.#22452 from the Custodial Program, AGS-231, to be redescribed to Groundskeeper I . This is to provide coverage within the Civic Center area. While the program is transferring out from the Grounds Program, the Grounds Maintenance Supervisor, Pos.#22339 to the Repair and Alterations Program, AGS-233.

The net result of these two transactions results in no increase or decrease in the position count for the Grounds Maintenance Program.

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

Personnel Services

<u>Listing Pos/Type</u>	<u>FY09</u>	<u>Funding</u>
Janitor II, Pos.# 22452 (Trd-Off Plus)	\$30,036	A
Grds Maint Suprv (Trd-Off Minus)	<u>(\$37,248)</u>	A
Total	(\$ 7,212)	

- 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Central Services - Building Repairs and Alterations Program**

Program Structure Number:

11 03 08 04

Program I.D. and Title:

AGS 233 Central Services - Building Repairs and Alterations

Page Reference in the Supplemental Budget Document:

Volume I, Pages 132 - 133

1. Introduction:

a. Summary of program objectives.

The objective of the program is to maintain assigned public buildings in a safe condition and at a high level of utility by providing repairs and maintenance services and by making minor alterations.

b. Description of program objectives.

The program maintains 164 facilities statewide. Through an array of repair activities, the program's mission is to provide a safe working environment for occupants and users of public buildings, health and civic centers and libraries statewide. This mission is accomplished by implementing three key program objectives which are: (1) major repair projects, that are done to preserve the useful life of assigned facilities, (2) minor repairs, that are performed to correct simple building deficiencies, and (3) emergency repairs, which are needed to abate situations that pose health and safety risks.

On Oahu, the program operates from a central baseyard, where both minor and selected major repair requests are scheduled and completed by trade crews or through informal bid. On each neighbor island, minor repair and alteration work is primarily handled through contract. For more complex or larger projects,

funds are delegated to DAGS-Public Works for design and construction.

Other staff responsibilities include the provision of technical advice and assistance for the legislative session, alteration requests from departments, and for State and national functions.

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

One hundred percent (100%) of programmed major repair projects will be initiated for Fiscal Year 2008 through the use of in-house trade staff or by delegating projects that are larger or complex in scope to DAGS-Public Works Division. A list of minor repairs will be provided to building coordinators to prioritize for completion during cyclical visits by in-house trade staff. The degree of customer satisfaction will be measured through planned surveys and internal staff inspections. With respect to purchases, the State Procurement Code will be followed to assure that the best cost for materials, supplies and services are secured to accomplish the program's objectives.

2. Program Performance Results:

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

The PPB Measures of Effectiveness are utilized to gauge performance. For the past year, these measures do not show a significant variance. For the current year, the program does not foresee a change to its performance results.

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

The PPB Measures of Effectiveness support the department's objectives of delivering essential and timely repair and alteration services by providing an aesthetic, functional, and safe working environment for users and occupants of public facilities assigned to DAGS.

- 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 PPB Measures of Effectiveness are utilized to gauge performance. For the past year, these measures do not show a significant variance. For the current year, the program does not foresee a change to its performance results.

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

On a continuing basis, trade staff performs major repair projects that can be accomplished economically and efficiently. One emphasis will be on customer satisfaction and service as measured by a quality assurance survey. Another will be on cost controls and project management. In conjunction, field inspections, testing of new products and equipment, and training opportunities for program personnel are also utilized.

- 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.

Presently, the program has a backlog of \$50 million in public building repairs. However, any appropriation less than \$10 million will serve to inflate the backlog

- b. Program change recommendations to remedy problems.

The program has maximized the use of available funds by utilizing its in-house repair staff to accomplish certain types of major repairs. When compared to formally designing and bidding projects, this tact has saved approximately 30% per project. However, the size of the program's workforce is such that it cannot accomplish more than \$500,000 worth of work annually. Since staffing at required levels is not an acceptable option, the program must continue to rely upon a consistent level of CIP funding to contract repairs. Based on nationally recognized standards issued by the American Public Works Association, an allocation of \$4.2 million for yearly maintenance and \$5.2 million to catchup on existing repairs, results in a minimum of \$9.4 million yearly to run a successful and responsive R&A program.

- 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 program is in the process of completing a six-year plan to reduce the Repair and Alteration public building backlog. Upon refinement and completion of the plan, the program will seek additional monies to implement the plan.

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)	(37.00)				(37.00)	(37.00)
Personal Services	1,580,467	55,670			1,636,137	1,636,137
Current Expenses	1,532,079				1,532,079	1,532,079
Equipment	3,500				3,500	3,500
Motor Vehicles	69,900				69,900	69,900
Total	3,185,946	55,670			3,241,616	3,241,616
(Pos. Count)	(37.00)				(37.00)	(37.00)
General Fund	3,185,946	55,670			3,241,616	3,241,616

- 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:

	<u>Act 213/07 FY 2009</u>	<u>Budget Adjustment FY 2009</u>	<u>Supplemental Budget FY 2009</u>
(Pos. Count) Personnel Services	(37.00) 1,671,358	(3.00) 126,798	(40.00) 1,798,156
Current Expenses	1,532,079		1,532,079
Financing Agreements			
Equipment			
Motor Vehicles	_____	_____	_____
Total	3,203,437	126,798	3,330,235
(Pos. Count) General Fund	(37.00) 3,203,437	(3.00) 126,798	(40.00) 3,330,235

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.

Two positions are being transferred in from the Custodial Program, AGS-231, the Clerk-Typist III, Pos.#37304(redescribed to Secretary I) and the Engineer V, Pos.#18923. Another position, the Grounds Maintenance Supervisor II, Pos.#22339(redescribed to Engineer VI) from the Grounds Maintenance Program, AGS-232 has been transferred in.

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

Item/Description

Personnel Services

<u>Listing Pos./Type</u>	<u>FY09</u>	<u>Funding</u>
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Transfer-In from AGS-231 and AGS-232 – Trade Off(Plus)

Clerk Typist III Pos.#34304	\$ 33,756	A
Engineer V, Pos.#18923	\$ 55,794	A
Grds Maint. Suprv. II, Pos.#22339	<u>\$ 37,248</u>	A
Total	\$126,798	

- 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
State Procurement**

Program Structure Number:

11 03 09 01

Program I.D. and Title:

AGS 240 State Procurement

Page Reference in the Supplemental Budget Document:

Volume I, Pages 134 - 135.

1. Introduction:

a. Summary of program objectives.

The program objectives are to foster full and open competition and to provide increased economy in procurement activities while maximizing the purchasing value of public funds; to promote economy, efficiency, and effectiveness in the procurement of goods, services, and construction; and to increase public confidence in the procurement process. The program strives to meet the State's need for supplies, equipment, and services through competitive and economical purchases, inventory control, process improvements and enhanced procurement systems. It seeks to assist, advise, and guide all state and county agencies in matters relating to the procurement processes.

b. Description of program objectives.

The program serves as the central procurement office, having final authority over procurement of all goods, services, and construction, including the purchase of health and human services; exercises general supervision and control over all inventories of property performs periodic reviews of the procurement practices of all governmental bodies; assists, advises, and guides governmental bodies in matters relating to procurement; develops, distributes, and maintains a procurement manual for all state procurement officials, and develops, distributes, and maintains a procurement

vendor guide for vendors wishing to do business with the State and counties.

The Policy and Rules Compliance Services staff coordinates, plans and develops statewide procurement procedures, standards, and guidelines to ensure compliance with all procurement statutes, rules, directives and policies. Reviews are accomplished for requests for procurement exemptions, sole source and emergency procurements, preferences, extension of time on contracts, procurement violations, restrictive specifications, and security deposits (bid and performance bonds). Procurement practices are audited and reviewed for compliance with procurement law, rules, and regulations. Statewide procurement training is provided for state and county purchasing personnel. A website is managed to furnish a wide range of procurement information for state and county personnel, vendors and providers, and the general public. Cooperative purchasing is coordinated with other states to achieve cost savings through volume purchasing. The Purchasing Card, Hawaii Products and Small Business programs are managed and maintained. The Hawaii electronic Procurement System (HePS) is managed and maintained, including on-going training for purchasing personnel. A procurement manual for all state procurement officials and a procurement guide for vendors doing business with the State and its counties are maintained.

Purchasing staff activities are directed toward applying the basic principles of standardization of commodities and volume buying on a competitive basis to secure the most favorable prices on goods and services. Price and vendor lists are published and distributed to all agencies of the Executive Branch, Judiciary, Department of Education, Hawaii Health Systems Corporation, University of Hawaii, Office of Hawaiian Affairs, Legislature and various counties on a cooperative basis for their procurement of goods and services.

The program provides services to agencies for the acquisition of equipment, supplies, and services through the competitive process. The process involves the development of specifications, solicitation of bids or proposals, and awarding of contracts, which result in the delivery of the services or product required.

Inventory Management staff establishes and enforces standards relating to the accounting of State-owned property. These standards are intended to achieve the uniformity necessary to facilitate the safeguarding of State property against unauthorized use or removal, provide an essential part of the accounting records of State agencies, assist administrators with the effective management of State property, provide a basis of property insurance, and fix property responsibilities of State officials as prescribed by Chapter 103D, HRS. The above is accomplished

through a centralized computer listing of the property of all State agencies less those of the University of Hawaii and Department of Education. The program reviews, approves and recommends to State agencies appropriate actions on requests to add, transfer, or dispose of State property from the computer listing.

The program maintains, updates and distributes an inventory manual on all policies, procedures, and forms. Field visits are made to assist in training of inventory personnel, verify the accuracy of inventory records, and evaluate inventory personnel's understanding of and compliance with inventory procedures.

Health and Human Services staff works with purchase of services (POS) providers and affected departments to develop and design concrete, detailed, and comprehensive procedures to process purchase of services contracts. The POS procurement process provides a system of sharing information between public agencies and the community about health and social welfare needs; provides many procurement options; increases public confidence in the fairness and integrity of the procurement process; and ensures the fair and equitable treatment of all individuals and organizations that deal with state agencies purchasing health and human services.

The program provides technical assistance and advice on the procurement of health and human services to State agencies and private providers. Reviews are performed in response to requests from executive departments for procurement exemptions, restrictive and crisis purchases, after-the-fact secondary purchases and procurement violations. A central health and human services contracts database is maintained, data on contracts for health and human services is compiled and reports are developed to be utilized in planning and prioritizing service delivery of health and human services.

The Health and Human Services staff maintains a comprehensive education and training system for the purchase of health and human services for State agency employees, service providers, and interested members of the public. A statewide orientation system is provided to purchasing agency employees, provider organization employees and interested parties on Chapter 103F, HRS, and its requirements, process and procurement timeline. A health and human services procurement manual/website is maintained for all State procurement officials and a procurement guide/website for health and human services providers. The program designs, coordinates and distributes forms, templates and other materials required for use by State agencies issuing and private providers responding to solicitations for health and human services.

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

The program intends to meet its objectives by: 1) introducing new procurement platforms and processes; 2) offering procurement services to all state agencies where feasible; 3) presenting procurement training to increase the skills of purchasing personnel; 4) providing inventory training and consultation services to the agencies to assist them in the maintenance of their inventory records; and 5) working with purchase of service (POS) providers and departments to continue to improve the procurement process for health and human services.

2. Program Performance Results:

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

The Purchasing Staff continued to accrue cost savings for the State of Hawaii. In FY 2007 estimated savings amounted to \$5,400,000 to include \$2,400,000 from non-price list contracts and \$3,000,000 from price list contracts. Reflected in our measures of effectiveness, the savings were computed by subtracting the low bid from the average of the low bid and high bid for composite totals in the following categories: high volume items from goods and services price list awards, goods non-price list awards, services non-price list awards and construction awards. Savings accrued by transfers of equipment items totaled \$4,495,000.

Fiscal Year 2007 showcased the renaissance of statewide training with 86 procurement training workshops conducted for 2,210 state and county personnel. Implementation of the Hawaii Electronic Procurement System (HePS) continued with training provided and systemic changes effected. Focus in FY 2007 was on small purchase processes with future years to bring similar changes to other procurement methodologies. Over 1,900 Hawaii vendors have registered to participate in the program. For state and county employees, over 60 workshops were conducted with over 700 personnel attending.

No procurement audits were accomplished due to insufficient resources within the SPO. Request for additional positions and funding was submitted but was not included in the Executive Budget.

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

The performance results reflect the program's objectives to provide effective and efficient procurement and inventory services; and informative and relevant training for contractors, vendors, providers, state employees and county members.

- 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 SPO uses procurement and inventory savings, financial reporting of inventory assets, procurement training and procurement audits as its primary measures of effectiveness. The total savings amounted to \$10.7 million in FY 2006 and \$9.9 million in FY 2007, and reflect the cumulative savings from non-price list contracts, price and vendor list contracts, and property transferred between state agencies. The accuracy of the reported value of fixed assets in the State's financial reports is also a program measure. No adverse opinions were issued by certified public accounting firms that audited the State's financial statements for FY 2006. Financial audits for FY 2007 have not been completed. Measurements added in FY 2007 for procurement training, compliance and audits: Percentage of personnel who have completed core procurement training was 100%. Percentage of contracts awarded that were compliant with Hawaii's Procurement Code was 99%. The percentage of audits completed and percentage of audit findings addressed were both zero due to lack of personnel.

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

The SPO continues to seek ways to capitalize on technological advancements, improved communications delivery systems, and new industry processes. New applications for the HePS and the purchasing card will enhance current procurement processes. Continued procurement training is expected to improve the acquisition processes within the agencies and thereby impact the achievement of their missions. Internally within the SPO, process improvements are encouraged and training underscored. Additionally, resources to adequately meet procurement audit and training requirements will be requested through the budget process.

- 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.
None.
- 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 Resources	Estimated Expenditures
	Budget Act FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Restrictions		
(Pos. Count)	(22.00)				(22.00)	(22.00)
Personal Services	1,130,060	42,049			1,172,109	1,172,109
Current Expenses	148,494				148,494	98,494
Financing Agreements						
Equipment	2,500				2,500	2,500
Motor Vehicles						
Total	1,281,054	42,049			1,323,103	1,323,103
(Pos. Count)	(22.00)				(22.00)	(22.00)
General Fund	1,281,054	42,049			1,323,103	1,323,103

- 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 Request <u>FY 2009</u>	Supplemental Budget <u>FY2009</u>
(Pos. Count)	(22.00)	(1.00)	(23.00)
Personnel Services	1,141,922	0	1,141,922
Current Expense	98,494	0	98,494
Financing Agreements			
Equipment			
Motor Vehicles	_____	_____	_____
Total	1,240,416	0	1,240,416
(Pos. Count)	(22.00)	(1.00)	(23.00)
General Fund	1,240,416	0	1,240,416

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 one new permanent full-time equivalent position in Fiscal Year 2009 to replace a temporary seventy-five percent position. No additional funds are being requested. Position would be responsible for the purchasing card (pCard) program; management of the State's travel program; cooperative procurement program with the Western States Contracting Alliance, a coalition of 15 states formed to standardized and consolidate state requirements for the solicitation of materials, equipment, and services, and to cooperatively award and contract for these requirements; procurement training; and contract evaluations and recommendations

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

Position requested is for a Purchasing Specialist V position with a SR-24 rating. No funds are being requested.

	FY 08-09
Personal Services	FTE Amount
Purchasing Specialist V (SR-24)	(1.00) \$0.00 (A)
	<hr/>
Total	(1.00) \$0.00 (A)

- iii. For all lump sum requests, please provide a detailed 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Surplus Property Management**

Program Structure Number:

11 03 09 02

Program I.D. and Title:

AGS-244 Surplus Property Management

Page Reference in the Supplemental Budget Document:

None.

1. Introduction:

a. Summary of program objectives.

The program objectives are to acquire and distribute usable Federal and State surplus property to any public agency that serves or promotes a public purpose; qualified small minority owned businesses; and non-profit, tax-exempt education and health institutions.

b. Description of program objectives.

Surplus Federal property declared excess is physically inspected and requested using donation applications submitted and approved by the U.S. General Services Administration (GSA). Property acquired for State use is selected, transported, received, and warehoused by program personnel for distribution to eligible donees.

Surplus State property is physically inspected to determine whether the residual value of the property warrants possible reutilization by eligible donees or sale through public auctions. All selected property is transported, received, and warehoused by program personnel for distribution to eligible donees.

Items selected for reutilization by eligible donees are transferred for a nominal service and handling fee. The program acts as a clearinghouse of information for the eligible recipients; makes reports to the Federal government governing the allocation,

transfer, use, or accounting of the donated property; and performs utilization checks and compliance reviews under Federal requirements.

The purpose of the Surplus Property Management program fund is to defray the costs of procuring, storing, handling, and disposing of surplus property donated to the State under Federal laws. Pursuant to PL94-519, revenues generated by the disposal of Federal surplus property can only be used to support the federal program. This fund covers all payroll and other expenses incurred by the Surplus Property program operations which includes the state surplus property program. This special fund is self-sustaining, charging service/handling fees to cover program costs.

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

The program intends to meet program objectives by screening, selecting, transporting, and transferring more Federal and State property for reutilization by the various governmental agencies and eligible donees.

2. Program Performance Results:

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

The program transferred surplus property to donees valued at \$5,183,000 in FY 2007.

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

The program fulfills the mission of the department by managing and distributing Federal and State surplus property statewide for reutilization.

- 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 measures its effectiveness by the value of surplus property transferred to donees and the percentage of eligible donees participating in the program. The value of surplus property transferred to donees totaled \$11,951,000 for FY 2006 and FY 2007. The percentage of eligible donees participating in the surplus program was 83% in both FY 2006 and FY 2007.

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

Began in FY 2007 the planning and development of an on-line system that provides donees the capability to update the surplus requirements database using the Internet, adding items they need and deleting items they do not need. Also, improved the office's internal communications by installing a wireless communications system.

- 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.

None.

- 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 Resources	Estimated Expenditures
	Budget Act FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)			Restrictions
(Pos. Count)	5.00			5.00	5.00
Personal Services	239,227	6,573		245,800	245,800
Current Expenses	103,561			103,561	103,561
Financing Agreements					
Equipment					
Motor Vehicles	1,400,000			1,400,000	1,400,000
Total	1,742,788	6,573		1,749,361	1,749,361
(Pos. Count)	5.00			5.00	5.00
Revolving Fund	1,742,788	6,573		1,749,361	1,749,361
(Pos. Count)	0.00			0.00	0.00
General Fund	0			0	0

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:

	<u>Act 213/07</u> <u>FY 2009</u>	<u>Budget</u> <u>Adjustment</u> <u>FY 2009</u>	<u>Supplemental</u> <u>Budget</u> <u>FY 2009</u>
(Pos. Count)	5.00		5.00
Personnel Services	239,227		239,227
Current Expense	103,561		103,561
Financing Agreements			
Equipment			
Motor Vehicles	<u>1,400,000</u>		<u>1,400,000</u>
Total	1,742,788		1,742,788
Pos. Count)	5.00		5.00
Revolving Fund	1,742,788		1,742,788

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 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008

Testimony of the Department of Accounting and General Services
Automotive Management-Motor Pool

Program Structure Number:

11 03 10 01

Program I.D. and Title:

AGS 251 Automotive Management-Motor Pool

Page Reference in the Supplemental Budget Document:

None.

1. Introduction:

- a. Summary of program objectives.

Provide safe, dependable and cost effective motor vehicle rentals, maintenance, and repair services for state agencies.

- b. Description of program objectives.

Develops and implements policies and procedures for the acquisition, operation, maintenance, and disposal of state motor vehicles. Also, to manage the cost of owning and operating motor vehicles.

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

The program will replace vehicles that are unsafe and uneconomical to operate through purchase of both new and used vehicles that meet the requirement of Federal and State law. The program will also continue to perform a high level of regular preventive maintenance on its fleet.

2. Program Performance Results:

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

The program has met agency demands for the assignment and daily rental of vehicles by increasing the motor vehicle fleet without increasing rental rates. We have also purchased vehicles below Kelley Blue Book prices.

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

The program has continued to meet the needs of state agencies for rentals and increased the size of its fleet without increasing rental rates. The average age of motor pool vehicles has also been reduced.

- 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 measures of effectiveness are average operating cost per vehicle mile (cents); total fleet mileage per year (hundred thousands); percentage of revenues over expenditures; and accidents per 1,000,000 fleet miles. Over the past two years, the purchase of replacement vehicles has increased the cost per vehicle mile from \$0.57 to \$0.84 but which has improved the safety and reliability of our fleet. The total fleet mileage per year has been consistent at 2,200,000 miles. The percentage of revenues over expenditures has increased from 114% to 120%. The number of accidents per 1,000,000 fleet miles has remained at 39.

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

The program has improved fleet replacement process by acquiring a greater percentage of quality used vehicles at or below Kelley Blue Book pricing.

- 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.

None

- 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				
	Budget Act	Collective	Transfer In	Available	Estimated
	<u>FY 2007-08</u>	<u>Bargaining</u>	<u>Transfer (Out)</u>	<u>Restrictions</u>	<u>Resources</u>
					<u>Expenditures</u>
(Pos. Count)	(12.50)			(12.50)	(12.50)
Personal Services	673,025	23,414		696,439	696,439
Current Expenses	784,264			784,264	784,264
Financing					
Agreements					
Equipment	5,000			5,000	5,000
Motor Vehicles	<u>954,400</u>			<u>954,400</u>	<u>954,400</u>
Total	2,416,689	23,414		2,440,103	2,440,103
Less: (Pos. Count)	(12.50)			(12.50)	(12.50)
Revolving	2,416,689	23,414		2,440,103	2,440,103

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)	(12.50)		(12.50)
Personnel Services	673,025		673,025
Current Expense	784,264		784,264
Financing Agreements			
Equipment	5,000		5,000
Motor Vehicles	<u>954,400</u>	_____	<u>954,400</u>
Total	2,416,689		2,416,689
(Pos. Count)	(12.50)		(12.50)
Revolving Fund	2,416,689		2,416,689

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 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008

Testimony of the Department of Accounting and General Services
Automotive Management-Parking Control

Program Structure Number:

11 03 10 02

Program I.D. and Title:

AGS 252 Automotive Management-Parking Control

Page Reference in the Supplemental Budget Document:

Volume I, Pages 136-137

1. Introduction:

- a. Summary of program objectives.

Assess and collect fees to construct, operate and maintain parking facilities for state employees and the public on state lands under the jurisdiction of the Comptroller.

- b. Description of program objectives.

Provide safe, convenient and economical parking facilities for state employees and the general public to access state government buildings and services.

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

The program must maintain its authorized staffing levels and continue to make necessary improvements to parking facilities and parking control systems.

2. Program Performance Results:

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

The program continued to implement new safety and security measures by completing the (1) installation of more security surveillance cameras in various parking lots and (2) the replacement of the aged grille gate at Lot J, Circuit Court.

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

Parking facility improvements have made our parking facilities safer, more secure, accessible and convenient for users.

- 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 measures of effectiveness are percentage utilization of parking spaces and percentage of revenues over expenditures. Over the past two years, the program has maintained the percentage utilization of parking spaces above 100% and the percentage of revenues over expenditures exceeds the planned amount of 121%.

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

The program has clarified the duties and responsibilities of its parking control staff by implementing training of staff to improve the efficiency of its parking operations.

- 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 legislative mandated special fund cash transfers to the general fund of the Parking Control Revolving Fund reduces the capability of the program to fund major projects (e.g. the Supreme Court Building project – mitigation of tree root damage to the parking surface).

- b. Program change recommendations to remedy problems.

Removal of the \$500,000 fiscal year end ceiling (restrictive funds that can be carried over to the next fiscal year) for the Parking Control Revolving Fund. This ceiling impairs the program's ability to complete needed major repairs to the parking lots and structures.

- 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.

\$500,000 revolving fund ceiling has resulted in the delay of the Supreme Court Building Project as funding for that project has been lost.

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)	(26.50)				(26.50)	(26.50)
Personal Services	1,248,892	23,356			1,272,248	1,272,248
Current Expenses	2,059,361				2,059,361	2,059,361
Financing Agreements						
Equipment	26,575				26,575	26,575
Motor Vehicles						
Total	3,334,828	23,356			3,358,184	3,358,184
Less: (Pos. Count)	(26.50)				(26.50)	(26.50)
Revolving	3,334,828	23,356			3,358,184	3,358,184

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:

	<u>Act 213/07 FY 2009</u>	<u>Budget Adjustment FY 2009</u>	<u>Supplemental Budget FY 2009</u>
(Pos. Count)	(26.50)		(26.50)
Personnel Services	1,248,892		1,248,892
Current Expense	2,059,361	493,880	2,553,241
Financing Agreements			
Equipment	26,575		26,575
Motor Vehicles	_____	_____	_____
Total	3,334,828	493,880	3,828,708
(Pos. Count)	(26.50)		(26.50)
Revolving	3,334,828	493,880	3,828,708

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.

Increase allotment \$43,880 to cover Risk Management cost allocation. For FY 2007, Program budgeted \$45,540 but paid \$89,420, producing a deficit of \$43,880. The increased allotment will prevent a deficit.

\$50,000 to replace airconditioning system for Motor Pool mechanic bay areas. Replacement of aging cooling system is more cost effective than continuing to repair the system.

\$400,000 to install energy efficient ballasts and bulbs in parking lots A, P, R and V. Change to energy efficient ballasts and bulbs will decrease electricity consumption by 20% and replacement of ballasts and bulbs by 15% annually.

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

Other Current Expenses

Insurance	\$ 43,880 (W)
Replace AC System	\$ 50,000 (W)
Install energy efficient ballasts and bulbs in Lots A, P, R & V	<u>\$400,000</u> (W)
Total Other Current Expenses	\$493,880

- 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
School Repair and Maintenance, Neighbor Island Districts**

Program Structure Number:

07 01 02

Program I.D. and Title:

AGS 807 School Repair and Maintenance, Neighbor Island Districts

Page Reference in the Supplemental Budget Document:

None

1. Introduction:

a. Summary of program objectives.

The objective of the program is to maintain assigned public school facilities on the islands of Kauai, Molokai, Lanai, Maui, and Hawaii in a safe and usable condition by providing repair and maintenance services in accordance with the terms and performance levels as established in Service Level Agreement (SLA) between DAGS and the Department of Education (DOE) which became effective on July 1, 2005.

b. Description of program objectives.

The School Repair and Maintenance, Neighbor Island Districts Program supports the DOE on the neighbor islands by providing administrative, technical and trades support to keep the buildings and facilities of 91 school sites in good repair. This mission is accomplished through three key program objectives which are: (1) minor repairs, that are performed to correct simple building deficiencies; (2) emergency repairs, which are needed to abate situations that pose health and safety risk; and (3) administration of contract maintenance for air conditioning systems, elevators, program bells, fire alarms and refuse disposal. As assigned, the program also performs construction management for new school facilities and major repair projects to preserve the useful life of assigned facilities.

In order to carryout these objectives, the neighbor islands are divided into three separate areas referred to as district offices. The three district offices are located on Hawaii, Maui (including Lanai and Molokai) and Kauai.

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

A key objective is to complete minor repairs within the timeframe specified by the SLA. To accomplish this, the district offices utilize a cycle maintenance program. The components of the cycle maintenance program is to provide a list of work orders to school administrators which they will prioritize and then these repairs will be completed during cyclical visits by in-house trade staff. The interval between campus visitations ranges between a week and two months depending on the location of the school and the district. The DOE's workorder system is used to monitor the district office performance relative to the SLA performance standards. The reports from this system are provided to the DOE on a monthly basis.

2. Program Performance Results:

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

The PPB Measures of Effectiveness are utilized to gauge performance. For FY 2007, there was an increase in the percentage of work orders completed within one year reflects good management of resources by baseyard staff. Crews also managed to complete work orders off of the backlog list.

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

The overall effort supports the department's objectives of delivering essential and timely repair and maintenance services, by providing for aesthetic, well preserved, and a safe working environment for users and occupants of public school facilities.

- 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 PPB Measures of Effectiveness are utilized to gauge performance. For the past two years, these measures do not show a significant variance. For the current year, the program does not foresee a change to its performance results.

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

On a continuing basis, trade staff will perform minor and emergency repair projects. One emphasis will be on customer satisfaction and service as measured by the attainment of SLA performance standards. Additionally, the DOE will also conduct satisfaction surveys at the schools. In conjunction, field inspections, testing of new products and equipment, and training opportunities for program personnel will also be utilized.

- 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.

None

- 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.

The district offices have had difficulty recruiting and retaining plumbers, electricians, and carpenters due to pay scales that are considerably lower than those paid by the private sector. Shortage differential pay for the affected trades was implemented in May 2006 to decrease the disparity between wages paid by DAGS and the private sector. The shortage differential pay has been successful in recruiting and retaining the trades employees since it has been in effect.

4. Expenditures for Fiscal Year 2008:

	Appropriation Budget Act FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Restrictions	Available Resources	Estimated Expenditures
(Pos. Count)	(85.00)				(85.00)	(85.00)
Personal Services	3,605,795	126,708			3,732,503	3,732,503
Current Expenses	2,236,217				2,236,217	2,236,217
Financing						
Agreements						
Equipment	54,800				54,800	54,800
Motor Vehicles						
Total	5,896,812	126,708			6,023,520	6,023,520
Less: (Pos. Count)						
Other	1,000,000				1,000,000	1,000,000
(Pos. Count)	(85.00)				(85.00)	(85.00)
General Fund	4,896,812	126,708			5,023,520	5,023,520

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>FY2009</u>	Budget Adjustme <u>FY2009</u>	Supplementa Budget <u>FY2009</u>
(Pos. Count)	(85.00)		(85.00)
Personnel Services	3,605,795		3,605,795
Current Expense	2,236,217		2,236,217
Equipment	54,800		54,800
Motor Vehicles	_____		_____
Total	5,896,812		5,896,812
(Pos. Count)	(85.00)		(85.00)
General Fund	4,896,812		4,896,812
(Pos. Count)			
Interdepartmental Transfers	1,000,000		1,000,000

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.

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 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 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 FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Restrictions	Available Resources	Estimated Expenditures
(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	<hr/>	<hr/>	<hr/>
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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008

Testimony of the Department of Accounting and General Services
Campaign Spending Commission

Program Structure Number:

11 01 04 01

Program I.D. and Title:

AGS 871/Campaign Spending Commission

Page Reference in the Supplemental Budget Document:

None

1. Introduction:

In late 2006, the Campaign Spending Commission began work on the development of a five-year strategic plan. It was completed in the summer of 2007. The new program objectives are in alignment with this five-year plan.

a. Summary of program objectives.

The Hawaii Campaign Spending Commission is dedicated to the integrity and transparency of the campaign finance process. The program objectives that follow carry out the Commission's mission statement.

b. Description of program objectives.

1. To simplify and clarify campaign spending laws in order to improve implementation and compliance.
2. To increase public education, awareness and access.
3. Increase the technological capacity to improve access, reduce paperwork, and increase compliance.
4. Upgrade the training for and ability of the committees to comply with the campaign spending laws.
5. Encourage compliance.

6. Increase and stabilize the Campaign Spending Commission's institutional capacity to carry out its mission.
- c. Explain how your program intends to meet its objectives in the upcoming supplemental year.
1. To simplify and clarify campaign spending laws in order to improve implementation and compliance.
 - (i) Complete recodification draft of Hawaii Revised Statute in 2008 with Blue Ribbon Advisory Committee, for submission to the 2009 Legislature.
 - (ii) Use process to stimulate the awareness of committees and the general public.
 2. To increase public education, awareness and access.
 - (i) Develop a simple, multi-year public education plan for the purposes of creating broad-based public knowledge of the most important campaign contribution and expenditure parameters.
 - (ii) Hold periodic public seminars to highlight important Issues.
 - (iii) Improve web-based information.
 - (iv) Develop capacity for regular public information releases during the electoral season on contributions and expenditures.
 - (v) Establish procedures between campaign spending, elections and ethics offices to formalize coordination efforts.
 - (vi) Establish procedures between the campaign spending office and the procurement office to formalize coordination efforts.
 3. Increase the technological capacity to improve access, reduce paperwork, and increase compliance.
 - (i) Develop front-end system so all committees can file on-line, and access additional information and assistance on-line.
 - (ii) Develop user diagnostics to serve as an early warning system for committees on potential violations.

- (iii) Increase the analyses capability for the Campaign Spending Commission.
 - (iv) Keep the system updated, and current.
- 4. Upgrade the training for and ability of the committees to comply with campaign spending laws.
 - (i) Develop a comprehensive curriculum, with training modules on most asked, most problematic, and new provisions.
 - (ii) Establish a goal for minimum competency of each committee through testing and/or training.
 - (iii) Create new methods for training and disseminating information, including virtual training (i.e. web-based, DVD).
 - (iv) Hold periodic public discussions to highlight important Issues.
- 5. Encourage compliance.
 - (i) Develop system for automatic on-line, email, and postal notifications.
 - (ii) Develop escalating penalties for repeat and gross Violations.
 - (iii) Simplify, expedite disposition of offenses.
 - (iv) Automate tracking and follow up communications.
- 6. Increase and stabilize the Campaign Spending Commission's institutional capacity to carry out its mission.
 - (i) In anticipation of continued annual reductions in the tax check-off, develop proposals to stabilize funding, including a general fund appropriation to be made into the trust fund at 4 to 6 year intervals.
 - (ii) Articulate the philosophy of fines as fines, not as a dependable or primary funding source for the Campaign Spending Commission's operations.
 - (iii) Plan for potential staff transitions (beyond 2012).

- (iv) Continue Commissioner development through periodic discussions, and updating the Commissioner handbook.
- (v) Document procedures.
- (vi) Evaluate space needs for possible staff expansion due to potential for increased statutory responsibilities.
- (vii) Develop contingency plans for public funding scenarios.

2. Program Performance Results:

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

The performance results are based on the previous year's goals and objectives. We are currently transitioning to align our performance results with the new five-year strategic plan.

- 1. Goal #1 - Develop a five-year Strategic Plan for the Commission involving stakeholders.

FY 07 Accomplishment:

- (i) The five-year strategic plan was completed and is implemented.

- 2. Goal #2 - Assure the timely and accurate reporting of campaign contributions and expenditures by all candidate and noncandidate committees that are required to register and report to the Commission.

FY 07 Accomplishments:

- (i) Review of the three year backlog of reports was completed. The majority of corrections were made and fines paid. The Commission collected \$29,920 in late filing penalties for FY 07 which was deposited into the Hawaii Election Campaign Fund.
- (ii) The web-based Candidate Filing System went live in January, 2007. Many compliments were received on the new user-friendly system.
- (iii) The commission held 12 training classes in the new system since January, 2007. The system was so easy to learn, that many candidates chose to learn the system with the on-line manual, calling the

Commission with help questions.

- (iv) The Commission researched, drafted and approved 12 Advisory Opinions.
3. Goal #3 - Educate and disseminate information to candidate and noncandidate committees regarding their respective reporting requirements.

FY 07 Accomplishments:

- (i) Conducted 4 training sessions for candidates, Candidate committees, noncandidate committees, and public financing including sessions on Maui, Kaua'i and the Big Island.
- (ii) Regarding the Supplemental disclosure report due on January 30, 2007, 174 of 221 candidates filed electronically on the new Candidate Filing System (79%). Regarding the Supplemental disclosure report due on July 31, 2007, 186 of 218 candidates filed electronically on the new Candidate Filing System (85%).
- (iii) The Commission's website was utilized for educating and disseminating information regarding reporting requirements. The Commission's website, between January 1, 2007 and August 31, 2007, averaged 45,800 "hits" per month, which is outstanding for a non-election year. The average "hits" per month for January, 2006 through December, 2006, minus the month of May (which showed "37" hits, an error), an election year, was 38,782 per month.
- (iv) The Commission updated the Candidate Committee and Noncandidate Committee manuals with Act 200 amendments, and updated the layout and language. The Commission completed drafting scripts and creating powerpoints for training to be posted on the website for Candidate Committees, Noncandidate Committees and Public Financing.
- (v) The Campaign Spending Commission Bulletin was researched, drafted, published and mailed to over 1,000 candidates, chairpersons, treasurers and noncandidate committees, in January and in July, 2007.

4. Goal #4 - Administer the Hawaii election campaign trust fund to insure its viability for the Commission and to provide funding for publicly funded candidates.

FY 07 Accomplishments:

- (i) Public Funding totaling \$122,649.04 was distributed to 21 candidates for the 2006 elections. Nine of the 21 candidates won their respective elections.
 - (ii) Administrative fines for FY 07, totaling \$272,049.25, have been paid to the Hawaii Election Campaign Fund.
 - (iii) Revenue from the \$2 tax check-off, for FY 2007, totaling \$220,406.00 was deposited into the Hawaii Election Campaign Fund. Interest totaling \$237,291.65, copy charges totaling \$119.35, excess contributions totaling \$13,475.00, anonymous contributions totaling \$836.02 and surplus/residual funds totaling \$10,611.93 were other notable receipts into the Hawaii Election Campaign Fund.
 - (iv) Review of public funding applications will be expedited by the inclusion of 3 of the screening criteria into the web-based Candidate Filing System program.
5. Goal #5 - Administer and enforce the provisions of the campaign spending law.

FY 07 Accomplishment:

- (i) The Commission assessed 27 organizations and individuals administrative fines totaling \$11,901 for making excess contributions, failing to deposit campaign funds, failure to report expenditures, and other violations. (The difference between this figure and the figure in Goal #4, Administrative fines, is the prior figure is fines previously assessed, including fines paid on a monthly schedule.) In addition, \$29,920 in penalties (i.e. late reports, defective reports) was assessed.
6. Goal #6 - Promote informed voters.

FY 07 Accomplishments:

- (i) Achieved passage of legislation for mandatory electronic filing of reports for noncandidate committees effective with the report due September 10, 2008, making Hawaii one of the

leading states in the nation for campaign finance transparency.

- (ii) On two dates in July, 2006, ran informational advertisements for registration requirements and contributions in newspapers on Oahu, Maui, Kauai and the Big Island. Also in late June, 2006, ran informational advertisements regarding contribution limits and election periods for each office, on two dates in the newspapers listed above.
- (iii) Utilized the State of Hawaii paystub for encouraging all employees to view campaign contributions and expenditures on the Commission's website.

7. Goal #7 - Recodify the Hawaii Revised Statutes Chapter 11, Subpart B.

FY 07 Accomplishments:

- (i) Invited several attorneys to join a Blue Ribbon Recodification Committee, of which 18 accepted.
- (ii) Researched and drafted the first proposed draft of the recodification of the campaign finance subpart of the Hawaii Revised Statutes. Numerous, lengthy meetings were held with staff members to discuss changes, justifications, and the history of each section of the applicable Hawaii Revised Statutes.

8. Goal #8- Increase and stabilize the Commission's institutional capacity to carry out its mission.

FY 07 Accomplishments:

- (i) Developed this new goal during the Strategic Planning process.
- (ii) Researched, drafted and finalized a Campaign Spending Commissioner Handbook, and distributed to the current Commissioners.

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

These results provide transparency for the electorate and assist in maintaining the integrity of the campaign finance process.

- 1. The Strategic Plan assures the Commission is focused on achieving its objectives.

2. The Candidate Filing System provides an easy way for the public to review contributions and expenditures, and for candidates to file reports.
 3. The timely review of disclosure reports ensures integrity of the process because candidates will take more time to make sure reports are accurate, and will become more aware of the laws and rules.
 4. Enforcement assists in maintaining the integrity of the process.
 5. We have provided more educational opportunities, both in classes and on the the web, that help candidates stay in compliance, and that informs the public about what's available on our website.
- 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.
1. The benchmark for measuring the effectiveness of the electronic filing program is the amount of public access to the commission website. In FY 07, a non-election year, the Commission website averaged about 40,749 "hits" per month. This number of "hits" is quite high, considering there was an average of 48,000 "hits" in an election year, 2006.
 2. The benchmark for timely review of all reports for compliance is the number of reports reviewed. Between April, 2006 and June, 2007, approximately 2,295 back-logged disclosure reports were reviewed by our contract investigator. Between April, 2006 and March, 2007, 234 discrepancy letters were sent out.
 3. The measure for education is the number of classes held, though website "hits" are also a big factor in education, as well as phone call inquiries. Eighteen classes were held in FY 07 (committees, public financing, web-based filing).
 4. In FY 2007, about \$301,969.25 was collected in fines and penalties. In 2006, approximately \$435,709 was collected. The decrease is due to fines that were imposed over the last five years, and paid off in increments, being fully paid. This source of income may continue to decline as old fines are paid in full and compliance rises.

- d. Discuss actions taken by each program to improve its performance results.
1. An aggressive program was instituted to remove a three-year backlog in the review of campaign disclosure reports.
 2. Passage of mandatory electronic filing legislation for Board of Education candidates, and removing electronic filing exemptions, provides the public with instant access to all candidate reports, and allows us to shift some clerical time from accepting manually filed reports, to doing an initial review of reports.
 3. Passage of mandatory electronic filing for noncandidate committees will provide instant transparency for the public in September, 2008, making Hawaii one of the most transparent states in the nation.
 4. Work on a web-based noncandidate committee filing system provides increased efficiencies both for candidates and the commission staff.
- e. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

In a nutshell, a five-year Strategic Plan was developed in 2007, which causes a modification of all program objectives and performance measures. We are going through a transition period, aligning our work with the new Strategic Plan.

3. Problems and Issues:

- a. Discussion of problems and issues encountered, if any.
- Late filed disclosure reports take a large amount of staff time for drafting letters, tracking responses, writing additional letters, placing newspaper ads, etc. This time is sorely needed to conduct a timely review of disclosure reports when submitted.
- b. Program change recommendations to remedy problems.
- Legislation will be submitted to increase fines for late reports to encourage compliance. Many times, the late filers are the same ones for each report.
- 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 Budget Act <u>FY 2007-08</u>	Collective <u>Bargaining</u>	Transfer In <u>Transfer</u> <u>(Out)</u>	Restrictions	Available <u>Resources</u>	Estimated <u>Expenditures</u>
(Pos. Count)	(5.00)				(5.00)	(5.00)
Personal Services	593,963	11,701			605,664	605,664
Current Expenses	248,163				248,163	248,163
Financing	0					0
Agreements						
Equipment	0					0
Motor Vehicles						
Total	842,126	11,701			853,827	853,827
Less: (Pos. Count)	(5.00)				(5.00)	(5.00)
Other-Trust	842,126	11,701			853,827	853,827
(Pos. Count)	(0.00)				(0.00)	(0.00)
General Fund	0				0	0

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)	(5.00)		(5.00)
Personnel Services	593,963		596,963
Current Expense	4,076,851		4,076,851
Financing Agreements			0
Equipment			0
Motor Vehicles	_____	_____	_____
	—		
Total	4,670,814		4,670,814
(Pos. Count)	(5.00)		(5.00)
Trust Fund	4,670,814		4,670,814

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 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

THE HAWAII ELECTION CAMPAIGN FUND

The Hawaii Election Campaign fund was established in 1979, as a result of a 1978 Constitutional Convention provision in the State Constitution to establish a program of partial public financing of campaigns. The legislature is mandated to establish a limit on the campaign spending of publicly financed candidates. The principal intent of the partial public funding program is to provide a neutral source of funds to candidates to minimize the need for participating candidates to accept contributions from corporations, unions, and other special interests. Public funding provided by the Hawaii Election Campaign fund also provides new and underfunded candidates an opportunity to compete against more established candidates with a ready source of funds.

The primary source of funding for the Hawaii Election Campaign fund is from the optional check-off that taxpayers may select to designate that two dollars from their tax liability be assigned to the fund for that year. This check-off has steadily declined over the last sixteen years, even though the amount designated does not reduce nor increase the amount of taxes to be paid or refunded. There has also been an increase in the number of check-offs on the State tax form for various other causes for the taxpayer to select from.

Previous Hawaii Election Campaign Fund reports have used calendar year numbers. We will be converting this report from a calendar year report to a fiscal year report to align it with budget reporting. Thus receipts and expenditures will refer to the calendar year, and the actual Hawaii Election Campaign Fund report will refer to the fiscal year '07.

RECEIPTS

Receipts for the calendar year were down from \$947,618.44 in 2006 to \$596,195.72 in 2007. \$52,670 of the 2006 total came from an early payment for the July to December, 2006 tax revenue on 12-26-06, when it is usually paid in January, 2007 and accrues to the 2007 total. Additionally, the receipt total is for January – October, 2007, and does not include the tax revenue payment for July to December, 2007 which is usually around \$50,000. Also, there is a significant decline in fines and penalties, as long term payments over the last five years have been paid in full. The tax check-off receipts for January to July, 2007 increased ten percent, however we await the payment for July to December, 2007 to determine if there was an increase or decrease for 2007 overall. With more compliance, we expect a decline in fines and penalties. Interest from investments increased slightly, but not enough to offset the decline in other revenues.

EXPENDITURES

Expenditures increased from \$695,230.49 in FY 06 to \$809,381.68 FY 07.

An election year FY 07 generally has a higher rate of expenditures for several reasons, the most significant of which is the provision of public financing

for campaigns, which was about \$122,649.04. Expenditures include a contract investigator to review reports because the Commission was three years behind in review of Disclosure reports. The contract investigator completed the review of 2,295 reports to date, with 234 discrepancy letters drafted and mailed. Additionally, contracts were executed for a strategic planner to guide the Commission through the planning process and for a computer trainer to assist in training users of the new Candidate Filing System.

BALANCE

The balance of the Hawaii Election Campaign Fund increased slightly over a year ago. The primary source of the fund is the individual income tax check-off. Though through the years, the number of taxpayers checking off on tax returns has declined steadily, providing an income base currently of about \$200,000 annually, we await payment for the last half of 2007 to determine if this downward trend continues. Fines and penalties will most likely decrease as compliance increases. The Hawaii Election Campaign Fund should not be dependent on fines and penalties to maintain operational expenses and to provide public financing. Interest income which has provided a source of funds in the past will continue only if there is a strong base. The market interest rate in the last two years has been very low. Any projection of the interest rate will depend on the base. However, assuming that the interest rates stay at the current rates of around 3%, the projected annual interest income will be around \$200,000 for the fund. This means that total projected receipts is approximately \$650,000 for 2007. Current administrative costs, paid from the fund, will be around \$650,000 per year due to increased salaries, projected use of contract investigators, increased advertising on the \$2 tax check-off and to increase awareness and use of the Commission's website through advertisements.

While the fund is healthy today, in the not too distant future, additional funds will be needed to supplement the current tax check-off. The future will be closer if there is any increased demand for public financing or if the legislature decides to provide full public financing. A projection of potential needs for increased funds can be made generally by looking briefly at Arizona, Connecticut and Maine's public funding programs.

Arizona has a budget of \$40 million for public funding of candidates for legislative and statewide offices. The program was passed by initiative in 1998. Connecticut Citizens Election program receives \$15 million per year, adjusted for inflation, to publicly fund candidates for statewide and legislative offices. Because of an increase in candidates, they have increased their staff from 7 to 27, and have an operating budget of \$2.3 million. They project budget needs of \$30 million for 2007 and \$45 million in 2008. Their last election had about 400 candidates (we had about 300). Finally, Maine provides public funding for the legislature and Governor only. In 2006, Maine spent \$6.8 million. Maine projects the Governor's race, alone, will cost \$5.6 million in 2010.

**HAWAII ELECTION CAMPAIGN FUND STATUS
FISCAL YEAR '07**

Beginning Balance as of July 1, 2006	\$5,647,002.95
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Receipts:

Tax Revenue		
Jul – Dec 2006	52,670.00	
Jan – June 2007	167,736.00	
Interest	237,291.65	
Copies	119.35	
Reimburse Prior Period	186.40	
Fines & Penalties	301,969.25	
Excess, Surplus & Anon Contributions	24,922.95	
Return of Public Funds	<u>378.77</u>	
Total Receipts		785,274.37

Expenditures:

Administration	160,937.02	
Payroll	527,026.62	
Public Funds	<u>121,418.04</u>	
Total Expenditures		<u>-809,381.68</u>

Balance as of June 30, 2007	5,622,895.64
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**Senate Committee on Ways and Means
Budget Requests for the Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Office of Elections**

Program Structure Number:

11 01 04 02

Program I.D. and Title:

AGS 879 Office of Elections

Page Reference in the Supplemental Budget Document:

Volume I, Pages 120-121

1. Introduction:

- a. Summary of program objectives.

To maximize voter participation in the electoral process by developing policies and procedures that encourage voter registration and voter turnout.

- b. Description of program objectives.

- i. Pursuant to Section 11-2 (a), Hawaii Revised Statutes (HRS), the chief election officer supervises all state elections. The chief election officer may delegate responsibilities in state elections within a county to the clerk of that county or to other specified persons.
- ii. Pursuant to Section 11-2 (b), HRS, the chief election officer provides voter registration services to qualified citizens which:
- Maximizes voter registration statewide; and
 - Equalizes voter registration between districts statewide.

In 2006, statewide 662,728 voters registered to vote for the November 7th, General Election. Of that total, 348,988, or 52.7%, of Hawaii's voters participated in the electoral process.

- iii. Pursuant to Section 11-2 (c), HRS, the chief election officer maintains data relating to registered voters, elections, apportionment, and districting.
- iv. Pursuant to Section 11-2 (d), HRS, the chief election officer is responsible for public education, including Federal provisions required by the Voting Rights Act of 1992, PL 102-344.
- v. Pursuant to Section 11-1.5 (a), HRS, there is established an Office of Elections. The Office of Elections:
 - Provides election services statewide.
 - Prepares, procures, and controls the inventory of election ballots for state and concurrently conducted county elections, statewide.
 - Provides secure, accessible and convenient voting services to all eligible voters statewide.
 - Processes, tabulates, and distributes election results statewide.
 - Provides computer support services (hardware and software applications) for elections (state and county).
 - Provides logistical and warehousing support for elections (state and county).

The Office of Elections and the various county clerks serve all State of Hawaii residents. More specifically, we are especially concerned with serving the approximately 848,000 eligible voters in the State of Hawaii.

- vi Pursuant to Article IV, Section 2, Hawaii State Constitution, the chief election officer provides necessary technical services and support to the Reapportionment Commission.
 - vii. Pursuant to Section 11-1.5 (b), HRS, the Office of Elections shall provide staff support to the Elections Commission.
- c. Explain how your program intends to meet its objectives within the upcoming supplemental year.
- i. Supervise Statewide Elections

In order to conduct the 2008 Elections, the Office of Elections will enter into its election program implementation phase. Various election activities and benchmarks will be accomplished. The successful conduct of the 2008 Elections will be indicated with the certification of election results after the expiration of the challenged period for each election.

ii. Voter Registration

The Office of Elections coordinates its activities to maximize and equalize voter registration with the county clerks. The Office is also responsible for compliance of the National Voter Registration Act (NVRA) of 1993. The NVRA mandates that state election offices:

- Establish procedures that will increase the number of eligible citizens who register to vote in elections for Federal offices;
- Protect the integrity of the electoral process by ensuring that accurate and current registration rolls are maintained;
- Enhance the participation of eligible citizens as voters in elections for Federal offices; and
- Eliminate or minimize policies or procedures that may act as barriers or impediments to individuals seeking to participate in the electoral process.

This office conducts agency-based, outreach programs and special community programs.

- Agency-Based Programs as required by the NVRA and state law:
 - Department of Health (WIC Program)
 - Department of Human Services
 - Family & Adult Services Division
 - Benefit, Employment & Support Services Division
 - MedQuest Program
 - University of Hawaii System
 - Motor Vehicles, Licensing, and Permits Division
- Other Agency-Based Programs:
 - Office of the Governor & Liaison Offices
 - Office of the Lieutenant Governor

- Department of the Attorney General
 - Child Support Enforcement
 - Criminal Justice Data Center
- Department of Public Safety (PSD)
 - Hawaii Paroling Authority
 - PSD Library
- Hawaii State Public Library System
- State Agencies that have direct contact with the public
- Federal Detention Center - Honolulu
- Pre-trial Services, U.S. Courts

- Outreach Programs:
 - Naturalized Citizens
 - Immigrant Communities Program
 - Voters with Disabilities Outreach Program
 - United States Postal Service Program
 - Young Voter Registration Program
 - Voter Registration Drive
 - Equalization and Maximization Program

- Other Programs:
 - Yellow Page Directories
 - State Tax Booklet
 - Internet
 - Deputy Voter Registrar

iii. Election Data/Information

The Office of Elections strives to increase accessibility of information by making FACTSHEETS, statistical data, and other election information readily available to the general public. This information is available on the Office website and distributed to the Libraries, County election offices, and upon request through the Office of Elections.

iv. Voter Education

Election information must be made more available to the public. This Office will continue to utilize the Internet and media to provide voter education and candidate information to the general public.

Voter Education continues to focus on providing Hawaii voters with the essential and critical voter information to ensure that registered voters, and individuals interested and eligible to vote, are aware of

the requirements, deadlines and procedures to be properly registered to vote and vote.

The Office maintains a website where vital information relating to elections is available. Candidate profiles, results, polling place finder (using a voters registration and/or address information), polling place site pictures, election district maps, facsimile ballots, voter registration and absentee application forms, and FACTSHEETS can be found on the office website.

Over the past four election cycles, the office implemented limited media campaign. This campaign primarily used mailings to voter households, and newspaper print and radio ads to stress important deadlines, precinct recruitment, and the importance of individuals to be properly registered, as well as voter registration and absentee-walk (Early Voting). The Office of Elections would like to continue and, subject to funding, expand the media campaign to ensure that the voting process is familiar, open, and accessible to voters.

For the 2008 Elections, this office will continue to make the election process more accessible to individuals with limited English proficiency. The State is required by the Federal Voting Rights Act to translate voter education materials in Japanese, Chinese and Filipino. This effort will include the outreach with community groups to assist in the distribution and dissemination of translated voter education materials.

Voter education programs that we will continue to conduct include:

- Information and Referral Services:
 - Election Hotline
 - Election FACTSHEETS
 - Public Service Announcements
 - Print
 - Electronic Media
 - Internet/Website
- Voter Education Programs:
 - Young Voter Registration/Education Program
 - Adult Education Program
- Special Outreach Programs:
 - "How to Vote" Outreach Project

- Adult Community High Schools Voter Education Program
- School Equipment Loan Program
- Public Organization Equipment Loan Program

v. Reapportionment Commission

We will continue to work with the United States Bureau of the Census to maintain the geographic information system (GIS) in preparation for the 2011 reapportionment.

vi. Elections Commission

We will continue to provide staff support, more specifically clerical and administrative support, to the Elections Commission. This includes coordinating meeting dates amongst members, making travel arrangements for neighbor islands commission members, and providing administrative support.

2. Program Performance Results:

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

i. Supervise Statewide Elections

Conducted stand-down activities from the 2006 Election cycle. This consisted of review, assessment, and evaluation of the 2006 Elections activities to improve the 2008 Elections. Besides the Office of Elections staff, staff from the Offices of the County/City Clerk are involved to assist with procedural and policy changes to all aspects of elections.

Developed and distributed the request for proposal (RFP) for a voting and vote counting system for the 2008 and subsequent elections. The four-year election cycle contract with vendor who provided a full-service contract expired in 2006.

ii. Voter Registration

The office continues implementation of its programs to ensure that voter registration is open and accessible. This was accomplished by ensuring that voter registration and voter information is available at the various government agencies, website and other venues.

iii. Election Data

Election data is collected and made available to the public, e.g., number of precincts; number of candidates; party results; voter registration information; precinct and district boundary descriptions; election results and the like. The requests for data come from all sectors of the public, e.g., individuals, organizations, academic institutions, and foreign governments.

iv. Voter Education

The key performance measure for voter education is the Office's ability to disseminate and make available voter information to the largest number of voters (and individuals who are eligible to register to vote).

v. Reapportionment Commission

Not applicable.

vi. Elections Commission

The Office serviced the Elections Commission by coordinating and hosting meetings for members, making travel arrangements for neighbor island commission members, and providing administrative support.

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

The Office of Elections met its objectives to provide, administer, and supervise elections and provide voter services to the citizens of the State of Hawaii.

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.

i. Supervise Statewide Elections

The 2006 Elections was conducted within budget. Generally there were no extraordinary voter complaints or no legal challenges related to the elections process.

This Office's implementation of the Help America Vote Act (HAVA) facilitated enhanced voter access to the electoral process. The Act requires and provides funding for a voting system that facilitates independent voting for all voters. The State deployed the direct recording electronic (DRE) system in both the 2004 and 2006

elections pursuant to the accessibility requirement of the HAVA. The main difference between the deployments was the required paper audit trail ("Voter Verifiable Paper Audit Trail") for the 2006 election. This new requirement was met successfully and voters were able to verify votes cast on the DRE system.

Other HAVA-required provisions implemented this past election cycle enhanced voter access to the electoral system. This included "accessibility kits" in all polling places statewide. These kits included tools and devices to assist individuals with disabilities and other impairments to vote. This Office also conducted a comprehensive survey and evaluation of all polling places in the State to ensure physical accessibility. Where accessibility issues were identified, temporary hardware was purchased and installed for use on election day.

ii. Voter Registration

From the 2004 General Election to the 2006 General Election, the state saw 15,490 new voter registrations.

iii. Voter Education

Voter education can be measured by the number of citizens inquiries, complaints, and responses. The few complaints the office received in this program area were concerns regarding voter information related to the proposed charter and constitutional amendments.

iv. Election Data

Same as above.

v. Reapportionment Commission

Not applicable.

vi. Elections Commission

Not applicable.

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

i. Supervise Statewide Elections

Performance standards will be developed by the Elections Commission.

ii. Voter Registration

This office has continued to improve its efforts to ensure that voter registration services are accessible to voters and various groups or entities wishing to conduct voter registration activities.

These include timely response to voter registration requests, continual monitoring and resupplying of forms at voter registration forms outlets (libraries, post offices, state offices); and working with Hawaiian Telcom and Paradise Pages to make the forms available in its directories. Additionally, the State conducts Deputy Voter Registration for campaigns, political parties, and other groups seeking to conduct voter registration drives.

This office continues to work with the counties to develop indices to monitor and track, so that data of registration by type and program can be followed from inception to voting.

iii. Voter Education

More resources must be directed toward voter education to make the public more comfortable with the changing voter technology, particularly the direct recording electronic system. Election information must be made more available to the public. The general public needs specific education on how to vote, the mechanics of voting, a single party primary election, non-partisan races (e.g., county), multiple seat races, measures and issues on the ballot.

This office has exhausted its options for public service announcements and free pieces in the print media. On the other hand it has been shown that much information is generated in contested elections and when hot button issues are in question. Candidates and interest groups succeed to inform its voters mostly through paid advertising.

iv. Election Data

The office established a program to store, update and make accessible via the Internet election maps, and collaborate with the U.S. Census Bureau to update map (layer) data and prepare for the 2011 Redistricting. This office has also supported efforts to establish county-specific geographic information systems (GIS) for

the purposes of voter registration, polling place assignments, and logistics coordination.

v. Reapportionment Commission

See above Election Data response (2.d.iv.).

vi. Elections Commission

The duties of the Elections Commission are to hold public hearings, investigate and conduct hearings for elections complaints, adopt rules, employ a chief election officer (former CEO retired on 03/01/07), and advise the chief election officer on matters relating to elections.

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.

i. Help America Vote Act (HAVA)

On October 28, 2004 President George W. Bush signed into law HR 3295/P.L. #107-252, the "Help America Vote Act of 2004." HR 3295 generally provides payments to States to improve the administration of elections.

The purposes of the Act are as follows:

(1) To comply with the requirements under Title III of this Act:

(a) State Voting System Standards Required Under the Act.

- (i) The voter must be permitted to verify his or her ballot before the ballot is cast.
- (ii) The voter must be provided the opportunity to change his or her ballot before the ballot is cast.
- (iii) The voter must be notified before the ballot is cast if more than one candidate for a single office has been selected and the voter must be provided an opportunity to correct the ballot.
- (iv) The system must have manual audit capacity,

- including a permanent paper record.
- (v) The system must be accessible to the disabled.
- (vi) The system must provide alternative language accessibility.
- (vii) The system must comply with Federal Election Commission error rate standards in effect on the date of the act's enactment.
- (viii) Each state must adopt uniform and nondiscriminatory standards defining what constitutes a vote and what will be counted as a vote.

States must meet these requirements by January 1, 2006.

(b) Provisional Voting and Voting Information Requirements

- (i) States must enact provisional voting laws by January 1, 2004.
- (ii) States must post specified voting information at each polling place.
- (iii) Each state election official must establish a single, uniform, official, centralized, interactive computerized statewide voter registration list of every legally registered voter in the state. The list must:
 - Be the single system in the state for storing and managing the list of registered voters.
 - Be coordinated with other state agencies and state databases.
 - Be immediately accessible by state and local election officials.
 - Serve as the official voter registration list for federal elections.

Additionally, each state must maintain the list by:

- Removing ineligible voters and the deceased.
- Providing adequate security measures to prevent unauthorized access to the list.
- Updating the database, including providing safeguards against removing eligible voters from the list.

States must comply with these requirements by January 1, 2004.

- (2) Improve the administration of elections for Federal offices.
- (3) Educate voters concerning voting procedures, voting rights, and voting technology.
- (4) Train election officials, poll workers, and election volunteers.
- (5) Improve, acquire, lease, modify, or replace voting systems and technology and methods for casting and counting votes.
- (6) Improve accessibility and quantity of polling places, including providing physical access for individuals with disabilities, providing non-visual access for individuals with visual impairments, and providing assistance to Native Americans, Alaska Native citizens, and to individuals with limited proficiency in the English language.
- (7) Establish a toll-free telephone hotline to allow voters to report election violations and to access automated voter registration status, polling place information and other relevant data.

The State of Hawaii is in compliance with the requirements of the HAVA.

To receive funding, each state must submit a state plan, and must self-certify that the state:

- Has developed a plan for implementing complaint procedures, as required under the act.
- Is in compliance with other federal election laws.
- Will not use funds for purposes inconsistent with the act.
- Has appropriated state funds equal to 5 percent of the federal funds received under the act (5 percent match).

Under this act, there exists a "maintenance of effort" requirement. The Act requires that state expenditures for election reform activities be maintained at a level equal to funding prior to November 2000.

We emphasize that the HAVA funding is meant to meet the requirements of the Act. It is not meant to supplant funding for

existing State programs and functions (e.g. costs related to staffing, voter education, logistical/support).

Under Title II of the HAVA, the State is entitled to a "requirements payment" provided that it meets a 5% matching fund. In the fiscal year 2003 (federal fiscal year), the State was entitled to \$4,150,000. The 5% matching fund was met by the Office of Elections budget, pursuant to a 2004 budget proviso. We note that although the Legislature appropriated \$50,000 as part of the 5% matching funds, the Administration did not release it. In fiscal year 2004 (federal fiscal year), the State of Hawaii was entitled to a requirements payment of \$7,446,803. A 5% matching fund was appropriated by the 2005 Legislature.

The State is faced with the acquisition of a new voting and vote counting system for the 2008 Elections and subsequent elections. The four-year election cycle contract with vendor who provided a full service contract expired in 2006. A request for proposal (RFP) was developed and released in 2007. The Office, along with the four counties, was able to meet the contractual cost for the voting system for the 2008 election using both general and HAVA funds. The office, however, will not have the funds to acquire a voting system in subsequent elections. Additional funding will be required in the next biennium budget to fund a voting and vote counting system.

Lastly, the State is required to meet and remain in compliance with the HAVA, with or without the use of Federal Funds.

ii. Disconnect Between the Public and Electoral Process

A major national trend affecting this Office is the "disconnect" between the public and the electoral process. Nationwide, this is reflected in the decrease in people volunteering to work at the polls on election days and decrease in the number of people who register to vote and vote. This has occurred despite the Office of Elections and Offices of the County/City Clerk efforts to make voting more accessible to individuals. Because elections rely on volunteer citizens working at the polls, this Office is concerned that services may be adversely affected by this continuing decline in public interest in the electoral process.

iii. Improve Accessibility of the Election Process to Individuals with Disabilities

Under the HAVA, all individuals, especially the elderly and the people with disabilities, must be allowed to vote independently. To

meet this requirement we will continue to: a) procure electronic voting machines; b) ensure that polling place facilities are accessible; c) provide statewide training/workshops to various disability groups on the voting process; and d) develop training curricula and education materials for election day officials on how to work with voters with disabilities.

iv. Support of Elections Commission

Act 57 (2004) established an Elections Commission, however no funds were appropriated to support the Commission.

The Elections Commission consists of nine members. Currently seven members are from the neighbor islands. Although commission members serve without compensation, they are to be reimbursed for reasonable expenses, including travel expenses, necessary for their duties.

Funding is required to support the commission, more specifically for: travel cost (airfare, rental car, parking fees) for members to attend meetings and public hearings, publication of rules and hearing notices, mileage reimbursement, and administrative costs. This Office currently absorbs all costs incurred by the Commission.

We note that this office has repeatedly requested funding for the elections commission through the executive budget. Those requests have not been honored.

v. Support the Boards of Registration

Pursuant to Section 11-41, HRS, there shall be four boards of registration (one on each county). The boards, which shall be in the Department of Accounting and General Services for administrative purposes, shall consist of three members each and shall be appointed by the Governor by and with the advice and consent of the Senate. The purpose of the board is to hear and decide appeals from a voter challenge or from an appeal of the clerk's decision regarding voter registration.

No funding is given to this Office to support the Boards of Registration. This Office currently absorbs all board member expenses which includes compensation, mileage, administrative (e.g., court reporter fees), and travel costs.

vi. Constitutional Amendments

Voter education materials regarding proposed constitutional amendments must continue to improve. Funding should be appropriated to facilitate this effort. The Legislature assumed this responsibility in the 2006 Elections. As was the practice in prior elections, this office recommends resuming direct mailings to all voters and repeat publication of the educational materials.

Funding must be provided to ensure that all materials meet the multilingual and accessibility requirements of the Voting Rights Act and the Help America Vote Act.

vii. Voter Education

This Office is statutorily required to provide voter education to the people of Hawaii. Over the years, this Office has not received the funding required to properly educate voters with the necessary information to confidently cast their vote on election days.

viii. Election Information Management System

The management of election information is critical to ensure the integrity and security of the electoral process. Currently, the State's election information is maintained under separate and disparate software programs and computer operating systems. These programs and systems are highly labor intensive and cumbersome to use and maintain. The absence of an integrated system necessitates multiple data entry that increases the likelihood of error.

This office will continue its efforts to integrate and consolidate election information into a single system. This will provide the State a cost effective and highly efficient system for managing all election information.

ix. State Owned Office Facility

Since 1989 the Office of Elections has been leasing a facility in Pearl City. Consideration should be made to house this Office in a state-owned facility. The State could avoid paying lease rent as well as potentially consolidating the office and its operations to a central location.

The Office of Elections would require a combination office/warehouse complex. Presently we work out of two sites located in Pearl City and Mapunapuna. The Pearl City site consists of an office/warehouse totaling 13,878 square feet, and the

warehouse in Mapunapuna totals 4,640 square feet. We also note that this warehouse is "on loan" from the Department of Education.

The simple goal is to get out of leased buildings and into a state-owned facility.

- b. Program change recommendations to remedy problems.

Provided in response 3.a.

- 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 Office of Elections faces an ongoing battle to recruit and retain qualified staff members who understand and are committed to the elections profession. Attractive compensation for the demanding work of the Office is simply not available to prospective employees due to budget constraints. Act 214, SLH 2007 converted 14.5 exempt positions to civil service, however, no additional funding was provided. All of the current 14.5 positions are under civil service compensation levels.

The credibility of the election process is largely dependent on knowledgeable, professional staff. The contingencies, the systems, the statutes, administrative rules, federal laws, changing laws, and demands from the public are just a few variables dealt with at all levels of elections employment. It is therefore essential for this Office to retain veteran staff. The Office is seeking \$113,791 to carry out its civil service conversion.

4. Expenditures for Fiscal Year 2008:

	<u>Appropriation Budget Act FY 2007-08</u>	<u>Collective Bargaining</u>	<u>Transfers In Transfer (Out)</u>	<u>Restrictions</u>	<u>Available Resources</u>	<u>Estimated Expenditures</u>
(Posn Count)	(18.00)			0	(18.00)	3.00*
Personal Services	1,890,599	27,573	(977,722)	0	940,450	940,450
Current Expenses	8,106,294	0	984,863	0	9,091,157	9,091,157
Financing Agreements						
Equipment	25,000		(7,141)		17,859	17,859
Motor Vehicles						
Total	10,021,893	27,573	0	0	10,049,466	10,049,466
Less: (Posn Count)	(0.50)			0	(0.50)	(0.00)
Federal	7,473,364			0	7,473,364	7,473,364
(Posn Count)	(17.50)				(17.50)	(3.00)
General	2,548,529	27,573		0	2,576,102	2,576,102

*Exempt positions will not be converted to civil service during this fiscal year.

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

The FY 2007-08 personal services and current expenses of \$1,890,599 and \$8,106,294 respectively, that were reported in the Multi-Year Program and Financial Plan and Executive Budget for 2007-2009, were incorrect. The budget amounts for personal services and current expenses should be \$912,877 and \$9,084,016 respectively. The total budget for FY 2008-09 is correct, only the amounts between cost categories are overstated and understated by \$977,722.

- 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 FY 2009	Budget Adjustment FY 2009	Supplemental Budget FY 2009
(Posn Counts)	(18.00)		(18.00)
Personal Services	2,015,935	113,791	2,129,726
Current Expenses	8,160,694	0	8,160,694
Financing Agreement		0	0
Equipment	0	0	0
Motor Vehicles	<u>0</u>	<u>0</u>	<u>0</u>
Total	10,176,629	113,791	10,290,420
(Posn Count) General Fund	(17.50) 2,703,265	(0.00) 113,791	(17.50) 2,817,056
(Posn Count) Federal Fund	(0.50) 7,473,364	(0.00) 0	(0.50) 7,473,364

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.

Convert Fourteen (14.5) Various Level Exempt Temporary Positions to Civil Service

Act 213, SLH 2007 converted 14.5 exempt positions to civil service. No funds were appropriated to carry out the conversion, more specifically to properly compensate the positions from exempt to civil service levels. Currently compensation for Office of Elections employees are below civil service levels. Although the Department of Human Resources and Development will ultimately decide the

salary rating and compensation for each civil service position, we estimate a shortfall of \$113,791. If additional funds are not provided, the civil service positions cannot be filled. The 14.5 positions are year-round positions and vital to conducting the elections.

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

Personal Services	
Civil Service Conversion	\$113,791 (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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 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		Transfer In		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>F.T.E.</u>	<u>FY 2009 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 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.

**Senate Committee on Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
Wireless Enhanced 911 Board**

Program Structure Number:

11 03 04

Program I.D. and Title:

AGS 891 Wireless Enhanced 911 Board (Board created on July 1, 2004 and administratively attached to the Department of Accounting and General Services)

Page Reference in the Supplemental Budget Document:

None

1. Introduction:

- a. Summary of program objectives.

To oversee the implementation of wireless enhanced 911 service by wireless providers and Public Safety Answering Points (PSAPs).

- b. Description of program objectives.

To administer the collection of the monthly surcharge on wireless phone connections from the wireless service providers (WSPs) and distribution of the funds to the PSAPs and wireless carriers to reimburse them for purchases of equipment and software to upgrade the 911 system to be able to identify and locate wireless 911 callers.

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

The board will continue to administer the Wireless Enhanced 911 Fund, coordinating with the PSAPs and wireless carriers past implementation of the wireless enhanced 911 system for future upgrades and enhancements to the system.

2. Program Performance Results:

- a. Discuss the performance results achieved by each program in FY07.
- i. Collected a total of \$7,865,305.09, comprised of \$7,250,974.00 in surcharges and \$614,331.09 in interest income.
 - ii. There were multiple disbursements during the past fiscal year which totaled \$1,530,427.18. They ranged from reimbursements to the County PSAPs, to WSPs, for board travel expenses, the hiring of an independent certified public accounting firm to audit the fund, and the continuation of the consultant contract to administrate the day-to-day operations of the Board.
 - iii. The Board exhausted the remaining balance of the Grant Fund which totaled \$916,469.19. Intrado was successful in assisting the City and County of Honolulu in deploying one WSP (MobiPCS). The last goal of implementing GIS mapping services for PSAPs across the state was completed in May. These services were paid from the Grant Fund and Wireless Enhanced 911 Fund, totaling \$1,284,332.20. Of this amount, \$916,469.19 came from the Grant Fund, which exhausted this account.

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

These results relate directly to the program's objectives to upgrade the 911 system to be able to identify and locate wireless 911 callers.

- 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 Board adopted the following measures of effectiveness that were put in place in FY07 to measure the progress of the program, and its results were:

Measures of Effectiveness:

1. Percent of Public Safety Answering Points (PSAPs) that are Phase II compliant. 93.9%
2. Percent of Wireless Service Providers (WSPs) compliant with at least one PSAP. 100%
3. Percent of WSPs that are Phase II compliant with all PSAPs. 83%

4. Estimated percentage of cell phone users that have Wireless Enhanced 911 Phase II service. 97%

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

Hawaii, Maui, and Kauai counties hired a contract program manager to assist them in developing the requirements for implementation of the wireless enhanced 911 system. The City and County of Honolulu had a designated county project manager to assist them. The Board also signed Inter-Governmental Agreements with each of the counties that established a formal reimbursement mechanism for county purchases related to wireless enhanced 911 service.

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

The Board has not modified its performance measures.

3. Problems and Issues:

- a. Discussion of problems and issues encountered, if any.
- i. The Board is near completion of implementing Phase II wireless enhanced 911 service in the state (AT&T is the final carrier to complete service on Molokai to bring the state to 100%). The Wireless Enhanced 911 Fund balance is over \$19 million. However, implementing the system does not equate to full coverage nor completion of the program.
 - ii. The Board has realized that implementation of the wireless enhanced 911 system requires continuous maintenance for the PSAPs that will total over \$4.5 million a year to be funded from the Wireless Enhanced 911 Fund.
 - iii. There is also the requirement to continuously upgrade the system due to technological advances in wireless communications. Much of the wireless enhanced 911 system is comprised of computer hardware and software. This is an unknown cost at this time because the PSAPs cannot anticipate the technological advancements that will affect their system. Forecasts are purely anecdotal.
 - iv. The Board has also realized that there are many geographic locations in the state frequented by the public where there is no wireless phone service. This is a significant public safety issue.

- b. Program change recommendations to remedy problems.
 - i. The Board will recommend a reduction in the surcharge rate that will meet the required maintenance of the wireless enhanced 911 system, and accommodate future enhancements to the system.
 - ii. The Board has hired a consultant to prepare a study of the requirements of expanding wireless coverage to rural areas and in-building coverage for state and county buildings that are high public traffic areas. The cost and feasibility of this expansion will be considered by the Board for potential 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.

None.

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)	(0.00)				(0.00)	(0.00)
Personal Services						
Current Expenses	9,000,000				9,000,000	9,000,000
Financing Agreements						
Equipment						
Motor Vehicles						
Total	9,000,000				9,000,000	9,000,000
Less: (Pos. Count)	(0.00)				(0.00)	(0.00)
Special	9,000,000				9,000,000	9,000,000

(Pos. Count)	(0.00)			(0.00)	(0.00)
General Fund	0			0	0

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:

	<u>Act 213/07</u> <u>FY 2009</u>	<u>Budget</u> <u>Adjustment</u> <u>FY 2009</u>	<u>Supplemental</u> <u>Budget</u> <u>FY 2009</u>
(Pos. Count) Personnel Services	(0.00)		(0.00)
Current Expense	9,000,000		9,000,000
Financing Agreements			
Equipment			
Motor Vehicles	_____	_____	_____
Total	9,000,000		9,000,000
(Pos. Count) Special Fund	(0.00) 9,000,000		(0.00) 9,000,000

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.

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 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 Ways and Means
Budget Requests for Supplemental Budget 2008-2009
January 11, 2008**

**Testimony of the Department of Accounting and General Services
General Administrative Services**

Program Structure Number:

11 03 13

Program I.D. and Title:

AGS 901 General Administrative Services – Accounting and General Services

Page Reference in the Supplemental Budget Document:

None

1. Introduction:

a. Summary of program objectives.

The General Administrative Services Program's objective is to enhance program effectiveness and efficiency by formulating policies, allocating resources, and administering operations and personnel. (Section 26-6, HRS)

b. Description of program objectives.

The General Administrative Services Program is administered through the Office of the Comptroller, three staff offices, and District Offices located in Hawaii, Maui and Kauai counties. It provides overall executive direction, internal management, budgetary and financial administration, computer systems support and personnel administration services.

The Office of the Comptroller renders decisions on matters that require policy determination and executive direction. It plans, organizes, coordinates, directs and controls statewide departmental programs through its staff offices, divisions, and district offices.

The Administrative Services Office provides centralized administrative, management, and fiscal services for the internal management of departmental programs. It exercises administrative and budgetary control over appropriated funds, reviews and processes all departmental expenditures, maintains a system of accounts in accordance with the prescribed State Accounting System, conducts studies and develops

management improvements programs, and prepares financial and other special reports for management.

The Personnel Office develops and coordinates departmental employee and management activities. It functions as the liaison unit with the State's central personnel agency, employee organizations and other agencies affecting employment; is responsible for recruitment, selection and placement, worker's compensation, employee relations, labor relations, classification, affirmative action and equal employment opportunity, safety and training; maintains records of personnel transactions and position actions; and prepares reports for management.

The Systems and Procedures Office coordinates computer and networking activities for the Department. It provides systems analysis; computer programming; other computer related support in the development, implementation and maintenance of computerized systems; and maintenance of local area networks. The office also maintains the departmental web site and runs a minicomputer utilized by multiple divisions.

District Offices located in Hawaii, Maui and Kauai counties are administrative arms of the Office of the Comptroller providing delegated program and staff services in the respective counties and serve as the departmental liaison with other public and private agencies.

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

This program plans to complete all of its planned activities within the budget constraints in order to meet its objectives.

2. Program Performance Results:

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

As indicated in our Variance Report for FY 2007 our program did not show significant variations in its measures of effectiveness except to adjust the average time for delegated classification actions to accurately reflect processing time.

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

Administrative Services Office (ASO) - At this time the ASO does not have any areas with a significant backlog that would adversely impact the services provided by the department's programs.

Personnel Office - At this time, the Department is in compliance with all employment requirements.

Systems and Procedures Office - It enables the various program areas in the department to accelerate the delivery of services through utilization of computerized processes and/or local area networks developed and maintained by this office.

- 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.

Administrative Services Office (ASO) - This office measures its effectiveness by monitoring the amount of interest paid on late vendor payments. Interest paid was within benchmark percentage at less than 1% of amount paid and was not due to delays in processing by the Administrative Services Office.

Personnel Office – This office measures its effectiveness by monitoring the average length of time it takes to complete a non-competitive recruitment action and delegated classification action. No anticipated variance is anticipated for the upcoming fiscal year.

Systems and Procedures Office – This office measures its effectiveness by monitoring the percentage of data processing requests completed. No significant variance is anticipated for the upcoming fiscal year.

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

Administrative Services Office (ASO) – The ASO is continuously developing enhancements to its departmental financial system (FMS) to expedite the processing and posting of encumbrance-related and payment-related transactions. The goal of implementing enhancements is to improve staff efficiency and increase the reliability of financial information recordation. Efficiency in payment processing is evident as shown by the minimal amount of interest owed to vendors due to the processing of payments exceeding the 30-day threshold. Staff continues to utilize spreadsheet programs to expedite necessary and time-consuming payroll adjustment calculations in a timely manner. The ASO implemented the Purchasing Card program; currently, all operating divisions, district offices and five attached agencies are participating in this program. The ASO has also implemented the Hawaii Electronic Procurement System (HEPS) to 6 divisions, 4 attached agencies, and 3 district offices.

Personnel Office - The Personnel Office accepts offers of delegation of responsibilities from the central agency, the Department of Human Resources Development. As a result, we have been able to reduce turn around time, and have been able to act on other departmental program's request for personnel action in a timely manner. Various internal changes

and action have been taken to increase program efficiency and effectiveness. These have included cross training of all staff members; expanded ability to generate reports via the HRMS (personnel data system); provision of department wide training on various subject matters; development of an intranet website; and increase use of computer technology.

Systems and Procedures Office – The office continually looks at ways to increase the efficiency and effectiveness of various DAGS program areas through the development of computer application systems, and local area networks which makes information sharing more readily available to those who need it the most.

- 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.

None

- 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 Budget Act FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Restrictions	Available Resources	Estimated Expenditures
(Pos. Count)	(40.00)				(40.00)	(40.00)
Personal Services	2,408,331	232,364			2,640,695	2,640,695
Current Expenses	70,138				70,138	70,138
Financing Agreements						
Equipment	10,428				10,428	10,428
Motor Vehicles						
Total	2,488,897	232,364			2,721,261	2,721,261
Less: (Pos. Count)	(1.00)				(1.00)	(1.00)
Other	64,256	3,000			67,256	67,256
(Pos. Count)	(39.00)				(39.00)	(39.00)
General Fund	2,424,641	229,364			2,654,005	2,654,005

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:

	<u>Act 213/07</u> <u>FY 2009</u>	<u>Budget</u> <u>Adjustment</u> <u>FY 2009</u>	<u>Supplemental</u> <u>Budget</u> <u>FY 2009</u>
(Pos. Count)	(40.00)		(40.00)
Personnel Services	2,413,108		2,413,108
Current Expense	70,138		70,138
Equipment	10,428		10,428
Motor Vehicles	_____		_____
Total	2,493,674		2,493,674
(Pos. Count)	(39.00)		(39.00)
General Fund	2,429,418		2,429,418
(Pos. Count)	(1.00)		(1.00)
Interdepartmental Transfers	64,256		64,256

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 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