

**HOUSE COMMITTEE ON FINANCE
BIENNIUM BUDGET REQUESTS FOR FISCAL YEAR 2009-2011**

JANUARY 12, 2009

TESTIMONY OF THE DEPARTMENT OF BUDGET AND FINANCE

The Department of Budget and Finance's (DB&F) mission is to enhance long-term productivity and efficiency in government operations by providing quality budget and financial services that prudently allocate and effectively manage available resources. Functional organization charts and worksheet 1 display the organizational structure of the DB&F including authorized position counts and funding levels for the current year. The DB&F's nine programs are aligned functionally, as follows:

- BUF 101, which is the Departmental Administration and Budget Division program;
- BUF 115, our Financial Administration program;
- *BUF 141, the Employees' Retirement System;
- *BUF 143, the Hawaii Employer-Union Trust Fund;
- *BUF 151, the Office of the Public Defender;
- *BUF 901, the Public Utilities Commission;
- BUF 915, Debt Service Payments;
- *BUF 941, Retirement Benefits Payments; and
- BUF 943, Health Premium Payments.

*Administratively Attached agencies/programs

The first two programs are the Department's direct programs, the Director's Office, the Administrative and Research Office, the Budget, Program Planning and Management Division, and the Financial Administration Division. The next four programs annotated with asterisks are agencies administratively attached to the Department. The last three programs cover payments for non-discretionary cost items placed under separate program designations.

Table 1 includes the major functions of the department and are prioritized based on the department's direct programs versus those that are administratively attached and

serve separate and distinct purposes. Table 1 also lays out criteria used to measure performance for these functional areas. Table 2 summarizes the major activities related to each of the identified functional areas and will also be addressed further by each program.

Current economic and financial conditions have had a significant impact on the DB&F and have brought to the forefront the importance of our mission. The contraction of the State's economy and the resulting reduction in general fund tax revenues forecasted by the Council on Revenues (COR) has resulted in an approximate \$1.1 billion shortfall for the period FY 09 to FY 11. The Department has been closely monitoring the tax collections and downward revisions to the projected tax collections first made by the COR in September 2007. Restrictions in FY 08 were implemented and the departments' expenditures closely scrutinized in order to reduce the level of expenditures to reflect the reduction in revenues. Along with the four percent (4.0%) reductions imposed by the Legislature in FY 09, additional restrictions in FY 09 were implemented and the Department continues to closely scrutinize expenditures in order to meet the challenges of a weakened economy. The Department has confronted this daunting challenge by:

1. Preparing a budget that reflects an average of 14% reduction in discretionary spending by all of the departments;
2. Re-evaluating programs, revenue generators and revenue offsets to focus on the State's core mission of providing primary public services; and

3. Pursuing refunding/restructuring opportunities in a challenging municipal bond market to generate approximately \$300 million of general obligation bond debt service reductions in FY 09-11.

The landscape of the municipal bond market has changed drastically since mid-September 2008, when a number of events caused the municipal bond market to basically shut down for a few weeks. While a small number of transactions were being done, the cost to borrow funds in the market increased dramatically for all issuers across the board, with generally greater impact to those issuers with ratings of BBB or lower. The municipal bond market continues to stagnate, although the level of bonds being sold on a weekly basis has been slowly increasing. While there is an increased level of activity, the par amount of bonds that can be sold by an issuer on any given day remains constrained by the demand and appetite for bonds, primarily the institutional investors who prior to September, were the main buyers of municipal bonds. While the Department has submitted its bond issuance plan reflecting two (2) bond issues per year as has been the past practice, it may be necessary for the Department to consider having 3-4 bond issues per year with smaller par amounts for each sale to respond to current capacity constraints of the market.

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees was briefed on the State's fiscal condition as employer contributions for health benefit premium comprise a significant portion of the general fund appropriation. Given the revenue picture, the Board was advised that the State could not support any increases in funding for active employees. Although the employer contribution for active employees is determined through collective bargaining, the Board of Trustees is taking

the State's fiscal condition into account as it considers rates and benefits for EUTF health plans effective July 1, 2009.

With this economic backdrop and in keeping with the Executive budget policy and guidelines, the Department's operating budget request for FY 2010 and FY 2011 adjusts fixed costs, includes requirements for long term sustainability, abolishes positions and reduces expenditure of discretionary general funds. Prioritization of budget requests for programs funded by special and trust funds reflect support of activities that are income enhancing, statutorily mandated, and energy related initiatives that position the State for a sustainable future. General Fund reductions and abolishment of positions will require organizational restructuring and various changes in operations. Attachment 4, Budget Decisions, details our Department's requests and the Executive level funding decisions.

In the current fiscal year, the Department's appropriation totals \$1.66 billion and the following table summarizes the Department's FY 2009 appropriations, transfers, restrictions and allocations.

	Appropriation FY 09	Collective Bargaining	Transfers In Transfers Out	Restriction	Net Allocation and Estimated Total Expenditure
(Pos. Count)	330.00				330.00
PERS SERV	25,104,261	1,609,944	-	(122,123)	26,592,082
CURR EXP					
- Discretionary	25,059,444			(141,306)	24,918,138
- Non-Discretionary	1,611,320,420	43,530,607	-	-	1,654,851,027
EQUIPMENT	602,305	-	-	(1,500)	600,805
TOTAL	1,662,086,430	45,140,551	-	(264,929)	1,706,962,052
(Pos. Count)	145.00				145.00
GENERAL FUND	654,483,303	44,414,192	-	(264,929)	698,632,566
(Pos. Count)	55.00				55.00
SPECIAL FUND	10,429,994	198,386	-	-	10,628,380
(Pos. Count)	31.00				31.00
TRUST FUND	10,686,573	118,074	-	-	10,804,647
(Pos. Count)	-				-
INTERDEPT'L FUND	972,786,344				972,786,344
(Pos. Count)	99.00				99.00
OTHER FUND	13,700,216	409,899	-	-	14,110,115.00

For FY 2009, the DB&F has a general fund appropriation of \$654.5 million, of which \$638.5 million or 97.6% is for non-discretionary expenses (debt service, retirement system, health fund, witness fees, and court-appointed counsel), and \$16.0 million or 2.4% is for discretionary expenses.

General fund restrictions totaling \$264,929 have been imposed in FY 2009 and the collective bargaining allocation of \$44,414,192 includes negotiated employer costs for health benefits, pension accumulation and social security/medicare. Attachment 1 provides a departmental summary of the FY 2009 allocations. Attachment 7 reflects transfers to other programs in FY 2008 and FY 2009. Table 5 details the impact of restrictions imposed in FY 2009 and amounts that have been carried over in the biennium budget request.

The Department's Biennium Budget request (all MOF) represents a net decrease of \$69.1 million in FY 2010 and \$50.5 million in FY 2011. In FY 2010 and FY 2011, respectively, General funds are decreased by \$22.5 million and \$15 million, Special funds are increased by \$5 million and \$2.1 million, Trust funds are increased by \$1.6 million and \$600K, Inter-departmental funds are decreased by \$53.2 million and \$38.2 million as compared to established ceilings for the biennium. No adjustments are proposed for Other Funds in either year of the biennium. Requested funding levels for the biennium are as reflected in the following table:

	Budget Request FY 2009-2010	Budget Request FY 2010-2011	Biennium Requirement
(Pos. Count)	333.00	333.00	333.00
Personal Services	27,571,426	27,571,426	55,142,852
Current Expenses:	1,596,848,433	1,663,527,538	3,260,375,971
Discretionary	25,950,762	21,998,874	47,949,636
Non-discretionary	1,570,897,671	1,641,528,664	3,212,426,335
Equipment	211,700	251,300	463,000
Total	1,624,631,559	1,691,350,264	3,315,981,823
(Pos. Count)	141.00	141.00	141.00
General Funds	687,624,985	718,238,534	1,405,863,519
(Pos. Count)	62.00	62.00	62.00
Special Fund	14,557,057	11,636,869	26,193,926
(Pos. Count)	31.00	31.00	31.00
Trust Fund	12,431,726	11,439,626	23,871,352
(Pos. Count)	-	-	-
Interdepart'l Fund	898,699,895	938,717,339	1,837,417,234
(Pos. Count)	99.00	99.00	99.00
Other Funds	11,317,896	11,317,896	22,635,792

The Department's biennium budget request includes the following:

1. The BUF 101, Departmental Administration and Budget Division Program, reduces four (4.00) permanent and two (2.00) temporary positions and general funds of -\$1.02 million in each year of the biennium as compared with the established budget ceiling.
2. The BUF 115, Financial Administration program, reduces general funds by -\$304K in both FY 2010 and FY 2011. About \$190K of the proposed reductions are derived from increased use of non-general funds to provide for current operations. Bond counsel expenses will be paid as a part of the cost of GO Bond

issuances and payments for Federal Cash Management Improvement Act (CMIA) expenses will be covered by agencies that incur the liability.

The Trust fund authorization for the Unclaimed Property program is increased by \$1 million in each year of the fiscal biennium to reflect an anticipated increase in the return of property to rightful owners.

3. The BUF 141, Retirement program, does not include any additional funding beyond the established budget ceiling.
4. The BUF 143, Hawaii Employer-Union Trust Fund program, requests additional trust fund authorization for an eligibility audit in FY 2010 (\$1.037 million). Current service funding levels were reduced by -\$420K in FY 2010 and -\$375K in FY 2011 in compliance with Section 124.3 of Act 158, SLH 2008, and lowered expenditures for other current expense. Section 124.3 of the Appropriation Act required certain budget items to be treated as non-recurring cost items beyond 2009.
5. The BUF 151, Office of the Public Defender's general fund biennium budget request reflects no additional funding beyond the established budget ceilings.
6. The BUF 901, Public Utilities Commission program, requests seven (7.00) permanent positions and additional special fund authorization of \$5,019,609 in FY 2010 and \$2,099,421 in FY 2011. Funds support the organizational restructuring plan mandated by Act 177, SLH 2007 (\$535,893/\$524,693), office relocation costs(\$3,822,108/\$1,272,071), contract with the Hawaii Natural Energy Institute at the University of Hawaii for a study(ies) on Renewable Portfolio Standards as mandated by Section 296-95, HRS (\$200,000/\$200,000), Petroleum Industry Monitoring and Reporting Special Fund expenditures (\$393,951/\$35,000), and funding authorization to cover operating cost of the

Department of Commerce and Consumer Affairs, Division of Consumer Advocacy (\$67,657/\$67,657).

7. The BUF 915, Debt Service Payments, includes a decrease from the initial budget ceiling in the FY 2010 and FY 2011 debt service appropriations by \$36.4 million and \$15.5 million (all MOF), respectively, based on a revised issuance plan for GO Bond funds, refinancing/restructuring, and interest rates reflective of market conditions.
8. The BUF 941, Retirement Benefits Payments, includes a decrease from the initial budget ceiling of \$25.3 million in FY 2010 and \$24.17 million in FY 2011(all MOF) for pension accumulation (PA). Social security/medicare requirements are decreased from the initial budget ceiling by \$12.79 million in FY 2010 and \$12.2 million in FY 2011 (all MOF). Funding is based on actual payroll through June 30, 2008.
9. The BUF 943, Health Premium Payments, budget request reflects no additional funding beyond the established budget ceilings.

Department-Wide Summary Information detailing the FY 2010 and FY 2011 Biennium Budget requests at the Department level is reflected in Attachment 1 – Department-Wide Summary Information (by MOF) and by program ID in Attachment 3 - Program ID Totals. Table 3 - Biennium Budget Reductions and Table 4 - Biennium Budget Additions summarize the adjustments from Act 158, Session Laws of Hawaii 2008, to requested FB 09-11 funding levels.

The Department's CIP request reflects statutory obligations and includes a total of \$75 million in general obligation bond authorization in both FY 2010 and

FY 2011. Included is \$45 million in each year of the biennium for the State Educational Facilities Improvement (SEFI) special fund. The State is required to credit the requested amounts to the SEFI special fund. Without this G.O. bond authorization, general excise tax revenues will be used in lieu of the bond funds to credit the SEFI special fund, in accordance with Section 237-31, Hawaii Revised Statutes (HRS). \$30 million in each year of the biennium is requested for the Hawaiian Home Land (HHL) Trust Fund. The G.O. bond fund authorizations for transfer to the HHL Trust Fund is in accordance with Act 14, SpSLH 1995. The State is required to make twenty annual deposits of \$30 million to the Trust Fund to settle claims against the State. Attachment 8 summarizes the Department's CIP request for FB 09-11.

As reflected in Attachment 2, the Department has no emergency funding requests for FY 2009. The Department does not have expenditures exceeding federal funds ceiling in FY 2008 or FY 2009 (Attachment 6).

Attachment 5, All Positions Vacant as of December 1, 2008, includes a listing of program vacancies as of December of 2008. Programs have been impacted by the freeze on filling of vacancies and continue to address only the most critical activities given current fiscal conditions, exercising fiscal prudence and redistributing workload among existing staff as necessary.

This concludes the department-wide budget summary.

The following are more detailed descriptions of the nine programs in the DB&F. Each Administratively Attached Agency will present their program's testimony and will elaborate upon program performance and plans. The three new programs covering

fixed cost and entitlement payments (BUF 915-Debt Service Payments, BUF 941-Retirement Benefit Payments, BUF 943-Health Premium Payments) will be discussed in conjunction with related core programs. The program sequencing has been grouped as follows:

BUF 101, DEPARTMENTAL ADMINISTRATION AND BUDGET DIVISION PROGRAM

I. Introduction

- A. The objective of this program is to facilitate and improve the executive resource allocation process by undertaking planning, programming, and budgeting, through sound recommendations on all phases of program scope and funding, and by efforts to simplify and more directly tie program performance with resource allocation decisions.
- B. This program includes: 1) departmental administration; and 2) the Budget, Program Planning and Management Division.

The major activities undertaken by this program to meet program objectives are as follows:

Table 2
Program ID Listing of Major Activities

<u>Prog ID/Org</u>	<u>Major Activity or Activities performed</u>	<u>Priority #</u>
DEPARTMENTAL ADMINISTRATION & BUDGET DIVISION		
BUF 101BA	Conduct continuous review and advise the Director and Governor on the financial condition of the State and on State budget policies.	2
BUF 101BA	Assist in the preparation, explanation, and administration of the State's proposed six-year program and financial plan and the State budget.	2
BUF 101BA	Advise and monitor State agencies for compliance with budget execution policies and procedures.	2
BUF 101BA	Perform analysis of State programs, operations, problems, and issues to provide management with a sound, rational basis for decision making.	2
BUF 101BA	Provide staff services for the Governor as required.	2
BUF 101AA	Provide administrative support activities to the Department.	2
BUF 943HP	Makes employer contributions for health benefit premiums for state employees, retirees and their dependents.	1

II. Program Performance Results

- A. Table 6 identifies key measures of performance for this program from FY 2007 through projections for FY 2010.

Table 6
 Prog ID
 Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BUF 101	1	% of recommendations of dept requests completed by due date	Increase	90	90	90
	2	% of vendor payments made within 30 days	Increase	92	76	84
	3	% variance in annual expenditure versus allotment (fixed cost/entitlement)	Increase	5	3	8
	4	% payroll related HRMS transactions completed within 5 days of approval	Increase	91	92	92
	5	% user IT troubleshooting requests responded to within 2 working days	Increase	95	95	95
	6	% PC/LAN malfunctions responded to within 6 working days	Increase	95	95	95

B. Measures taken to maintain a balanced budget are in full support of the Department's mission to enhance long-term productivity and efficiency in government operations by providing quality budget and financial services that prudently allocates and effectively manages available resources.

C. Overall program effectiveness is measured by our continuing ability to maintain a balanced budget. Program performance measures also reflect a focus on accountability. Included are measures requiring timely action on department requests for approval, prompt payment to vendors and effective response times for IT and other administrative services

provided to divisions and attached agencies of the Department of Budget and Finance.

D. Performance measures remain unchanged in FB 09-11.

III. Expenditures for Fiscal Year 2008-2009

	Appropriation FY 09	Collective Bargaining	Restriction	Transfers In Transfers Out	Net Allocation and Estimated Total Expenditure
(Pos. Count)	(49.00)				(49.00)
PERS SERV	2,829,938	263,452	(92,244)	31,124	3,032,270
CURR EXP	1,645,241	0	(74,757)	54,738	1,625,222
ATTORNEY/WITNESS	7,871,262	0	-	0	7,871,262
EQUIP	1,500	0	(1,500)	0	0
	-	-	-	-	-
TOTAL	12,347,941	263,452	(168,501)	85,862	12,528,754
(Pos. Count)	(49.00)				(49.00)
GENERAL FUND	12,347,941	263,452	(168,501)	85,862	12,528,754

In accordance with budget execution policies, a general fund restriction of \$168K has been imposed on the program in FY 2009. Budgeted funds for position vacancies, services on a fee, the Bishop Museum and equipment will be utilized to meet the restriction. General fund restrictions are included in reductions made in FB 2009-2011.

IV. Biennium Budget for FY 2010 and FY 2011

	Budget Request FY 2009-2010	Budget Request FY 2010-2011	Biennium Requirement
(Pos. Count)	(45.00)	(45.00)	(45.00)
PERS SERV	2,992,333	2,992,333	5,984,666
CURR EXP	661,282	661,282	1,322,564
ATTORNEY/WITNESS	7,607,676	7,607,676	15,215,352
TOTAL	11,261,291	11,261,291	22,522,582
(Pos. Count)	(45.00)	(45.00)	(45.00)
GENERAL FUND	11,261,291	11,261,291	22,522,582

A. Workload or Program Request

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
				-(4.00)	-(4.00)
Mandatory Reduc Staffing Reductions	AA/BA	Pers Svcs	A	<u>-166,157</u>	<u>-166,157</u>
		Total		-166,157	-166,157

Four permanent and two temporary positions are abolished and general funds reduced by \$166K in each year of the biennium. The Administrative and Research Office's (ARO) IT specialist (permanent) and two Accountant III (temporary) positions are deleted. Departmental requests for administrative support will be re-prioritized, possibly delayed or deferred based on availability of remaining support staff. Staffing in the Budget, Program Planning and Management Division (BPPMD) will be reduced by three permanent positions - a Program Budget Analysis

Manager, a Program Evaluation Analyst V, and a Program Budget Analyst VI. Functions of the Fiscal Analysis Staff group including support to the Council on Revenues and development of statewide cost allocation plans will be assumed by one of the operating program branches. All collective bargaining costing will be handled by only one position and the program will forego immediate plans for organizational restructuring that was to address transition planning given the seniority of a majority of the staff analysts.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Mandatory Reduc Services on a Fee, Printing, etc.	AA/BA	Current Expense	A	-170,697	-170,697
		Equipment	A	<u>- 1,500</u>	<u>- 1,500</u>
		Total		-172,197	-172,197

Use of electronic copies of various budget documents will permit the reduction in printing costs. Services on a fee for VEBA administration support and technical expertise in collective bargaining negotiations including employee benefits provided through VEBA trusts is reduced. Other means of obtaining technical expertise for these important functions will have to be identified.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Mandatory Reduc Court Appt Counsel	AA	Current Expense	A	-263,586	-263,586
			Total	-263,586	-263,586

Payment of court appointed counsel services are mandated by Section 802-5, Hawaii Revised Statutes (HRS). The Courts control the appointment of counsel. The Department serves only as a conduit for payment based on approval and certification by the courts. Reductions may result in the delay of payments until sufficient appropriations become available.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Mandatory Reduc Bishop Museum	AA	Current Expense	A	-418,000	-418,000
			Total	-418,000	-418,000

The Bishop Museum received \$1.15 million in subsidy and grant-in-aid funds in each year of the FB 07-09. The appropriated annual subsidy authorized by Act 398, SLH 1988, has historically supported the on-going care, storage, preservation of and accessibility to the Museum's

Hawaii and Pacific collections. The proposed reduction of \$418,000 decreases the annual subsidy to \$254,000.

V. Capital Improvement Requests for Fiscal Biennium 2009-2011:

A. Program ID: BUF 101

Project Title and Description: State Educational Facilities Improvement (SEFI) Special Fund, Statewide

To authorize the transfer of general obligation bond funds to the SEFI special fund.

Financial Requirements (in thousands of dollars):

<u>Cost Element</u>	<u>MOF</u>	<u>FY 10 Request</u>	<u>FY 11 Request</u>	<u>Future Apprn</u>
Construction	C	\$45,000	\$45,000	\$45,000/year

Explanation and Scope of Project:

To provide general obligation bond fund authorization for the SEFI special fund. The request includes the base authorization of \$45 million in each fiscal year of the biennium pursuant to Act 304, SLH 2006.

Justification for the Project:

Section 36-32, HRS, established the SEFI special fund and Section 237-31, HRS, sets forth amounts the State must credit in each fiscal year to the State educational facilities improvement special fund. This request is to comply with the \$45 million requirement in both FY 2010 and FY 2011. If this request is not approved, general excise tax revenues will be used in lieu of general obligation bond funds to credit the SEFI special fund.

Lump Sum Requests:

Not applicable.

Senate and House District for the Project:

Not applicable.

B. Program ID: BUF 101

Project Title and Description: Hawaiian Home Lands Trust Fund,
Statewide

To authorize the transfer of general obligation bond funds to the
Hawaiian Home Lands trust fund to satisfy the provisions of Act 14,
SpSLH 1995.

Financial Requirements (in thousands of dollars):

<u>Cost Element</u>	<u>MOF</u>	<u>FY 10 Request</u>	<u>FY 11 Request</u>	<u>Future Apprn</u>
Construction	C	\$30,000	\$30,000	\$30,000/year

Explanation and Scope of Project:

See Description of Project.

Justification for the Project:

Act 14, SpSLH 1995, established the Hawaiian Home Lands trust fund
and requires the State to make twenty annual deposits of \$30 million into
the trust fund. Approval of this request will authorize the transfer of
general obligation bond funds to the Hawaiian Home Lands trust fund.

Act 14, SpSLH 1995, settles claims against the State for inappropriate or
improper uses, dispositions or exchanges of Hawaiian home lands which
occurred between August 21, 1959 and July 1, 1988.

Lump Sum Requests:

Not applicable.

Senate and House District for the Project:

Not applicable.

VI. Proposed Lapses of Capital Improvements Program Projects:

None.

The next program is the **BUF 943, HEALTH PREMIUM PAYMENTS program.**

I. Introduction

- A. This program was established by the Legislature to separately identify funds available for the payment of employer contributions for State government employee health benefits. These amounts were previously reflected as part of the BUF 101, Departmental Administration and Budget Division program.
- B. This program includes employer contributions for health and life insurance benefits provided by the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) and the Hawaii State Teachers Association (HSTA) Voluntary Employees' Beneficiary Association (VEBA) Trust as authorized by Act 245, SLH 2005. General fund appropriations for the Department of Education and the University of Hawaii are transferred at the beginning of each fiscal year and included in this program as interdepartmental transfer funds.

II. Program Performance Results

Discussion of program performance results is included in the BUF 101 program.

III. Expenditures for Fiscal Year 2008-2009

	Appropriation FY 09	Collective Bargaining	Restriction	Transfers In Transfers Out	Net Allocation and Estimated Total Expenditure
-	-	-	-	-	-
CURR EXP					
Health Benefit Premiums	394,065,067	5,826,905			399,891,972
TOTAL	394,065,067	5,826,905			399,891,972
General Fund	155,902,228	5,826,905			161,729,133
Interdept'l Fund	238,162,839				238,162,839

No restrictions are imposed on the program in FY 2009.

IV. Biennium Budget for FY 2010 and FY 2011

	Budget Request FY 2009-2010	Budget Request FY 2010-2011	Biennium Requirement
CURR EXP			-
Health Benefit Premiums	421,276,180	457,981,921	879,258,101
TOTAL	421,276,180	457,981,921	879,258,101
General Fund	174,721,854	190,204,383	364,926,237
Interdept'l Fund	246,554,326	267,777,538	514,331,864

The program request for FB 09-11 reflects established budget ceilings of \$421.2 million in FY 2010 and \$457.9 million in FY 2011 (all MOF). Cost requirements for active employees are based on current FY 2009 benefit plan premiums and projected eligible employees. Premium rates for retirees are based on rates projected by the EUTF benefit consultant and anticipated enrollment levels. Projected enrollments for actives and retirees are based on actuals as of July 2008.

V. Capital Improvement Requests for Fiscal Biennium 2009-2011:

None.

VI. Proposed Lapses of Capital Improvements Program Projects:

None.

The next program is the BUF 115, FINANCIAL ADMINISTRATION PROGRAM.

I. Introduction

A. The objective of this program is to maximize the value, investment, and use of State funds through proactive planning, and the development of prudent statewide financial policies, the timely scheduling of state bond financing, and the establishment of appropriate cash management controls and procedures. In addition, the objective of the unclaimed property program is to maximize the receipt of unclaimed property or funds from holders and to return the property or funds to their rightful owners.

B. The major activities undertaken by this program to meet program objectives are as follows:

Table 2
Program ID Listing of Major Activities

<u>Prog ID/Org</u>	<u>Major Activity or Activities performed</u>	<u>Priority #</u>
FINANCIAL ADMINISTRATION		
BUF 115CA	Receive, safeguard, and disburse funds to meet State funding obligations in the State Treasury	1
BUF 115CA	Maximize investment of funds	1
BUF 115CA	Plan, direct, and coordinate the issuance and marketing of bonds	1
BUF 115CA	Receives unclaimed property or funds from holders and holds them in trust until they are returned to their rightful owner	2
BUF 915DS	Makes debt service payments associated with General Obligation and General Obligation Reimbursable Bonds issued by the State	1

II. Program Performance Results

A. Table 6 identifies key measures of performance for this program from FY 2007 through projections for FY 2010.

Table 6
Prog ID
Program Performance Results

#	<u>Measures of Effectiveness</u>	<u>Direction of Success</u> (increase/decrease)	<u>FY07 Result</u>	<u>FY08 Result</u>	<u>FY09 Plan</u>	<u>FY10 Plan</u>	
BUF 115	1	Average annual rate of return on State Treasury Investments (%)	Increase	4.39	4.08	3	3
	2	Rate of interest paid on State Bonds relative to Bond Index (%)	Decrease	101	95	90	90
	3	% Treasury Transactions unreconciled after 30 days	Decrease	8	54	8	8
	4	% increase in new unclaimed property holder reports filed	Increase	0	10	4	4
	5	% increase in unclaimed property amounts reported	Increase	17	-14	1	1
	6	% increase in returns of unclaimed property to rightful owners	Increase	0	30	4	4

B. Maximizing the use of State funds is directly related to the Department's mission to enhance long-term productivity and efficiency in government operations by providing quality budget and financial services that prudently allocate and effectively manage available resources.

C. The Department relies on the measures of effectiveness to determine if program goals are being exceeded, met, or deficient. Program activities are managed accordingly and resources allocated to ensure the best use of the Department's resources in pursuing our goals where the results are within our control.

Performance measures include analyzing the percentage of unreconciled treasury transactions after 30 days, reviewing the percentage increase in new unclaimed property holder reports filed, the percentage increase in unclaimed property amounts reported and the percentage increase in returns of unclaimed property to rightful owners. Performance measures also include monitoring the rate of interest paid on State General Obligation bonds relative to the prevailing Bond Buyer Index, and monitoring the average rate of return on State Treasury investments.

The percentage of unreconciled treasury transactions after 30 days has remained was approximately 8% of the total State Treasury transactions for FY 2007 and approximately 54% for FY 2008. The increase in the percentage for FY 2008 is directly attributable to the failure of a server which resulted in approximately three months of data having to be re-inputted into the accounting system. This problem has been resolved and the outstanding reconciliations are back to the normal projected level.

General obligation bonds were issued to finance various capital improvement projects such as schools, libraries, and health centers. The new money general obligation bonds are issued at such times to meet the funding obligations of CIP projects. In addition, the refunding general obligation bonds are issued from time to time to refund certain outstanding general obligation bonds in order to reduce debt service

payable on the State's general obligation bonds in certain years. In December 2008, the Department completed the sale of the 2008 Series DN \$100,000,000 tax-exempt new money bond issue, Series DO \$101,825,000 refunding/restructuring bond issue, and Series DP \$26,000,000 taxable new money issue. The Series DO refunding/restructuring bonds resulted in a debt service reduction of approximately \$95 million in FY 09 with a present value savings of approximately \$2.4 million.

In conjunction with the general obligation bond sale in December 2008, Moody's Investor Service, Standard and Poor's Ratings Service, and Fitch Ratings affirmed their ratings on the bonds of Aa2, AA, and AA, respectively. The rating agencies also affirmed their outlook for the bonds as stable.

Investment yields in the short-term investment market decreased slightly in FY 2008 over FY 2007 with the average rate of return on State Treasury investments in FY 2008 at 4.08% compared to the FY 2007 average rate of return of 4.39%.

- D. The performance measures remain unchanged in FB 2009-2011.

III. Expenditures for Fiscal Year 2008-2009

	Appropriation FY 09	Collective Bargaining	Restriction	Transfers In Transfers Out	Net Allocation and Estimated Total Expenditure
(Pos. Count)	(18.00)				(18.00)
PERS SERV	1,230,995	92,303	(29,879)	(31,124)	1,262,295
CURR EXP	6,952,430		(52,549)	(54,738)	6,845,143
	-	-	-	-	-
TOTAL	8,183,425	92,303	(82,428)	(85,862)	8,107,438
(Pos. Count)	(14.00)				(14.00)
General Fund	2,146,541	80,914	(82,428)	(85,862)	2,059,165
Interdept'l Fund	5,525				5,525
(Pos. Count)	(4.00)				(4.00)
Trust Fund	6,031,359	11,389			6,042,748

In accordance with budget execution policies, a general fund restriction of \$82K has been imposed on the program in FY 2009. Budgeted funds for position vacancies, and bond counsel will be utilized to meet the restriction. General Fund restrictions on bond counsel are carried over in FB 2009-2011.

IV. Biennium Budget for FY 2010 and FY 2011

	Budget Request FY 2009-2010	Budget Request FY 2010-2011	Biennium Requirement
(Pos. Count)	(18.00)	(18.00)	(18.00)
PERS SERV	1,281,300	1,281,300	2,562,600
CURR EXP	7,612,451	7,612,451	15,224,902
TOTAL	8,893,751	8,893,751	17,787,502
(Pos. Count)	(14.00)	(14.00)	(14.00)
General Fund	1,845,203	1,845,203	3,690,406
Interdept'l Fund	5,525	5,525	11,050
(Pos. Count)	(4.00)	(4.00)	(4.00)
Trust Fund	7,043,023	7,043,023	14,086,046

A. Workload or Program Request

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Mandatory Reduc Svcs on a Fee & CMIA	CA	Current Expense	A	-156,290	-156,290
			Total	-156,290	-156,290

Funding for services on a fee and payments for Federal Cash Management Improvement Act (CMIA) expenses are reduced (-\$156,290) in each year of the biennium. Use of computer system experts (services on a fee) for cash management systems will be limited to bare necessity items. The State pays to or is credited by the Federal government for Federal funds that are drawdown on other than agreed

upon timeframes. The Departments and agencies that actually incur and generate the CMIA liability, will be responsible for full payment. The program will no longer be able to budget for liabilities that are generated and incurred by these agencies.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Mandatory Reduc Bond Counsel	CA	Current Expense	A	-54,168	-54,138
			Total	-54,138	-54,138

Bond counsel expenses will be paid as a part of the cost of issuance on the sale of General Obligation Bonds.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Mandatory Reduc Other Operating Expenses	CA	Current Expense	A	-94,276	-94,276
			Total	-94,276	-94,276

Reductions will be made primarily in R&M-Office furniture and equipment, services on a fee, fiscal agents and bank service fees. Expenditures will be closely monitored to ensure critical needs are addressed. However, the State may be unable to transition to the more comprehensive electronic banking reporting requirements as a result of reductions to banking service fees.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Unclaimed Property Claims	CA	Current Expense	T	\$1,000,000	\$1,000,000
			Total	\$1,000,000	\$1,000,000

The FB 09-11 budget request includes an increase in Trust Fund expenditure authorization of \$1,000,000 in each year of the biennium for the Unclaimed Property Program. In FY 2008, the program paid out \$6,000,000 in claims to rightful owners of abandoned property held by the Director of Finance. The increase in payments is expected to continue with current year expenditures of \$ 2.7 million as of November 2008. Significant outreach efforts have been made to educate the public about claiming the property held in trust contributing to the need for increased expenditure authorization.

V. Capital Improvement Requests for Fiscal Biennium 2009-2011:

None.

VI. Proposed Lapses of Capital Improvements Program Projects:

None.

The next program is the **BUF 915, DEBT SERVICE PAYMENTS** program, and it is also administered by the Financial Administration Division.

I. Introduction

A. This program was established by the Legislature to separately identify funds available for the State's debt service payments. These amounts were previously reflected as part of the BUF 115, Financial Administration Division program.

B. This program includes principal and interest payments associated with General Obligation and General Obligation Reimbursable Bonds issued by the State. Appropriation and expenditures for the Department of Education and the University of Hawaii are included as interdepartmental transfer funds with debt service paid centrally by the Financial Administration Division.

II. Program Performance Results

Discussion of program performance results are addressed in the BUF 115 program.

III. Expenditures for Fiscal Year 2008-2009

	Appropriation FY 09	Collective Bargaining	Restriction	Transfers In Transfers Out	Net Allocation and Estimated Total Expenditure
-	-	-	-	-	-
CURR EXP					
Debt Service	599,282,851				599,282,851
	-	-	-	-	-
TOTAL	599,282,851				599,282,851
General Fund	274,711,259				274,711,259
Interdept'l Fund	324,571,592				324,571,592

No restrictions are imposed on the program in FY 2009.

IV. Biennium Budget for FY 2010 and FY 2011

	Budget Request FY 2009-2010	Budget Request FY 2010-2011	Biennium Requirement
CURR EXP			
Debt Service	492,772,875	518,582,615	1,011,355,490
TOTAL	492,772,875	518,582,615	1,011,355,490
General Fund	225,887,085	237,718,270	463,605,355
Interdept'l Fund	266,885,790	280,864,345	547,750,135

A. Workload or Program Request.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Debt Service	DS	Current Expenses	A	\$21,331,051	\$28,160,786
		Current Expenses	U	-\$57,685,802	-\$43,707,247
			Total	-\$36,354,751	-\$15,546,461

The proposed FB 09-11 debt service request (all MOF) is \$492.8 million in FY 2010 and \$518.6 million in FY 2011. The requirements support GO CIP projects included in the Executive Biennium Budget request and are based on: a revised GO bond issuance plan; increases in projected interest rates from 6% to 6.5%; and reflects anticipated savings due to debt restructuring. Due to the recent turmoil in the municipal bond market, interest rates on the general obligation bonds have increased. The Series DN bonds, sold in December 2008, had interest rates ranging from 3.00% to 5.50%. Therefore, in order to provide an allowance for fluctuating interest rates, the interest rate used in projecting debt service in the biennium was increased from 6.00% to 6.50%

V. Capital Improvement Requests for Fiscal Biennium 2009-2011:

None.

VI. Proposed Lapses of Capital Improvements Program Projects:

None.

The next program is the **BUF 141, Employees' Retirement System (ERS)**.

I. Introduction

- A. The Employees' Retirement System's program objectives are to provide retirement and survivor benefits to State and county employees, retirees, and inactive vested members and to prudently maximize the return on its investment portfolio.
- B. The major activities undertaken by this program to meet program objectives are as follows:

Table 2
Program ID Listing of Major Activities

<u>Prog ID/Org</u>	<u>Major Activity or Activities performed</u>	<u>Priority #</u>
EMPLOYEES' RETIREMENT SYSTEM		
BUF 141FA	Provides various membership services including pre-retirement counseling; computation of retirement, disability and death benefits; enrollment of new State and county employees into the appropriate retirement plan; conducting disability hearings and appeals.	3
BUF 141	Budgets, accounts for and safeguards all assets of the ERS; ensures tax qualified status of the fund; and processes retirement benefit payments.	1
BUF 141	Plans, administers and oversees investments of the ERS' \$10.8 billion portfolio (as of June 30, 2008) including stocks, bonds, foreign securities, mortgage loans, real estate, alternative investments, and short-term instruments.	2
BUF 941RB	Makes payments for employer contributions towards State government employee retirement benefits including pension accumulation and social security/medicare.	1

II. Program Performance Results

A. Table 6 identifies key measures of performance for this program from FY 2007 through projections for FY 2010.

Table 6
Prog ID
Program Performance Results

#	<u>Measures of Effectiveness</u>	<u>Direction of Success (increase/decrease)</u>	<u>FY07 Result</u>	<u>FY08 Result</u>	<u>FY09 Plan</u>	<u>FY10 Plan</u>	
BUF 141	1	Average time to process initial check to terminating employees (weeks)	Decrease	4	4	3	3
	2	% initial monthly pension processed within 1 month after retirement	Increase	99	100	100	100
	3	Annualized return on investments over past 5 years	Increase	11.7	10.1	7.5	8

B. Measures taken to streamline operations and maximize investment returns are consistent with the Department's mission to provide quality services effectively and within available resources.

C. Performance measurements used to monitor program efficiency/success are primarily based on the program, planning and budgeting system and include the average time to issue refund checks to terminating employees; percentage of initial pension checks issued within one month of retirement; and annualized return on investments over the five past years. Reassignment of staff (both senior and new employees) to critical projects (including the implementation of its new pension computer system and review of membership service credits for over 66,000 active members), increasing workload demands,

legislative changes, ERS's inability to receive all pertinent salary and service information electronically (in a timely manner), and the downturn in the Hawaii and U.S. economy and markets have proved challenging. Although challenging, the ERS was able to meet most of its performance measures. Although almost completed, another major project (Hybrid Conversion/Upgrade) may soon begin which will create continued challenges for the ERS.

D. Performance measures remain unchanged in FB 09-11.

III. Expenditures for Fiscal Year 2008-2009

	Appropriation FY 09	Collective Bargaining	Restriction	Transfers In Transfers Out	Net Allocation and Estimated Total Expenditure
(Pos. Count)	(99.00)				(99.00)
PERS SERV	6,435,996	409,899			6,845,895
CURR EXP	6,677,000				6,677,000
EQUIP	587,220				587,220
	-	-	-	-	-
TOTAL	13,700,216	409,899	0	0	14,110,115
(Pos. Count)	(99.00)				(99.00)
Other Funds	13,700,216	409,899			14,110,115

There were no restrictions imposed on this program.

IV. Biennium Budget for FY 2010 and FY 2011

	Budget Request FY 2009-2010	Budget Request FY 2010-2011	Biennium Requirement
(Pos. Count)	(99.00)	(99.00)	(99.00)
PERS SERV	6,958,301	6,958,301	13,916,602
CURR EXP	4,159,095	4,108,295	8,267,390
EQUIP	200,500	251,300	451,800
TOTAL	11,317,896	11,317,896	22,635,792
(Pos. Count)	(99.00)	(99.00)	(99.00)
Other Funds	11,317,896	11,317,896	22,635,792

A. The program request for FB 09-11 supports current service levels based on the established budget ceiling of \$11.3 million in each year of the fiscal biennium (Other Funds).

V. Capital Improvement Requests for Fiscal Biennium 2009-2011:

None.

VI. Proposed Lapses of Capital Improvements Program Projects:

None.

The next program is BUF 941, RETIREMENT BENEFIT PAYMENTS.

I. Introduction

- A. This program was established by the Legislature to separately identify funds available for the payment of employer contributions for State government employee retirement benefits. These amounts were formerly reflected as part of the BUF 141, Employees' Retirement System program.
- B. This program includes employer contributions for pension accumulation and social security/medicare. General fund appropriations for the Department of Education (DOE) and the University of Hawaii (UOH) are transferred at the beginning of each fiscal year and included in this program as interdepartmental transfer funds. Pension accumulation contributions are based on a percentage of payroll as stipulated in Chapter 88, Hawaii Revised Statutes. Social Security/Medicare contributions are federally mandated and based on assessment rates of 6.2% for social security and 1.45% for medicare.

II. Program Performance Results

Discussion of program performance results are addressed in the BUF 141 program.

III. Expenditures for Fiscal Year 2008-2009

	Appropriation FY 09	Collective Bargaining	Restriction	Transfers In Transfers Out	Net Allocation and Estimated Total Expenditure
-	-	-	-	-	-
CURR EXP					
Pension Accumulation	412,327,854	24,556,002			436,883,856
Social Sec/Medicare	197,773,386	13,147,700			210,921,086
	-	-	-	-	-
TOTAL	610,101,240	37,703,702			647,804,942
General Fund	200,054,852	37,703,702			237,758,554
Interdept'l Fund	410,046,388				410,046,388

No restrictions are imposed on the program in FY 2009.

IV. Biennium Budget for FY 2010 and FY 2011

	Budget Request FY 2009-2010	Budget Request FY 2010-2011	Biennium Requirement
CURR EXP			
Pension Accumulation	434,089,623	439,515,745	873,605,368
Social Sec/Medicare	215,151,317	217,840,707	432,992,024
TOTAL	649,240,940	657,356,452	1,306,597,392
General Fund	263,986,686	267,286,521	531,273,207
Interdept'l Fund	385,254,254	390,069,931	775,324,185

A. Workload or Program Request

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Pension Accumulation	RB	Current Expenses	A	-\$27,766,190	-\$27,304,834
		Current Expenses	U	2,464,310	\$ 3,130,915
		Total		-\$25,301,880	-\$24,173,919

The program request for FB 09-11 includes appropriations for pension accumulation totaling \$434 million in FY 2010 and \$439 million in FY 2011 (all MOF). Employer contributions are based on statutorily set percentages of payroll — 19.7% of the member’s compensation for police and firefighters and 15 percent of the member’s compensation for all other employees. Payroll projections are based on actuals through June 30, 2008. Inter-departmental authorizations reflect transfers from the University of Hawaii (UH) and Department of Education (DOE) whose general fund appropriations include PA costs.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Social Security/Medicare	RB	Current Expenses	A	-14,794,737	-\$14,567,126
		Current Expenses	U	1,996,777	\$ 2,337,915
		Total		-\$12,797,960	-\$12,229,211

Social Security/Medicare (SS/Med) requirements (all MOF) total \$215 million in FY 2010 and \$217 million in FY 2011 based on actual

payroll expenditures through June 30, 2008. Assessment rates are 6.2% for Social Security and 1.45% for Medicare. Like pension accumulation, interdepartmental transfers are from the UH and DOE whose general fund appropriation include SS/Med costs.

V. Capital Improvement Requests for Fiscal Biennium 2009-2011:

None.

VI. Proposed Lapses of Capital Improvements Program Projects:

None.

The last Government-Wide support program is the **BUF 143, the Hawaii Employer-Union Trust Fund (Trust Fund).**

I. Introduction

- A. The objective of this program is to administer health and life insurance benefits for eligible active and retired State and county public employees and their eligible dependents by providing quality service levels to employee-beneficiaries and dependent-beneficiaries and complying with federal and State legal requirements.
- B. The major activities undertaken by this program to meet program objectives are as follows:

Table 2
Program ID Listing of Major Activities

<u>Prog ID/Org</u>	<u>Major Activity or Activities performed</u>	<u>Priority #</u>
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND		
BUF 143EU	EUTF Board of Trustees determine the nature and scope of the benefit plans offered, negotiate and enter into contracts with insurance carriers, administer self-funded plans, establish eligibility and management policies for the Trust Fund, and oversee all Trust Fund activities.	1
BUF 143	EUTF staff train State and county personnel and fiscal officers on enrollment procedures, collect employer and employee contributions, remits premiums to insurance carriers, provide enrollment services to State and county retirees, administer the federal COBRA Law, assist the Department of Human Resources Development in administration of the State of Hawaii's Premium Conversion Plan and comply with HIPAA privacy and security regulations and policies related to enrollment information.	2

II. Program Performance Results

A. Table 6 identifies key measures of performance for this program from FY 2007 through projections for FY 2010.

Table 6
Prog ID
Program Performance Results

#	<u>Measures of Effectiveness</u>	<u>Direction of Success (increase/decrease)</u>	<u>FY07 Result</u>	<u>FY08 Result</u>	<u>FY09 Plan</u>	<u>FY10 Plan</u>
BUF 143	1	% documents imaged by end of 1st working day after receipt	Increase	97	99	99
	2	Average number of days required to process enrollment transactions	Decrease	15.3	13	10
	3	% of abandoned calls	Decrease	33.6	5	5
	4	% of refunds processed within 60 days	Increase	75	60	65
	5	% of shortage conditions cleared within 60 days	Increase	50	55	60
	6	% participants attending information sessions in one year	Increase	13.6	1.5	20
	7	% of time computer system is available during one year	Increase	99	98	98
	8	% COBRA form/notices sent within required timeframe	Increase	98	99	99
	9	% eligible retirees/spouses enrolled in Medicare Part B	Increase	98.5	94	96
	10	Number of minor and major HIPAA violations per year	Decrease	1	0	3

B. The progress made by the Trust Fund is in support of both the Department's mission and the Trust Fund's objective of providing quality services effectively and within available resources.

C. The Trust Fund's performance is measured by the timeliness and accuracy of enrollment processing and accounting transactions; responsiveness to employee-beneficiary and other stakeholder inquiries

in a timely manner, availability of the computer system, and compliance with other federal programs and requirements.

D. Performance measures remain unchanged in FB 09-11.

III. Expenditures for Fiscal Year 2008-2009

	Appropriation FY 09	Collective Bargaining	Restriction	Transfers In Transfers Out	Net Allocation and Estimated Total Expenditure
(Pos. Count)	(27.00)				(27.00)
PERS SERV	1,830,571	106,685			1,937,256
CURR EXP	2,824,643				2,824,643
TOTAL	4,655,214	106,685	0	0	4,761,899
(Pos. Count)	(27.00)				(27.00)
Trust Fund	4,655,214				4,655,214

No restrictions are imposed on the program in FY 2009.

IV. Biennium Budget for FY 2010 and FY 2011

	Budget Request FY 2009-2010	Budget Request FY 2010-2011	Biennium Requirement
(Pos. Count)	(27.00)	(27.00)	(27.00)
PERS SERV	2,095,153	2,095,153	4,190,306
CURR EXP	3,293,550	2,301,450	5,595,000
TOTAL	5,388,703	4,396,603	9,785,306
(Pos. Count)	(27.00)	(27.00)	(27.00)
Trust Fund	5,388,703	4,396,603	9,785,306

A. Workload or Program Request.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Eligibility Audit	EU	Current Expense	T		\$1,037,000
			Total		\$1,037,000

Periodic eligibility audits are recommended as an industry best practice and cost containment measure to ensure that dependents are in fact entitled to the benefits received. Industry statistics show that ineligible dependents can cost the plan an extra 2% to 6% or higher of plan costs. The EUTF benefits consultant estimates savings over a five year period of about \$35 million. Given the double digit premium rate increases projected for the next biennium, the requested Trust funding authorization for the audit is a good cost containment measure.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Budget Ceiling Adjustment	EU	Current Expense	T	-\$420,152	-\$375,252
			Total	-\$420,152	-\$375,252

The reduction in trust funds of \$420K and \$375K in fiscal years 2010 and 2011, respectively, is primarily in compliance with Section 124.3 of Act 158, SLH 2008. This budget proviso required the FY 2009

appropriation for investment consultant services to be treated as a non-recurring cost item. Other current expenses were also adjusted based on anticipated requirements.

V. Capital Improvement Requests for Fiscal Biennium 2009-2011:

None.

VI. Proposed Lapses of Capital Improvements Program Projects:

None.

The next two administratively attached programs are under the Individual Rights major program area.

The first program is **BUF 151, Office of the Public Defender program.**

I. Introduction

- A. The objective of this program is to safeguard the rights of individuals in need of assistance in criminal, mental commitment and family cases by providing constitutionally and statutorily entitled legal services.
- B. The major activities undertaken by this program to meet program objectives are as follows:

Table 2
Program ID Listing of Major Activities

<u>Prog ID/Org</u>	<u>Major Activity or Activities performed</u>	<u>Priority #</u>
OFFICE OF THE PUBLIC DEFENDER		
BUF 151HA	Provide comprehensive legal and other necessary services to the indigent in criminal, mental commitment and family cases as required by federal and State constitutions, State statutes, judicial rules and decisions and opinions, and the canons of professional ethics.	1

II. Program Performance Results

- A. Table 6 identifies key measures of performance for this program from FY 2007 through projections for FY 2010.

Table 6
 Prog ID
 Program Performance Results

#	<u>Measures of Effectiveness</u>	<u>Direction of Success (increase/decrease)</u>	<u>FY07 Result</u>	<u>FY08 Result</u>	<u>FY09 Plan</u>	<u>FY10 Plan</u>	
BUF 151	1	% attorney caseloads exceed national standard for felony cases	Decrease	5	5	5	
	2	% attorney caseloads exceed national standard for misdemeanor cases	Decrease	387	447	458	469
	3	% attorney caseloads exceed national standard for family court cases	Decrease	193	180	186	191
	4	% attorney caseloads exceed national standard for appeals cases	Decrease	5	5	5	5
	5	Annual # of training hours completed by professional staff as % of planned	Increase	90	90	90	90

- B. The performance measures and results are consistent with the goal of the Department to deliver services within fiscal constraints without compromising the fundamental quality and effectiveness of the services.
- C. Planned levels of program effectiveness are measured in percentage of attorney caseloads that exceed national caseload standards for felony, misdemeanor, family court, and appeal cases. One goal of the program is to efficiently serve the program's clients while avoiding judicial or Disciplinary Counsel determinations of ineffective legal assistance that would reflect a major denial of federal or state constitutional rights. Sufficient legal and support staff are critical to achievement of this goal. While the Office has avoided judicial and Disciplinary Counsel

determinations during each of the past three years, operations have been hindered by insufficient staffing levels.

D. Performance measures remain unchanged in FB 09-11.

III. Expenditures for Fiscal Year 2008-2009

	Appropriation FY 09	Collective Bargaining	Restriction	Transfers In Transfers Out	Net Allocation and Estimated Total Expenditure
(Pos. Count)	(82.00)				(82.00)
PERS SERV	8,628,184	539,219			9,167,403
CURR EXP	689,913		(14,000)		675,913
EQUIP	2,385				2,385
TOTAL	9,320,482	539,219	(14,000)	0	9,845,701
(Pos. Count)	(82.00)				(82.00)
General Fund	9,320,482	539,219	(14,000)	0	9,845,701

*The program is also authorized 50 temporary positions for a total staffing of 132 positions.

A general fund restriction of \$14K was imposed in FY 2009. Litigation related expenditures are being closely reviewed and monitored to generate the imposed reductions. The restriction was not carried over in the FB 09-11 request as funds are required for the Maui office lease rental cost increase that take effect in FY 2010.

IV. Biennium Budget for FY 2010 and FY 2011

	Budget Request FY 2009-2010	Budget Request FY 2010-2011	Biennium Requirement
(Pos. Count)	(82.00)	(82.00)	(82.00)
PERS SERV	9,232,953	9,232,953	18,465,906
CURR EXP	689,913	689,913	1,379,826
TOTAL	9,922,866	9,922,866	19,845,732
(Pos. Count)	(82.00)	(82.00)	(82.00)
General Fund	9,922,866	9,922,866	19,845,732

A. The program request for FB 09-11 reflects established general fund budget ceilings of \$9.9 million in both FY 2010 and FY 2011 and represents current service levels. Funding levels are based on FY 2009 appropriations with adjustments for FY 2009 collective bargaining allocations and non-recurring costs.

V. Capital Improvement Requests for Fiscal Biennium 2009-2011:

None.

VI. Proposed Lapses of Capital Improvements Program Projects:

None.

The last program is **BUF 901, Public Utilities Commission.**

I. Introduction

- A. The objective of this program is to ensure that regulated companies efficiently and safely provide their customers with adequate and reliable services at just and reasonable rates, while providing regulated companies with a fair opportunity to earn a reasonable rate of return.
- B. The major activities undertaken by this program to meet program objectives are as follows:

Table 2
Program ID Listing of Major Activities

<u>Prog ID/Org</u>	<u>Major Activity or Activities performed</u>	<u>Priority #</u>
PUBLIC UTILITIES COMMISSION		
BUF 901MA	Establish rules and regulations pertaining to service standards.	1
BUF 901MA	Render decisions on rates, fares, and charges.	1
BUF 901MA	Process applications, issue certificates to regulated companies, and conduct investigations and audits of regulated companies.	2
BUF 901MA	Conduct investigations of complaints filed against public utilities, other regulated entities, and companies utilizing services under the Commission's jurisdiction.	2
BUF 901MA	Maintain the fiscal integrity of the Public Utilities Commission Special Fund.	1

II. Program Performance Results

A. Table 6 identifies key measures of performance for this program from FY 2007 through projections for FY 2010.

Table 6
Prog ID
Program Performance Results

#	<u>Measures of Effectiveness</u>	<u>Direction of Success (increase/decrease)</u>	<u>FY07 Result</u>	<u>FY08 Result</u>	<u>FY09 Plan</u>	<u>FY10 Plan</u>	
BUF 901	1	% rate cases completed within applicable statutory time period	Increase	100	100	100	100
	2	% non rate matters completed within applicable statutory/regulatory period	Increase	100	100	100	100
	3	% informal complaints resolved in reasonable time	Increase	81	82	90	90
	4	Number of reported accidents involving utility employees	Decrease	184	175	175	175
	5	Average number of service interruptions per customer serviced	Decrease	0	2	2	2
	6	Number of telecommunications service disruptions longer than one hour	Decrease	1	4	2	2

B. The Commission's efforts to ensure that the public receive adequate and efficient services at the lowest possible cost while providing fair returns to regulated companies is consistent with the Department's overall objective to enhance productivity and operations within available resources.

C. The effectiveness of the program is measured by the quality and dependability of services provided by regulated companies, the Commission's operational efficiency, and the services rendered to the public. These measurements are based on benchmarks that have been

set in accordance with the prior years' experience as well as statutory and regulatory requirements.

D. Performance measures remain unchanged in FB 09-11.

III. Expenditures for Fiscal Year 2008-2009

	Appropriation FY 09	Collective Bargaining	Restriction	Transfers In Transfers Out	Net Allocation and Estimated Total Expenditure
(Pos. Count)	(55.00)				(55.00)
PERS SERV	4,148,577	198,386			4,346,963
CURR EXP	6,270,217				6,270,217
EQUIP	11,200				11,200
	-	-	-	-	-
TOTAL	10,429,994	198,386	0	0	10,628,380
(Pos. Count)	(55.00)				(55.00)
Special Fund	10,429,994	198,386			10,628,380

No restrictions are imposed on the program in FY 2009.

IV. Biennium Budget for FY 2010 and FY 2011

	<u>Budget Request</u> <u>FY 2009-2010</u>	<u>Budget Request</u> <u>FY 2010-2011</u>	<u>Biennium</u> <u>Requirement</u>
(Pos. Count)	(62.00)	(62.00)	(62.00)
PERS SERV	5,011,386	5,011,386	10,022,772
CURR EXP	9,534,471	6,625,483	16,159,954
EQUIP	11,200	0	11,200
TOTAL	14,557,057	11,636,869	26,193,926
(Pos. Count)	(62.00)	(62.00)	(62.00)
Special Fund	14,557,057	11,636,869	26,193,926

A. Workload or Program Request.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
				(7.00)	(7.00)
Act 177 SLH 07	MA	Pers Svcs	B	\$493,109	\$493,109
Restructuring		Current Expense	B	31,584	31,584
		Equipment	B	11,200	
		Total	B	\$535,893	\$524,693

Act 177, SLH 2007, mandated the restructuring of the Commission's operations and included new positions to be authorized in FY 2009 and FY 2010 and re-description of twelve (12) existing positions. This request authorizes expenditure of \$536K in FY 2010 and \$525K in FY 2011 and incorporates the seven (7.00) positions (PUC Attorney, Auditor VI, Engineer V, two (2.00) Research Assistants, Legal Clerk, and an Account Clerk III) authorized by Act 177 for FY 2010. The restructuring will support the Commission's efforts to establish in-house industry specific expertise and operational efficiency.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Act 177 SLH 07					
Office Relocation	MA	Current Expense	B	\$3,822,108	\$1,272,071
		Total	B	\$3,822,108	\$1,272,071

Act 177, SLH 2007, authorized restructuring of the Commission and the relocation of operations to address and support increased responsibilities of the Commission specifically in energy policy reform. The Commission proposes to

relocate its Oahu office and the requested expenditure authorization covers relocation and office lease expenses. The Department of Accounting and General Services advised that no vacant state facilities are available to house the Commission at this time.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Consulting Services	MA	Current Expense	B	\$200,000	\$200,000
			Total	\$200,000	\$200,000

Section 269-095, HRS, requires the PUC to engage the services of the University of Hawaii, Hawaii Natural Energy Institute (HNEI) to conduct studies on Renewable Portfolio Standards. The studies include findings and recommendations on the capability of Hawaii's electric utilities to achieve the renewable portfolio standards in a cost-effective manner and to determine the impact on consumer rates, utility system reliability and stability and to determine the cost and availability of appropriate renewable energy resources and technologies. A report of findings is due to the 2009 Legislature and every five years thereafter. In January 2008, the Commission entered into a multi-phased Agreement with HNEI that runs through FY 2014. Special fund expenditure authorization in FY 2010 and FY 2011 is requested for this purpose.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
PIMAR Spec Fund Authorization	MA	Current Expense	B	\$393,951	\$35,000
		Total	B	\$393,951	\$35,000

Act 182, SLH 2007, authorized the expenditure of \$1.2 million from the Petroleum Industry Monitoring Analysis & Reporting (PIMAR) Special Fund in FY 2008. These funds have been used to develop, maintain and support the PIMAR program and expenditures to date include consulting services to develop and implement the PIMAR system. Requested expenditure authorization of \$393K in FY 2010 and \$35K in FY 2011 will be utilized for further development and maintenance of the PIMAR system, subscriptions to petroleum industry information services, access to petroleum industry expertise, and other program support goods and services.

<u>Item</u>	<u>Org Code</u>	<u>Cost Element</u>	<u>MOF</u>	<u>Amount of Request</u>	
				<u>FY 10</u>	<u>FY 11</u>
Consumer Advocate Budget Ceiling Adjustment	MA	Current Expense	B	\$67,657	\$67,657
		Total	B	\$67,657	\$67,657

The Commission is required to allocate funds from the PUC Special Fund to the Division of Consumer Advocacy (DCA) pursuant to Section 269-33, Hawaii Revised Statutes (HRS). The requested special fund authorization of \$67,657 in

each year of the biennium provides the necessary collective bargaining and fringe benefit costs reflected in the FB 09-11 base budget for the DCA.

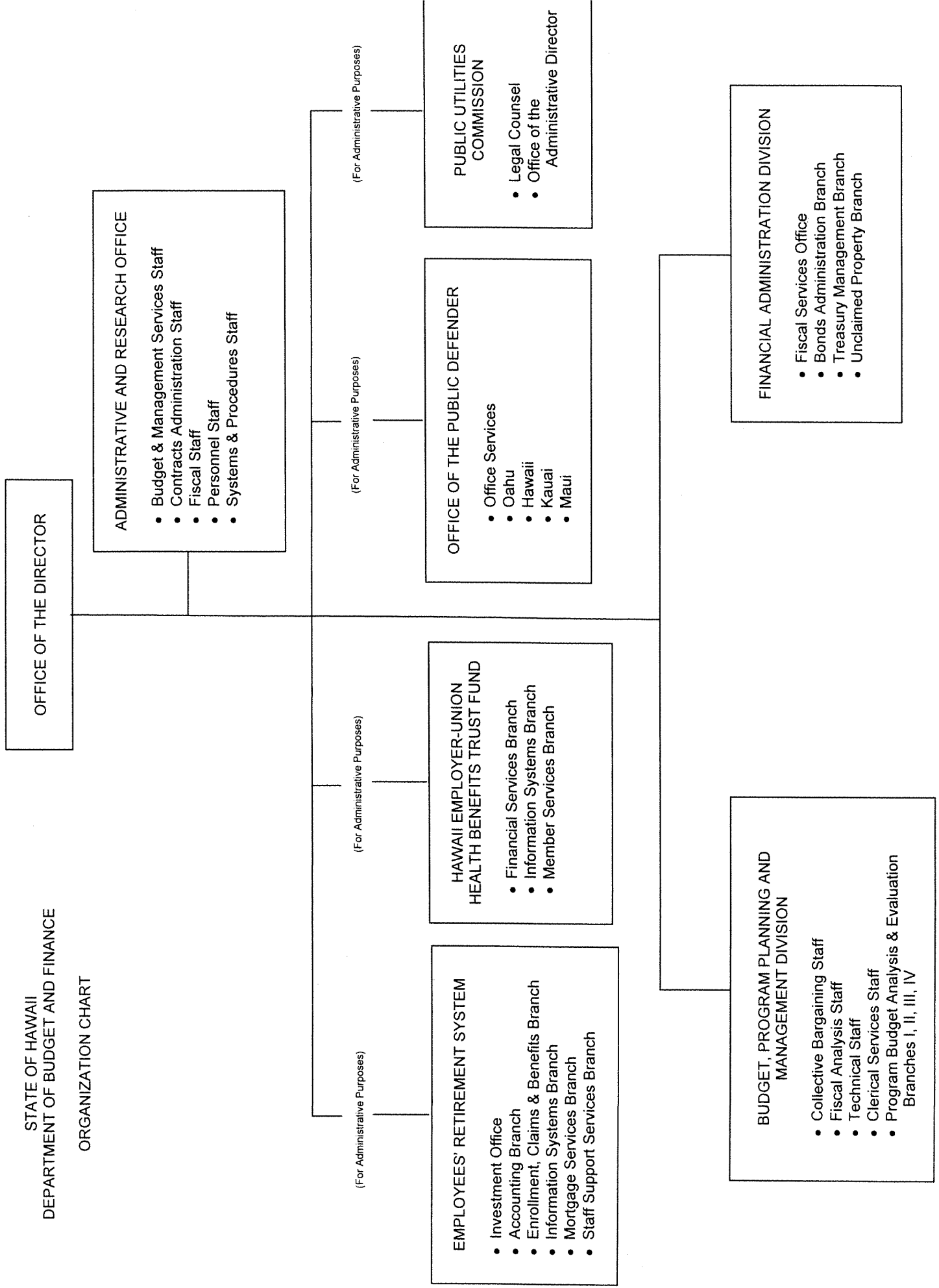
V. Capital Improvement Request for Fiscal Biennium 2009-2011:

None.

VI. Proposed Lapses of Capital Improvement Projects:

None.

STATE OF HAWAII
 DEPARTMENT OF BUDGET AND FINANCE
 ORGANIZATION CHART



OFFICE OF THE DIRECTOR

ADMINISTRATIVE AND RESEARCH OFFICE

- Budget & Management Services Staff
- Contracts Administration Staff
- Fiscal Staff
- Personnel Staff
- Systems & Procedures Staff

(For Administrative Purposes)

EMPLOYEES' RETIREMENT SYSTEM

- Investment Office
- Accounting Branch
- Enrollment, Claims & Benefits Branch
- Information Systems Branch
- Mortgage Services Branch
- Staff Support Services Branch

(For Administrative Purposes)

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

- Financial Services Branch
- Information Systems Branch
- Member Services Branch

(For Administrative Purposes)

OFFICE OF THE PUBLIC DEFENDER

- Office Services
- Oahu
- Hawaii
- Kauai
- Maui

(For Administrative Purposes)

PUBLIC UTILITIES COMMISSION

- Legal Counsel
- Office of the Administrative Director

BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION

- Collective Bargaining Staff
- Fiscal Analysis Staff
- Technical Staff
- Clerical Services Staff
- Program Budget Analysis & Evaluation Branches I, II, III, IV

FINANCIAL ADMINISTRATION DIVISION

- Fiscal Services Office
- Bonds Administration Branch
- Treasury Management Branch
- Unclaimed Property Branch

Worksheet
Funding levels for divisions/branches

<u>Division or Branch Name</u>	<u>FY09 (P)</u>	<u>FY09 (T)</u>	<u>FY09 \$\$\$ 1/</u>	<u>FY10 (P)</u>	<u>FY10 (T)</u>	<u>FY10 \$\$\$ 2/</u>	<u>MOF</u>
Office of the Director	4.00	-	-	4.00	-	-	A
Administrative and Research Office	19.00	2.00	161,729,133	18.00	-	174,721,854	A
Administrative and Research Office	-	-	238,162,839	-	-	246,554,326	U
Budget, Program Planning & Management							
Division	30.00	-	2,018,046	27.00	-	1,921,904	A
Financial Administration Division	14.00	-	276,770,424	14.00	-	227,732,288	A
Financial Administration Division	-	-	324,577,117	-	-	266,891,315	U
Financial Administration Division	4.00	5.00	6,042,748	4.00	5.00	7,043,023	T
Employees' Retirement System *	99.00	1.00	14,110,115	99.00	1.00	11,317,896	X
Employees' Retirement System *	-	-	237,758,554	-	-	263,986,686	A
Employees' Retirement System *	-	-	410,046,388	-	-	385,254,254	U
Hawaii Employer-Union Health Benefits Trust							
Fund *	27.00	8.00	4,761,899	27.00	8.00	5,388,703	T
Office of the Public Defender *	82.00	50.00	9,845,701	82.00	50.00	9,922,866	A
Public Utilities Commission *	55.00	-	10,628,380	62.00	-	14,557,057	B

* Administratively Attached

1/ Allocation

2/ Request

Table 1
Priority List of Functions

Priority #	Description of Function	Performance Measures	Statutory Reference (HRS, PL, etc.)
1a	Facilitate and improve the executive resource allocation process by undertaking planning, programming, and budgeting, through sound recommendations on all phases of program scope and funding.	Overall program effectiveness is measured by our continuing ability to maintain a balanced budget.	Section 26-8, Hawaii Revised Statute
1a	Maximize the value, investment, and use of State funds through planning, policy development, the timely scheduling of state bond financing, and the establishment of appropriate cash management controls and procedures.	Maintainance of full collateralization of State deposits, availability of funds to meet State expenditures through timely forecasting of cash requirements, and investment of idle funds to the maximum extent possible to maximize interest earnings on State investments. Timely scheduling of bond issuances to meet CIP funding requirements.	Section 26-8, Hawaii Revised Statute
1a	Make debt service payments associated with General Obligation and General Obligation Reimbursable Bonds issued by the State.	Administrative and fiscal controls are exercised to fulfill the constitutional requirement that the State's full faith and credit are pledged for the payment of principal and interest on all general obligation bonds.	Section 26-8, Hawaii Revised Statute
1a	Make payment of employer contributions for State government employee health benefits.	Administrative controls and procedures are exercised for timely payment and accurate financial reporting. Minimize variance in expenditures as compared with annual allotments.	Chapters 87A and 87D, Hawaii Revised Statute
1b	Maximize the receipt of unclaimed property or funds from holders and to return the property or funds to their rightful owners.	Increase in returns of unclaimed property to rightful owners	Chapter 523A, Hawaii Revised Statute
2	Administer retirement and survivor benefits for State and county employees, retirees, and inactive vested members and prudently manage the ERS' return on investments.	Improvement of services to the membership and by development of long-term asset allocation strategies to secure consistent, positive investment returns while preserving capital.	Chapter 88, Hawaii Revised Statute
2	Make payment of employer contributions for State government employee retirement benefits including pension accumulation and social security/medicare.	Administrative controls and procedures are exercised for timely payment and accurate financial reporting. Minimize variance in expenditures as compared with annual allotments.	Chapter 88 and Section 26-8, Hawaii Revised Statute

Table 1
Priority List of Functions

Priority #	Description of Function	Performance Measures	Statutory Reference (HRS, PL, etc.)
2	Administer health and life insurance benefits for eligible active and retired State and county public employees and their eligible dependents by providing quality service levels to employee-beneficiaries and dependent-beneficiaries and complying with federal and State legal requirements.	Implementation of responsive benefit plans and improvements to customer services and administrative processing. Development and implementation of long-term asset allocation strategies to secure consistent, positive investment returns while preserving capital.	Chapter 87A, Hawaii Revised Statute
2	Safeguard the rights of individuals in need of assistance in criminal, mental commitment and family cases by providing effective legal representation as constitutionally and statutorily mandated.	Efficiently serve program clients while avoiding judicial or Disciplinary Counsel determinations indicative of ineffective legal assistance and reflect denial of federal or state constitutional rights. Progression towards attorney/staff support caseloads that are within national standards.	Chapter 802, Hawaii Revised Statute
2	Ensure that regulated companies efficiently and safely provide their customers with adequate and reliable services at just and reasonable rates, while providing regulated companies with a fair opportunity to earn a reasonable rate of return.	Level of safe, adequate, dependable, economical, and efficient services rendered by regulated companies, level of the Commission's operational efficiency, extent to which regulatory initiatives are implemented.	Chapter 269, Hawaii Revised Statutes

Note: Prioritizations are based on B&F direct program (1) functions versus those of the attached agencies (2). Equal weighting is given to functions with the same priority number.

Program ID Listing of Major Activities

<u>Prog ID/Org</u>	<u>Major Activity or Activities performed</u>	<u>Priority #</u>	<u>FY 10 Pos (P)</u>	<u>FY 10 Pos (T)</u>	<u>FY 10 PS \$\$\$\$</u>	<u>FY 2010 Other \$\$\$\$</u>	<u>MOF</u>
DEPARTMENTAL ADMINISTRATION & BUDGET DIVISION							
BUF 101BA	Conduct continuous review and advise the Director and Governor on the financial condition of the State and on State budget policies.	2	27.00	-	1,826,082	95,822	A
BUF 101BA	Assist in the preparation, explanation, and administration of the State's proposed six-year program and financial plan and the State budget.	2					
BUF 101BA	Advise and monitor State agencies for compliance with budget execution policies and procedures.	2					
BUF 101BA	Perform analysis of State programs, operations, problems, and issues to provide management with a sound, rational basis for decision making.	2					
BUF 101BA	Provide staff services for the Governor as required.	2					
BUF 101AA	Provide administrative support activities to the Department.	2	18.00		1,166,251	8,173,136	A
BUF 943HP	Makes employer contributions for health benefit premiums for state employees, retirees and their dependents.	1				174,721,854	A
BUF 943HP	Makes employer contributions for health benefit premiums for state employees, retirees and their dependents.	1				246,554,326	U
FINANCIAL ADMINISTRATION							
BUF 115CA	Receive, safeguard, and disburse funds to meet State funding obligations in the State Treasury	1	14.00	-	798,676	1,046,527	A
BUF 115CA	Maximize investment of funds	1					
BUF 115CA	Plan, direct, and coordinate the issuance and marketing of bonds	1					
BUF 115CA	Receives unclaimed property or funds from holders and holds them in trust until they are returned to their rightful owner	2	4.00	5.00	482,624	6,560,399	T
BUF 915DS	Makes debt service payments associated with General Obligation and General Obligation Reimbursable Bonds issued by the State	1				225,887,085	A
BUF 915DS	Makes debt service payments associated with General Obligation and General Obligation Reimbursable Bonds issued by the State	1				266,885,790	U

Table 2

Program ID Listing of Major Activities

Prog ID/Org	Major Activity or Activities performed	Priority #	FY 10 Pos (P)	FY 10 Pos (T)	FY 10 PS \$\$\$\$	FY 2010 Other \$\$\$\$	MOF
EMPLOYEES' RETIREMENT SYSTEM							
BUF 141FA	Provides various membership services including pre-retirement counseling; computation of retirement, disability and death benefits; enrollment of new State and county employees into the appropriate retirement plan; conducting disability hearings and appeals.	3	99.00	1.00	6,958,301	4,359,595	X
BUF 141	Budgets, accounts for and safeguards all assets of the ERS; ensures tax qualified status of the fund; and processes retirement benefit payments.	1					
BUF 141	Plans, administers and oversees investments of the ERS' \$10.8 billion portfolio (as of 6-30-08) including stocks, bonds, foreign securities, mortgage loans, real estate, alternative investments, and short-term instruments.	2					
BUF 941RB	Makes payments for employer contributions towards State government employee retirement benefits including pension accumulation and social security/medicare.	1				263,986,686	A
BUF 941RB	Makes payments for employer contributions towards State government employee retirement benefits including pension accumulation and social security/medicare.	1				385,254,254	U
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND							
BUF 143EU	EUTF Board of Trustees determine the nature and scope of the benefit plans offered, negotiate and enter into contracts with insurance carriers, administer self-funded plans, establish eligibility and management policies for the Trust Fund, and oversee all Trust Fund activities.	1	27.00	8.00	2,095,153	3,293,550	T
BUF 143	EUTF staff train State and county personnel and fiscal officers on enrollment procedures, collect employer and employee contributions, remit premiums to insurance carriers, provide enrollment services to State and county retirees, administer the federal COBRA Law, assist the Department of Human Resources Development in administration of the State of Hawaii's Premium Conversion Plan and comply with HIPAA privacy and security regulations and policies related to enrollment information.	2					

Table 2

Program ID Listing of Major Activities

Prog ID/Org	Major Activity or Activities performed	Priority #	FY 10	FY 10	FY 10	FY 2010	MOE
			Pos (P)	Pos (T)	PS \$\$\$\$	Other \$\$\$\$	
OFFICE OF THE PUBLIC DEFENDER							
BUF 151HA	Provide comprehensive legal and other necessary services to the indigent in criminal, mental commitment and family cases as required by federal and State constitutions, State statutes, judicial rules and decisions and opinions, and the canons of professional ethics.	1	82.00	50.00	9,232,953	689,913	A
PUBLIC UTILITIES COMMISSION							
BUF 901MA	Establish rules and regulations pertaining to service standards.	1	62.00		5,011,386	9,545,671	B
BUF 901MA	Render decisions on rates, fares, and charges.	1					
BUF 901MA	Process applications, issue certificates to regulated companies, and conduct investigations and audits of regulated companies.	2					
BUF 901MA	Conduct investigations of complaints filed against public utilities, other regulated entities, and companies utilizing services under the Commission's jurisdiction.	2					
BUF 901MA	Maintain the fiscal integrity of the Public Utilities Commission Special Fund.	1					

Table 3
Biennium Budget Reductions

#	Description of Reduction	Impact of Reduction	Prog ID/Org	Pos (P)		Pos (T)		MOF	
				10	11	10	11		
						\$\$\$\$			
1	Budget Ceiling Adj (non-recurring)	GIA appropriations subject to Chapter 42F, HRS.	BUF 101			(450,000)		(450,000)	A
2	Bishop Museum Annual Subsidy	The annual subsidy to the Bishop Museum will be reduced to \$254K from \$672K. Funds have historically supported care, storage, preservation and access to the collections. Administrative support will be limited only to the current HSTA VEBA and specialized technical expertise on benefit administration will be minimal.	BUF 101			(418,000)		(418,000)	A
3	VEBA Admin & Services on a Fee		BUF 101			(145,207)		(145,207)	A
4	Court Appointed Counsel	Payment of court appointed counsel services are mandated by Section 802-5, HRS. Reductions may result in the delay of payments until sufficient appropriations become available. Operations in the Budget Division will be restructured and departmental requests for administrative support will be re-prioritized, possibly delayed or deferred to ensure that the most critical issues are addressed by remaining staff.	BUF 101			(263,586)		(263,586)	A
5	Personal Services Reduction		BUF 101	(4.00)	(2.00)	(166,157)	(4.00)	(166,157)	A
6	Other Current Expense Reduction Reduce Bond Counsel	Use of electronic copies of various budget documents will permit reduction in printing costs. Bond counsel expenses will continue to be paid as part of the cost of GO Bond issuances which was initiated in the current fiscal year.	BUF 101			(26,990)		(26,990)	A
7			BUF 115			(54,138)		(54,138)	A

Table 3
Biennium Budget Reductions

8	Reduce Services on a Fee & CMIA	The State pays to or is credited by the Federal government for Federal funds that are drawdown on other than agreed to timeframes. Agencies that incur the liability under the Federal Cash Management Improvement Act (CMIA) will be responsible for full payment. Use of computer system experts on a services on a fee basis will be limited.	BUF 115	(156,290)	(156,290)	(156,290)	(156,290)	A
9	Reduce Other Operating Costs	Only critical requirements for repairs & maintenance of office F&E, services on a fee, fiscal agents and bank service fees will be supported. The State may be unable to transition to the more comprehensive electronic banking reporting requirements due to reductions in banking service fees.	BUF 115	(94,276)	(94,276)	(94,276)	(94,276)	A
10	Budget Ceiling Adj	Ceiling adjustment is for FY 2009 non-recurring cost items and also in compliance with the budget proviso in Section 124.2 of Act 158, SLH 2008 that requires specified pension management information system maintenance and support costs to be treated as a non-recurring cost item.	BUF 141	(2,837,220)	(2,837,220)	(2,837,220)	(2,837,220)	X
11	Trust Fund Reduction	Reduction primarily for investment consultant services in compliance with the budget proviso in Section 124.3 of Act 158, SLH 2008 that requires the cost to be treated as a non-recurring cost item beyond FY 2009. Future cost requirement can be addressed in the Supplemental Budget. Other current expense adjustments are based on projected operating cost requirements over the biennium.	BUF 143	(420,152)	(420,152)	(420,152)	(375,252)	T
12	Budget Ceiling Adj	Ceiling adjustment to reduce non-recurring cost for staff position equipment funded in FY 2009.	BUF 151	(2,385)	(2,385)	(2,385)	(2,385)	A

Table 3
Biennium Budget Reductions

13	Budget Ceiling Adj	Ceiling adjustment to reduce FY 2009 non-recurring costs including position related equipment. Office relocation costs related to Act 177, SLH 2007 and funding for on-going contract with the UOH, Hawaii Natural Energy Institute pursuant to Section 269-095, HRS are included in the FB 09-11 budget request.	BUF 901	(1,113,846)					(1,113,846)	B
14	Budget Ceiling Adj	Adjustment made to establish budget ceiling based on preliminary bond issuance plan and assumptions.	BUF 915	(70,155,225)					(65,153,775)	A
15	Debt Service Adjustment	Adjustment consistent with the FB 09-11 budget's bond issuance plan.	BUF 915	(57,685,802)					(43,707,247)	U
16	Pension Accumulation	Reflects adjustment to meet total requirement. Payments mandated by Chapter 88, HRS based on statutorily established percentages of payroll.	BUF 941	(27,766,190)					(27,304,834)	A
17	Social Security/Medicare	Reflects adjustment to meet total requirement. Non-payment will result in significant penalties by the Internal Revenue Service ranging from 2% (\$166K) to 15% (\$1.25M) per day depending on the length of time payment is in arrears.	BUF 941	(14,794,737)					(14,567,126)	A
18	Budget Ceiling Adj	Ceiling adjustment primarily for FY 09 collective bargaining costs.	BUF 941	(29,253,221)					(25,445,287)	U

Table 4
Biennium Budget Additions

Description of Addition	Prog ID/Org	Pos (P)		Pos (T)		Pos (P)	Pos (T)	MOF	
		10	10	11	11				
Unclaimed Property Claims	BUF 115		1,000,000		1,000,000			1,000,000	T
Eligibility Audit	BUF 143		1,037,000		1,037,000			-	T
Reorg Requirements Act 177/07	BUF 901	7.00	535,893		535,893	7.00		524,693	B
Office Relocation	BUF 901		3,822,108		3,822,108			1,272,071	B
Consumer Advocate Funding	BUF 901		67,657		67,657			67,657	B
HI Natural Energy Institute (HNEI) funding	BUF 901		200,000		200,000			200,000	B
Petroleum Industry Monitoring & Reporting SF Auth	BUF 901		393,951		393,951			35,000	B
Debt Service Adjustment	BUF 915		21,331,051		21,331,051			28,160,786	A
Budget Ceiling Adj (other)	BUF 941		61,031,872		61,031,872			63,642,740	A
Pension Accumulation	BUF 941		2,464,310		2,464,310			3,130,915	U
Social Security/Medicare	BUF 941		1,996,777		1,996,777			2,337,915	U
Budget Ceiling Adj (other)	BUF 943		11,397,933		11,397,933			26,880,462	A
Budget Ceiling Adj (other)	BUF 943		8,391,487		8,391,487			29,614,699	U

Table 5

Current Year (FY09) Restrictions

<u>Prog ID</u>	<u>FY09 \$\$\$</u>	<u>Impact</u>	<u>FY10 \$\$\$</u>	<u>FY11 \$\$\$</u>
BUF 101	(168,501)	<p>FY 09 imposed restrictions on payroll, Bishop Museum subsidy and GIA, services on a fee and equipment costs have been incorporated as part of the general fund reductions in FB 09-11. Operations in the Budget Division will be restructured and departmental requests for administrative support will be re-prioritized, possibly delayed or deferred to ensure that the most critical issues are addressed by remaining staff. The annual subsidy to the Bishop Museum will be reduced to \$254K from \$672K. Funds have historically supported care, storage, preservation and access to the collections. Administrative support will be limited only to the current HSTA VEBA and specialized technical expertise on benefit administration will be minimal.</p>	(182,501)	(182,501)
BUF 115	(82,428)	<p>Bond counsel expenses will continue to be paid as part of the cost of GO Bond issuances which was initiated in the current fiscal year.</p>	(82,428)	(82,428)
BUF 151	(14,000)	<p>FY 09 imposed restrictions are being used to offset the Office of the Public Defender's (Maui) increased cost for existing leased office space in FB 09-11. The Department of Accounting and General Services (DAGS) advised that the latest negotiated terms and conditions are favorable to the State. Reductions have been included in the other B&F general funded core programs. Further, litigation expenses are volatile and are impacted not only by volume but by types of assigned cases. Expenditures are being closely monitored as mid-year through FY 09, litigation expenses are running approximately 15% higher than allocated.</p>	-	-

Table 6
Prog ID

Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)				FY10 Plan
		FY07 Result	FY08 Result	FY09 Plan	FY10 Plan	
BUF 101	1 % of recommendations of dept requests completed by due date	Increase	90	90	90	90
	2 % of vendor payments made within 30 days	Increase	92	76	84	84
	3 % variance in annual expenditure versus allotment (fixed cost/entitlement)	Increase	5	3	8	8
	4 % payroll related HRMS transactions completed within 5 days of approval	Increase	91	92	92	92
	5 % user IT troubleshooting requests responded to within 2 working days	Increase	95	95	95	95
	6 % PC/LAN malfunctions responded to within 6 working days	Increase	95	95	95	95
BUF 115	1 Average annual rate of return on State Treasury Investments (%)	Increase	4.39	4.08	3	3
	2 Rate of interest paid on State Bonds relative to Bond Index (%)	Decrease	101	95	90	90
	3 % Treasury Transactions unreconciled after 30 days	Decrease	8	54	8	8
	4 % increase in new unclaimed property holder reports filed	Increase	0	10	4	4
	5 % increase in unclaimed property amounts reported	Increase	17	-14	1	1
	6 % increase in returns of unclaimed property to rightful owners	Increase	0	30	4	4
BUF 141	1 Average time to process initial check to terminating employees (weeks)	Decrease	4	4	3	3
	2 % initial monthly pension processed within 1 month after retirement	Increase	99	100	100	100
	3 Annualized return on investments over past 5 years	Increase	11.7	10.1	7.5	8
BUF 143	1 % documents imaged by end of 1st working day after receipt	Increase	97	99	99	99
	2 Average number of days required to process enrollment transactions	Decrease	15.3	13	13	10
	3 % of abandoned calls	Decrease	33.6	5	5	5
	4 % of refunds processed within 60 days	Increase	75	60	65	65
	5 % of shortage conditions cleared within 60 days	Increase	50	55	60	60
	6 % participants attending information sessions in one year	Increase	13.6	1.5	20	20
	7 % of time computer system is available during one year	Increase	99	98	98	98
	8 % COBRA form/notices sent within required timeframe	Increase	98	99	99	99
	9 % eligible retirees/spouses enrolled in Medicare Part B	Increase	98.5	94	96	97
	10 Number of minor and major HIPAA violations per year	Decrease	1	0	3	3
BUF 151	1 % attorney caseloads exceed national standard for felony cases	Decrease	5	5	5	5
	2 % attorney caseloads exceed national standard for misdemeanor cases	Decrease	387	447	458	469
	3 % attorney caseloads exceed national standard for family court cases	Decrease	193	180	186	191
	4 % attorney caseloads exceed national standard for appeals cases	Decrease	5	5	5	5

Table 6

Prog ID

Program Performance Results

#	Measures of Effectiveness (increase/decrease)	Direction of Success				
		FY07 Result	FY08 Result	FY09 Plan	FY10 Plan	
5	Annual # of training hours completed by professional staff as % of planned	Increase	90	90	90	90

Table 6
 Prog ID

Program Performance Results

#	<u>Measures of Effectiveness</u>	<u>Direction of Success</u> <u>(increase/decrease)</u>				
		<u>FY07 Result</u>	<u>FY08 Result</u>	<u>FY09 Plan</u>	<u>FY10 Plan</u>	
BUF 901	1 % rate cases completed within applicable statutory time period	100	100	100	100	
	2 % non rate matters completed within applicable statutory/regulatory period	100	100	100	100	
	3 % informal complaints resolved in reasonable time	81	82	90	90	
	4 Number of reported accidents involving utility employees	184	175	175	175	
	5 Average number of service interruptions per customer serviced	0	2	2	2	
	6 Number of telecommunications service disruptions longer than one hour	1	4	2	2	

Attachment 1

Department-Wide Summary Information (by MOF)

Fiscal Year (FY) 2009		Restriction	Emergency Request	Total FY09	MOF
Act 158/08	Appropriation	(b)	(c)	(a)+(b)+© 1/	
	(a)	(264,929)		654,218,374	A
	654,483,303			10,429,994	B
	10,429,994			10,686,573	T
	10,686,573			972,786,344	U
	972,786,344			13,700,216	X
	13,700,216			1,661,821,501	Total
	1,662,086,430	(264,929)	-		

Fiscal Year (FY) 2010		Reduction	Additions	Total FY10	MOF
Act 158/08	Collective Bargaining	(f)	(g)	(d)+(e)+(f)+(g)	
	(e)	(114,493,181)	93,760,856	642,235,527	A
	8,484,549	(1,113,846)	5,019,609	59,796,646	B
	45,460,889	(420,152)	2,037,000	12,919,854	T
	10,686,573	(86,939,023)	12,852,574	898,699,895	U
	972,786,344	(2,837,220)	-	10,979,637	X
	13,700,216	(205,803,422)	113,670,039	1,624,631,559	Total
	1,662,086,430				

Fiscal Year (FY) 2011		Reduction	Additions	Total FY11	MOF
Act 158/08	Collective Bargaining	(j)	(k)	(h)+(i)+(j)+(k)	
	(i)	(108,802,764)	118,683,988	718,238,534	A
	53,874,007	(1,113,846)	2,099,421	11,636,869	B
	221,300	(375,252)	1,000,000	11,439,626	T
	128,305	(69,152,534)	35,083,529	938,717,339	U
	972,786,344	(2,837,220)	-	11,317,896	X
	454,900	(182,281,616)	156,866,938	1,691,350,264	Total
	13,700,216				
	1,662,086,430				

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

Attachment 1

Department-Wide Summary Information (by MOF)

1/ Excludes collective bargaining allocation of \$45,140,551 (all MOF): 44,414,192 (GF), \$198,386 (SF), \$118,074 (TF), \$409,899 (XF)..

Attachment 2
FY09 Proposed Emergency Requests

<u>Program ID</u>	<u>Description of Emergency Request</u>	<u>FTE</u>	<u>\$\$\$</u>	<u>MOF</u>
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NOT APPLICABLE

Attachment 3
Program ID Totals

<u>Prog ID</u>	<u>Title</u>	<u>Pos 10</u>	<u>\$\$\$ 10</u>	<u>Pos 11</u>	<u>\$\$\$ 11</u>	<u>MOF</u>
BUF 101	Departmental Administration & Budget Division	45.00	11,261,291	45.00	11,261,291	A
BUF 943	Health Premium Payments	-	174,721,854	-	190,204,383	A
BUF 943	Health Premium Payments	-	246,554,326	-	267,777,538	U
BUF 115	Financial Administration	14.00	1,845,203	14.00	1,845,203	A
BUF 115	Financial Administration	4.00	7,043,023	4.00	7,043,023	T
BUF 115	Financial Administration	-	5,525	-	5,525	U
BUF 915	Debt Service Payments	-	225,887,085	-	237,718,270	A
BUF 915	Debt Service Payments	-	266,885,790	-	280,864,345	U
BUF 141	Employees' Retirement System	99.00	11,317,896	99.00	11,317,896	X
BUF 941	Retirement Benefits Payments	-	263,986,686	-	267,286,521	A
BUF 941	Retirement Benefits Payments	-	385,254,254	-	390,069,931	U
BUF 143	Hawaii Employer-Union Trust Fund	27.00	5,388,703	27.00	4,396,603	T
BUF 151	Office of the Public Defender	82.00	9,922,866	82.00	9,922,866	A
BUF 901	Public Utilities Commission	62.00	14,557,057	62.00	11,636,869	B

Priority	Prog ID/Org	Description	MOF	Dept FY10			Dept FY11			B&F FY10			B&F FY11			Gov FY10			Gov FY11					
				FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$
Reduction	101/AA	Bishop Museum Annual Subsidy	A	0.00	0.00	(418,000)	0.00	0.00	(418,000)	0.00	0.00	(418,000)	0.00	0.00	(418,000)	0.00	0.00	(418,000)	0.00	0.00	(418,000)	0.00	0.00	(418,000)
Reduction	101/AA	VEBA Admin & Services-on-fee	A	0.00	0.00	(145,207)	0.00	0.00	(145,207)	0.00	0.00	(145,207)	0.00	0.00	(145,207)	0.00	0.00	(145,207)	0.00	0.00	(145,207)	0.00	0.00	(145,207)
Reduction	101/AA	Court-Appointed Counsel	A	0.00	0.00	(263,586)	0.00	0.00	(263,586)	0.00	0.00	(263,586)	0.00	0.00	(263,586)	0.00	0.00	(263,586)	0.00	0.00	(263,586)	0.00	0.00	(263,586)
Reduction	101/AA	Delete IT Spclst & Accountant Ills	A	(1.00)	(2.00)	0	(1.00)	(2.00)	0	(1.00)	(2.00)	0	(1.00)	(2.00)	0	(1.00)	(2.00)	0	(1.00)	(2.00)	0	(1.00)	(2.00)	0
Reduction	101/BA	Personal Services Reduction	A	(3.00)	(3.00)	(166,157)	(3.00)	(3.00)	(166,157)	(3.00)	(3.00)	(166,157)	(3.00)	(3.00)	(166,157)	(3.00)	(3.00)	(166,157)	(3.00)	(3.00)	(166,157)	(3.00)	(3.00)	(166,157)
Reduction	101/BA	Other Current Expense Reduction	A	0.00	0.00	(26,990)	0.00	0.00	(26,990)	0.00	0.00	(26,990)	0.00	0.00	(26,990)	0.00	0.00	(26,990)	0.00	0.00	(26,990)	0.00	0.00	(26,990)
Reduction	115/CA	Reduce funds for Bond Counsel	A	0.00	0.00	(54,138)	0.00	0.00	(54,138)	0.00	0.00	(54,138)	0.00	0.00	(54,138)	0.00	0.00	(54,138)	0.00	0.00	(54,138)	0.00	0.00	(54,138)
Reduction	115/CA	Reduce funds for Services on Fee and CMA	A	0.00	0.00	(156,290)	0.00	0.00	(156,290)	0.00	0.00	(156,290)	0.00	0.00	(156,290)	0.00	0.00	(156,290)	0.00	0.00	(156,290)	0.00	0.00	(156,290)
Reduction	115/CA	Reduce other operating costs	A	0.00	0.00	(94,276)	0.00	0.00	(94,276)	0.00	0.00	(94,276)	0.00	0.00	(94,276)	0.00	0.00	(94,276)	0.00	0.00	(94,276)	0.00	0.00	(94,276)
8	BUF 115	Additional funds for Unclaimed Property Claims	T	0.00	0.00	1,000,000	0.00	0.00	1,000,000	0.00	0.00	1,000,000	0.00	0.00	1,000,000	0.00	0.00	1,000,000	0.00	0.00	1,000,000	0.00	0.00	1,000,000
1	BUF 143	Additional funds in FY 2010 to perform an eligibility audit of the EUTF's health plans.	T	0.00	0.00	1,037,000	0.00	0.00	1,037,000	0.00	0.00	1,037,000	0.00	0.00	1,037,000	0.00	0.00	1,037,000	0.00	0.00	1,037,000	0.00	0.00	1,037,000
6	BUF 143	Additional funds in FY 2011 for EUTF to provide continued Investment Consultant services.	T	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0
2	BUF 901	Additional 7.00 FTE Permanent Positions and Funds for PUC Restructuring (Act 177, SLH 2007)	B	7.00	7.00	535,893	7.00	7.00	535,893	7.00	7.00	535,893	7.00	7.00	535,893	7.00	7.00	535,893	7.00	7.00	535,893	7.00	7.00	535,893
3	BUF 901	Additional funds for PUC office and staff relocation to support PUC Restructuring (Act 177, SLH 2007)	B	0.00	0.00	3,822,108	0.00	0.00	3,822,108	0.00	0.00	3,822,108	0.00	0.00	3,822,108	0.00	0.00	3,822,108	0.00	0.00	3,822,108	0.00	0.00	3,822,108
4	BUF 901	Additional funds to continue PUC's agreement with the Hawaii Natural Energy Institute (HNEI) to enable compliance with requirements of Section 296-95, Hawaii Revised Statutes.	B	0.00	0.00	200,000	0.00	0.00	200,000	0.00	0.00	200,000	0.00	0.00	200,000	0.00	0.00	200,000	0.00	0.00	200,000	0.00	0.00	200,000
5	BUF 901	Authorization to expend Petroleum Industry Monitoring and Reporting Special Funds.	B	0.00	0.00	393,951	0.00	0.00	393,951	0.00	0.00	393,951	0.00	0.00	393,951	0.00	0.00	393,951	0.00	0.00	393,951	0.00	0.00	393,951
7	BUF 901	Additional funds required due to increased FB09-11 base budget ceiling levels for the Division of Consumer Advocacy in the Department of Commerce and Consumer Affairs.	B	0.00	0.00	67,657	0.00	0.00	67,657	0.00	0.00	67,657	0.00	0.00	67,657	0.00	0.00	67,657	0.00	0.00	67,657	0.00	0.00	67,657
Adjustment	BUF 915	Debt Service Adjustments	A			26,009,814			26,009,814			26,971,350			26,971,350			21,331,051			21,331,051			28,160,886
Adjustment	BUF 915	Debt Service Adjustments	U			(52,157,840)			(52,157,840)			(45,112,567)			(45,112,567)			(57,685,802)			(57,685,802)			(43,707,247)
Adjustment	BUF 941	Pension Accumulator Adjustment	A			(27,766,190)			(27,766,190)			(27,304,834)			(27,304,834)			(27,766,190)			(27,766,190)			(27,304,834)
Adjustment	BUF 941	Pension Accumulator Adjustment	U			2,464,310			2,464,310			3,130,915			3,130,915			2,464,310			2,464,310			3,130,915
Adjustment	BUF 941	Social Security/Medicare Adjustments	A			(14,794,737)			(14,794,737)			(14,567,126)			(14,567,126)			(14,794,737)			(14,794,737)			(14,567,126)
Adjustment	BUF 941	Social Security/Medicare Adjustments	U			1,996,777			1,996,777			2,337,915			2,337,915			1,996,777			1,996,777			2,337,915
Reduction	BUF 143	Trust Fund Reduction	T			(420,152)			(420,152)			(375,252)			(375,252)			(420,152)			(420,152)			(375,252)

Attachment 5

All Positions Vacant as of 12/1/08

A	B	C	D	E	F	G	H	I
Date of Vacancy	Position Title	Position Number	Exempt (Y/N)	Budgeted Amount	Actual Salary Last Paid	MOF	Prog ID	Authority to Hire (Y/N)
1								
2	12/20/2007	Information Technol Spclt II	00022007	N	\$44,280.00	A	BUF101AA	N
3	11/16/2006	Departmental Pers Officer II	00043763	N	\$0.00	A	BUF101AA	N
4	2/23/2008	Accountant III	00118258	N	\$47,231.00	A	BUF101AA	N
5	11/2/2006	Accountant III	00118259	N	\$47,231.00	A	BUF101AA	N
6	12/30/2006	Prgm & Budget Analysis Mgr II	00011296	N	\$0.00	A	BUF101BA	N
7	8/1/2008	Prgm & Budget Analysis Mgr II	00040815	N	\$99,336.00	A	BUF101BA	Y
8	4/10/2008	Program Evaluation Analyst V	00042217	N	\$60,024.00	A	BUF101BA	N
9	5/1/2008	Clerical Supervisor II	00003280	N	\$35,100.00	X	BUF141FA	Y
10	9/18/2008	Account Clerk III	00016004	N	\$35,100.00	X	BUF141FA	N
11	9/16/2008	Accountant III	00023670	N	\$40,524.00	X	BUF141FA	N
12	6/1/2007	Retirement Claims Examiner V	00036372	N	\$51,312.00	X	BUF141FA	Y
13	9/5/2008	Office Assistant III	00116328	N	\$23,736.00	X	BUF141FA	Y
14	8/15/2008	Office Assistant III	00116684	N	\$23,736.00	X	BUF141FA	N
15	9/13/2008	Office Assistant III	00117311	N	\$23,736.00	X	BUF141FA	Y
16	2/1/2006	Office Assistant III	00117312	N	\$23,736.00	X	BUF141FA	Y
17	11/1/2007	Information Technol Spclt II	00118201	N	\$36,048.00	X	BUF141FA	FILLED 12/02/08
18	4/1/2006	Secretary III	00013050	N	\$32,424.00	T	BUF143EU	N
19	3/31/2007	EUTF Clerk II	00017471	Y	\$27,768.00	T	BUF143EU	N
20	9/16/2008	Customer Service Representativ	00116355	Y	\$23,736.00	T	BUF143EU	N
21	8/20/2008	Customer Service Representativ	00116356	Y	\$23,736.00	T	BUF143EU	N
22	10/10/2008	Customer Service Representativ	00116357	Y	\$23,736.00	T	BUF143EU	N
23	9/24/2008	EUTF Info Systems Specialist	00119002	Y	\$21,072.00	T	BUF143EU	N
24	4/16/2008	EUTF Info Systems Specialist	00119003	Y	\$21,072.00	T	BUF143EU	Y
25	8/30/2008	Deputy Public Defender V	00101088	Y	\$94,715.00	A	BUF151HA	N
26	8/7/2008	Deputy Public Defender III	00102674	Y	\$72,384.00	A	BUF151HA	N
27	7/14/2008	Deputy Public Defender III	00119107	Y	\$54,288.00	A	BUF151HA	Y
28	3/8/2007	Investigator IV	00042690	N	\$42,144.00	B	BUF901MA	N
29	10/26/2007	PUC Attorney	00100540	Y	\$63,336.00	B	BUF901MA	N
30	12/29/2007	Research Asst (PUC)	00102100	Y	\$73,656.00	B	BUF901MA	N
31	10/4/2008	Chief Researcher	00102437	Y	\$77,616.00	B	BUF901MA	N
32	10/1/2003	Legal Stenographer I	00102458	Y	\$32,424.00	B	BUF901MA	N

Attachment 5

All Positions Vacant as of 12/1/08

	A	B	C	D	E	F	G	H	I
33	11/22/2005	Research Assistant (PUC)	00102524	Y	\$59,844.00	\$59,844.00	B	BUF901MA	N
34	1/12/2008	Investigator IV	00106174	N	\$42,144.00	\$43,824.00	B	BUF901MA	N
35	5/3/2007	Information Technol Spclt IV	00117097	N	\$42,144.00	\$42,144.00	B	BUF901MA	N
36	7/1/2006	Energy Secretary	00117632	Y	\$27,768.00	\$0.00	B	BUF901MA	N
37	10/2/2007	PUC Attorney (Gas Cap)	00117634	Y	\$59,448.00	\$61,524.00	B	BUF901MA	N
38	4/10/2007	Enforcement Officer	00118031	Y	\$49,332.00	\$0.00	B	BUF901MA	N
39	10/30/2008	Information Technol Spclt V	00119195	N	\$47,448.00	\$0.00	B	BUF901MA	Y

Attachment 6
Federal Fund Expenditures Exceeding Ceiling for FY08 and FY09 to date

<u>Prog ID</u>	<u>Act 158/08 Ceiling</u>	<u>Anticipated FY09 Additional Ceiling</u>	<u>Date of Transfer</u>	<u>Reason for Exceeding Ceiling</u>	<u>Recurring (Y/N)</u>	<u>GF Impact (Y/N)</u>
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NOT APPLICABLE

Attachment 7

List of Transfers for FY08 and FY09 to date

<u>From</u> <u>Prog ID</u>	<u>To</u> <u>Prog ID</u>	<u>Amount</u> <u>Transferred</u>	<u>Date of Transfer</u>	<u>Reason for Transfer</u>	<u>Recurring</u> <u>(Y/N)</u>
BUF 943	AGS 221, DEF 110, LRN 402	(8,159,317)	Various	Transfer of \$8.16 million in FY 2008 general funds is based on Sections 162 and 190 of Act 213/07 which permits transfers for declared emergencies and funds to supplement the DLNR firefighter's contingency fund. Savings in BUF 943 were attributed to lower than budgeted contribution rates.	N
BUF 915	BUF 941	(8,250,000)	3/22/2008	Transfer of \$8.25 million in FY 2008 was required to meet shortfalls in pension accumulation and social security/medicare payments. Shortfalls were due to higher than anticipated FY 2007 payroll on which the FY 08 appropriation was based. Debt service savings resulted from delay of the FY 08 1st half issuance. Pension accumulation contributions are required by Sections 8-122, HRS and 8-123, HRS. Non-payment of social security/medicare contributions result in significant penalties imposed by the Internal Revenue Service (IRS).	N
BUF 943	BUF 941	(3,700,000)	5/22/2008	Transfer of \$3.7 million in FY 2008 was required to meet PA and SS/Medicare payments as noted above.	N
BUF 115	BUF 101	(85,862)	12/2/2008	Act 158/SLH 2008 included a general reduction of 4% to the department's general funds and was reflected in BUF 101, Departmental Administration & Budgeting Division with provisions for allocation to appropriate departmental general funded programs. The \$85,862 transfer in FY 2009 represents the BUF 115 program's share of the general reduction.	N

Attachment 8
CIP Summary

<u>Priority</u>	<u>Project Title</u>	<u>FY10 \$\$\$</u>	<u>FY11 \$\$\$</u>	<u>MOF</u>
1	Hawaiian Home Lands Trust Fund, Statewide	30,000,000	30,000,000	C
1	State Educational Facilities Improvement Special Fund, Statewide	45,000,000	45,000,000	C