



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

HOUSE COMMITTEE ON FINANCE
EXECUTIVE BIENNIUM BUDGET 2009 - 2011
JANUARY 12, 2009

BUDGET TESTIMONY
OFFICE OF THE GOVERNOR

The Office of the Governor strives to assure the effectiveness and efficiency of state programs and statewide initiatives by providing Executive direction, policy development, program coordination, communications, planning and budgeting.

The Office of the Governor focuses effort toward the well-being of the citizens of Hawaii by ensuring that State Government programs are effectively managed within and between departments; that executive branch policies are properly executed through laws, executive orders, policy statements, and memoranda; and that these policies are clearly and concisely articulated; and that the management of the state workforce is accomplished in a fair and equitable manner. Major Activities and funding requests for FB 09-11 for each of the Office of the Governor's Program ID/Org in GOV 100 are summarized below in Table 2.

Table 2						
PROGRAM ID LISTING OF MAJOR ACTIVITIES						
Prog ID/Org	Major Activity or Activities performed	Pos (P)	Pos (T)	FY 10 & FY 11		MOF
				PS \$\$\$\$	Other \$\$\$\$	
GOV 100AA	Provides executive direction & support, administrative and operations support, coordinate external communications; coordinate policy development and implementation, coordinate, support and monitor legislative issues, and process and maintain acts and administrative rules.	30.00	29.00	2,717,896	317,213	A
GOV 100AB	Provide administrative and operations support	4.00	0.00	146,124	21,000	A
GOV 100AC	Fund to meet contingencies as they arise	0.00	0.00	0	10,000	
GOV 100BB	Assists the Governor in negotiating with and entering into written contracts between the public employer and the public employee union representatives on matters of wages, hours and other negotiable terms and conditions of employment.	3.00	0.00	166,579	5,350	A
	TOTALS	37.00	29.00	3,030,599	353,563	A

The Office of the Governor is comprised of one program: GOV 100, with 37.00 FTE permanent positions and 29.00 FTE temporary positions. There are no proposed changes or amendments to the departmental organization chart for FY 10 & FY 11.

In the current fiscal year (FY 09) the Office of the Governor has observed a \$148,493 reduction in its operating budget through restrictions on spending. Through adjustments that include the re-distribution of work activities, the effect of reductions to the budget of the Office of the Governor on departments and the public will be minimized; however the FY09 and possible other future budget reductions will result in increased workloads for staff and reduced means to fulfill the mission of the Office of the Governor.

The Office of the Governor's (GOV100) Executive Biennium Budget 2009 - 2011 request is summarized in Attachment 1 & 3. There are no additional funding requests for FB 09-11. The budget reflects a reduction of \$534,660 in each year.

The biennium budget request for fiscal years 2010 and 2011 for the Office of the Governor amounts to \$3,384,162 in each year reflecting a reduction of 14%, and is in keeping with the need for the State to address decreased revenues while still continuing to meet responsibilities and priority obligations to the public. Reductions for GOV are reflected in the following table.

BIENNIUM BUDGET REDUCTIONS										
#	<u>Description of Reduction</u>	<u>Impact of Reduction</u>	<u>Prog ID/Org</u>	FY 2010			FY 2011			<u>M O F</u>
				<u>Pos (P) 10</u>	<u>Pos (T) 10</u>	<u>\$\$\$\$ 10</u>	<u>Pos (P) 11</u>	<u>Pos (T) 11</u>	<u>\$\$\$\$ 11</u>	
1	Personal Services	Unfilled vacancies increase workload for current staff	GOV 100			(318,020)			(318,020)	A
2	Other Current Expenditures	Limits funding available to perform functions	GOV 100			(213,007)			(213,007)	A
3	Equipment	Deferral of equipment purchases	GOV 100			(3,633)			(3,633)	A

OPERATIONAL BUDGET

MEASURES OF EFFECTIVENESS FOR THE OFFICE OF THE GOVERNOR:

1. The well-being of the citizens as measured by standard economic benchmarks that reflect whether essential government services are continuing to be provided in an effective manner during challenging economic times. Monitoring of conditions is assessed through measurements that include gross state product, unemployment, economic growth, new business creation, immigration, per capita income, and capital formation.

2. The social well-being of the citizens as measured by standard benchmarks such as infant mortality, longevity, educational achievement, family formation, homeownership, environmental cleanliness, leisure time, charitable giving, crime statistics, and overcrowding.
3. The accomplishments that can be attributed to programs and initiatives that have resulted from Departments working cooperatively across departmental divisions to deliver a public service at the lowest possible cost.
4. The number of bills the Executive and Legislative Branches have successfully developed and enacted for the betterment and benefit of the people and institutions of the state.
5. The number of successful new programs that are developed and introduced to improve lives, conditions and economic opportunities in the state.
6. Retention, recruitment and turnover data for State workforce programs. The success of policies and programs aimed at State recruitment and retention efforts; including operational savings derived through innovative work programs that offer quality service with greater efficiency and effectiveness through lower costs.
7. The settlement of collective bargaining issues, stable multi-year contracts ensuring the uninterrupted delivery of public programs and the fair and equitable treatment of the government workforce. Demonstrating that all negotiated contracts are fiscally prudent and affordable and within the financial capability of the State of Hawaii.

PROGRAM PERFORMANCE RESULTS FOR THE OFFICE OF THE GOVERNOR:

The Office of the Governor continues to meet program objectives as evidenced by the social well being of its citizens measured through such standard benchmarks as: a balanced budget, programs that sustain economic success as measured by gross domestic product; longevity of the population; the delivery of health care, education, and housing; the care of the state's natural resources, environment and cultural heritage; the care of government assets; the delivery of recreational programs and transportation programs; offering safety and security to the citizens of the state and; the implementation of plans and programs for the continuing improvement and welfare of the state and its citizens.

The Office of the Governor continues to work on improvement initiatives for home ownership, and student achievement. The Office will work with relevant members of the State Government, community, and Legislature, to develop proposals to improve performance in these measures and economic benchmarks.

The Office of the Governor successfully provided management and direction in the implementation of emergency programs and relief efforts to assist the citizens of the state resulting from or due to conditions attributed to natural and man-made disasters.

Additionally, the Administration continues to share information with the media and other public information outlets about administrative programs and policy changes.

The Office of Collective Bargaining has taken steps to open up a dialogue with all bargaining units that will be involved in collective bargaining activities in the coming biennium period. Additionally, the Office has involved the personnel directors of the other covered jurisdictions, most notably the counties, at an early stage to provide clear understanding of the issues and the fiscal situation facing the State.

The Administration has primary responsibility for managing the State's six-year fiscal plan, and for making decisions on the allocation of funds. This work impacts the State's financial health and has resulted in sustained high bond ratings despite challenging economic conditions facing the country.

The Governor's Office strives to improve the quality of life for the residents of Hawaii by: continuing efforts to improve the economic and social well-being of our citizens; continuing to foster close cooperation within and between the various State departments; continuing to manage the state budget in a manner that respects taxpayer dollars and reflects the fiscal due diligence our citizens expect; planning and implementing new programs aimed at energy self sufficiency and sustainability; and continuing to introduce and encourage enactment of legislation that supports the goal of benefit to the people of the state and conveying an accurate message of our efforts to the public via the media.

The Office of the Governor budget request reflects the decisions made by B&F and the Governor. (Attachment 4) It does not include emergency requests for funding or provide for transfers of funds between programs. (Attachments 2 & 7) As of December 1, 2008, the Office of the Governor had seven (7) vacant positions. (Attachment 5)

The FB 09-11 includes a CIP budget request to fund the Project Adjustment Fund with \$1,000 in General Obligation Bond funds for FY10 and FY11. (Attachment 8)

Overall, this budget request meets the challenging objective of reducing general fund expenditures while preserving critical functions of the Office of the Governor. We respectfully request this committee's approval of the executive biennium budget for FB 09-11 for the Office of the Governor.

Worksheet 1

Funding levels for divisions/branches

<u>Division or Branch Name</u>	<u>FY09 (P)</u>	<u>FY09 (T)</u>	<u>FY09 \$\$\$</u>	<u>FY10 (P)</u>	<u>FY10 (T)</u>	<u>FY10 \$\$\$</u>	<u>MOF</u>
GOV 100: Office of the Governor	37.00	29.00	3,758,826	37.00	29.00	3,384,162	A

Table 1
Priority List of Functions

<u>Priority #</u>	<u>Description of Function</u>	<u>Performance Measures</u>	<u>Statutory Reference</u> (HRS, PL, etc.)
1	The Office of the Governor focuses effort toward the well-being of the citizens of Hawaii by ensuring that State Government programs are effectively managed within and between departments; that executive branch policies are properly executed through laws, executive orders, policy statements, and memoranda; that these policies are clearly and concisely articulated; and that the management of the state workforce is accomplished in a fair and equitable manner.		
2			
3			
4			

Table 2
 Program ID Listing of Major Activities

<u>Prog ID/Org</u>	<u>Major Activity or Activities performed</u>	<u>Priority #</u>	<u>Pos (P)</u>	<u>Pos (T)</u>	<u>PS \$\$\$\$</u>	<u>Other \$\$\$\$</u>	<u>MOF</u>
GOV 100AA	Provides executive direction & support, administrative and operations support, coordinate external communications, coordinate policy development and implementation, coordinate, support and monitor legislative issues, and process and maintain acts and administrative rules.	30.00	29.00	2,717,896	317,213	A	
GOV 100AB		4.00	0.00	146,124	21,000	A	
GOV 100AC		0.00	0.00	0	10,000	A	
GOV 100BB	Assists the Governor in negotiating with and entering into written contracts between the public employer and the public employee union representatives on matters of wages, hours and other negotiable terms and conditions of employment.	3.00	0.00	166,579	5,350	A	

Table 3
Biennium Budget Reductions

#	<u>Description of Reduction</u>	<u>Impact of Reduction</u>	<u>Pos</u>		<u>Pos</u>		<u>MOF</u>
			<u>ID/Org</u>	<u>(P) 10</u>	<u>(T) 10</u>	<u>(P) 11</u>	
1	Personal Services	Unfilled vacancies increase workload for current staff	GOV 100	(318,020)		(318,020)	A
2	Other Current Expenditures	Limits funding available to perform functions	GOV 100	(213,007)		(213,007)	A
3	Equipment	Deferral of equipment purchases	GOV 100	(3,633)		(3,633)	A

Table 4
Biennium Budget Additions

<u>Description of Addition</u>	<u>Pos (P) Pos (T)</u>		<u>Pos (P) Pos (T)</u>	
	<u>10</u>	<u>10</u>	<u>11</u>	<u>11</u>
		<u>\$\$\$\$</u>	<u>10</u>	<u>11</u>
	<u>10</u>	<u>10</u>	<u>11</u>	<u>11</u>
		<u>\$\$\$\$</u>	<u>11</u>	<u>MOF</u>

Not applicable

Table 5
Current Year (FY09) Restrictions

Prog ID
GOV 100

FY09 \$\$\$
148493

Limits funding available to perform functions of the Office of the Governor

Impact

FY10 \$\$\$
148493

FY11 \$\$\$
148493

Table 6
Prog ID

Program Performance Results

FY07 Result	FY08 Result	FY09 Plan		
<p>Measures of Effectiveness</p>	<p>The well-being of the citizens as measured by standard economic benchmarks that reflect whether essential government services are continuing to be provided in an effective manner during challenging economic times. Monitoring of conditions is assessed through measurements that include gross state product, unemployment, economic growth, new business creation, immigration, per capita income, and capital formation.</p>	<p>The Office of the Governor continues to meet program objectives as evidenced by the social well being of its citizens measured through such standard benchmarks as: a balanced budget, programs that sustain economic success as measured by gross domestic product, longevity of the population; the delivery of health care, education, and housing; the care of the state's natural resources, environment and cultural heritage; the care of government assets; the delivery of recreational programs and transportation programs; offering safety and security to the citizens of the state and; the implementation of plans and programs for the continuing improvement and welfare of the state and its citizens.</p>	<p>The Office of the Governor continues to work on improvement initiatives for home ownership, and student achievement. The Office will work with relevant members of the State Government, community, and Legislature, to develop proposals to improve performance in these measures and economic benchmarks.</p>	<p>The Administration has primary responsibility for managing the State's six-year fiscal plan, and for making decisions on the allocation of funds. This work impacts the State's financial health and has resulted in sustained high bond ratings despite challenging economic conditions facing the country.</p>
<p>The social well-being of the citizens as measured by standard benchmarks such as infant mortality, longevity, educational achievement, family formation, homeownership, environmental cleanliness, leisure time, charitable giving, crime statistics, and overcrowding.</p>	<p>The accomplishments that can be attributed to programs and initiatives that have resulted from Departments working cooperatively across departmental divisions to deliver a public service at the lowest possible cost.</p>	<p>The Administration has primary responsibility for managing the State's six-year fiscal plan, and for making decisions on the allocation of funds. This work impacts the State's financial health and has resulted in sustained high bond ratings despite challenging economic conditions facing the country.</p>	<p>The Office of the Governor successfully shepherded through numerous bills that reflected the priorities of the Governor and her Administration. We are hopeful that additional measures will receive favorable consideration from the Legislature during the 2009 session.</p>	<p>The number of bills the Executive and Legislative Branches have successfully developed and enacted for the betterment and benefit of the people and institutions of the state.</p>
<p>The number of bills the Executive and Legislative Branches have successfully developed and enacted for the betterment and benefit of the people and institutions of the state.</p>	<p>The number of successful new programs that are developed and introduced to improve lives, conditions and economic opportunities in the state.</p>	<p>The Administration continues to share information with the media and other public information outlets about the administrative programs and policy changes it is implementing.</p>	<p>The Administration has primary responsibility for managing the State's six-year fiscal plan, and for making decisions on the allocation of funds. This work impacts the State's financial health and has resulted in sustained high bond ratings despite challenging economic conditions facing the country.</p>	<p>Retention, recruitment and turnover data for State workforce programs. The success of policies and programs aimed at State recruitment and retention efforts; including operational savings derived through innovative work programs that offer quality service with greater efficiency and effectiveness through lower costs</p>
<p>The settlement of collective bargaining issues that result in multi-year contracts ensuring that disruptions in the delivery of public programs are minimized. The ability to the state to adequately fund these settlements without adverse impact on the taxpayers of the State of Hawaii.</p>	<p>The Office of Collective Bargaining has taken steps to open up a dialogue with all bargaining units that will be involved in collective bargaining activities in the coming biennium period. Additionally, the Office has involved the personnel directors of the other covered jurisdictions, most notably the counties, at an early stage to provide clear understanding of the issues and the fiscal situation facing the State.</p>			

Attachment 1
Department-Wide Summary Information (by MOF)

		Fiscal Year (FY) 2009		Fiscal Year (FY) 2010		Fiscal Year (FY) 2011					
Act 158/08 Appropriation	(a)	Restriction (b)	Emergency Request (c)	Reduction (f)	Additions (g)	Reduction (j)	Additions (k)	Total FY09 (a)+(b)+(c)	Total FY10 (d)+(e)+(f)+(g)	Total FY11 (h)+(i)+(j)+(k)	MOF
	3,712,323	(148,493)	-	(534,660)	-	(534,660)	-	3,563,830	3,384,162	3,384,162	A
	250,000							250,000			R
	500,000							500,000			U
	4,462,323	(148,493)	-					4,313,830			Total
Fiscal Year (FY) 2010											
Act 158/08 Appropriation	(d)	Collective Bargaining (e)		Reduction (f)	Additions (g)			Total FY10 (d)+(e)+(f)+(g)			MOF
	3,712,323	206,499		(534,660)	-			3,384,162			A
	3,712,323	206,499		(534,660)	-			3,384,162			Total
Fiscal Year (FY) 2011											
Act 158/08 Appropriation	(h)	Collective Bargaining (i)		Reduction (j)	Additions (k)			Total FY11 (h)+(i)+(j)+(k)			MOF
	3,712,323	206,499		(534,660)	-			3,384,162			A
	3,712,323	206,499		(534,660)	-			3,384,162			Total

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

Attachment 2
FY09 Proposed Emergency Requests

<u>Program ID</u>	<u>Description of Emergency Request</u>	<u>FTE</u>	<u>\$\$\$</u>	<u>MOF</u>
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>
GOV 100	Office of the Governor	66.00	3,384,162	66.00	3,384,162	A

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)	\$\$\$
	GOV 100 AA	Office of the Governor	A	30.00	29.00	3,035,109	30.00	29.00	3,035,109	30.00	29.00	3,035,109	30.00	29.00	3,035,109	30.00	29.00	3,035,109	30.00	29.00	3,035,109
	GOV 100 AB	Washington Place	A	4.00	-	167,124	4.00	-	167,124	4.00	-	167,124	4.00	-	167,124	4.00	-	167,124	4.00	-	167,124
	GOV 100 AC	Contingency Fund	A	-	-	10,000	-	-	10,000	-	-	10,000	-	-	10,000	-	-	10,000	-	-	10,000
	GOV 100 BB	Office of Collective Bargaining	A	3.00	-	171,929	3.00	-	171,929	3.00	-	171,929	3.00	-	171,929	3.00	-	171,929	3.00	-	171,929

Attachment 5

All Positions Vacant as of 12/1/08

<u>Date of Vacancy</u>	<u>Position Title</u>	<u>Position Number</u>	<u>Exempt (Y/N)</u>	<u>Budgeted Amount</u>	<u>Actual Salary Last Paid</u>	<u>MOF</u>	<u>Prog ID</u>	<u>Authority to Hire (Y/N)</u>
07/01/05	Chief Negotiator	100469	Y	0	85,000	A	GOV 100	
05/10/08	Project Assistant	102104	Y	50,000	9,600	A	GOV 100	
05/17/08	Managing Editor	100462	Y	31,126	58,236	A	GOV 100	
05/26/08	Communications Analyst	112939	Y	35,993	24,000	A	GOV 100	
08/30/08	Business Services Officer	100145	Y	56,239	62,244	A	GOV 100	
08/30/08	Executive Chef	100371	Y	53,989	56,148	A	GOV 100	
11/17/08	Policy Analyst	100511	Y	65,205	67,608	A	GOV 100	

Attachment 6

Federal Fund Expenditures Exceeding Ceiling for FY08 and FY09 to date

<u>Prog ID</u>	<u>Appropriation Ceiling</u>	<u>Ceiling Increase</u>	<u>Date of Transfer</u>	<u>Reason for Exceeding Ceiling</u>	<u>Recurring</u> (Y/N)	<u>GF Impact</u> (Y/N)
				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>
			None to date		

FY10 \$\$\$ FY11 \$\$\$ MOF
1,000 1,000 C

Priority

1 Project Adjustment Fund, Statewide

Project Title

Plans for the establishment of a contingency fund for project adjustment purposes subject to the provisions of the appropriations act

Project: G01

Expending Agency: GOV

House District: 99 Senate District: 99