



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

April 4, 2016

GOV. MSG. NO. 18

The Honorable Ronald D. Kouchi,
President and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

✓ The Honorable Joseph M. Souki,
Speaker and Members of the House
of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Souki and Members of the Legislature:

Transmitted herewith are proposed amendments to the FY 17 Executive Supplemental Budget for the Department of Hawaiian Home Lands (DHHL). With one exception (to add a federally funded position), the requests represent the Administration's recommendations to provide general funds for DHHL's administration and operating expenses for FY 16 and FY 17.

Your favorable consideration is requested for the following amendments:

Operating Budget for FY 16

Planning and Development for Hawaiian Homesteads (HHL 602/BB)

Replace the \$9,632,000 (\$7,912,000 for other current expenses and \$1,720,000 for lease payments (certificate of participation)) general fund appropriation for DHHL's FY 16 administration and operating expenses, with \$17,144,374 in general funds (\$10,362,676 for personal services; \$5,061,698 for other current expenses; and \$1,720,000 for lease payments (certificate of participation)); and amend the budget proviso at Section 21 of Act 119, SLH 2015, to delete all references to the Nelson litigation, and increase the amount of general funds authorized to be deposited into the Hawaiian home administration account by DHHL to pay for, or to reimburse DHHL's other special or trust funds, for paying for DHHL's administration and operating expenses for FY 16.

Operating Budget for FY 17

Planning and Development for Hawaiian Homesteads (HHL 602/BB)

Add 1.00 permanent, federal fund position and \$71,337 in federal funds for full-year salary plus fringe benefits for FY 17 to provide additional staffing for the Planning and Development for Hawaiian Homesteads Program.

Administration and Operating Support for DHHL (HHL 625/AO)

Establish a new Program ID titled "Administration and Operating Support for DHHL" and organization code titled "Administration and Operating Expenses" (HHL 625/AO).

Planning and Development for Hawaiian Homesteads (HHL 602/BB)

Delete \$9,632,000 in general funds (\$7,912,000 for other current expenses and \$1,720,000 for lease payments (certificate of participation)) for FY 17 to remove the general fund appropriation for the DHHL's FY 17 administration and operating expenses, and delete the reference to that sum for FY 17 from the budget proviso at Section 21 of Act 119, SLH 2015.

Planning and Development for Hawaiian Homesteads (HHL 602/BB)

Transfer out the following positions to the Administration and Operating Support for DHHL Program (HHL 625/AO) and reduce the special and trust fund appropriations (to be converted to general funds) for FY 17:

- 119.00 filled positions and \$6,748,364 in special and trust funds:
 - 70.00 permanent, special fund positions and \$3,960,880 in special funds;
 - 46.00 permanent, trust fund positions and \$2,617,960 in trust funds; and
 - 3.00 temporary, trust fund positions and \$169,524 in trust funds.
- 48.00 vacant positions and \$2,779,731 in special and trust funds:
 - 23.00 permanent, special fund positions and \$1,225,860 in special funds;
 - 19.00 permanent, trust fund positions and \$1,253,007 in trust funds; and
 - 6.00 temporary, trust fund positions and \$300,864 in trust funds.

Administration and Operating Support for DHHL (HHL 625/AO)

Transfer in, convert temporary to permanent (as applicable), and add \$9,528,095 in general funds (to convert means of financing from special and trust funds) for the following positions from the Planning and Development for Hawaiian Homesteads Program (HHL 602/BB):

- 119.00 filled permanent positions and \$6,748,364 in general funds for positions which were budgeted as follows in HHL 602:
 - 70.00 permanent, special fund positions and \$3,960,880 in special funds;
 - 46.00 permanent, trust fund positions and \$2,617,960 in trust funds; and
 - 3.00 temporary, trust fund positions and \$169,524 in trust funds.

- 48.00 vacant permanent positions and \$2,779,731 in general funds for positions which were budgeted as follows in HHL 602:
 - 23.00 permanent, special fund positions and \$1,225,860 in special funds;
 - 19.00 permanent, trust fund positions and \$1,253,007 in trust funds; and
 - 6.00 temporary, trust fund positions and \$300,864 in trust funds.

Administration and Operating Support for DHHL (HHL 625/AO)

Add 28.00 permanent, general fund positions and \$1,484,364 in general funds for FY 17 to provide additional staffing for DHHL.

Administration and Operating Support for DHHL (HHL 625/AO)

Add \$6,811,698 in general funds (\$5,061,698 for other current expenses and \$1,750,000 for lease payments (certificate of participation)) for FY 17 for other current expenses for the DHHL's FY 17 administration and operating expenses.

In addition to the \$17,824,157 in general funds for FY 17 to be appropriated directly to the DHHL, \$5,726,479 in general funds for fringe benefits (based on the budgeted fringe benefit assessment rate of 52.0%) are included in various appropriations to the Departments of Budget and Finance (B&F) and Human Resources Development for pension, social security, Medicare, health benefits, workers' compensation and other employee benefits for the general funded positions in HHL 625.

Attached are the details of the specific adjustments to be made to the budget (Attachment A) and the Summary of Revised Recommendations for DHHL (Attachment B), along with the following exhibits, which are being transmitted in lieu of the budget Forms A and B:

Exhibits used to determine DHHL administrative and operating budget for FY 16 and FY 17

1. B&F's Approach in Developing Revised Recommendation for FY 16 and FY 17 for DHHL's Administration and Operating budget
2. B&F Revised Recommendations for the Department of Hawaiian Home Lands: Administration and Operating Budget - Summary
3. B&F Revised Recommendations for the Department of Hawaiian Home Lands: Administration and Operating Budget - Positions by Filled Category and Proposed MOF
4. B&F Revised Recommendations for the Department of Hawaiian Home Lands: Administration and Operating Budget - Other Current Expenditures
5. DHHL Vacancy List and New Position Request
6. DHHL Actual Administrative and Operating Expenditures for the Periods FY 2008 to 2015 (Unadjusted)
7. DHHL FY 2016 and FY 2017 \$28M Sufficient Sums Budget Development

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Exhibits used to verify DHHL actual expenditures and develop DHHL administrative and operating budget for FY 16 and FY 17

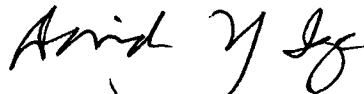
8. Datamart Unadjusted Actuals Compared to DHHL Provided Actuals
9. Half Year Comparisons of Partially Adjusted Actuals from Datamart for DHHL from 2011 to 2015

Exhibits used to derive adjustments to exclude non administrative and operating expenses for FY 16 and FY 17

10. DHHL FY 2015 5000 Electricity
11. DHHL FY 2015 5010 Electricity - Subdivisions
12. DHHL FY 2015 5200 Water
13. DHHL FY 2015 5210 Water - Subdivisions
14. DHHL FY 2015 5600 Equipment Rental
15. DHHL FY 2015 5825 Maintenance - Equipment, Buildings, Etc.
16. DHHL FY 2015 Additional 5825 Details for Selected Expenditures
17. DHHL FY 2015 5840 Maintenance - Unencumbered Land Other
18. DHHL FY 2015 5855 Maintenance - Subdivisions
19. DHHL FY 2015 7110 Services on a Fee Basis
20. DHHL FY 2015 Additional 7110 Details for Selected Expenditures
21. DHHL FY 2015 7700 Machinery and Equipment
22. DHHL FY 2015 7900 Construction in Progress

Your staff may contact B&F and DHHL for additional information. Your understanding and assistance is appreciated.

Sincerely,



DAVID Y. IGE
Governor, State of Hawaii

Attachments
Exhibits

c: Honorable Jill N. Tokuda
Honorable Sylvia Luke