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STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Testimony of
SUZANNE D. CASE
Chairperson

Before the House Committee on
ENERGY & ENVIRONMENTAL PROTECTION

Thursday, February 14, 2019
8:30 AM
State Capitol, Conference Room 325

In consideration of
HOUSE BILL 1368
RELATING TO THE DEPARTMENT OF LAND AND NATURAL RESOURCES
OPERATING BUDGET

House Bill 1368 proposes to make appropriations for the Fiscal Biennium 2019-2021 operating budget of the Department of Land and Natural Resources' (Department) LNR407 Natural Area Reserves and Watershed Management Program **The Department supports this measure with amendments.**

The Department respectfully requests that this measure be amended to include the following Program ID base budget (derived from House Bill 2) with adjustments (budget requests):

LNR 407 Natural Area Reserves and Watershed Management

To protect, restore, and enhance Hawaii's forested watersheds, native ecosystems, natural areas, unique native plant and animal species, and cultural and geological features for their cultural, historic and ecological value for the enrichment of present and future generations.

- Transfer-out one [1] accountant position and funds to LNR 906 (-\$53,364 / -\$53,364 A).
- Add Special Fund ceiling for the Natural Area Reserve (NAR) Funds (\$180,000/\$360,000 B).
- Federal Fund ceiling adjustment based on anticipated federal fund awards (\$500,000/\$500,000 N)
- Federal Fund ceiling adjustment based on anticipated federal fund awards (-\$390,720 / -\$390,720 P).

Prog ID/Org	Description	MOF	FY 20			FY 21		
			FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount
407/NA	General	A	48.50	23.00	8,555,342	48.50	23.00	8,564,796
407/NA	Special	B	-	-	-	-	-	-
407/NA	Federal Funds	N	-	-	-	-	-	-
407/NA	Other Federal Funds	P	0.50	-	1,865,720	0.50	-	1,865,720
	Total - Base Budget		49.00	23.00	10,421,062	49.00	23.00	10,430,516
407/NA	Special Fund ceiling increase for the Natural Area Reserve (NAR) Funds (S342) to allow expenditure of funds gained by revenue generation for LNR 407 Program, Maui	B			180,000			360,000
407/NA	Transfer-out Accountant IV, Position #118265, from LNR 407 to LNR 906	A	(1.00)	-	(53,364)	(1.00)	-	(53,364)
407/NA	Federal Fund Ceiling Adjustment	N	-	-	500,000	-	-	500,000
407/NA	Federal Fund Ceiling Adjustment	P	-	-	(390,720)	-	-	(390,720)
	Total - Adjustments		(1.00)	-	235,916	(1.00)	-	415,916
407/NA	General	A	47.50	23.00	8,501,978	47.50	23.00	8,511,432
407/NA	Special	B	-	-	180,000	-	-	360,000
407/NA	Federal Funds	N	-	-	500,000	-	-	500,000
407/NA	Other Federal Funds	P	0.50	-	1,475,000	0.50	-	1,475,000
	Total - Base Budget + Adjustments		48.00	23.00	10,656,978	48.00	23.00	10,846,432

The special fund ceiling increase for the Natural Area Reserve Fund (S342) would allow the expenditure of funds gained by revenue generation from parking fees at the ‘Āhihi Kina‘u Natural Area Reserve. This self-sustaining funding source is an innovative way to fund maintenance and conservation of the Reserve – home to spectacular coral reefs, rare plants and wildlife, unique anchialine pools, and archeological sites.

Thank you for the opportunity to comment on this measure.

**FB 19-21 BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF LAND AND NATURAL RESOURCES**

Position Title, SR Other Personal Services											
Fringe Benefits Turnover Savings											
Subtotal Personal Service Costs	0.00	0.00	0	0.00	0.00	0	0	0	0	0	0
By MOF	A	0.00	0.00	0	0.00	0.00	0	0	0	0	0
	B	0.00	0.00	0	0.00	0.00	0	0	0	0	0
	N	0.00	0.00	0	0.00	0.00	0	0	0	0	0
B. Other Current Expenses (List by line item)											
Ceiling for Natural Area Reserves Fund	B		180,000			360,000	360	360	360	360	360
Subtotal Other Current Expenses			180,000			360,000	360	360	360	360	360
By MOF	A		0			0	0	0	0	0	0
	B		180,000			360,000	360	360	360	360	360
	N		0			0	0	0	0	0	0
C. Equipment (List by line item)											
Subtotal Equipment			0			0	0	0	0	0	0
By MOF	A		0			0	0	0	0	0	0
	B		0			0	0	0	0	0	0
	N		0			0	0	0	0	0	0
L. Current Lease Payments (Note each lease)											
Subtotal Current Lease Payments			0			0	0	0	0	0	0
By MOF	A		0			0	0	0	0	0	0
	B		0			0	0	0	0	0	0
	N		0			0	0	0	0	0	0
M. Motor Vehicles (List Vehicles)											
Subtotal Motor Vehicles			0			0	0	0	0	0	0
By MOF	A		0			0	0	0	0	0	0
	B		0			0	0	0	0	0	0
	N		0			0	0	0	0	0	0
TOTAL REQUEST		0.00	0.00	180,000	0.00	0.00	360,000	360	360	360	360

IV. JUSTIFICATION OF REQUEST

**FB 19-21 BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF LAND AND NATURAL RESOURCES**

Act 84, SLH 2015 ceased the conveyance tax deposits into the Natural Area Reserve Fund (S342), which was the primary funding source for S342. Act 119, SLH 2015 set the ceiling of the Natural Area Reserve Fund at \$0. While S342 is not able to access conveyance tax funds, other revenues are anticipated with a fee parking lot in Ahihi Kinau Natural Area Reserve on Maui which is estimated to begin operation in the second half of FY19 and generate \$180,000 for half a year's worth of revenues. Subsequent full years are estimated to generate \$360,000 per year. Increasing the spending ceiling to allow use of these revenues will allow the Department to fund the marine and coastal management of Ahihi Kinau as well as urgently needed invasive species removal in natural area reserves. This would allow revenues generated to go back to the improvement of the Reserve.

V. RELATIONSHIP OF THE REQUEST TO STATE PLAN OR FUNCTIONAL PLAN

This request implements the State Plan's guidance to protect Hawaii's scenic beauty, natural history and land, air, and water quality. Various functional plans for the DLNR Division of Forestry and Wildlife guide this request, including the Forest Action Plan, the Comprehensive Wildlife Conservation Strategy, and regional plans, available at <http://dlnr.hawaii.gov/dofaw>.

VI. INFORMATION SYSTEMS AND TECHNOLOGY

N/A

VII. IMPACT ON OTHER STATE PROGRAMS/AGENCIES

This request would benefit other agencies by providing expanded protection of natural resources that improve fresh water quantity and quality, reduce erosion, improve Hawaii's attractiveness to visitors and residents, and reduce threats to human health and safety.

VIII. IMPACT ON FACILITY REQUIREMENTS (R&M, CIP)

NONE

IX. EXTERNAL CONFORMANCE REQUIREMENTS

The goals and objectives to be accomplished under this request are pursuant to the State Constitution Articles XI and XII for conservation natural resources of public trust lands, and Title 12, Subtitle 4, Hawaii Revised Statutes for the conservation of forests, wildlife, recreational resources, and fire protection. The Division is mandated to provide for watershed and native resources protection via the authority of Chapter 183, 195 and 195D HRS. This authority contains provisions for funding, staffing, and reporting annually.

X. REQUIRED LEGISLATION (Please specify appropriate statutes; i.e., HRS)

N/A

XI. OTHER COMMENTS

**FB 19-21 BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF LAND AND NATURAL RESOURCES**

Other Personal Services										
Fringe Benefits										
Turnover Savings										
Subtotal Personal Service Costs		0.00	0.00	0	0.00	0.00	0	0	0	0
By MOF	A	0.00	0.00	0	0.00	0.00	0	0	0	0
	B	0.00	0.00	0	0.00	0.00	0	0	0	0
	N	0.00	0.00	0	0.00	0.00	0	0	0	0
B. Other Current Expenses (List by line item)										
Other Current Expenses	N			500,000		500,000	500	500	500	500
Other Current Expenses	P			(390,720)		(390,720)	(391)	(391)	(391)	(391)
Subtotal Other Current Expenses				109,280		109,280	109	109	109	109
By MOF	A			0		0	0	0	0	0
	B			0		0	0	0	0	0
	N			500,000		500,000	500	500	500	500
C. Equipment (List by line item)										
Subtotal Equipment				0		0	0	0	0	0
By MOF	A			0		0	0	0	0	0
	B			0		0	0	0	0	0
	N			0		0	0	0	0	0
L. Current Lease Payments (Note each lease)										
Subtotal Current Lease Payments				0		0	0	0	0	0
By MOF	A			0		0	0	0	0	0
	B			0		0	0	0	0	0
	N			0		0	0	0	0	0
M. Motor Vehicles (List Vehicles)										
Subtotal Motor Vehicles				0		0	0	0	0	0
By MOF	A			0		0	0	0	0	0
	B			0		0	0	0	0	0
	N			0		0	0	0	0	0
TOTAL REQUEST		0.00	0.00	109,280	0.00	0.00	109,280	109	109	109

**FB 19-21 BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF LAND AND NATURAL RESOURCES**

IV. JUSTIFICATION OF REQUEST

Federal fund ceiling adjustment for anticipated federal grants.

V. RELATIONSHIP OF THE REQUEST TO STATE PLAN OR FUNCTIONAL PLAN

VI. INFORMATION SYSTEMS AND TECHNOLOGY

VII. IMPACT ON OTHER STATE PROGRAMS/AGENCIES

VIII. IMPACT ON FACILITY REQUIREMENTS (R&M, CIP)

IX. EXTERNAL CONFORMANCE REQUIREMENTS

X. REQUIRED LEGISLATION (Please specify appropriate statutes; i.e., HRS)

XI. OTHER COMMENTS

**FB 19-21 BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF LAND AND NATURAL RESOURCES**

Department Priority: TO 1D

Program ID/Org. Code: LNR 407NA
Program Title: Natural Area Reserves & Watershed Management

Request Category:

Department Contact: Cynthia Gomez Phone: 587-0340

Trade-Off/Transfer (+) X (-) _____
Conversion of Unbudgeted Positions _____
Fixed Cost/Entitlement _____
Federal Fund Adjustment Req _____
Governor's Initiatives _____
Health, Safety, Court Mandates _____
Full Year Funding for New Positions _____
Adjustment for Non-Recurring Items _____
Other _____

I. TITLE OF REQUEST: ACCOUNTANT POSITION

Description of Request: Transfer of Accountant position from LNR 407 to LNR 906

II. OPERATING COST SUMMARY

	FY 20 Request			FY 21 Request			FY 22	FY 23	FY 24	FY 25
	FTE (P)	FTE (T)	(\$)	FTE (P)	FTE (T)	(\$)	(\$ thous)	(\$ thous)	(\$ thous)	(\$ thous)
A. Personal Services	(1.00)		(53,364)	(1.00)		(53,364)	(53)	(53)	(53)	(53)
B. Other Current Expenses										
C. Equipment										
L. Current Lease Payments										
M. Motor Vehicles										
TOTAL REQUEST	(1.00)	0.00	(53,364)	(1.00)	0.00	(53,364)	(53)	(53)	(53)	(53)

By MOF:

A	(1.00)		(53,364)	(1.00)		(53,364)	(53)	(53)	(53)	(53)
B										
N										
P										
R										
S										
T										
U										
W										
X										

III. OPERATING COST DETAILS

	MOF	FY 20 Request			FY 21 Request			FY 22	FY 23	FY 24	FY 25
		FTE (P)	FTE (T)	(\$)	FTE (P)	FTE (T)	(\$)	(\$ thous)	(\$ thous)	(\$ thous)	(\$ thous)
A. Personal Services (List all positions) Position #118265, Accountant IV	A	(1.00)		(53,364)	(1.00)		(53,364)	(53)	(53)	(53)	(53)

**FB 19-21 BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF LAND AND NATURAL RESOURCES**

Other Personal Services											
Fringe Benefits											
Turnover Savings											
Subtotal Personal Service Costs											
By MOF	A	(1.00)	0.00	(53,364)	(1.00)	0.00	(53,364)	(53)	(53)	(53)	(53)
	B	0.00	0.00	0	0.00	0.00	0	0	0	0	0
	N	0.00	0.00	0	0.00	0.00	0	0	0	0	0
B. Other Current Expenses (List by line item)											
Subtotal Other Current Expenses											
By MOF	A			0			0	0	0	0	0
	B			0			0	0	0	0	0
	N			0			0	0	0	0	0
C. Equipment (List by line item)											
Subtotal Equipment											
By MOF	A			0			0	0	0	0	0
	B			0			0	0	0	0	0
	N			0			0	0	0	0	0
L. Current Lease Payments (Note each lease)											
Subtotal Current Lease Payments											
By MOF	A			0			0	0	0	0	0
	B			0			0	0	0	0	0
	N			0			0	0	0	0	0
M. Motor Vehicles (List Vehicles)											
Subtotal Motor Vehicles											
By MOF	A			0			0	0	0	0	0
	B			0			0	0	0	0	0
	N			0			0	0	0	0	0

**FB 19-21 BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF LAND AND NATURAL RESOURCES**

TOTAL REQUEST	(1.00)	0.00	(53,364)	(1.00)	0.00	(53,364)	(53)	(53)	(53)	(53)
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IV. JUSTIFICATION OF REQUEST

The Administrative Services Office (ASO) is responsible for the fiscal management, integrity and accountability of the Department. The mission of the ASO is to provide guidance and oversight of the Department’s budget, financial management, and financial operations for all of DLNR divisions’ various funds, grants and other awards to ensure that funds necessary to carry out the Department’s mission are obtained, allocated, and expended in accordance with the Department’s priorities and relevant laws and policies. Given the significant amount of federal grants received and administered by the DLNR and to address the desire of the Department to institute a standardized accounting process, we deem it necessary to request the transfer of the above positions under the direct supervision of the ASO. By doing this, we believe ASO will be in the best position to provide the most thorough fiscal oversight and supervision available as well as ensure that the implementation of policies and procedures is done in a transparent, timely and effective manner and in accordance with state and federal guidelines. This will afford the Department improved efficiency resulting in the better use of its time and resources.

The transfer of the positions will give the Department the opportunity to institute better compliance, and to enhance internal controls. Additionally, we are confident that this change and/or transfer request will address the auditor’s recommendations brought about by various audits. It will also address the federal auditor’s concerns of potential disallowance of costs, assessment of penalties, loss of credibility, and diminished future grant opportunities due to insufficient data documentation and the Department’s deficiency on the overall management of federal funds. The request will be cost neutral and there will be no additional funds needed on the transfer.

V. RELATIONSHIP OF THE REQUEST TO STATE PLAN OR FUNCTIONAL PLAN

N/A

VI. INFORMATION SYSTEMS AND TECHNOLOGY

N/A

VII. IMPACT ON OTHER STATE PROGRAMS/AGENCIES

N/A

VIII. IMPACT ON FACILITY REQUIREMENTS (R&M, CIP)

N/A

IX. EXTERNAL CONFORMANCE REQUIREMENTS

N/A

X. REQUIRED LEGISLATION (Please specify appropriate statutes; i.e., HRS)

N/A

XI. OTHER COMMENTS