

**DEPT. COMM. NO. 341**

**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HWY., SUITE 200
HONOLULU, HAWAII 96817**

December 18, 2020

Representative Scott Saiki
House Speaker
Hawaii'i State Capitol
Room 431
415 South Beretania Street
Honolulu, Hawaii'i 96813

Senator Ronald Kouchi
Senate President
Hawaii'i State Capitol
Room 409
415 South Beretania Street
Honolulu, Hawaii'i 96813

RE: Reporting obligations pursuant to HRS 10-14.5(a) relating to the Office of Hawaiian Affairs

Aloha mai House Speaker Saiki and Senate President Kouchi,

We appreciate your continuing support and guidance as we enter the 31st Legislative session that will convene on January 20, 2021. To follow through with Office of Hawaiian Affairs' reporting obligations under HRS 10-14.5(a), please accept this correspondence for the Budget and Variance Report of the Office of Hawaiian Affairs, to be submitted to the legislature not fewer than 30 days before the legislature convenes in every odd-numbered year:

FY2022 FY 2023 Budget Estimates (Attachment A)

The Budget details OHA's budget for fiscal year 2020 and 2021 and contains (1) OHA's program structure; (2) the financial requirements for the next two fiscal years to carry out the recommended programs.

Six-Year Program and Financial Plan (Attachment B)

The Six-Year Program and Financial Plan details the financial plan of OHA's program structure and contains comparative information of the last completed fiscal year, the fiscal year in progress and the financial plan for the ensuing six fiscal years.

FY 2020 FY 2021 Variance Report (Attachment C)

The Variance Report contains information pertaining to three periods: the last completed fiscal year (FY20), the three months ended September 30, 2020, and the nine months ending June 30, 2021.

Please do not hesitate to contact me at 594-1973 or sylviah@oha.org or have your staff contact Chief Financial Officer, Ramona Hinck, at 265-5628 or ramonah@oha.org should there be any

House Speaker Scott Saiki and Senator President Ron Kouchi

December 18, 2020

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questions regarding this correspondence or its attachments. Mahalo again and we look forward to working with you and your staff during the upcoming legislative session.

‘O wau iho nō me ka ‘oia‘i‘o,



Sylvia M. Hussey, Ed.D.

Ka Pouhana, Chief Executive Office

Cc: Trustee Carmen “Hulu” Lindsey, Chair, OHA Board of Trustees

OFFICE OF HAWAIIAN AFFAIRS
FY 2022 2023 BUDGET ESTIMATES

ASK	FY 22 BUDGET		
	A - GENERAL FUNDS	T - MATCHING FUNDS	TOTAL
OHA150 - OFFICE OF THE TRUSTEES	\$ 58,323	\$ 275,687	\$ 334,010
PERSONNEL	\$ 58,323	\$ 275,687	\$ 334,010
OPERATING	\$ -	\$ -	\$ -
OHA160 - ADMINISTRATION	\$ 1,124,042	\$ 2,861,727	\$ 3,985,769
PERSONNEL	\$ 827,168	\$ 2,564,853	\$ 3,392,021
OPERATING	\$ 296,874	\$ 296,874	\$ 593,748
OHA175 - BENEFICIARY ADVOCACY	\$ 1,855,514	\$ 3,292,290	\$ 5,147,804
PERSONNEL	\$ 181,684	\$ 1,118,460	\$ 1,300,144
OPERATING	\$ 1,673,830	\$ 2,173,830	\$ 3,847,660
TOTAL BUDGET:	\$ 3,037,879	\$ 6,429,704	\$ 9,467,583

ASK	FY 23 BUDGET		
	A - GENERAL FUNDS	T - MATCHING FUNDS	TOTAL
OHA150 - OFFICE OF THE TRUSTEES	\$ 58,323	\$ 275,687	\$ 334,010
PERSONNEL	\$ 58,323	\$ 275,687	\$ 334,010
OPERATING	\$ -	\$ -	\$ -
OHA160 - ADMINISTRATION	\$ 1,124,042	\$ 2,861,727	\$ 3,985,769
PERSONNEL	\$ 827,168	\$ 2,564,853	\$ 3,392,021
OPERATING	\$ 296,874	\$ 296,874	\$ 593,748
OHA175 - BENEFICIARY ADVOCACY	\$ 1,855,514	\$ 3,292,290	\$ 5,147,804
PERSONNEL	\$ 181,684	\$ 1,118,460	\$ 1,300,144
OPERATING	\$ 1,673,830	\$ 2,173,830	\$ 3,847,660
TOTAL BUDGET:	\$ 3,037,879	\$ 6,429,704	\$ 9,467,583

FY22 FY23 TOTAL BUDGET:	\$ 6,075,758	\$ 12,859,408	\$ 18,935,166
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OFFICE OF HAWAIIAN AFFAIRS
EXECUTIVE BUDGET DOCUMENT REQUEST
FY 2020 - ACTUAL, FY 2021 - FY 2027 ESTIMATES

	Actual* FY 2020					Projected FY 2021				
	General Funds	Trust Funds	Special Funds	Federal Funds	Total Funds	General Funds ^(a)	Trust Funds	Special Funds	Federal Funds	Total Funds
REVENUES										
1. General Fund Appropriations	3,037,879				3,037,879					-
2. Public Land Trust		15,100,000			15,100,000		15,100,000			15,100,000
3. Charges for Services		9,421,560			9,421,560		9,720,041			9,720,041
4. Dividend & Interest Income		20,242,494		606,257	20,848,752		17,886,701		500,000	18,386,701
5. Federal and Other Grants				921,324	921,324				4,291,973	4,291,973
6. Newspaper Ads			56,658		56,658			56,000		56,000
7. Donations and Other		367,446		27,566	395,012		350,000			350,000
Total Revenues	3,037,879	45,131,500	56,658	1,555,147	49,781,184	-	43,056,742	56,000	4,791,973	47,904,715
OTHER SOURCES										
8. Kakaako Makai Reserve							1,514,931			1,514,931
9. Fiscal Stabilization Fund							4,000,000			4,000,000
Total Other Sources							5,514,931			5,514,931
Total Funding Source	3,037,879	45,131,500	56,658	1,555,147	49,781,184		48,571,673	56,000	4,791,973	53,419,646
EXPENDITURES										
10. Board of Trustees	58,115	2,872,989	-	-	2,931,104		3,119,453			3,119,453
11. Support Services	1,116,816	20,911,373	264,183	-	22,292,372		26,019,763	340,240		26,360,003
12. Beneficiary Advocacy	1,797,591	18,365,572	367,862	921,324	21,452,349		18,656,032	195,000	4,291,973	23,143,005
Total Expenditures	2,972,522	42,149,933	632,045	921,324	46,675,825	-	47,795,247	535,240	4,291,973	52,622,460

v.11.6.2020

*Unaudited

(a) In FY21, the State of Hawaii did not release the General Fund appropriation as conditioned in Act 37, pending the completion of an audit by the state auditor, of which the state auditor suspended work in December 2019.

NOTES AND ASSUMPTIONS

- General Fund appropriations drawn from the State of Hawaii per 2019 Act 037 HB172.
- Public Land Trust revenues per Act 178, SLH 2006 is stated as an Interim amount of \$15,100,000 per year.
- Charges for Services FY21 revenue based on OHA approved fiscal biennium 2020 and 2021 budget realignment #2, FY22 at 10% decrease due to COVID-19 market impact, no increase in FY23 as the economy recovers from COVID-19, and estimated at a 2% increase thereafter using FY23 projection.
- Dividend & Interest Revenues include realized gains/losses on investments. Due to restrictions placed on investment income and numerous variables impacting forecast accuracy, estimates for FY20 - FY21 are at 5% of 20-quarter average market value. Estimates no increase in FY22 due to COVID-19 financial market impact, and FY23 - FY27 are calculated at a 2% increase using FY 22 projection.
- Federal and Other Grants revenues are based on anticipated expenditures as payments are on reimbursement basis.
- Revenue derived from OHA newspaper ads.
- Donations, unused grant refunds, and other income fluctuate between years and are therefore not being considered for purposes of this analysis.
- Kakaako Makai reserve for Legacy Property management funding.
- Fiscal Stabilization Fund: (for budget stabilization and emergencies)
 - ... \$3,000,000 for budget stabilization purposes in replacing the FY21 General Funds appropriation, as conditioned in (2019) Act 37, refer to footnote (a).
 - ...\$1,000,000 for FY21 COVID-19 contingencies: \$500,000 for OHA operations to address operational needs, \$500,000 for beneficiary grants to provide additional beneficiary supports as a result of COVID-19 impacts.
- Expenditures estimates for FY 21 to FY 27 based on OHA's approved fiscal biennium 2020 and 2021 budget realignment #2.
- Increase \$630K in FY21 in personnel fringe as an impact of State of Hawaii not releasing \$1MM for General Fund personnel funding.
- Estimate no increase in FY22 expenditures due to COVID 19 impact (see note 3 & note 4), and FY23 - FY27 calculated at a conservative 1% increase using FY22 projection given uncertainties to COVID-19.

OFFICE OF HAWAIIAN AFFAIRS
EXECUTIVE BUDGET DOCUMENT REQUEST
FY 2020 - ACTUAL, FY 2021 - FY 2027 ESTIMATES

	Projected FY 2022					Projected FY 2023				
	General Funds	Trust Funds	Special Funds	Federal Funds	Total Funds	General Funds	Trust Funds	Special Funds	Federal Funds	Total Funds
REVENUES										
1. General Fund Appropriations	3,037,879				3,037,879	3,037,879				3,037,879
2. Public Land Trust		15,100,000			15,100,000		15,100,000			15,100,000
3. Charges for Services		8,748,037			8,748,037		9,720,041			9,720,041
4. Dividend & Interest Income		17,886,701		500,000	18,386,701		18,244,435		500,000	18,744,435
5. Federal and Other Grants				1,193,113	1,193,113				1,193,113	1,193,113
6. Newspaper Ads			50,000		50,000			50,000		50,000
7. Donations and Other		350,000			350,000		330,000			330,000
Total Revenues	3,037,879	42,084,738	50,000	1,693,113	46,865,730	3,037,879	43,394,476	50,000	1,693,113	48,175,468
OTHER SOURCES										
8. Kakaako Makai Reserve										
9. Fiscal Stabilization Fund										
Total Other Sources										
Total Funding Source	3,037,879	42,084,738	50,000	1,693,113	46,865,730	3,037,879	43,394,476	50,000	1,693,113	48,175,468
EXPENDITURES										
10. Board of Trustees	58,323	3,061,130			3,119,453	58,323	3,091,741			3,150,064
11. Support Services	1,124,042	24,395,721	135,000		25,654,763	1,124,042	24,639,678	135,000		25,898,720
12. Beneficiary Advocacy	1,855,514	14,391,439	45,000	1,193,113	17,485,066	1,855,514	14,535,353		1,056,072	17,446,938
Total Expenditures	3,037,879	41,848,289	180,000	1,193,113	46,259,281	3,037,879	42,266,772	135,000	1,056,072	46,495,722

OFFICE OF HAWAIIAN AFFAIRS
EXECUTIVE BUDGET DOCUMENT REQUEST
FY 2020 - ACTUAL, FY 2021 - FY 2027 ESTIMATES

	Projected FY 2024					Projected FY 2025				
	General Funds	Trust Funds	Special Funds	Federal Funds	Total Funds	General Funds	Trust Funds	Special Funds	Federal Funds	Total Funds
REVENUES										
1. General Fund Appropriations	3,037,879				3,037,879	3,037,879				3,037,879
2. Public Land Trust		15,100,000			15,100,000		15,100,000			15,100,000
3. Charges for Services		9,914,442			9,914,442		9,914,442			9,914,442
4. Dividend & Interest Income		18,609,324		500,000	19,109,324		18,981,510		500,000	19,481,510
5. Federal and Other Grants				1,193,113	1,193,113				987,551	987,551
6. Newspaper Ads			40,000		40,000			40,000		40,000
7. Donations and Other		330,000			330,000		330,000			330,000
Total Revenues	3,037,879	43,953,766	40,000	1,693,113	48,724,758	3,037,879	44,325,952	40,000	1,487,551	48,891,382
OTHER SOURCES										
8. Kakaako Makai Reserve										
9. Fiscal Stabilization Fund										
Total Other Sources										
Total Funding Source	3,037,879	43,953,766	40,000	1,693,113	48,724,758	3,037,879	44,325,952	40,000	1,487,551	48,891,382
EXPENDITURES										
10. Board of Trustees	58,323	3,122,658			3,180,981	58,323	3,153,885			3,212,208
11. Support Services	1,124,042	24,886,075	135,000		26,145,117	1,124,042	25,134,936	330,978		26,589,955
12. Beneficiary Advocacy	1,855,514	14,680,707	-	1,056,072	17,592,292	1,855,514	14,827,514	-	987,551	17,670,578
Total Expenditures	3,037,879	42,689,440	135,000	1,056,072	46,918,390	3,037,879	43,116,334	330,978	987,551	47,472,742

OFFICE OF HAWAIIAN AFFAIRS
EXECUTIVE BUDGET DOCUMENT REQUEST
FY 2020 - ACTUAL, FY 2021 - FY 2027 ESTIMATES

	Projected FY 2026					Projected FY 2027				
	General Funds	Trust Funds	Special Funds	Federal Funds	Total Funds	General Funds	Trust Funds	Special Funds	Federal Funds	Total Funds
REVENUES										
1. General Fund Appropriations	3,037,879				3,037,879	3,037,879				3,037,879
2. Public Land Trust		15,100,000			15,100,000		15,100,000			15,100,000
3. Charges for Services		9,914,442			9,914,442		9,914,442			9,914,442
4. Dividend & Interest Income		19,361,140		500,000	19,861,140		19,361,140		500,000	19,861,140
5. Federal and Other Grants				987,551	987,551				987,551	987,551
6. Newspaper Ads			40,000		40,000			40,000		40,000
7. Donations and Other		330,000			330,000		330,000			330,000
Total Revenues	3,037,879	44,705,582	40,000	1,487,551	49,271,012	3,037,879	44,705,582	40,000	1,487,551	49,271,012
OTHER SOURCES										
8. Kakaako Makai Reserve										
9. Fiscal Stabilization Fund										
Total Other Sources										
Total Funding Source	3,037,879	44,705,582	40,000	1,487,551	49,271,012	3,037,879	44,705,582	40,000	1,487,551	49,271,012
EXPENDITURES										
10. Board of Trustees	58,323	3,185,424			3,243,747	58,323	3,217,278			3,275,601
11. Support Services	1,124,042	25,386,285	330,978		26,841,305	1,124,042	25,640,148	330,978		27,095,168
12. Beneficiary Advocacy	1,855,514	14,975,789	-	987,551	17,818,853	1,855,514	15,125,547	-	987,551	17,968,611
Total Expenditures	3,037,879	43,547,497	330,978	987,551	47,903,905	3,037,879	43,982,972	330,978	987,551	48,339,380

OFFICE OF HAWAIIAN AFFAIRS
FISCAL YEAR 2020 2021 VARIANCE REPORT

	FISCAL YEAR 2020				FISCAL YEAR 2021 THREE MONTHS ENDED 9-30-20				ESTIMATE NINE MONTHS ENDED 6-30-21			
	Budgeted	Actual	±Change	%	Budgeted	Actual	±Change	%	Budgeted	ESTIMATED	±Change	%
EXPENDITURES												
GENERAL FUNDS												
Board of Trustees												
Personnel	59,308	58,480	(829)	(1)	-	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Board of Trustees	59,308	58,480	(829)	(1)	-	-	-	-	-	-	-	-
Support Services												
Personnel	870,556	851,129	(19,428)	(2)	-	-	-	-	-	-	-	-
Operations	296,874	296,874	-	-	-	-	-	-	-	-	-	-
Subtotal - Support Services	1,167,430	1,148,003	(19,428)	(2)	-	-	-	-	-	-	-	-
Beneficiary Advocacy												
Personnel	256,740	251,313	(5,427)	(2)	-	-	-	-	-	-	-	-
Operations (See Note (a))	1,554,400	1,554,400	-	-	-	-	-	-	-	-	-	-
Subtotal - Beneficiary Advocacy	1,811,140	1,805,713	(5,427)	(0)	-	-	-	-	-	-	-	-
Total Expenditures												
TOTAL - GENERAL FUNDS	3,037,879	3,012,195	(25,684)	(1)	-	-	-	-	-	-	-	-
TRUST FUNDS												
Board of Trustees												
Personnel	2,810,999	2,719,353	(91,647)	(3)	692,858	638,844	(54,015)	(8)	2,078,574	2,132,589	54,015	3
Operations	87,526	83,925	(3,601)	(4)	87,005	23	(86,982)	(100)	261,015	347,997	86,982	33
Subtotal - Board of Trustees	2,898,525	2,803,278	(95,247)	(3)	779,863	638,867	(140,996)	(18)	2,339,589	2,480,586	140,996	6
Support Services												
Personnel	6,297,094	5,639,207	(657,887)	(10)	1,949,627	1,555,375	(394,252)	(20)	5,848,881	6,243,133	394,252	7
Operations	16,664,465	15,379,876	(1,284,590)	(8)	4,555,314	6,332,644	1,777,330	39	13,665,941	11,888,611	(1,777,330)	(13)
Subtotal - Support Services	22,961,559	21,019,082	(1,942,477)	(8)	6,504,941	7,888,018	1,383,078	21	19,514,822	18,131,745	(1,383,078)	(7)
Beneficiary Advocacy												
Personnel	5,750,134	5,451,379	(298,755)	(5)	1,461,115	1,215,640	(245,476)	(17)	4,383,346	4,628,822	245,476	6
Operations	13,023,850	12,835,352	(188,498)	(1)	3,202,893	6,199,034	2,996,142	94	9,608,678	6,612,536	(2,996,142)	(31)
Subtotal - Beneficiary Advocacy	18,773,984	18,286,731	(487,253)	(3)	4,664,008	7,414,674	2,750,666	59	13,992,024	11,241,358	(2,750,666)	(20)
Total Expenditures												
TOTAL - TRUST FUNDS	44,634,068	42,109,091	(2,524,977)	(6)	11,948,812	15,941,559	3,992,748	33	35,846,435	31,853,688	(3,992,748)	(11)
SPECIAL FUNDS												
Board of Trustees												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Board of Trustees	-	-	-	-	-	-	-	-	-	-	-	-
Support Services												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operations	391,990	264,183	(127,807)	(33)	85,060	25,486	(59,574)	(70)	255,180	314,754	59,574	23
Subtotal - Support Services	391,990	264,183	(127,807)	(33)	85,060	25,486	(59,574)	(70)	255,180	314,754	59,574	23
Beneficiary Advocacy												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operations	367,862	367,862	-	-	48,750	195,000	146,250	300	146,250	-	(146,250)	(100)
Subtotal - Beneficiary Advocacy	367,862	367,862	-	-	48,750	195,000	146,250	300	146,250	-	(146,250)	(100)
Total Expenditures												
TOTAL - HAWAIIAN PROJECT F	759,852	632,045	(127,807)	(17)	133,810	220,486	86,676	65	401,430	314,754	(86,676)	(22)

OFFICE OF HAWAIIAN AFFAIRS
FISCAL YEAR 2020 2021 VARIANCE REPORT

	FISCAL YEAR 2020				FISCAL YEAR 2021 THREE MONTHS ENDED 9-30-20				ESTIMATE NINE MONTHS ENDED 6-30-21			
	Budgeted	Actual	±Change	%	Budgeted	Actual	±Change	%	Budgeted	ESTIMATED	±Change	%
FEDERAL FUNDS												
Board of Trustees												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Board of Trustees	-	-	-	-	-	-	-	-	-	-	-	-
Support Services												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Support Services	-	-	-	-	-	-	-	-	-	-	-	-
Beneficiary Advocacy												
Personnel	883,940	576,155	(307,785)	(35)	175,822	99,480	(76,342)	(43)	527,465	603,806	76,342	14
Operations	4,245,200	342,375	(3,902,825)	(92)	897,172	282,056	(615,115)	(69)	2,691,515	3,306,631	615,115	23
Subtotal - Beneficiary Advocacy	5,129,140	918,529	(4,210,611)	(82)	1,072,993	381,536	(691,457)	(64)	3,218,980	3,910,437	691,457	21
Total Expenditures												
TOTAL - FEDERAL FUNDS	5,129,140	918,529	(4,210,611)	(82)	1,072,993	381,536	(691,457)	(64)	3,218,980	3,910,437	691,457	21
TOTAL - BOARD OF TRUSTEES	87,526	83,925	(3,601)	(4)	87,005	23	(86,982)	(100)	261,015	347,997	86,982	33
TOTAL - SUPPORT SERVICES	17,353,329	15,940,933	(1,412,396)	(8)	4,640,374	6,358,130	1,717,756	37	13,921,121	12,203,365	(1,717,756)	(12)
TOTAL - BENEFICIARY ADVOC.	19,191,312	15,099,989	(4,091,323)	(21)	4,148,814	6,676,091	2,527,277	61	12,446,443	9,919,166	(2,527,277)	(20)
GRAND TOTAL	53,560,939	46,671,861	(6,889,078)	(13)	13,155,615	16,543,582	3,387,967	26	39,466,845	36,078,878	(3,387,967)	(9)

NOTES >

- (a) In FY21, the State of Hawaii did not release the General Fund appropriation as conditioned in 2019 HB 809, pending the completion of an audit by the state auditor, of which the state auditor suspended work in December 2019.
 (b) FY2020 figures from FY20 June 2020 Budget Variance Report did 06.30.20.
 (c) FY2021 figures from FY21 September 2020 Budget Variance Report did 12.14.20.