



DEPT. COMM. NO. 227

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

December 19, 2022

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

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

RE: Reporting obligations pursuant to HRS 37-71(a), HRS 37-69(a), and HRS 37-75 relating to the Office of Hawaiian Affairs

VIA: Reports to the Legislature Web Portal

Aloha'olua mai,

We appreciate your continuing support and guidance as we prepare for the Thirty-Third Legislature session that will convene on Wednesday, January 18, 2023. Please accept these reports, due no later than 30 days prior to the regular session, to follow through with our reporting obligations pertaining to the following statutory requirements:

FY2024 FY 2025 Budget Estimates (Attachment A)

The reporting obligations per HRS 37-71(a): the Budget details OHA's budget for fiscal year 2024 and 2025 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 reporting obligation as described under HRS 37-69(a): 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 2022 FY 2023 Variance Report (Attachment C)

The reporting obligation under HRS 37-75: the Variance Report contains information pertaining to three periods: the last completed fiscal year (FY2022), the three months ended September 30, 2022, and the nine months ending June 30, 2023.

House Speaker Scott Saiki and Senator President Ron Kouchi

December 19, 2022

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Please do not hesitate to contact me at 808-594-1973 or sylviah@oha.org or have your staff contact Chief Financial Officer, Ramona Hinck, at 808-265-5628 or ramonah@oha.org should there be any questions regarding this statutory reporting requirement 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 Officer

Attachments

SH:gc

cc: OHA Board of Trustees

**OFFICE OF HAWAIIAN AFFAIRS
PROPOSED FY 2024 2025 BUDGET**

	PROPOSED FY 2024 BUDGET		
	A - GENERAL FUNDS	T - OHA TRUST FUNDS	TOTAL
OHA150 - OFFICE OF THE TRUSTEES	\$ -	\$ 3,089,000	\$ 3,089,000
PERSONNEL	\$ -	\$ 2,697,000	\$ 2,697,000
OPERATING	\$ -	\$ 392,000	\$ 392,000
OHA160 - ADMINISTRATION	\$ -	\$ 52,947,000	\$ 52,947,000
PERSONNEL	\$ -	\$ 14,153,000	\$ 14,153,000
OPERATING	\$ -	\$ 35,902,000	\$ 35,902,000
NON-OPERATING	\$ -	\$ 2,892,000	\$ 2,892,000
OHA175 - BENEFICIARY ADVOCACY	\$ 3,000,000	\$ 19,591,000	\$ 22,591,000
PERSONNEL	\$ -	\$ 4,079,000	\$ 4,079,000
OPERATING	\$ 3,000,000	\$ 15,512,000	\$ 18,512,000
PROPOSED TOTAL FY24 BUDGET:	\$ 3,000,000	\$ 75,627,000	\$ 78,627,000

	PROPOSED FY 2025 BUDGET		
	A - GENERAL FUNDS	T - OHA TRUST FUNDS	TOTAL
OHA150 - OFFICE OF THE TRUSTEES	\$ -	\$ 3,243,000	\$ 3,243,000
PERSONNEL	\$ -	\$ 2,831,000	\$ 2,831,000
OPERATING	\$ -	\$ 412,000	\$ 412,000
OHA160 - ADMINISTRATION	\$ -	\$ 55,594,000	\$ 55,594,000
PERSONNEL	\$ -	\$ 14,859,000	\$ 14,859,000
OPERATING	\$ -	\$ 37,698,000	\$ 37,698,000
NON-OPERATING	\$ -	\$ 3,037,000	\$ 3,037,000
OHA175 - BENEFICIARY ADVOCACY	\$ 3,000,000	\$ 20,571,000	\$ 23,571,000
PERSONNEL	\$ -	\$ 4,283,000	\$ 4,283,000
OPERATING	\$ 3,000,000	\$ 16,288,000	\$ 19,288,000
PROPOSED TOTAL FY25 BUDGET:	\$ 3,000,000	\$ 79,408,000	\$ 82,408,000

GRAND TOTAL FY24 FY25 BUDGET:	\$ 6,000,000	\$ 155,035,000	\$ 161,035,000
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OFFICE OF HAWAIIAN AFFAIRS
SIX-YEAR PROGRAM AND FINANCIAL PLAN

ATTACHMENT B

	Estimate FY 2022*					Projected FY 2023				
	General Fund	Trust Funds	Other	Federal Grants	Total Funds	General Fund	Trust Funds	Other	Federal Grants	Total Funds
REVENUES										
1. General Fund Appropriations	2,254,400	-			\$2,254,400	2,254,400				2,254,400
2. Public Land Trust		79,100,000	-	-	79,100,000		21,500,000			21,500,000
3. Charges for Services		9,489,000			9,489,000		9,963,450			9,963,450
4. Dividend & Interest Income		14,478,617			14,478,617		16,412,737			16,412,737
5. Realized Gain(Loss) on Sales of Investments		14,114,383			14,114,383		14,000,000			14,000,000
6. Federal and Other Grants		-		119,129	119,129				123,225	123,225
7. Newspaper Ads		-	66,633		66,633			66,633		66,633
8. Donations and Other		687,642	173,500	4,097	865,239		687,642	173,500		861,142
Total Revenues	\$2,254,400	\$117,869,642	\$240,133	\$123,226	\$120,487,400	\$2,254,400	\$62,563,830	\$240,133	\$123,225	\$65,181,587
EXPENDITURES										
9. Board of Trustees		2,639,134	-		2,639,134		2,941,457			2,941,457
10. Support Services	524,400	68,108,137		48,290	68,680,827	724,400	28,825,912	131,790	231,045	29,913,147
11. Beneficiary Advocacy	15,935	11,313,458	1,009,434	77,087	12,415,914	1,530,000	18,658,115		1,608,949	21,797,064
Total Expenditures	\$540,335	\$82,060,729	\$1,009,434	\$125,377	\$83,735,874	\$2,254,400	\$50,425,484	\$131,790	\$1,839,994	\$54,651,668

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*Unaudited figures

NOTES and ASSUMPTIONS

1. (a) General Funds FY22, FY23 figures reflect Section 10 of Act 29 approved 5/28/2021, 2021 HB204 SD2 CD1, Relating to the Budget of the Office of Hawaiian Affairs. FY2024 - FY2029 projections reflect pre-COVID amount of \$3.00MM per year.

(b) General Funds FY24 and after figures reflect estimate OHA request and subject to Hawaii State Legislatures and Governor approval.

2. Beginning FY23, Public Land Trust (PLT) revenues per Act 178, SLH 2006 is stated as an interim amount of \$21,500,000 per year. Prior to that, and in FY22, the PLT revenue was an interim amount of \$15,100,000 per year.

3. Charges for Services FY22 generating commercial properties are comprised of Nā Lama Kukui (OHA headquarters at 560 N. Nimitz Highway), the 30-acres in Kaka'ako Makai, and the two acquired properties in 2021: 500 N. Nimitz Highway and 501 Sumner Street, both adjacent to Nā Lama Kukui. FY22 revenue are based on preliminary unaudited figures: Na Lama Kukui \$5.1MM, Kakaako Makai \$3.3MM, 500 N Nimitz \$2.9MM and 501 Sumner \$0.2MM. FY23 to FY28 figures for Na Lama Kukui, 500 N Nimitz, and 501 Sumner St. are calculated at 1.5% year-over-year increase using FY23 figures. With new Board and Administrative leadership in FY2021, OHA began to revisit its previous planning and development efforts for Kaka'ako Makai. Kakaako Makai FY23 to FY28 figures reflect lower than previously estimated revenue due to the: 1) State of Hawaii (Public Safety Department) vacating the 919 Ala Moana Building in May 2021; and 2) Need for capital improvements.

4, 5. Dividend & Interest Revenues include realized gains/losses on investments. In 2022, the US Federal Reserve has aggressively raised interest rates this year to try and tackle soaring inflation, from federal funds rate of 0.75 % (May 5, 2022) to current 4.33% (December 15, 2022). Projections for FY23 takes into consideration the rate hikes and is based on 13% over FY22 figure. FY24 - FY29 are calculated based on a conservative 5% year-over-year over FY23 figure.

6. Federal and other grants revenues are based on projected expenditures as payments are on a reimbursement basis. Due to repeated delays in the the Federal-funded Hālawā Lūluku Interpretive Development (HLID) Project, Other Revenue FY23-29 is updated to reflect figures more consistent with actual revenues.

7. Other revenue classification includes OHA newspaper ads and other miscellaneous funding sources.

8. Donations, unused grant refunds, and other income fluctuate between years and are therefore not being considered for purposes of this analysis.

9-11. Expenditures estimates for FY 23 to FY 29 based on OHA's approved fiscal biennium 2022 and 2023 budget realignment #4. Estimate FY24 - FY29 calculated at a conservative 5% year-over-year increase using FY23 projection.

OFFICE OF HAWAIIAN AFFAIRS
SIX-YEAR PROGRAM AND FINANCIAL PLAN

ATTACHMENT B

	Projected FY 2024					Projected FY 2025				
	General Fund	Trust Funds	Other	Federal Grants	Total Funds	General Fund	Trust Funds	Other	Federal Grants	Total Funds
REVENUES										
1. General Fund Appropriations	\$3,000,000				\$3,000,000	\$3,000,000				\$3,000,000
2. Public Land Trust		21,500,000			21,500,000		21,500,000			21,500,000
3. Charges for Services		10,461,623			10,461,623		10,984,704			10,984,704
4. Dividend & Interest Income		17,233,374			17,233,374		18,095,043			18,095,043
5. Realized Gain(Loss) on Sales of Investments		14,000,000			14,000,000		14,000,000			14,000,000
6. Federal and Other Grants				123,225	123,225				123,225	123,225
7. Newspaper Ads			66,633		66,633			66,633		66,633
8. Donations and Other		687,642	173,500		861,142		687,642	173,500		861,142
Total Revenues	\$3,000,000	\$63,882,639	\$240,133	\$123,225	\$67,245,997	\$3,000,000	\$65,267,389	\$240,133	\$123,225	\$68,630,747
EXPENDITURES										
9. Board of Trustees		3,089,000			3,089,000		3,243,000			3,243,000
10. Support Services	600,000	30,267,000	138,000		31,005,000	600,000	31,780,000	145,000		32,525,000
11. Beneficiary Advocacy	2,400,000	19,591,000		1,697,000	23,688,000	2,400,000	20,571,000		1,782,000	24,753,000
Total Expenditures	\$3,000,000	\$52,947,000	\$138,000	\$1,697,000	\$57,782,000	\$3,000,000	\$55,594,000	\$145,000	\$1,782,000	\$60,521,000

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OFFICE OF HAWAIIAN AFFAIRS
SIX-YEAR PROGRAM AND FINANCIAL PLAN

ATTACHMENT B

	Projected FY 2026					Projected FY 2027				
	General Fund	Trust Funds	Other	Federal Grants	Total Funds	General Fund	Trust Funds	Other	Federal Grants	Total Funds
REVENUES										
1. General Fund Appropriations	\$3,000,000				\$3,000,000	\$3,000,000				\$3,000,000
2. Public Land Trust		21,500,000			21,500,000		21,500,000			21,500,000
3. Charges for Services		11,533,939			11,533,939		12,110,636			12,110,636
4. Dividend & Interest Income		18,999,795			18,999,795		19,949,785			19,949,785
5. Realized Gain(Loss) on Sales of Investments		14,000,000			14,000,000		14,000,000			14,000,000
6. Federal and Other Grants				123,225	123,225				123,225	123,225
7. Newspaper Ads			66,633		66,633			66,633		66,633
8. Donations and Other		687,642	173,500		861,142		687,642	173,500		861,142
Total Revenues	\$3,000,000	\$66,721,376	\$240,133	\$123,225	\$70,084,734	\$3,000,000	\$68,248,063	\$240,133	\$123,225	\$71,611,421
EXPENDITURES										
9. Board of Trustees		3,405,000			3,405,000		3,575,000			3,575,000
10. Support Services	600,000	33,369,000	152,000		34,121,000	600,000	35,037,000	160,000		35,797,000
11. Beneficiary Advocacy	2,400,000	21,600,000		1,871,000	25,871,000	2,400,000	22,680,000		1,965,000	27,045,000
Total Expenditures	\$3,000,000	\$58,374,000	\$152,000	\$1,871,000	\$63,397,000	\$3,000,000	\$61,292,000	\$160,000	\$1,965,000	\$66,417,000

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OFFICE OF HAWAIIAN AFFAIRS
SIX-YEAR PROGRAM AND FINANCIAL PLAN

ATTACHMENT B

	Projected FY 2028					Projected FY 2029				
	General Fund	Trust Funds	Other	Federal Grants	Total Funds	General Fund	Trust Funds	Other	Federal Grants	Total Funds
REVENUES										
1. General Fund Appropriations	\$3,000,000				\$3,000,000	\$3,000,000				\$3,000,000
2. Public Land Trust		21,500,000			21,500,000		21,500,000			21,500,000
3. Charges for Services		12,716,168			12,716,168		13,351,976			13,351,976
4. Dividend & Interest Income		20,947,274			20,947,274		21,994,638			21,994,638
5. Realized Gain(Loss) on Sales of Investments		14,000,000			14,000,000		14,000,000			14,000,000
6. Federal and Other Grants				123,225	123,225				123,225	123,225
7. Newspaper Ads			66,633		66,633			66,633		66,633
8. Donations and Other		687,642	173,500		861,142		687,642	173,500		861,142
Total Revenues	\$3,000,000	\$69,851,084	\$240,133	\$123,225	\$73,214,442	\$3,000,000	\$71,534,256	\$240,133	\$123,225	\$74,897,614
EXPENDITURES										
9. Board of Trustees		3,754,000			3,754,000		3,942,000			3,942,000
10. Support Services	600,000	36,789,000	168,000		37,557,000	600,000	38,628,000	176,000		39,404,000
11. Beneficiary Advocacy	2,400,000	23,814,000		2,063,000	28,277,000	2,400,000	25,005,000		2,166,000	29,571,000
Total Expenditures	\$3,000,000	\$64,357,000	\$168,000	\$2,063,000	\$69,588,000	\$3,000,000	\$67,575,000	\$176,000	\$2,166,000	\$72,917,000

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OFFICE OF HAWAIIAN AFFAIRS
FISCAL YEARS 2022, 2023 VARIANCE REPORT

GOVERNMENTAL ACTIVITIES	FY 2022 [FN 2]				FY 2023 THREE MONTHS ENDED 9-30-22 [FN 3]				ESTIMATE NINE MONTHS ENDED 6-30-23			
	Budgeted	Actual	±Change	%	Budgeted	Actual	±Change	%	Budgeted	Estimate	±Change	%
GENERAL FUNDS [FN 1]												
Board of Trustees												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operating	200,000	178,350	(21,650)	(11)	-	-	-	-	-	-	-	-
Subtotal - Board of Trustees	200,000	178,350	(21,650)	(11)	-	-	-	-	-	-	-	-
Support Services												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operating	524,400	546,050	21,650	4	181,100	524,400	343,300	190	543,300	200,000	(343,300)	(63)
Subtotal - Support Services	524,400	546,050	21,650	4	181,100	524,400	343,300	190	543,300	200,000	(343,300)	(63)
Beneficiary Advocacy												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operating	1,530,000	1,530,000	-	-	382,500	415,000	32,500	8	1,147,500	1,115,000	(32,500)	(3)
Subtotal - Beneficiary Advocacy	1,530,000	1,530,000	-	-	382,500	415,000	32,500	8	1,147,500	1,115,000	(32,500)	(3)
TOTAL - GENERAL FUNDS	2,254,400	2,254,400	-	-	563,600	939,400	375,800	67	1,690,800	1,315,000	(375,800)	(22)
TRUST FUNDS												
Board of Trustees												
Personnel	2,599,876	2,543,641	(56,235)	(2)	642,027	788,082	146,055	23	1,926,080	1,780,025	(146,055)	(8)
Operating	233,092	109,691	(123,401)	(53)	93,338	243,904	150,567	161	280,013	129,446	(150,567)	(54)
Subtotal - Board of Trustees	2,832,967	2,653,331	(179,636)	(6)	735,364	1,031,986	296,622	40	2,206,093	1,909,471	(296,622)	(13)
Support Services												
Personnel	6,384,281	6,178,537	(205,743)	(3)	1,756,505	2,090,092	333,587	19	5,269,514	4,935,927	(333,587)	(6)
Operating	22,553,426	19,279,960	(3,273,466)	(15)	5,449,973	8,501,223	3,051,249	56	16,349,920	13,298,671	(3,051,249)	(19)
Subtotal - Support Services	28,937,707	25,458,497	(3,479,210)	(12)	7,206,478	10,591,314	3,384,836	47	21,619,434	18,234,598	(3,384,836)	(16)
Beneficiary Advocacy												
Personnel	3,955,419	3,748,418	(207,002)	(5)	971,297	1,048,872	77,575	8	2,913,891	2,836,316	(77,575)	(3)
Operating	14,062,458	4,743,509	(9,318,949)	(66)	3,693,232	884,375	(2,808,857)	(76)	11,079,695	13,888,552	2,808,857	25
Subtotal - Beneficiary Advocacy	18,017,877	8,491,927	(9,525,951)	(72)	4,664,529	1,933,246	(2,731,283)	(59)	13,993,586	16,724,869	2,731,283	20
TOTAL - TRUST FUNDS	49,788,552	36,603,755	(13,184,796)	(26)	12,606,371	13,556,547	950,176	8	37,819,113	36,868,937	(950,176)	(3)
OTHER OHA FUNDS												
Board of Trustees												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operating	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Board of Trustees	-	-	-	-	-	-	-	-	-	-	-	-
Support Services												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operating	43,974	42,437	(1,537)	(3)	32,948	51,446	18,498	56	98,843	80,344	(18,498)	(19)
Subtotal - Support Services	43,974	42,437	(1,537)	(3)	32,948	51,446	18,498	56	98,843	80,344	(18,498)	(19)
Beneficiary Advocacy												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operating	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Beneficiary Advocacy	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL - OTHER OHA FUNDS	43,974	42,437	(1,537)	(3)	32,948	51,446	18,498	56	98,843	80,344	(18,498)	(19)

OFFICE OF HAWAIIAN AFFAIRS
FISCAL YEARS 2022, 2023 VARIANCE REPORT

GOVERNMENTAL ACTIVITIES	FY 2022 [FN 2]				FY 2023 THREE MONTHS ENDED 9-30-22 [FN 3]				ESTIMATE NINE MONTHS ENDED 6-30-23			
	Budgeted	Actual	±Change	%	Budgeted	Actual	±Change	%	Budgeted	Estimate	±Change	%
FEDERAL FUNDS												
Board of Trustees												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operating	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Board of Trustees	-	-	-	-	-	-	-	-	-	-	-	-
Support Services												
Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operating	-	-	-	-	57,761	-	(57,761)	-	173,284	231,045	57,761	-
Subtotal - Support Services	-	-	-	-	57,761	-	(57,761)	-	173,284	231,045	57,761	-
Beneficiary Advocacy												
Personnel	799,815	415,201	(384,614)	(48)	228,930	160,410	(68,520)	(30)	686,791	755,311	68,520	10
Operating	1,541,171	1,369,058	(172,113)	(11)	173,307	159,080	(14,227)	(8)	519,921	534,148	14,227	3
Subtotal - Beneficiary Advocacy	2,340,986	1,784,260	(556,727)	(24)	402,237	319,490	(82,747)	(21)	1,206,712	1,289,459	82,747	7
TOTAL - FEDERAL FUNDS	2,340,986	1,784,260	(556,727)	(24)	459,999	319,490	(140,508)	(31)	1,379,996	1,520,504	140,508	10
TOTAL - BOARD OF TRUSTEES	3,032,967	2,831,681	(201,286)	(7)	735,364	1,031,986	296,622	40	2,206,093	1,909,471	(296,622)	(13)
TOTAL - SUPPORT SERVICES	29,506,081	26,046,984	(3,459,097)	(12)	7,478,287	11,167,160	3,688,873	49	22,434,860	18,745,987	(3,688,873)	(16)
TOTAL - BENEFICIARY ADVOCACY	21,888,863	11,806,186	(10,082,677)	(46)	5,449,266	2,667,737	(2,781,529)	(51)	16,347,798	19,129,327	2,781,529	17
GOVERNMENTAL ACTIVITIES TOTAL	54,427,912	40,684,852	(13,743,060)	(25)	13,662,917	14,866,883	1,203,965	9	40,988,751	39,784,786	(1,203,965)	(3)

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CAPITAL ASSETS [FN 4]	FY 2022 [FN 2]				FY 2023 THREE MONTHS ENDED 9-30-22 [FN 3]				ESTIMATE NINE MONTHS ENDED 6-30-23			
	Budgeted	Actual	±Change	%	Budgeted	Actual	±Change	%	Budgeted	Estimate	±Change	%
TRUST FUNDS												
Support Services												
Capital Assets	-	48,207,774	48,207,774	-	-	-	-	-	-	-	-	-
Subtotal - Support Services	-	48,207,774	48,207,774	-	-	-	-	-	-	-	-	-
CAPITAL ASSETS TOTAL	-	48,207,774	48,207,774	-	-	-	-	-	-	-	-	-

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FOOTNOTES >

- [1] General Funds FY2022, FY2023 figures reflect Section 10 of Act 29 approved 5/28/2021, 2021 HB204 SD2 CD1, Relating to the Budget of the Office of Hawaiian Affairs.
- [2] Unaudited figures from FY2022 AJE-22 Variance Report, 12/17/22.
- [3] Unaudited figures from BOT approved FY23 Budget Realignment #4, Sept-2022 Variance Report, 12/17/22.
- [4] In FY2022, the Board approved: 1) the purchase of two properties for \$47 million, one at 500 N. Nimitz Highway and the other at 501 Sumner Street. They are both adjacent to Na Lama Kukui, the OHA headquarter at 560 N. Nimitz Highway and mainly financed with a non-recourse mortgage loan, 2) the refinancing of the loan for OHA's headquarter office building, Na Lama Kukui, originally acquired in August 2012.