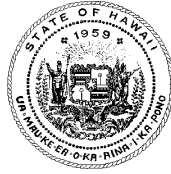


JOSH GREEN, M. D.
GOVERNOR
KA KIA'ĀINA

SYLVIA LUKE
LT. GOVERNOR
KA HOPE KIA'ĀINA



DEPT. COMM. NO. 205

BRENN A. HASHIMOTO
DIRECTOR
KA LUNA HO'OKELE

RYAN YAMANE
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
KA 'OIHANA HO'OMŌHALA LIMAHANA
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

December 27, 2023

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

The Honorable Scott K. Saiki, Speaker
and Members of the House
Thirty-Second State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki and Members of the Legislature,

In accordance with Section 37-52.5, HRS, I am submitting the Department of Human Resources Development's report on non-general fund account(s) under our control.

Sincerely,

A handwritten signature in black ink that reads "Brenna H. Hashimoto".

Brenna H. Hashimoto
Director

Attachment



REPORT TO THE 2024 LEGISLATURE

Annual Report on
Administratively Established Accounts and Funds
of the
Department of Human Resources Development
for Fiscal Year 2023

This report is filed pursuant to Hawaii Revised Statutes (HRS) section 37-52.5, which requires departments or agencies that administratively establishes any new account or fund to submit an annual report that includes: (1) a list of all administratively established accounts or funds; and (2) all revenues, expenditures, encumbrances, and ending balances of each account or fund.

The following is a list of administratively established accounts and funds for the Department of Human Resources Development (DHRD or Department) for fiscal year 2023.

1. Name of Fund: STATE DEFERRED COMPENSATION PLAN

Fund Type (MOF): T
Appropriation Symbol: T-999

Intended Purpose: The Deferred Compensation Plan (“Plan”), an eligible plan under section 457 of the United States Internal Revenue Code of 1986, amended, is a voluntary tax-deferred supplemental retirement savings plan. The State Deferred Compensation Plan Trust Fund was established in 1983 to separately hold employee contributions and any investment earnings for the exclusive benefit of the participants and their beneficiaries. The Plan is open to all employees who are members of the Employees’ Retirement System and employed by either the State, County of Hawaii, County of Maui, or County of Kauai.

Current Program Activities: The fund supports all the Plan’s expenses: daily administration and marketing costs, third-party administrator fees, custodial fees, investment consulting fees, investment product fees, and distributions taken by participants and their designated beneficiaries.

Financial Data	FY 2023	FY 2024
Beginning Cash Balance	\$2,552,168,376	\$2,611,491,811
Encumbrances	-	
Revenues	-	Not Available
Expenditures	-	Not Available
Transfers	-	
Ending Cash Balance	\$2,611,491,811 ¹	

¹ Historically, DHRD reports balances consistent with those recorded at the Department of Accounting and General Services (DAGS). However, for FY 2023, DAGS advised DHRD to defer recording of activity while they determined how best to report negative earnings for the Deferred Compensation Plan. If DHRD did report in a manner consistent in timing with previous years, the FY 2023 year-end cash balance would be \$2,453,117,615.

2. Name of Fund: STATE DEFERRED COMPENSATION PLAN – PTS

Fund Type (MOF): T

Appropriation Symbol: T-995

Intended Purpose: The Deferred Compensation Plan for Part-time, Temporary, and Seasonal/Casual Employees (“PTS Plan”), is an eligible deferred compensation plan under Sections 457 and 3121 of the U.S. Internal Revenue Code of 1986, amended. The PTS Plan was established in 1997 as a tax deferred alternate retirement program for part-time, temporary, and seasonal/casual employees of the State (and participating counties) who are not eligible for membership in the Employees’ Retirement System. Participation in the PTS Plan is mandatory and there is a mandatory payroll deduction of 7.5 percent of the employee’s gross monthly wages (in lieu of social security contributions) that are contributed to the Plan. The employee and any interest earned are held in trust for the exclusive benefit of the participants and their beneficiaries.

Current Program Activities: The fund supported all the Plan’s expenses: daily administration and marketing costs, third-party administrator fees, custodial fees, and distributions taken by participants and their designated beneficiaries.

Financial Data	FY 2023	FY 2024
Beginning Cash Balance	\$142,264,558	139,524,234
Encumbrances	-	-
Revenues	-	Not Available
Expenditures	-	Not Available
Transfers	-	-
Ending Cash Balance	\$139,524,234 ²	Not Available

² Historically, DHRD reports balances consistent with those recorded at the Department of Accounting and General Services (DAGS). However, for FY 2023, DAGS advised DHRD to defer recording of activity while they determined how best to report negative earnings for the Deferred Compensation Plan. Annual activity for the Deferred Compensation Plan and the Part-Time, Temporary, Seasonal/Casual Deferred Compensation Plan is reported together at the same time. If DHRD did report in a manner consistent in timing with previous years, the FY 2023 year-end cash balance would be \$142,857,407.

3. Name of Fund: WORKERS' COMP COSTS CSFRF SUBAWARD

Fund Type (MOF): V

Appropriation Symbol: S-22-201

Intended Purpose: Pursuant to Section 26-5, Hawaii Revised Statutes (HRS), DHRD is responsible for administering the State's centralized, self-insured workers' compensation program, which covers all State Executive Branch agencies (except for the Department of Education, University of Hawaii, and Hawaii Health Systems Corporation), the Charter Schools, and the Legislature. Workers' compensation is a statutorily mandated benefit which provides wage loss compensation, medical care and other related benefits to employees who suffer a work-related injury. In FY 2022, \$3,700,000 in Coronavirus State Fiscal Recovery Funds (CSFRF) were administratively allotted to DHRD. Funding supports the significant increase in workers' compensation costs the State has experienced.

Current Program Activities: The fund supports wage loss compensation, medical care and other related benefits to employees who suffer a work-related injury. DHRD completed the expenditure of funds in FY 2023.

Financial Data	FY 2023	FY 2024
Beginning Cash Balance	\$550,000	-
Encumbrances	-	-
Revenues	-	-
Expenditures	\$550,000	-
Transfers	-	-
Ending Cash Balance	-	-

4. Name of Fund: WORKERS' COMP COSTS CSFRF SUBAWARD

Fund Type (MOF): V

Appropriation Symbol: S-23-202

Intended Purpose: Pursuant to Section 26-5, Hawaii Revised Statutes (HRS), DHRD is responsible for administering the State's centralized, self-insured workers' compensation program, which covers all State Executive Branch agencies (except for the Department of Education, University of Hawaii, and Hawaii Health Systems Corporation), the Charter Schools, and the Legislature. Workers' compensation is a statutorily mandated benefit which provides wage loss compensation, medical care and other related benefits to employees who suffer a work-related injury. In FY 2023, \$4,610,000 in Coronavirus State Fiscal Recovery Funds (CSFRF) were administratively allotted to DHRD. Funding supports the significant increase in workers' compensation costs the State has experienced.

Current Program Activities: The fund supports wage loss compensation, medical care and other related benefits to employees who suffer a work-related injury. DHRD completed the expenditure of funds in FY 2024.

Financial Data	FY 2023	FY 2024
Beginning Cash Balance	-	\$210,000
Encumbrances	-	-
Revenues	-	-
Expenditures	\$4,400,000	\$210,000
Transfers	\$4,610,000	-
Ending Cash Balance	\$210,000	-

5. Name of Fund: CSFRF SUBAWARD – HR MODERNIZATION PROJECT

Fund Type (MOF): V

Appropriation Symbol: S-203

Intended Purpose: The HR Modernization Project will enable the Department to advance the State’s human resources management program by more fully supporting the needs of the Executive Branch in the areas of recruitment, employee claims management, technology integration and analytics, and process reengineering. Specifically, the project is aimed to provide the necessary infusion of resources, manpower, and expertise to support recruitment and retention initiatives; to accelerate the migration from entirely paper-centric, manual workers’ compensation claims management processes to an electronic claims management system; to support the integration of technology in key areas; and to analyze the use of technology and business processes within HR to maximize effectiveness and efficiencies. In FY 2023, \$5,000,000 in Coronavirus State Fiscal Recovery Funds (CSFRF) were administratively allotted to DHRD.

Current Program Activities: DHRD is utilizing the HR Modernization Project funds to staff and support the functions of the Recruitment Accelerator, Claims Management, and Human Resources Management System (HRMS) Optimization teams. By utilizing the three distinct HR teams to address areas which require specialized, dedicated resources and attention, we anticipate the Executive Branch departments and agencies will be able to fill their vacant positions more quickly and efficiently; the State will be able to cultivate relationships with educational institutions and other sources of talent and human resources; and the State will be better able to attract quality applicants. Together with these resources, DHRD is working to brand the State as an employer of choice to attract candidates and retain employees.

DHRD has made significant progress in staffing the three HR teams and anticipates fully expending the awarded funds by June 2026.

Financial Data	FY 2023	FY 2024
Beginning Cash Balance	-	\$4,985,331
Encumbrances	-	Not Available
Revenues	-	Not Available
Expenditures	\$14,669	Not Available
Transfers	\$5,000,000	-
Ending Cash Balance	\$4,985,331	Not Available