

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

JUNE 21, 2016

TO: Chairman and Members, Hawaiian Homes Commission
FROM: Rodney K. M. Lau, Administrative Services Officer
SUBJECT: Approval of Fiscal Year 2017 Operating Budget for the
Administrative and Operating Costs of the Department of
Hawaiian Home Lands



RECOMMENDED MOTION/ACTION

That the Commission approve Fiscal Year 2017 Operating Budget for the Administrative and Operating Costs of the Department of Hawaiian Home Lands and authorize the Chairman to shift funding of expenditures between cost elements and funds as warranted but not to exceed the total budget.

DISCUSSION

For FY 2017, the Legislature passed House Bill 1700, HD1 SD1 CD1, appropriating \$23,925,340 in general funds to finance the administrative and operating costs of the Department. Budget provisos relating to HB 1700 were created to provide direction in how the appropriation is to be used.

Under new Section 21.2, up to \$5,854,667 may be transferred to the Department of Budget and Finance (BUF101) from the general fund appropriation to finance fringe benefit cost paid with general funds.

The Legislature did not agree with DHHL using special and trust funds to finance its positions. Pursuant to a new Section 21.2, all positions are to be funded only by general (200.00) or federal funds (4.00).

In addition, the Legislature amended budget proviso Section 21, Act 119, SLH 2015, by deleting all reference to the Nelson case litigation in the proviso.

HB 1700, HD1 SD1 CD1, identified certain budget codes that were used to exclude or reduce administrative and operating costs that are contrary to the Court's Findings of Fact and Conclusion of Law as to

what sufficient sums of the DHHL actually are. Those administrative and operating costs that were excluded or reduced from general funding were financed legislatively through appropriations from DHHL's special (\$7,651,212) or trust funds (\$6,194,089) in HB 1700, HD1 SD1 CD1.

Below are the budget expenditure codes where costs were excluded or allocated in determining general funding for DHHL's administrative and operating costs in HB 1700, HD1 SD1 CD1. The Court determined that those budget items were Administrative and Operating expenses in determining what the sufficient sums were for FY 2016.

5000 Electricity
5010 Electricity - Subdivisions

Electricity- charges for electricity furnished by public utilities. Includes electricity needed to operate DHHL water systems. Energize streetlights for homestead subdivision areas not covered by the counties.

5200 Water
5210 Water-Subdivisions

Water - charges for water furnished by public utilities. Includes water purchased from private sources to provide water to DHHL subdivisions.

5600 Equipment Rental

Equipment Rental - includes charges for rental of all equipment such as typewriters, data processing machines, adding or calculating machines, other office equipment, engineering equipment, etc.

5825 Maintenance - Equipment, Buildings, Etc.
5825 Additional 5825 Details for Selected Expenditures
5840 Maintenance - Unencumbered Land Other
5855 Maintenance - Subdivisions

58XX Repairs and Maintenance - the major object code is 58XX. The minor object codes (XX) are at the discretion of the departments to breakdown the costs to more detail. Includes charges for contractual and non-contractual repairs, alterations, and maintenance to equipment, buildings, grounds, motor vehicles and like items. Includes maintenance of DHHL unencumbered lands e.g. forestry areas, unpaved roads, tree trimming; repair and maintenance of subdivision areas, e.g. sidewalk repairs, fallen street signs, poles, streetlights. These items were determined to be Administrative and Operating costs by Judge Castagnetti.

7110 Services on a Fee Basis
7110 Additional 7110 Details for Selected Expenditures
7900 Construction in Progress

Services on a Fee Basis - Includes services rendered to the State under agreement or contract by independent contractors or county personnel, the charges for which may be either a flat amount or an amount measured by a unit of services rendered.

Construction in Progress - Includes costs of uncompleted projects.

Judge Castagnetti has accepted the FY 2016 "Services on a Fee Basis" and "Construction in Progress" costs as Administrative and Operating Costs for FY 2016.

7700 Machinery and Equipment

Machinery and Equipment - Includes the cost of equipment and machinery, as well as certain additional charges that are incurred to place the asset in service, such as installation costs. Items include, but are not limited to, office furnishings and equipment, educational equipment, scientific equipment, motor vehicles and agricultural equipment.

Recommended Motion. Fiscal year 2017 Operating Budget sets forth the administrative and operating costs requirements to carry out recommended programs of the department and reflects DHHL's request under Purpose 4, Article XII, Section 1, of the Hawaii State Constitution. The planned expenditures by cost elements are as follows:

'A' Personal Services	\$17,529,852
'B' Other Current Expenses	54,721,851
'C' Equipment	887,571
'M' Motor Vehicles	<u>204,500</u>
TOTAL	<u>\$73,343,774</u>

Means of Financing:

General Fund	\$23,925,340
DHHL Special/Trust Funds	\$14,578,331
Federal Funds	<u>\$34,840,103</u>
TOTAL	<u>\$73,343,774</u>

Attachment "A" provides the Means of Finance of the recommended Operating Budget for Fiscal Year 2017.

Because the operating budget is based on estimates, the department, with Chairman's approval, may need to shift funding of expenditures between cost elements and funds as warranted but in no event will any expenditure be funded if the total budget is exceeded.

The Commission's approval of above recommended motion is respectfully requested.

**Department of Hawaiian Home Lands
Executive Budget for FY 2017**

Obj.	Code	General	Administration	Operating Fund			NAHASDA	TOTAL
		Fund	Account	Operating Por (App)	Dev Por (App)	Dev Por (N/A)		
2000	Personnel Costs	17,113,642	0	0			416,210	17,529,852
2900	Other Personal Services	809,500	0	0	0	0	550,000	1,359,500
3010	Operating Supplies - Gas & Oil Supplies	58,800	0	22,500	8,000	0	0	89,300
3020	Operating Supplies - Fuel & Oil Other	2,300	0	25,680	3,000	0	0	30,980
3030	Operating Supplies - Janitorial	22,180	0	6,148	0	0	0	28,328
3040	Operating Supplies- Medical	0	0	0	0	0	0	0
3090	Operating Supplies - Others	13,900	0	22,584	850	0	0	37,334
3100	Maintenance Materials Supplies & Parts	11,800	0	101,000	0	0	0	112,800
3200	Office Supplies	137,680	0	800	0	0	5,000	143,480
3400	Other Supplies	49,116	0	1,500	0	0	0	50,616
3500	Dues and Subscriptions	19,212	0	300	0	0	15,000	34,512
3600	Freight and Delivery Charges	2,217	0	3,000	1,200	0	0	6,417
3700	Postage	177,820	0	3,050	0	0	0	180,870
3800	Telephone	125,210	0	400	0	0	24,000	149,610
3900	Printing and Binding	151,700	0	0	0	0	100,000	251,700
4000	Advertising	92,200	0	0	0	0	50,000	142,200
4100	Car Mileage	16,350	0	0	0	0	1,000	17,350
4200	Transportation, Intrastate	313,200	34,000	10,000	0	0	30,000	387,200
4300	Subsistence Allowance, Intra-State	192,470	34,000	5,000	0	0	30,000	261,470
4400	Transportation, Out of State	76,000	16,000	0	0	0	50,000	142,000
4500	Subsistence Allowance, Out of State	109,080	16,000	0	0	0	30,000	155,080
4600	Hire of Passenger Cars	78,900	0	4,000	0	0	15,000	97,900
5000	Electricity	372,000	590,000	479,000	20,000	0	0	1,461,000
5200	Water	103,700	147,000	49,800	200,000	0	0	500,500
5400	Other Utilities	0	500	0	0	0	0	500
5500	Rental of Land and Bldg.	32,800	0	0	0	0	35,000	67,800
5600	Rental of Equipment	73,700	0	1,500	500	0	2,400	78,100
5700	Other Rentals	1,772,500	0	3,000	0	0	5,000	1,780,500
5810	Repairs- Data Processing	14,000	0	0	0	0	0	14,000
5815	Maintenance - Data Processing	149,342	0	0	0	0	0	149,342
5820	Repairs- Equipment, Building, etc.	53,592	20,105	30,200	2,000	0	2,000,000	2,105,897
5825	Maintenance- Equipment, Building, etc.	46,178	290,000	188,972	6,335	0	50,000	581,485
5830	Repairs- Motor Vehicles	19,700	0	9,000	1,200	0	0	29,900
5835	Maintenance- Motor Vehicles	24,500	0	5,000	500	0	0	30,000
5840	Maintenance-Unencumbered Lands & Other	0	300,000	10,400	25,400	0	0	335,800
5891	Repairs-Other Miscellaneous	2,000	0	0	0	0	0	2,000
5895	Maintenance-Other Miscellaneous	19,000	0	6,000	0	0	0	25,000
5900	Insurance	0	75,000	0	0	0	0	75,000
6120	Interest Payment--RGOB	0	0	0	0	0	0	0
6200	Lanikeha Debt Service	0	0	0	1,000	0	0	1,000
6500	Other Grants in Aid	0	0	0	0	0	464,493	464,493
7110	Services Fee Basis	1,292,280	6,025,000	2,126,800	2,119,970	733,030	12,300,000	24,596,880
7230	Training Costs	115,500	45,000	6,000	200	0	65,000	231,700
7290	Other Current Expenditures	15,700	58,607	5,500	500	0	2,000	82,307
6500	Grant-in-Aid for Kaala Farms	0	0	0	0	0	0	0
7700	Equipment	195,571	0	0	642,000	0	50,000	887,571
7700	Motor Vehicle	50,000	0	4,500	0	0	150,000	204,500
7900	Construction in Progress	0	0	0	0	0	0	0
8020	Principal Payment--RGOB	0	0	0	0	0	0	0
8120/8020	Debt Service: Revenue Bond Payment	0	0	0	30,000	0	0	30,000
8201	Loans Receivable	0	0	0	0	0	18,400,000	18,400,000
8910	Investment in Real Property	0	0	0	0	0	0	0
Total - Current Expenditure & Equipment		6,811,698	7,651,212	3,131,434	3,062,655	733,030	34,423,893	55,813,922
Total		23,925,340	7,651,212	3,131,434	3,062,655	733,030	34,840,103	73,343,774
A--Personnel Cost		17,113,642	0	0	0	0	416,210	17,529,852
B --Current Expenditure		6,566,127	7,651,212	3,126,934	2,420,655	733,030	34,223,893	54,721,851
C --Equipment		195,571	0	0	642,000	0	50,000	887,571
M--Motor Vehicle		50,000	0	4,500	0	0	150,000	204,500
Total		23,925,340	7,651,212	3,131,434	3,062,655	733,030	34,840,103	73,343,774