

# Building Our Biennial Budget Puwalu

Homestead Leaders Conference

August 6, 2016

Hilo Hawaiian Hotel

# Agenda – Day at a Glance

1. An Overview of the State Budget
2. DHHL's Budget
3. Lunch Speakers
4. Breakout Groups by Island/Area
5. Group Reports
6. Hosted Dinner at Keaukaha Elem School

# Expected Outcomes for the Puwalu

1. A better understanding of the State budget process.
2. A better understanding of DHHL's budget.
3. Identify the priorities for your communities for the next two years.
4. This is the First Puwalu on the budget so we hope you will understand that this is a learning process.

# Requests for the Morning Presentations

1. There's a lot of information to share so please allow the presenters to finish.
2. If you have questions, please write them on the green sheets and DHHL staff will collect them.
3. Once the presentations are completed, we'll try to address all questions and comments.

# An Overview of The State Budget

Homestead Leaders Conference

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# The State Constitution

## Art XII, Sec 1

The legislature shall make sufficient sums available for the following purposes:

1. Lots
2. Loans
3. Rehabilitation projects
4. The administration and operating budget of DHHL

# The State Budget

- In an odd # year (2017), the legislature passes a biennium budget for 2 fiscal years – FY 18 from July 1, 2017 – June 30, 2018 and FY 19 from July 1, 2018 – June 30, 2019.
- In an even # year (2016), the legislature amends the budget passed in the prior year or in this case (2015) for 1 fiscal year – FY 17 from July 1, 2016 to June 30, 2017.

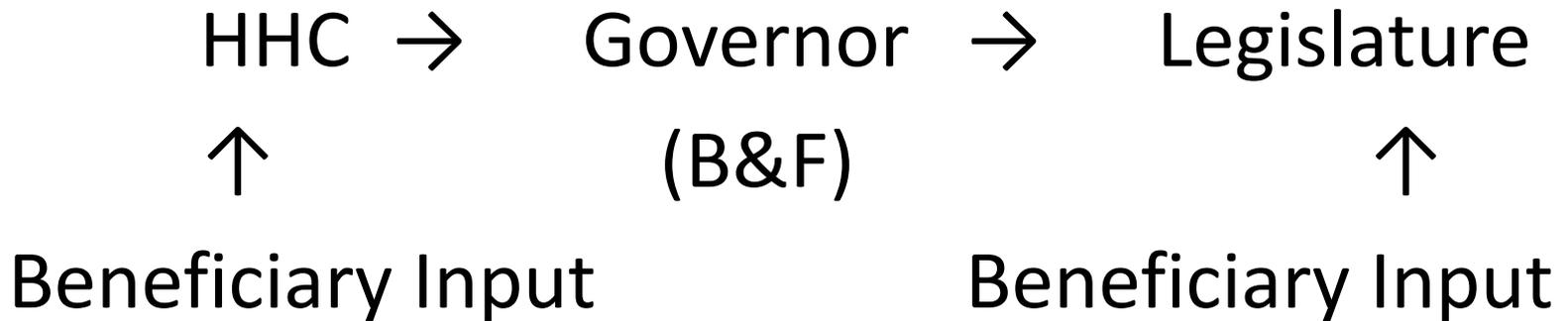
# The 3 Main Components of the State Budget

1. Funding for operations or program appropriations (personnel, offices, supplies).
2. Capital improvement projects or CIP (construction projects).
3. Grants in aid or GIA (grant requests submitted by non-government organizations for operating or capital costs).

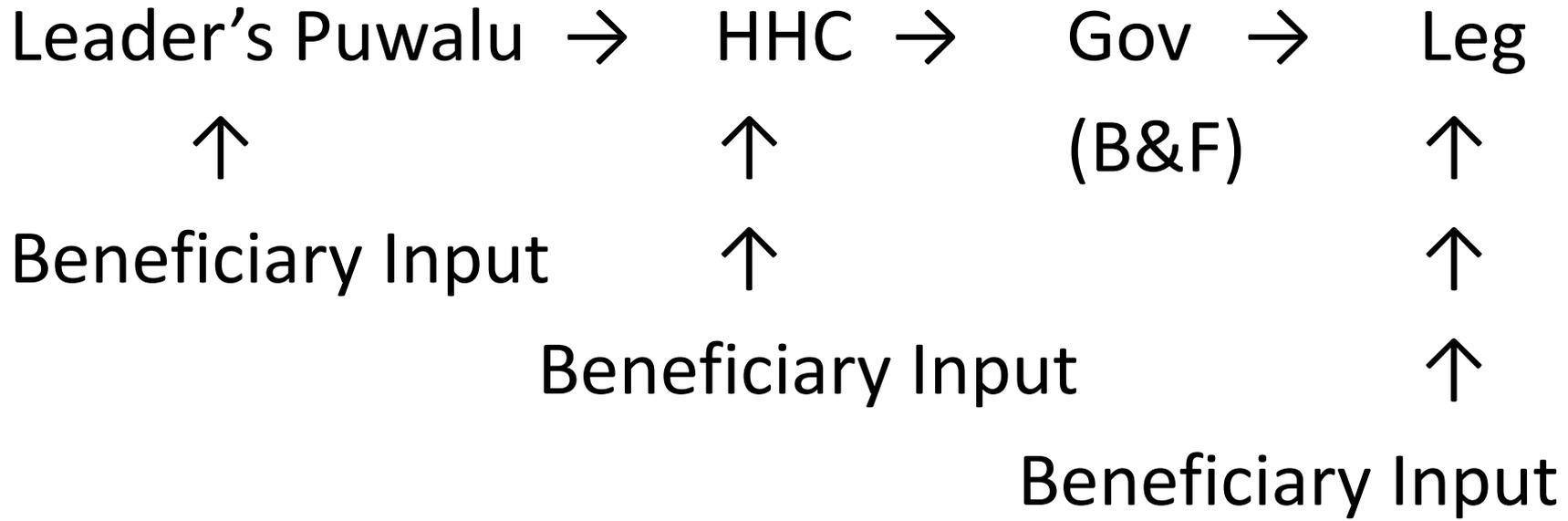
# The Budget Process & Timeline

- HHC approves sufficient sums budget request in September.
- Governor's Executive Biennium Budget prepared in December through Dept. of Budget & Finance (B&F).
- House Finance and Senate Ways and Means Committees hold info briefings in January.
- Leg passes budget in early May.

# The Budget Process



# The Budget Process for the Next Biennium in 2017



# The 2015 Biennium Budget

- The last biennium budget approved was in 2015.
- Let's walk through each step of the process as we prepare for the 2017 Biennium Budget.

# DHHL Sufficient Sums Request in 2015

	FY 2016	FY2017
Purpose 1-3	\$144,614,375	\$227,014,375
Purpose 4		
· <b>Admin &amp; Oper</b>	<b>\$28,478,966</b>	<b>\$28,478,966</b>
· R&M	\$40,169,981	\$40,169,981
TOTAL	\$213,263,322	\$295,663,322

# DHHL Sufficient Sums Request in 2015

- Review sufficient sums request for 2015 online at  
[http://www.capitol.hawaii.gov/session2015/testimony/MASTER\\_TESTIMONY\\_WAM-FIN\\_01-07-15\\_HHL.pdf](http://www.capitol.hawaii.gov/session2015/testimony/MASTER_TESTIMONY_WAM-FIN_01-07-15_HHL.pdf)

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CHAIRMAN  
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**STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS**

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Testimony of Jobie M.K. Masagatani, Chairman  
Hawaiian Homes Commission

Before the Joint House Committee on Finance  
and Senate Committee on Ways and Means  
on the  
2015-17 Biennium Budget Request  
of the Department of Hawaiian Home Lands

January 7, 2015

Chairs Luke and Tokuda and Members of the House Committee on Finance and Senate Committee on Ways and Means.

Thank you for this opportunity to provide information on the Department of Hawaiian Home Lands (DHHL) Supplemental Budget request for Fiscal Years 2016 and 2017, Operating and Capital Improvement Program Budget.

Overview

The mission of the department is to manage the Hawaiian Home Lands Trust effectively and to develop and deliver land to native Hawaiians. We will partner with others toward developing self-sufficient and healthy communities. The trust, created by Congress through the Hawaiian Homes Commission Act of 1920, as amended, (Act) sets aside public lands to be used

# The Governor's (B&F) Executive Biennium Budget in 2015

	FY 2016	FY2017
Admin & Oper	\$9,632,000	\$9,632,000

# The Governor's (B&F) Executive Biennium Budget in 2015

- Review the Governor's Executive Biennium Budget for DHHL in 2015 online at <http://budget.hawaii.gov/wp-content/uploads/2012/12/17.-Department-of-Hawaiian-Home-Lands-FB15-17-PFP.pdf>



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**Department of Hawaiian Home Lands**

# The Biennium Budget in 2015

	FY 2016	FY2017
Admin & Oper	\$9,632,000	\$9,632,000

# The Biennium Budget in 2015

- Review the Biennium Budget in 2015 online at [http://www.capitol.hawaii.gov/session2015/bills/HB500\\_CD1\\_.PDF](http://www.capitol.hawaii.gov/session2015/bills/HB500_CD1_.PDF)

# A BILL FOR AN ACT

RELATING TO THE STATE BUDGET.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1                                   **PART I. GENERAL PROVISIONS**

2           SECTION 1. SHORT TITLE. This Act shall be known and may  
3 be cited as the General Appropriations Act of 2015.

4           SECTION 2. DEFINITIONS. Unless otherwise clear from the  
5 context, as used in this Act:

6           (a) "Program ID" means the unique identifier for the  
7 specific program, and consists of the abbreviation for the  
8 organization responsible for carrying out the program, followed  
9 by the organization number for the program.

10           (b) "Expending agency" means the executive department,  
11 independent commission, bureau, office, board, or other

# Important Points

- DHHL's budget is included in the Executive Biennium Budget so the Governor (B&F) can make adjustments.
- The Executive Biennium Budget is then reviewed by the Leg so the Leg can make adjustments.
- DHHL can make the ask to the Gov and the Leg, but the final budget may not necessarily include the specific priority/project requested.

# DHHL CIP Request in 2015

	FY 2016	FY2017
Purpose 1-3	\$144,614,375	\$227,014,375

- A significant portion of the Purpose 1-3 sufficient sums request is CIP for lots and rehabilitation projects.

# The Governor's (B&F) CIP Budget for DHHL in 2015

	FY 2016	FY2017
HHL Dams & Reservoirs	\$3M	
Papakolea Sewer	\$1.75M	\$2M
Molokai Drainage Imp.		\$3M
Anahola Water System Imp.		\$3M
Ka`u Water System Imp.		\$1M
Traffic Calming Measures	\$250k	
Leialii Parkway & Hwy Imp.		\$1M
<b>TOTAL</b>	<b>\$5M</b>	<b>\$10M</b>

# The CIP Budget for DHHL in 2015

	FY 2016	FY2017
Papakolea Sewer	\$1.75M	\$2M

# Important Points

- CIP projects are requested by DHHL and requires that DHHL have site control.
- CIP projects require compliance with procurement.
- DHHL can make the ask for CIP to the Gov (B&F) and the Leg, but the final budget may not necessarily include the specific CIP requested.

# The GIA Budget in 2015

FY 2016

Kailapa Community Assoc

\$315k

for Community Resource Ctr

Kalamaula Homesteaders Assoc \$500k

for Redevelopment of Kiowea Park facilities

# The GIA Budget in 2015

FY 2016

Papakolea Community Dev Corp \$250k

for Papakolea Facility Improvement

(Change funding reference from Biennium Budget passed in 2013 to reflect reference to GIA.)

# Important Points

- GIA awarded annually by the Legislature through a separate application process.
- Neither DHHL or the Gov involved in the GIA process, it's completely a process of the legislature.
- Site control of GIA projects should be with the homestead association or organization applying for the GIA.

# The 2016 Supplemental Budget

- The Legislature amends the budget passed in the prior year or in 2015 for 1 fiscal year – FY 17 from July 1, 2016 to June 30, 2017.
- Let's go through the same review process for the Supplemental Budget for 2016 like we did for the Biennium Budget for 2015.

# DHHL Sufficient Sums Request in 2016

FY2017

Purpose 1-3	\$222,739,375
Purpose 4	
• <b>Admin &amp; Oper</b>	<b>\$28,478,966</b>
• Repair & Maint	\$45,757,500
TOTAL	\$296,975,841

# DHHL Sufficient Sums Request in 2016

- Review sufficient sums request for 2016 online at  
[http://www.capitol.hawaii.gov/session2016/testimony/INFO\\_TESTIMONY\\_WAM-FIN\\_01-14-16\\_HHL.pdf](http://www.capitol.hawaii.gov/session2016/testimony/INFO_TESTIMONY_WAM-FIN_01-14-16_HHL.pdf)

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**Testimony of Jobie M.K. Masagatani, Chairman  
Hawaiian Homes Commission**

**Before the Joint House Committee on Finance  
and Senate Committee on Ways and Means  
on the  
Fiscal Year 2017 Supplemental Budget Request  
of the Department of Hawaiian Home Lands**

**January 14, 2016**

**Chairs Luke and Tokuda and Members of the House Committee on Finance and Senate Committee on Ways and Means:**

**Thank you for this opportunity to provide information on the Department of Hawaiian Home Lands (DHHL) Supplemental Budget request for Fiscal Year 2017.**

**Overview**

**The mission of the department is to manage the Hawaiian Home Lands Trust effectively and to develop and deliver land to native Hawaiians. We will partner with others toward developing self-sufficient and healthy communities. The trust, created by Congress through the Hawaiian Homes Commission Act of 1920, as amended (Act), set aside public lands to be used for the benefit of native Hawaiians (persons of at least 50% Hawaiian blood). Today, the department is responsible for the management of 203,500 acres of these trust lands, 9,814 homestead leases**

# The Governor's (B&F) Executive Supplemental Budget in 2016

FY2017

Admin & Oper

\$9,632,000

# The Governor's (B&F) Executive Supplemental Budget in 2016

- Review the Governor's Executive Supplemental Budget for DHHL in 2016 online at <http://budget.hawaii.gov/wp-content/uploads/2015/12/18.-Department-of-Hawaiian-Home-Lands-FY-17-SUPP.pdf>



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## **Department of Hawaiian Home Lands**



Measure Title: Letter dated April 4, 2016, transmitting proposed changes to the Fiscal Year 2017 Executive Supplemental Budget for the Department of Hawaiian Home Lands.

Report Title: Ltr; Proposed Changes to the FY 2017 Executive Supplemental Budget for DHHL; GOV

Description:

Companion:

Package:

Current Referral:

Introducer(s):

[View On Demand Media](#)**All Versions of this Measure**[GM18](#)**Committee Reports**

No other committee reports available at this time. You may search in our Document Directories if you believe this message is in error. The link is on the home page under Search.

**Testimony**

No testimony available at this time.

**Hearing Notices**

No hearings scheduled

**Sort by Date****Status Text**

4/12/2016	H	Received
4/12/2016	S	Received.
4/12/2016	S	Filed.

S = Senate | H = House | D = Data Systems | \$ = Appropriation measure | ConAm = Constitutional Amendment

Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

# GM18



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2010  
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# GM18 – Operating Budget for FY 16

- Replace the \$9,632,000 appropriation for DHHL's FY 16 administration and operating expenses, with \$17,144,374.

# GM18 – Operating Budget for FY 17

- In addition to the \$17,824,157 to be appropriated directly to DHHL, \$5,726,479 for fringe benefits are included.

# The Supplemental Budget in 2016

	FY 2016	FY2017
Admin & Oper	\$17,144,374	\$23,925,340

# The Supplemental Budget in 2016

- Review the Supplemental Budget in 2016 online at [http://www.capitol.hawaii.gov/session2016/bills/HB1700\\_CD1\\_.PDF](http://www.capitol.hawaii.gov/session2016/bills/HB1700_CD1_.PDF)

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# A BILL FOR AN ACT

RELATING TO THE STATE BUDGET.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. This Act shall be known and may be cited as the  
2 Supplemental Appropriations Act of 2016.

3           SECTION 2. This Act amends Act 119, Session Laws of  
4 Hawaii 2015, and other appropriations and authorizations  
5 effective during fiscal biennium 2015-2017.

6           SECTION 3. Part II, Act 119, Session Laws of Hawaii 2015,  
7 is amended by amending section 3 to read as follows:

8           "SECTION 3. APPROPRIATIONS. The following sums, or so  
9 much thereof as may be sufficient to accomplish the purposes and  
10 programs designated herein, are hereby appropriated or  
11 authorized, as the case may be, from the means of financing  
12 specified to the expending agencies designated for the fiscal

# Important Points

- The Governor's Message (GM18) sent out in April near the end of the legislative session left little time to resolve outstanding issues.
- The additional funding was provided in a Supplemental Budget year and this upcoming Biennium will be the best opportunity to look at the issues for two years.
- Funding for DHHL is in transition and continued discussion with Gov (B&F) and Leg.

# DHHL CIP Request in 2016

FY2017

Purpose 1-3

\$222,739,375

- A significant portion of the Purpose 1-3 sufficient sums request is CIP for lots and rehabilitation projects.

# The Governor's CIP Budget for DHHL in 2016

	FY2017
UXO Mitigation, Hawaii	\$2M
Sewer Assessments, Oahu	\$500k
Papakolea Sewer	\$9M
HHL Dams & Reservoirs	\$2.5M
Rock Fall Mitigation, Oahu	\$500k
Lalamilo Housing	\$100k
<b>TOTAL</b>	<b>\$14.6M</b>

# The CIP Budget for DHHL in 2016

	FY2017
Papakolea Sewer	\$9M
Waianae Emergency Access Rd.	\$3M
<b>TOTAL</b>	<b>\$12M</b>

# The GIA Budget in 2016

	FY 2017
Homestead Comm Dev Corp	\$600k
Kailapa Community Association	\$1M
Kalamaula Homesteaders Assn	\$1.3M
Laiopua 2020	\$1M
Molokai Hmstd Farmers Alliance	\$1.7M
Panaewa Community Alliance	\$1M
<b>TOTAL</b>	<b>\$6.6M</b>

# Important Points

- The Legislature authorized for the first time the use of NAHASDA funding for GIA.
- Use of NAHASDA funding has complex and rigorous requirements.
- Separate information was sent to 2016 GIA Grant Awardees.
- One option to pursue is to change the Means of Financing from federal to state funds.

**Apples-to-Apples: DHHL General Funding**

	<b>State Legislature Act 124, SLH 2016</b>	<b>Nelson Case Decision: Sufficient Sums</b>	<b>Difference</b>
<b>Personnel Services:</b>	200 Positions \$ 11,258,975	260 Positions \$ 13,838,391	\$ (2,579,416) *
	Fringe: in DHHL's budget. \$ 5,854,667	Fringe: Not in DHHL's Budget; Funded by Dept of B&F Budget. \$ -	\$ 5,854,667 *
	Fringe: Transfer funds to Dept of B&F Budget for DHHL fringe \$ (5,854,667)		\$ (5,854,667) *
<b>Other Current Expenses:</b>	Identified and Excluded Certain Budget Administrative and Operating codes; Legislature Funded excluded codes in DHHL Special and Trust Funds \$ 6,811,698	All Administrative and Operating costs are General funded \$ 14,640,575	\$ (7,828,877)
<b>Total:</b>	<b>Net \$ 18,070,673</b>	<b>Sufficient Sums Determination \$ 28,478,966</b>	<b>\$ (10,408,293)</b>
			<b>General Fund Shortage</b>

\* \$2,579,416 - Propose Transfer of "Personnel Services" cost allocation to "Other Current Expenses" allocation to address General Fund shortage



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» 2017 DHHL Legislative Package – Proposed Legislative Action Request

## 2017 DHHL LEGISLATIVE PACKAGE – PROPOSED LEGISLATIVE ACTION REQUEST

Posted on Jul 20, 2016 in [Community News](#), [Department of Hawaiian Home Lands](#), [Planning Office](#), [Public Information](#), [Public Notice](#), [Slider](#)

Every year, the Department of Hawaiian Home Lands prepares and submits legislative proposals for inclusion in the Governor’s Administrative Package for the next session of the Hawaii State Legislature. For the 2017 package, the department is soliciting recommendations from beneficiaries and the general public for consideration in our legislative package. **The deadline for proposals is August 10, 2016.**

### Proposal Guidelines

Proposals must be good public policy for the department; must address the department’s operations, programs, regulations, processes, budget and/or resources; and must create a benefit or an advantage for the department, the trust, or trust beneficiaries, or otherwise correct a deficiency. Authors of proposals should keep in mind that amendments to the Hawaiian Homes Commission Act, 1920, require review by the U.S. Department of the Interior and may require the consent of the U.S. Congress prior to implementation.

### Review and Consideration

Staff will review and evaluate all proposals and will determine which will be submitted for consideration for the Governor’s Administrative Package. The proposals to be submitted to the Governor will be approved by the Hawaiian Homes Commission. Proposals not submitted to the Governor may be introduced independent of the administrative package. Please note that the Governor may also choose not to include proposals submitted by the Commission.

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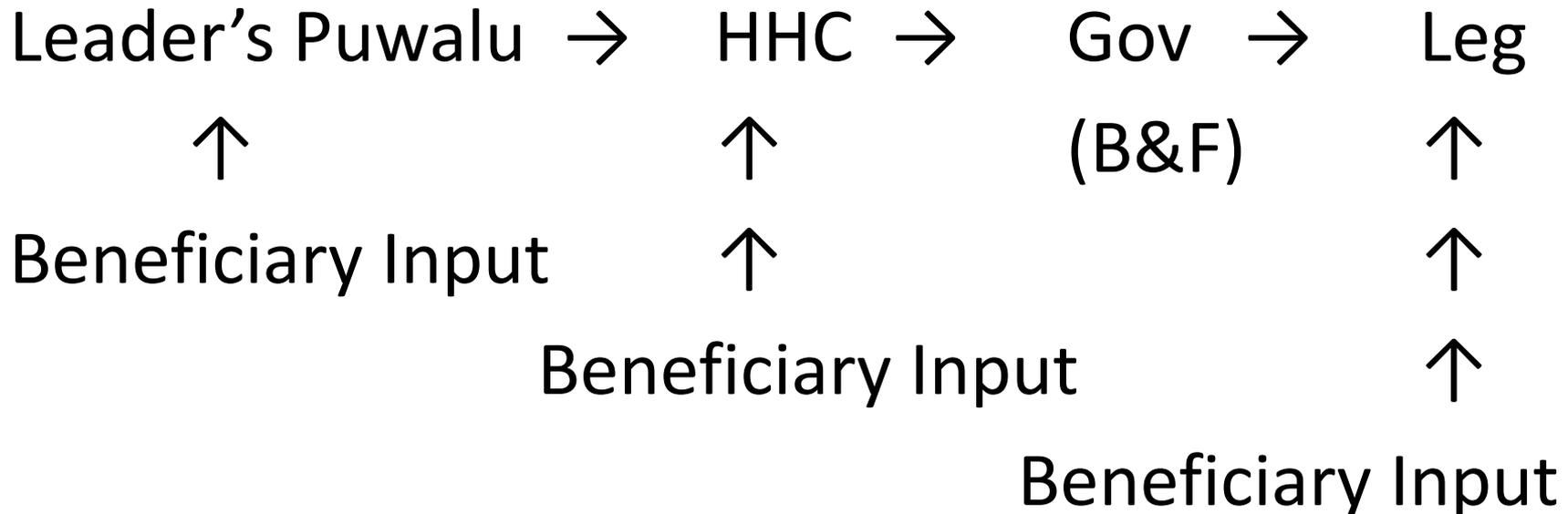
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# The Budget Process for the Next Biennium in 2017



**Mahalo!**