



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

December 19, 2007

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

For your information and consideration, I am transmitting herewith two (2) copies of the Department of Budget and Finance's report on goals and action plans in accordance with Act 100, SLH 1999. Pursuant to Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at <http://www.hawaii.gov/budget/LegReports>.

Sincerely,

/s/ 

LINDA LINGLE

Enclosures

bc: Governor's Office (Attn: Policy)
Lieutenant Governor's Office
Legislative Reference Bureau (Attn: Karen Mau)
Legislative Auditor
Department of Budget and Finance



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

December 19, 2007

The Honorable Calvin K. Y. Say, Speaker
and Members of the House of Representatives
Twenty-Fourth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear Mr. Speaker and Members of the House:

For your information and consideration, I am transmitting herewith two (2) copies of the Department of Budget and Finance's report on goals and action plans in accordance with Act 100, SLH 1999. Pursuant to Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at <http://www.hawaii.gov/budget/LegReports>.

Sincerely,

LINDA LINGLE

Enclosures

bc: Governor's Office (Attn: Policy)
Lieutenant Governor's Office
Legislative Reference Bureau (Attn: Karen Mau)
Legislative Auditor
Department of Budget and Finance

DEPARTMENT OF BUDGET AND FINANCE
 PLAN OF ACTION FOR IMPLEMENTATION OF GOALS AND OBJECTIVES

Act 100, Session Laws of Hawaii 1999

PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 213/07	ESTIMATED FUNDING REQUIREMENTS				MEASURE OF PERFORMANCE
					FY 08	FY 09	FY 10	FY 11	FY 12	
BUF 141 BUF 941	X A/U X	Administer the retirement and survivor benefits program for State and county members and to anticipate and exceed their needs; manage the Retirement System's resources in a responsible and cost-effective manner; prudently manage investments in accordance with fiduciary standards and to provide an open and participative work environment for staff.	Providing pre-retirement counseling services; computing and processing retirement, disability and death benefits; enrollment of membership to retirement plan; conduct disability hearings and appeals; processing retirement and refund payments; reporting of taxability of benefits paid; and safeguarding and accounting for investments. Also, prudent management and oversight of ERS's investment portfolio.	On-going **	544,568,575	657,734,787	652,398,000	658,768,000	665,202,000	Average time to process initial check to terminating employees (weeks). Percentage of initial monthly pension payments that are processed within one month after date of service retirement. Annualized return on investments over the past five years.
	A U		State contributions for pension accumulation and social security/medicare are invested until needed for payments.	On-going **	222,439,828 311,103,501 533,543,329	200,054,852 410,046,388 610,101,240	260,237,000 381,048,000 641,285,000	262,822,000 384,833,000 647,655,000	265,433,000 388,656,000 654,089,000	
	X		Implement a new computer and office automation system to replace obsolete Wang computer system. Enhancements include: internet access, online retirement estimate calculations, interactive telephone system, optical disk filing system, workflow, cash management, employer reporting, and others.	Phased in rollout, through FY09 **						
	X		Asset allocation and liability study. Study required to prudently manage the investment assets. Past research has shown that over 85 percent of a pension fund's investment performance is based on asset allocation. Good investment returns lowers State and County governments' contributions over the long term. (Estimated cost is \$50,000 every 3 years, next due in FY08)	Every 3 years **						

** Included in the totals

**DEPARTMENT OF BUDGET AND FINANCE
PLAN OF ACTION FOR IMPLEMENTATION OF GOALS AND OBJECTIVES**

Act 100, Session Laws of Hawaii 1999

PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 213/07	ESTIMATED FUNDING REQUIREMENTS				MEASURE OF PERFORMANCE
					FY 08	FY 09	FY 10	FY 11	FY 12	
BUF 115 BUF 915	A/T/U A/U	Treasury Management:			581,450,409	607,466,276	612,055,000	648,405,000	648,251,000	
	A	Assure the availability of funds to meet payment of State obligations.	Monitor automated cash management system as a tool to utilize in forecasting the cash flows of the State. Also, monitor system with the Investment accounting system currently used by Treasury.	Ongoing	4,200*	4,200*	4,200*	4,200*	4,200*	Improvement in the accuracy of forecasted cash requirements and optimization of daily balances held in deposit accounts including efficiency in meeting the banking needs of the various State agencies.
	A		Monitor contract with primary depository to provide banking services for the State Treasury and provide for other statewide banking services as needed.	Ongoing	589,816*	589,816*	589,816*	589,816*	589,816*	
			Provide assistance and serve as liaison with primary bank for other departments' banking and cash management needs.	Ongoing						
		Maximize the Treasury's investment returns consistent with the State's primary objectives of safety and liquidity.	Centralize the investment of State funds through the Treasury Investment Pool program.	Ongoing						Rate of return on investments meets or exceeds index yield as benchmarked.
			Optimize the number of authorized securities dealers to provide competitive options for daily investment of State funds.	Ongoing						
			Monitor portfolio performance reporting, Investment Portfolio compliance reporting and periodic portfolio reviews.	Ongoing						

* included in the totals

DEPARTMENT OF BUDGET AND FINANCE
 PLAN OF ACTION FOR IMPLEMENTATION OF GOALS AND OBJECTIVES

Act 100, Session Laws of Hawaii 1999

PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 213/07	ESTIMATED FUNDING REQUIREMENTS				MEASURE OF PERFORMANCE	
					FY 08	FY 09	FY 10	FY 11	FY 12		
		Bonds Administration: Monitoring bond market conditions in order to take advantage of lower interest rates and meet cash requirements. Review and evaluate outstanding bond issues for possible debt service savings to the State.	Monitor bond interest rates. Monitor bond interest rates.	Ongoing Ongoing							Rate of interest paid on State bonds issued relative to the Bond Buyer index. Savings in interest costs between original issue and refunding issue.
	A/U	Maintain State's bond credit rating at the double-A level.	Improve rating agency perception of the State's economy and fiscal management practices by keeping them better informed.	Ongoing	11,125*	11,125*	11,125*	11,125*	11,125*		
		Unclaimed Property:									
	T	Protect the interest of owners of abandoned property by assuming State custody of such property until claimed by their rightful owners.	Maintain and enhance an automated Unclaimed Property Program Accounting System.	Ongoing maintenance	22,500*	22,500*	22,500*	22,500*	22,500*		Increase in the new holder reports filed.
			Make holders of abandoned property aware of their obligation.	Ongoing							Increase in returns of unclaimed property paid/returned to rightful owners.

* included in the totals

DEPARTMENT OF BUDGET AND FINANCE
 PLAN OF ACTION FOR IMPLEMENTATION OF GOALS AND OBJECTIVES

Act 100, Session Laws of Hawaii 1999

PRIG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 213/07	ESTIMATED FUNDING REQUIREMENTS				MEASURE OF PERFORMANCE
					FY 08	FY 09	FY 10	FY 11	FY 12	
BUF 143	T				11,681,399	4,655,214	4,655,000	4,655,000	4,655,000	
		To administer health and life insurance benefits for eligible active and retired State and county public employees and their dependents by: 1) providing quality service levels to employee-beneficiaries and their dependent-beneficiaries, and 2) complying with federal and State legal requirements.								
			Continue to improve the operational efficiency of the EUTF enrollments staff in processing enrollment transactions.	on-going						1. Percentage of documents imaged by the end of the first working day after receipt.
			Continue to improve the effectiveness of the EUTF customer service staff in responding to inquiries.	on-going						2. Average number of days required to process enrollment transactions.
			Continue to make operational improvements to shorten the time in which shortages and refund conditions can be resolved.	on-going						3. Percentage of abandoned calls.
										4. Percentage of refunds processed within 60 days.
										5. Percentage of shortage conditions processed within 60 days.
			Continue to educate employees and retirees regarding their health benefits by conducting informational sessions	on-going						6. Percentage of participants attending information sessions in one year.

DEPARTMENT OF BUDGET AND FINANCE
 PLAN OF ACTION FOR IMPLEMENTATION OF GOALS AND OBJECTIVES

Act 100, Session Laws of Hawaii 1999

PRIG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 213/07	ESTIMATED FUNDING REQUIREMENTS				MEASURE OF PERFORMANCE	
					FY 08	FY 09	FY 10	FY 11	FY 12		
			Process COBRA forms timely	on-going							8. Percentage of COBRA forms and notices sent within required time frame.
			Ensure that retirees and spouses enrolled in the EUTF retiree plans are enrolled in Medicare Part B within the Medicare special enrollment window	on-going							9. Percentage of eligible retirees and spouses enrolled in Medicare Part B.
			EUTF Computer System								
			Work towards the implementation of new/improved EUTF computer system to further automate the enrollments processes and improve the system reliability, efficiency, and capabilities.	on-going							7. Percentage of time computer system is available during one year.
			Provide stable systems support	on-going							10. Number of minor and major HIPAA violations per year (including electronically secure data).
			Provide health and life insurance benefits to public employees and retirees	Ongoing							See above measures of performance

**DEPARTMENT OF BUDGET AND FINANCE
PLAN OF ACTION FOR IMPLEMENTATION OF GOALS AND OBJECTIVES**

Act 100, Session Laws of Hawaii 1999

PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	ESTIMATED FUNDING REQUIREMENTS					MEASURE OF PERFORMANCE		
					Act 213/07 FY 08	FY 09	FY 10	FY 11	FY 12			
BUF101 BUF943	A A/U	To facilitate and improve the executive resource allocation process by thorough planning, programming, and budgeting and analyses, through sound recommendations on all phases of program scope and funding, and by efforts to simplify and more directly tie program performance with resource allocation decisions.	Departmental Administration & Health Benefit Premium Payments		401,294,680	424,379,074	434,070,000	455,538,000	488,957,000			
					399,183,628 *	422,267,915 *	431,961,000 *	453,429,000 *	476,848,000 *			
				Provide timely and effective IT and telecommunications services to departmental employees.	Enhance B&F's website and implement necessary system upgrades and ongoing projects.	On-going						Actual %/# of requests for PC troubleshooting assistance responded to within 2 working days.
				Provide timely and proper analysis of budget related plans and requests.	Maintain sufficient resources to meet entitlement requirements through regular status reports.	On-going						Actual % variance in expenditures for fixed cost/entitlements compared with annual allotment.
				Provide timely and accurate processing of payments.	Establish improved tracking systems to ensure minimum processing time for contract administration, budget, fiscal, personnel, and systems procedures request.	On-going						Actual %/# of vendor payments made within 30 days.
		Provide timely and accurate payment of salaries and other payroll items.		On-going						Actual %/# of payroll-related transactions completed within 5 working days of approval.		

* amounts are included in the consolidated totals

**DEPARTMENT OF BUDGET AND FINANCE
PLAN OF ACTION FOR IMPLEMENTATION OF GOALS AND OBJECTIVES**

Act 100, Session Laws of Hawaii 1999

PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	ESTIMATED FUNDING REQUIREMENTS					MEASURE OF PERFORMANCE
					Act 213/07 FY 08	FY 09	FY 10	FY 11	FY 12	
BUF 101BA	A	<u>Budget Division</u>			2,111,052 *	2,111,159 *	2,109,000 *	2,109,000 *	2,109,000 *	
		Timely recommendations provided regarding requests submitted by departments.	Continue to improve and refine the review process.	On-going.						Actual %/# of departmental requests completed by the due date.
		Make the budget more user friendly and transparent (I.e. simpler and more accessible); simplify the budget document format.	Continue, refine, and simplify the budget information on the Internet, Budget in Brief, and the Multi Year Program and Financial Plan (PFP).	On-going.						Legislature and public will be able to read and understand budget document more easily.
		Improve decision-making process by continuing to work with departments to develop better performance measures for programs.	Implement Statewide Performance Measure training.	On-going.						Performance measures will be more meaningful for decision-making and will show how "well" the program is doing rather than "what" the program is doing.

* amounts are included in the consolidated totals

**DEPARTMENT OF BUDGET AND FINANCE
PLAN OF ACTION FOR IMPLEMENTATION OF GOALS AND OBJECTIVES**

Act 100, Session Laws of Hawaii 1999

PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 213/07	ESTIMATED FUNDING REQUIREMENTS				MEASURE OF PERFORMANCE
					FY 08	FY 09	FY 10	FY 11	FY 12	
BUF 151	A	To safeguard the rights of individuals by providing statutorily entitled and effective legal representation in criminal, mental commitment, and family cases in compliance with the Hawaii Rules of Professional Conduct. Prudently manage deputy public defender and support services resources and caseloads and maintain quality training program for deputy public defender staff.	Provide effective assistance of legal counsel to persons who qualify for public defender services by reason of indigent status and type of cases.	On-going	9,262,208	9,338,853	9,336,000	9,336,000	9,336,000	Percentage by which attorney caseloads exceed national standards for maximum felony cases on a per attorney basis.
			Provide annual comprehensive advocacy training for deputy public defenders.	On-going						Percentage by which attorney caseloads exceed national standards for maximum misdemeanor cases on a per attorney basis.
										Percentage by which attorney caseloads exceed national standards for maximum family court cases on a per attorney basis.
										Percentage by which attorney caseloads exceed national standards for maximum appeals cases on a per attorney basis.
										Annual number of training hours completed by professional staff as a percentage of planned training hours.

**DEPARTMENT OF BUDGET AND FINANCE
PLAN OF ACTION FOR IMPLEMENTATION OF GOALS AND OBJECTIVES**

Act 100, Session Laws of Hawaii 1999

PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 213.07	ESTIMATED FUNDING REQUIREMENTS				MEASURE OF PERFORMANCE
					FY 08	FY 09	FY 10	FY 11	FY 12	
BUF 901	B	To ensure that regulated companies efficiently and safely provide their customers with adequate and reliable services at just and reasonable rates, while providing regulated companies with a fair opportunity to earn a reasonable rate of return.	Generally, the Commission prescribes rates, tariffs, charges, and fees, and determines the allowable rate of earnings in establishing rates, prescribes the methods, service, and annual rates of depreciation for utility properties, acts on applications for certification and for the extension or abandonment of services, acts on requests for the acquisition, sale, disposition, or other exchange of utility properties, issues orders and guidelines concerning the general management and operations of chartered, franchised, or certificated utility businesses, and adopts rules and regulations governing the operations, standards of services and facilities, and fiscal management of utilities, including procedures and practices of the Commission.	On-going. Long and Short Term time frames.	8,695,562	10,429,994	9,919,000	9,919,000	9,919,000	Measures of Effectiveness: 1) Percent of rate cases completed within the applicable statutory time period; 2) Percent of non-rate case matters completed within the applicable statutory or regulatory time period; 3) Percent of informal complaint survey respondents who responded that the commission resolved their informal complaint in a reasonable amount of time; 4) Number of reported accidents involving utility employees; 5) Average number of electric service interruptions per customer serviced; 6) Number of reported telecommunications service disruptions of longer than 1 hour that affects the lesser of 25 percent of 2,000 customers.