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GOVERNOR



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OFFICE OF THE PRESIDENT
LAUREL A. JOHNSTON
DIRECTOR
KEN N. KITAMURA
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

DEPT. COMM. NO. 414

August 14, 2018

✓ The Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki
Speaker of the House of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear Senate President Kouchi and Speaker Saiki:

Pursuant to Section 37-52.5, HRS, Criteria for the establishment and continuance of administratively established accounts and funds, we are submitting a report on the establishment of the following:

Appropriation Symbol	Title
G-18-373-C	CB Cost Items, BU 14 (MOF = A)
S-18-362-C	CB Cost Items, BU 14 (MOF = B)
S-18-356-D	CB Cost Items, BU 14 -HBR (MOF = B)
G-18-358-V1	CB Cost Items, BU 14 (MOF = A)
S-18-351-V1	CB Cost Items, BU 14 (MOF = U)

Justification for Establishment of the Accounts or Funds:

Currently, only the Departments of Land and Natural Resources (DLNR), Public Safety (PSD), and Transportation (DOT) have Hawai'i Government Employees Association (HGEA) Bargaining Unit (BU) 14 employees. Act 20, SLH 2018, appropriates funds for Collective Bargaining (CB) agreements based on arbitration awards for HGEA BU 14 for FYs 18 and 19, provided that funds not expended or encumbered shall lapse on June 30, 2019. The appropriation amounts are as follows:

	<u>FY 18</u>	<u>FY 19</u>	<u>Biennium</u>
General	\$ 974,064	\$2,109,218	\$3,083,282
Special	73,756	152,404	226,160
Interdept. Transfers	<u>150,963</u>	<u>325,230</u>	<u>476,193</u>
Total	\$1,198,783	\$2,586,852	\$3,785,635

Although there are appropriations for FY 18, none of those CB amounts were expended in FY 18. Instead, both the FY 18 and FY 19 appropriations will be expended in FY 19. Informal discussions with the Department of Accounting and General Services (DAGS) revealed that the FY 18 appropriations will be authorized using FY 18 appropriation symbols, while FY 19 appropriations will be authorized using FY 19 appropriation symbols. Both the FY 18 and FY 19 BU 14 CB appropriation symbols will have a June 30, 2019 lapse date.

Since most FY 18 appropriations lapsed on June 30, 2018, we are unable to disburse FY 18 BU 14 CB through regular FY 18 program appropriations and their corresponding appropriation symbols. Accordingly, on behalf of DLNR, PSD, and DOT, the Budget, Program Planning and Management Division (BPPMD) requested and DAGS established new appropriation symbols that would enable these departments to disburse the CB arbitration award to their BU 14 employees.

Sources of Revenue for the Funds:

Act 20, SLH 2018, appropriation for CB agreements based on arbitration awards for HGEA BU 14.

Should there be any questions, please have your staff contact Mr. Neal Miyahira, Administrator of this department's BPPMD, at 586-1530.

Aloha,



LAUREL A. JOHNSTON
Director of Finance

c: Honorable Donovan M. Dela Cruz
Honorable Sylvia Luke