

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

SYLVIA LUKE
LT. GOVERNOR
KA HOPE KIA'ĀINA



DEPT. COMM. NO. 357

BRENNA H. 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

September 29, 2023

TO: 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

FROM: Brenna H. Hashimoto, Director

SUBJECT: Report on Non-General Funds – Department of Human Resources
Development

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

In accordance with Section 37-47, 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

Attachments

Report on Non-General Fund Information
for Submittal to the 2023 Legislature

Department: HRD
 Program ID(s): HRD 102
 Name of Fund: Human Resources Development Special Fund
 Legal Authority: Act 123, SLH 2001

Contact Name: Marc Togashi
 Phone Number: 587-1150
 Fund Type (MOF): B
 Appropriation Account Number: S-23-310-P

Intended Purpose:

The purpose of this fund is to support and facilitate the Department's entrepreneurial initiatives, training activities, and programs for government employees.

Source of Revenues:

Fees assessed for services provided under entrepreneurial initiatives; participant fees for in-service training programs; and moneys directed to the Department from other sources such as gifts, grants and awards.

Current Program Activities/Allowable Expenses:

The fund covers expenses related to entrepreneurial activities such as providing workers compensation claims management and premium conversion plan administration services to other agencies; developing and conducting employee training programs; and administrative costs associated with special funds.

Variances:

DHRD anticipates an increase in expenditures to include costs for a benefits consultant to help identify eligible pre-tax benefits and review IRS coding, staff training, upgrading equipment, increasing the number of copier leases/scanners as we migrate to a digital environment with the implementation of our workers' compensation claims management system.

Cash balance lapse to general fund? No

Statutory language:

There is established in the state treasury the human resources development special fund, to be administered by the department of human resources development, which shall consist of: all revenues received by the department as a result of entrepreneurial efforts in securing new sources of funds not provided for in the department's budget for services rendered by the department, all revenues received by the department from the charging of participant fees for in-service training that are in addition to general fund appropriations in the department's budget for developing and operating in-service training programs, appropriations made by the legislature to the fund, and moneys directed to the department from any other source, including gifts, grants, and awards.

Moneys in the human resources development special fund shall be used for the following purposes:

- (1) Supporting the department's entrepreneurial initiatives, training activities, and programs;
- (2) Administrative costs of the department's entrepreneurial initiatives, training activities, and programs; and
- (3) Any other purpose deemed necessary by the director for the purpose of facilitating the department's entrepreneurial initiatives, training activities, and programs.

Financial Data							
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Appropriation Ceiling	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Beginning Cash Balance	2,015,678	2,197,246	485,164	594,937	724,627	644,627	704,627
Revenues	264,507	171,882	217,396	223,041	220,000	220,000	220,000
Expenditures	82,939	83,964	107,623	93,351	300,000	160,000	160,000
Transfers							
List each net transfer in/out/ or projection in/out; list each account number							
Net Total Transfers	0	(1,800,000)	0	0	0	0	0
Ending Cash Balance	2,197,246	485,164	594,937	724,627	644,627	704,627	764,627
Encumbrances		22,475	30,625	73,614	40,000	40,000	40,000
Unencumbered Cash Balance	2,197,246	462,689	564,312	651,013	604,627	664,627	724,627

Additional Information:

Amount Requested by Bond Covenants							
Amount from Bond Proceeds							
Amount Held in CODs, Escrow Accounts, or Other Investments							

Report on Non-General Fund Information
for Submittal to the 2023 Legislature

Department: HRD
Program ID(s): _____

Contact Name: Doreen Kuroda / Marc Togashi
Phone Number: (808) 587-1169

Name of Fund: State Deferred Compensation Plan for Part-Time, Temporary, Seasonal/Casual Employees Trust Fund
Legal Authority: Section 88F-7, HRS

Fund Type (MOF): T
Appropriation Account Number T-23-995-P

Intended Purpose

The Deferred Compensation Plan for Part-time, Temporary, and seasona/Casual Employees ("PTS Plan"), is an eligible deferred compensation plan under Sections 457 and 3121 of the U.S. Internal Revenue Code of 1986, as amended. The PTS Plan was established in 1997 as a tax deferred alternative 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 contributions and interest earned are held in trust for the exclusive benefit of the participants and their beneficiaries.

Source of Revenues:

Participant contributions and changes in the amount of interest earned.

Current Program Activities/Allowable Expenses:

The fund supports all o the PTS Plan's expenses: daily administration and marketing costs, third-party administrator fees, custodial fees, and distributions taken by participants and their designated beneficiaries.

Variances:

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.

Cash balance lapse to general fund? (Yes / No) No

Statutory language:

Section 88F-6, HRS Deferred funds. Sums deferred under the plan, as well as property and rights purchased with the amounts and income attributable to the amounts, shall be held in trust outside the state treasury in accordance with section 457 of the Internal Revenue Code, as amended, for the exclusive benefit of participants and their beneficiaries.

Financial Data							
	FY 2020 (actual)	FY 2021 (actual)	FY 2022 (actual)	FY 2023 (actual)	FY 2024 (estimated)	FY 2025 (estimated)	FY 2026 (estimated)
Appropriation Ceiling							
Beginning Cash Balance	132,446,740	136,237,841	142,264,558	139,524,234	#VALUE!	#VALUE!	#VALUE!
Revenues	10,015,369	11,449,820	16,721,971	not applicable	not available		
Expenditures	6,224,268	5,423,103	19,462,295	not applicable	not available		
Transfers							
List each net transfer in/out/ or projection in/out; list each account number							
Net Total Transfers	0	0	0	0	0	0	0
Ending Cash Balance	136,237,841	142,264,558	139,524,234	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Encumbrances							
Unencumbered Cash Balance	136,237,841	142,264,558	139,524,234	#VALUE!	#VALUE!	#VALUE!	#VALUE!

Additional Information:

Amount Requested by Bond Covenants							
Amount from Bond Proceeds							
Amount Held in CODs, Escrow Accounts, or Other Investments							

Report on Non-General Fund Information
for Submittal to the 2023 Legislature

Department: HRD
 Program ID(s): _____
 Name of Fund: State Deferred Compensation Plan Trust Fund
 Legal Authority: Section 88E-9, HRS

Contact Name: Doreen Kuroda / Marc Togashi
 Phone Number: (808) 587-1169
 Fund Type (MOF): T
 Appropriation Account Number: T-23-999-P

Intended Purpose:

The Deferred Compensation Plan, an eligible plan under section 457 of the U.S. Internal Revenue Code, 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 State's Employees' Retirement System and employed by either the State, County of Hawaii, County of Maui, or County of Kauai.

Source of Revenues:

Participant contributions and changes in the value of the Plan's investment product options.

Current Program Activities/Allowable Expenses:

The fund supports all of the Plan's expenses: daily administration and marketing costs, third-party administrator fees, custodial fees, investment consultant fees, investment product fees, and distributions taken by participants and their designated beneficiaries.

Variances:

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 \$2,453,117,615.

Cash balance lapse to general fund? (Yes / No) No

Statutory language:

Section 88E-8, HRS Deferred Funds. Sums deferred under the plan, as well as property and rights purchased with such amounts and income attributable to such amounts, shall be held in trust outside the state treasury in accordance with section 457 of the Internal Revenue Code of 1986, as amended, for the exclusive benefit of participants and their beneficiaries.

Financial Data							
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Appropriation Ceiling							
Beginning Cash Balance	2,101,112,569	2,010,398,732	2,552,168,376	2,611,491,811	#VALUE!	#VALUE!	#VALUE!
Revenues	29,558,070	654,399,298	197,018,942	not applicable	not available	not available	not available
Expenditures	120,271,907	112,629,654	137,695,507	not applicable	not available	not available	not available
Transfers							
List each net transfer in/out/ or projection in/out; list each account number							
Net Total Transfers	0	0	0	0	0	0	0
Ending Cash Balance	2,010,398,732	2,552,168,376	2,611,491,811	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Encumbrances							
Unencumbered Cash Balance	2,010,398,732	2,552,168,376	2,611,491,811	#VALUE!	#VALUE!	#VALUE!	#VALUE!

Additional Information:

Amount Requested by Bond Covenants							
Amount from Bond Proceeds							
Amount Held in CODs, Escrow Accounts, or Other Investments							

**Non-General Fund Program Measures Report
for submittal to the 2024 Legislature
Department of HRD**

Name of Fund: Human Resources Development Special Fund
 Appropriation Account Number: S-310-P
 Fund Type (MOF): B
 Legal Authority: Act 123, SLH 2001

Statement of Objectives

The purpose of this fund is to support and facilitate the Department's entrepreneurial initiatives, training activities, and programs for government employees.

Fund Measures of Effectiveness

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1. Percent of Other Jurisdiction/Agency Employees Participating in Voluntary Tax-Savings Benefit Programs	73	73	73	73	73	73
2. Percent of Administrative Fees Collected	95	95	95	95	95	95
3. Ratio of Other Jurisdiction/Agency Workers' Compensation Open Versus Closed Claims During Fiscal Year	1	1	1	1	1	1

Program Size Indicators

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1. Number of Other Jurisdictions/Agencies Participating in Voluntary Tax-Savings Benefit Programs Administered by DHRD	3	3	3	3	3	3	3
2. Number of Judiciary, Hawaii Health System Corporation, and Office of Hawaiian Affairs Employees	4893	4893	4893	4893	4893	4893	4893
3. Number of Other Jurisdictions/Agencies Workers' Compensation Claims Administered by DHRD	3	3	3	3	3	3	3
4. Number of Charter Schools, Hawaii Public Housing Authority and Hawaii State Public Library System Employees	3714	3,829	3,849	3,850	3,850	3,850	3,850

**Non-General Fund Program Measures Report
for submittal to the 2024 Legislature
Department of HRD**

Name of Fund: Human Resources Development Special Fund
 Appropriation Account Number: S-310-P
 Fund Type (MOF): B
 Legal Authority: Act 123, SLH 2001

Fund Activities Encompassed

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1. Number of Other Jurisdiction/Agency Employees Participating in Voluntary Tax-Savings Benefit Programs Administered by DHRD	3,554	3,554	3,554	3,554	3,554	3,554
2. Number of EAP Counseling Hours Covered by Fund	250	250	250	250	250	250
3. Number of Workers' Compensation Claims Administered for Other Jurisdictions/Agencies	150	150	150	150	150	150