

DEPARTMENT OF BUDGET AND FINANCE

budget.hawaii.gov

The Department of Budget and Finance, established under section 26-8, HRS, is headed by the Director of Finance. The Department administers the development of the State's financial plans, administers the state budget, and provides programs for the improvement of management and financial management of state agencies. It coordinates all budget services, supervises the implementation of the fiscal policies established by the Governor or mandated by the Legislature, prepares the Governor's budget for submission to the Legislature, and has custody of all state funds.

Administrative and Research Office

The Administrative and Research Office (ARO) plans, directs, and coordinates comprehensive programs, services, and functions for the Department. The Office provides services in budget, organizational management, procurement, financial accounting management, and systems analyses, and formulates policies, procedures, and guidelines in support of departmental programs. ARO also administers a comprehensive personnel management program and provides assistance in all functional areas of personnel management to the Department's administration, programs, and employees.

Budget, Program Planning and Management Division

The Budget, Program Planning and Management Division's primary function is to optimize the expenditure of all public funds. It does this by assisting state agencies to improve the operational effectiveness of their programs and the effectiveness of agency budgeting, and by issuing guidelines and instructions regarding appropriate statewide implementation of statutory and constitutional budget provisions.

The Division conducts studies and evaluations of the effectiveness of state programs. It also develops and implements a program evaluation system and coordinates the planning and program analysis projects of the State's agencies. The Division analyzes and assists the administration in improving management systems, policies, and procedures, and develops a format and procedures for a statewide program structure. Any changes to executive departments at the branch level or above may be implemented only after they are reviewed and acknowledged by the Director of Finance. The Division also develops staffing and performance standards and methods to improve the utilization of space, time, and personnel. In addition, the Division administers the State's capital improvements program, together with the Public Works Division of the Department of Accounting and General Services.

The Division also develops and implements resource allocation policies of state government and makes long-range budget and resource allocations. The Division reviews long- and short-range program plans and prepares the executive budget that is submitted to the Legislature. The Division also supervises and controls all budget appropriations authorized by the

Legislature and provides program revenue and expenditure data and analysis to appropriate divisions of the Department. In addition, the Division prepares and updates the State's general fund financial plan and provides staff support to the Council on Revenues, primarily regarding non-tax and special fund tax revenue projections. The Division also provides fiscal and budgetary staff support on matters involving collective bargaining negotiations and the analysis of collective bargaining proposals and contracts.

Financial Administration Division

As custodian of public funds and securities, the Financial Administration Division (FAD) manages the State Treasury, where receipts, investments, disbursements, and transfers of funds are conducted. FAD monitors the State's investments and cash flow requirements and develops investment strategies accordingly.

Through the issuance and control of state bonds, FAD manages the public debt. FAD also assists other agencies with their bond sale requirements. All tasks related to the issuance of bonds are conducted by FAD, which include preparing and reviewing all bond documents and official statements, monitoring bond yields and market conditions, coordinating pricing and document preparation between all involved parties, ensuring conformance with laws and regulations, and monitoring repayments.

Included in FAD's responsibilities is the Unclaimed Property Program, under chapter 523A, HRS. The Program receives, holds in custody, and returns to its owners properties deemed to be abandoned.

Office of Federal Awards Management

The Office of Federal Awards Management (OFAM) plans, organizes, directs, and coordinates federal awards activities for executive departments and agencies to advance the management, administration, and oversight of federal grants. The objective of these activities is to maximize the program and fiscal performance of federal awards, ensure compliance with state and federal rules and regulations, and reduce the opportunity for waste, fraud, and abuse.

ATTACHED FOR ADMINISTRATIVE PURPOSES

Employees' Retirement System of the State of Hawaii

The Employees' Retirement System of the State of Hawaii (ERS), established under section 88-22, HRS, provides retirement, disability, and survivor benefits for state general employees, teachers, professors, judges, county general employees, police officers, firefighters, and elected officials.

ERS is a qualified defined benefit pension plan under section 401(a) of the Internal Revenue Code. As such, ERS is exempt from federal income taxation on its investment earnings. Since January 1, 1988, member contributions have been tax deferred under section 414(h) of the Internal Revenue Code.

Board. Pursuant to section 88-23, HRS, the general administration and operation of ERS is vested in a Board of Trustees. Under section 88-24, HRS, the Board consists of eight members as follows: the Director of Finance is an ex officio member; four are ERS members, of whom two are general employees, one is a teacher, and one is a retirant, who are elected by the ERS membership to six-year terms; and three are citizens of the State, but not public employees, two of whom have at least three years of experience providing financial services, including investments, to public, corporate, or private institutional clients. These three trustees are appointed to six-year terms by the Governor with the advice and consent of the Senate.

Under the direction of the Board, ERS administers three plans for the benefit of eligible state and county employees: Contributory, Hybrid, and Noncontributory. Contributory and Hybrid Plan members are required to make contributions to ERS; Noncontributory Plan members do not make contributions.

Hawaii Employer-Union Health Benefits Trust Fund

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) is established under section 87A-30, HRS. The purpose of the Fund, under section 87A-31, HRS, is to provide employee-beneficiaries and dependent-beneficiaries with health and other benefit plans, and to pay administrative and other expenses of the Fund.

Board. Pursuant to section 87A-5, HRS, EUTF is administered by a Board of Trustees that consists of ten trustees who are appointed by the Governor, of whom five represent employee-beneficiaries, including a retiree representative, and five represent public employers. Section 26-34, HRS, does not apply to board member selection and terms. The Board is responsible for determining the nature and scope of benefit plans offered, negotiating and entering into contracts with insurance carriers, establishing eligibility criteria and management policies for EUTF, and overseeing all EUTF activities. The Board may appoint an Administrator and staff who are exempt from civil service.

Office of the State Public Defender

The Office of the State Public Defender is established under section 802-8, HRS. Pursuant to section 802-11, HRS, the State Public Defender is appointed to a four-year term by the Defender Council. The Public Defender must be qualified to practice law before the State Supreme Court, devotes full time to the duties of the Office, and is not permitted to engage in the general practice of law.

Under section 802-1, HRS, any indigent person who is: (1) arrested for, charged with, or convicted of an offense punishable by imprisonment, or subject to chapter 571, HRS (Family Courts); (2) threatened with involuntary confinement in a mental institution; (3) subject to involuntary medical treatment under chapter 334, HRS (Mental Health, Mental Illness, Drug Addiction, and Alcoholism); or (4) subject to involuntary medical treatment under chapter 353, HRS (Corrections) is entitled to be represented by a Public Defender.

Defender Council. The Defender Council, established under section 802-9, HRS, consists of five members who are appointed by the Governor and who serve at the Governor's pleasure, with at least one member from each of the counties. The Chairperson is selected by the members. The Council is the governing body of the Office of the State Public Defender.

DEPARTMENT OF BUDGET AND FINANCE

