
Management and Financial Audit of the Hawaii Visitors Bureau

A Report to the
Governor
and the
Legislature of
the State of
Hawai'i

Report No. 93-25
December 1993



THE AUDITOR
STATE OF HAWAII

The Office of the Auditor

The missions of the Office of the Auditor are assigned by the Hawaii State Constitution (Article VII, Section 10). The primary mission is to conduct post audits of the transactions, accounts, programs, and performance of public agencies. A supplemental mission is to conduct such other investigations and prepare such additional reports as may be directed by the Legislature.

Under its assigned missions, the office conducts the following types of examinations:

1. *Financial audits* attest to the fairness of the financial statements of agencies. They examine the adequacy of the financial records and accounting and internal controls, and they determine the legality and propriety of expenditures.
2. *Management audits*, which are also referred to as *performance audits*, examine the effectiveness of programs or the efficiency of agencies or both. These audits are also called *program audits*, when they focus on whether programs are attaining the objectives and results expected of them, and *operations audits*, when they examine how well agencies are organized and managed and how efficiently they acquire and utilize resources.
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4. *Sunrise analyses* are similar to sunset evaluations, but they apply to proposed rather than existing regulatory programs. Before a new professional and occupational licensing program can be enacted, the statutes require that the measure be analyzed by the Office of the Auditor as to its probable effects.
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7. *Procurement compliance audits* and other *procurement-related monitoring* assist the Legislature in overseeing government procurement practices.
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OVERVIEW

THE AUDITOR
STATE OF HAWAII

Management and Financial Audit of the Hawaii Visitors Bureau

Summary

The Hawaii Visitors Bureau (HVB), a private nonprofit corporation, is Hawaii's official tourism marketing organization. The contracts between the state Department of Business Economic Development and Tourism (DBEDT) and HVB now amount to more than \$20 million. We found that both the HVB and DBEDT have fallen short in fulfilling their respective responsibilities for the State's tourism program.

The State contracts with HVB because of the expertise of its general membership in the tourism industry. We found that this expertise is not being realized. HVB needs to strengthen itself as an organization. Since our last audit in 1987, the bureau's board of directors has remained weak, exercising little oversight over bureau management. The new chairman of the HVB Board of Directors recently proposed a number of changes that could strengthen the commitment of the general membership and the board's authority. These changes need to be discussed with the general membership and institutionalized.

Problems have also continued in internal management. The bureau has yet to clarify the functions of the mainland regional offices and the authority of neighbor island chapters. Furthermore, the bureau has not made adequate use of the resources of its own market research department for internal management and to generate information useful for strategic planning and evaluation.

HVB has not been submitting the report information required under its contract with the State. In turn, DBEDT does not supply the Legislature with the information it needs. HVB's many reports give little information about what the State got for its money. They do not identify what HVB hoped to achieve by the activities or their costs or effectiveness.

For its part, DBEDT has demonstrated a serious lack of clarity about its role in the State's tourism program. It has imposed additional projects on HVB, thereby creating the perception that it is using HVB as a vehicle for its own initiatives. By doing so, it subverts its responsibility for monitoring HVB programs.

DBEDT has not effectively administered and monitored the HVB contract. The department lacks adequate written policies and procedures to carry out

these responsibilities. Finally, a provision in the contract intended to improve coordination has had the effect of inhibiting HVB management from testifying at legislative hearings.

Recommendations and Response

We recommend that the Board of Directors strengthen its internal organization to enhance its ability to lead and maintain oversight over the HVB. To do so, the board should maintain its reduced size, develop clear functions for each of its committees, provide written guidelines for committee members, and create opportunities for its general membership to participate more actively. To ensure continuity for its initiatives, the board in conjunction with HVB membership should develop a strategic plan for improving the bureau.

We recommend that the HVB president clarify the functions of HVB's out-of-state regional offices and the authority of its neighbor island chapters, and make better use of the resources of its market research department including developing measures of program effectiveness.

We recommend that DBEDT refrain from using HVB resources and those of other promotional offices for its own initiatives. We also recommended that DBEDT improve its contract management by 1) developing written guidelines for monitoring and managing contracts with the bureau; 2) enforcing contract reporting requirements to include measures of effectiveness on how public funds are being used; 3) removing the restriction from the contract that effectively prohibits HVB employees from testifying before the Legislature; and 4) ensuring that contracts are signed on time at the beginning of the fiscal year for the biennium covered by the contract.

The bureau's president responded by citing initiatives underway to address the concerns raised in our report. The president agreed that the operations of regional offices, the role of the market research department, and the neighbor island chapter relationships need to be reviewed.

The director of the Department of Business, Economic Development, and Tourism did not comment on our recommendations but defended the activities it has taken for the State's tourism program. We recognize DBEDT's responsibilities and authority for tourism initiatives. Our point is that these initiatives should be clearly identified as those of DBEDT and not interjected as HVB programs.

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Submitted by

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STATE OF HAWAI'I

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Foreword

The Hawaii Visitors Bureau is Hawaii's official tourism marketing organization. In FY1992-93, the State had more than \$20 million in contracts with the bureau and its affiliated offices on the neighbor islands. In view of the substantial commitment of public funds to this private non-profit corporation, the 1993 Legislature directed the State Auditor to undertake a management audit of the bureau. This report examines the Hawaii Visitors Bureau and its relationship with the State Office of Tourism in the Department of Business, Economic Development, and Tourism.

We wish to express our appreciation for the cooperation and assistance extended to us by personnel at the Department of Business Economic Development and Tourism, the Hawaii Visitors Bureau, and the members of the visitor industry we contacted during the course of this audit.

Marion M. Higa
State Auditor

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Chapter 1

Introduction

Hawaii's visitor industry generates \$9.9 billion a year for the state and is the leading contributor to Hawaii's economy. The State received over \$80 million directly from the Transient Accommodations Tax in 1993. Tourism also provides about 40 percent of the employment in the state. For almost 40 years, visitor arrivals to Hawaii increased steadily, reaching about 7 million in 1990. Since then, however, visitor arrivals have decreased significantly with travelers from the U.S. mainland down nearly 20 percent, those from Asia down nearly 12 percent, and those from Europe down 7 percent.¹ These decreases in arrivals have led to a downturn in the state's economy and decreased tax revenues.

In its concern over declining visitor arrivals, the Legislature focused attention on Hawaii's efforts to promote the state as a visitor destination. To market Hawaii, the Department of Business, Economic Development, and Tourism (DBEDT) contracts with the Hawaii Visitors Bureau (HVB), a private, nonprofit corporation. As Hawaii's designated tourism marketing organization, HVB in FY1992-93 received over 90 percent of its \$20 million budget from the State. In 1993, the Legislature appropriated nearly \$60 million for fiscal biennium 1993-1995 to fund tourism promotion projects.

State appropriations to DBEDT for HVB marketing services have increased consistently. To determine whether HVB has used public funds effectively, the 1993 Legislature, in House Concurrent Resolution No. 284, requested the State Auditor to conduct a management and financial audit of HVB.

Background on HVB

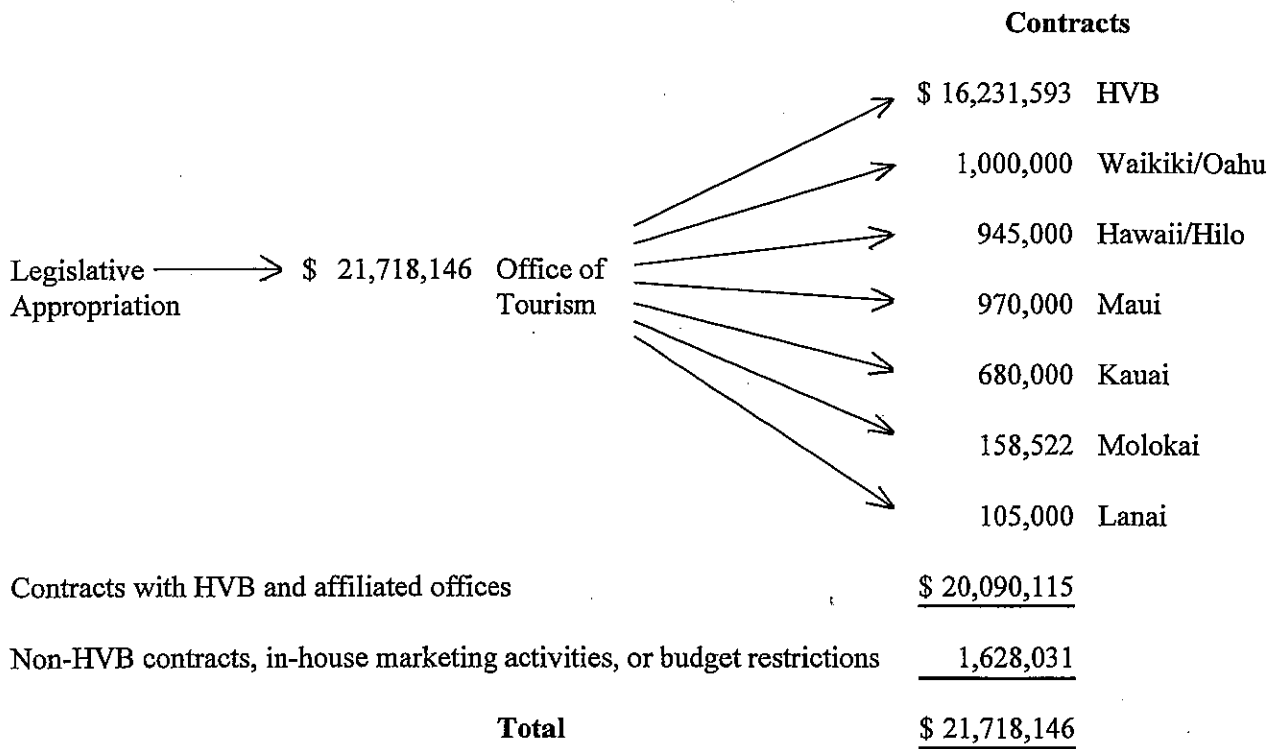
The HVB, through its contract with DBEDT, is the State's designated marketing arm. Established in 1903, it is the oldest tourism organization in the Pacific region. The bureau began as a committee of the Honolulu Chamber of Commerce. It received direct territorial appropriations until 1959, when it became a nonprofit corporation. In that same year, the Legislature passed Act 16 which authorized the newly created Department of Planning and Economic Development (now DBEDT) to contract with the bureau for marketing services.

The primary mission of HVB is to "promote traveling by the public to and among all the Hawaiian Islands and to maintain a continuing interest in the well-being of visitors in Hawaii."² Until July 1993, the bureau was governed by a 64-member board of directors and 11 committees.

The bureau performs research, marketing, public relations, membership, and administrative services. Its main office is in Waikiki with neighbor island chapters on the Big Island, Kauai, and Maui. The bureau has out-of-state regional offices in San Francisco; Los Angeles; Chicago; New York; Washington, D.C.; and Tokyo. In addition, it contracts with another 11 offices overseas to represent HVB.

In 1990, the Legislature created the Office of Tourism in DBEDT to coordinate and plan tourism development. State funds for tourism marketing activities are channeled through this office. The office contracts with HVB and other tourism promotion programs. Currently, the Office of Tourism has separate contracts with the HVB and with each of the HVB chapters on the islands of Hawaii, Kauai, and Maui. The office is responsible for monitoring HVB and performing annual reviews to ensure the effective use of state funds. The office also contracts with the Waikiki Oahu Visitors Association, Destination Molokai, Destination Lanai, and Destination Hilo for marketing promotions. As shown in Exhibit 1.1, the office had over \$20 million in state contracts for FY1992-93 with these organizations.

**Exhibit 1.1
State Appropriations for Tourism Marketing
FY1992-93**



Objectives of the Audit

The objectives of this audit were to:

1. Determine whether HVB's mission, authority, organization, and programs enable it to fulfill its contract with the State.
2. Assess whether current HVB funding and its coordination with the State provide sufficient accountability for effective use of public funds.
3. Determine whether the reports issued by HVB provide adequate information to evaluate whether public funds are being properly and effectively utilized. In particular, assess the adequacy of the above information as a decision making tool for legislators.
4. Follow up and assess HVB's implementation of recommendations in the Auditor's 1987 report.

Scope and Methodology

We reviewed the mission, authority, organization, and programs of HVB and its board. We examined the bureau's coordination and administration of the State's contracts with its neighbor island chapters and destinations. We also reviewed DBEDT's monitoring of the HVB contract. Our work was conducted on Oahu and the neighbor islands. The review focused on bureau activities from January 1991 to September 1993.

We interviewed HVB board members, committee chairs, administrators, staff, and individuals from the neighbor island chapters. We also interviewed officials from DBEDT and representatives of the visitor industry and tourism related organizations.

We examined HVB contracts, agreements, policy and procedure manuals, program files, board meeting minutes, and budgets. We also examined relevant laws and rules, previous audits and studies, bureau correspondence, and annual reports.

To determine the adequacy of financial reports, we reviewed HVB's funding sources, financial statements, and contract requirements. We interviewed HVB's fiscal officer and examined financial statements to assess compliance with contract requirements. Our financial review covered contracts between DBEDT and HVB from FY1992 to the present.

Our work was conducted between June and November 1993 in accordance with generally accepted government auditing standards.

Chapter 2

The Hawaii Visitors Bureau and its Relationship with the State

The Hawaii Visitors Bureau is the designated tourism marketing and promotion arm of the State. In FY1992-93, the State spent \$20 million on contracts with the bureau and other tourism promotion agencies. Despite the substantial amounts spent to attract tourists to Hawaii, visitor arrivals have declined. This has prompted the Legislature to question the effectiveness with which state funds have been used. In this chapter, we examine the management of the bureau and its contractual relationship with the State.

Summary of Findings

Both the Hawaii Visitors Bureau (HVB) and the Department of Business, Economic Development and Tourism (DBEDT) have fallen short in fulfilling their respective responsibilities for the State's tourism program.

1. The HVB board of directors has been weak and exercised little oversight over HVB.
2. HVB's marketing efforts are weakened by unclear functions and underutilization of its own market research information. HVB has yet to resolve the status and roles of its regional offices on the mainland and its chapters on the neighbor islands.
3. HVB reports do not comply with requirements in its contract with DBEDT and do not show whether public funds are properly and effectively utilized.
4. In the absence of strong HVB board and management leadership, DBEDT has begun to direct HVB to undertake certain programs. This conflicts with DBEDT's responsibilities for monitoring the HVB contract.

Board Is Still Weak

The State contracts with HVB for tourism marketing services because that is the bureau's special expertise. The bureau's strength in marketing supposedly derives from the experience and expertise of its general membership. In theory, this expertise is expressed and given direction through the bureau's Board of Directors.

However, the finding in our 1987 audit that the HVB Board of Directors had not shown adequate leadership remains unchanged. At that time, we found that the board did not play a meaningful role in the governance of the bureau. We also reported that the roles and functions of its committees were unclear.¹ These weaknesses still exist although some changes are now being made.

As a private nonprofit organization, the HVB is governed by its Board of Directors. Until July 1993, the board was composed of 64 members representing various travel, hotel, promotion and other related visitor industries. Board members are elected by the active membership. HVB active members are general members who pay higher dues. In FY1992-93, members paid \$1.2 million in dues and contributions. The 64-member board is required to meet quarterly and the general membership meets annually. Each neighbor island chapter also has its own board.

The board is led by a seven-member executive committee composed of the board chairman, chairman-elect, first vice chairman, immediate past chairman, and chairmen from the board of each of the neighbor island chapters. These officers serve one-year terms. They are required to meet at least quarterly. Several board committees have been formed to serve as advisors on such subjects as marketing, membership, environment, community relations, communications, market research, and education.

The board has a responsibility to set policy and to oversee the bureau. Yet, we find that the board has not assumed this responsibility. It exercises little meaningful oversight of the bureau's management and programs. The board has yet to organize itself so that it can carry out these responsibilities. During the period covered by our audit, board committees did not meet regularly and the functions of the committees were unclear.

Little board oversight

According to bureau bylaws, the 64-member board of directors has all the powers necessary to manage and control HVB. The board can select and remove the HVB president and review and approve the annual budget and fiscal policies.²

We found that despite this authority, the board has not reviewed in any meaningful way the bureau's internal management or budget. Minutes of board meetings showed little discussion about the bureau's organization, internal management, or operations. Rather, the board's quarterly meetings focused on such topics as pending legislation on the convention center, declining airline seats, sovereignty, and specific promotional programs.

The board has paid little attention to even such important matters as the bureau's budget. The board did have a budget committee in 1985-1986. This committee has not been active since then and no one has been appointed to it. The board's executive committee has assumed oversight of the budgeting function. The minutes of the executive committee meetings are not complete and we were unable to determine the extent of the executive committee's budget review. Recently, however, the new chairman directed the executive committee to take a more active role in budgeting.

Board not well organized

The board has not been sufficiently well organized to carry out its functions. It is large and unwieldy. The board has failed to act on our 1987 recommendation to develop standing rules to govern its operations.

Until recently, the number of directors on the board was 64. This was reduced by the new chairman to 37. Due to its size, the quarterly meetings of the whole 64-member board allowed little opportunity for discussion of any substantive issues.

The board has yet to develop standing rules, a manual, or any written instructions describing committee functions and how committees relate to the board. One committee chair reported that his predecessor was unaware that chairs had a two-year term. Consequently, that committee never met during the second year of its appointment.

In order for the board to provide direction to HVB, it must be organized to have the capability for consistent and continuous oversight. The board should establish appropriate committees to develop policies for important issues. The jurisdictions and responsibilities of these committees should be made clear in writing. In addition, board and committee members should be informed of their responsibilities and meet regularly to discharge their responsibilities.

Executive committee weak

Presumably, the smaller seven-member executive committee provides leadership to the board. However, we also found that the executive committee had not organized to provide dynamic leadership for either the board or the general membership of the HVB. The HVB by-laws grant the executive committee all the powers and duties of the board while the board is not in session, "provided that reports of its actions or minutes of its proceedings are submitted to the board for its confirmation."

It is not clear how thoroughly the executive committee kept the board and members informed of important issues. We found few board

minutes that reported receiving executive committee minutes. One set of board minutes merely reported "frequent executive committee meetings." Some members reported that executive committee meetings are often "closed door."

Closed meetings are the executive committee's prerogative, but a better informed board and membership is essential when the State is relying on their marketing resources and expertise. An important strength of the HVB is the expertise and contribution of its members, and it is important for leadership to be organized to gain their commitment.

Recent efforts to improve

In July 1993, the new chairman of the board proposed changes to increase the board's accountability and responsibility. The chairman had commissioned a study to review all facets of HVB, including board committees, bureau departments, and offices. Many of the chairman's proposed changes focus on strengthening the general membership as well as the board of HVB. The chairman's proposed changes include:

- Having salaries for senior management paid entirely from private funds raised by the membership to make clear the board's authority and responsibility.
- Decreasing the board size to 37.
- Consolidating numerous small committees under a central marketing committee.
- Appointing a new chair for the membership committee with the mission of reviewing membership policies, formulas, and increasing membership and cooperative marketing.
- Surveying the general membership.
- Holding more meetings for the general membership.
- Assigning task forces to review the HVB/DBEDT contract process and HVB reorganization.

We believe that these proposals can begin to address weaknesses in board operations. The board must still determine how it can best organize itself to carry out its ongoing responsibilities for in-depth reviews of HVB and its management, scrutiny of HVB budgets and expenditures, and the development and oversight of HVB programs.

In addition, changes to improve HVB should be planned for and institutionalized to ensure sufficient follow through. Improvements

should continue beyond the single term of any one chairman. Currently, the executive board officers—chairman, chairman elect, and first vice chairman—each serve one-year terms. The chairman nominates the first vice chairman for election by the board of directors. The chairman is succeeded by the chairman-elect at the end of his or her term and the first vice chairman in turn succeeds the chairman elect.

This system results in some continuity but the executive committee should also have a written plan for strengthening HVB as an organization that it can share with the Board of Directors and the general membership. We believe that strategic planning for HVB as an organization has been too long neglected. The executive committee should make this a priority. The plans should state clearly the priorities for HVB, objectives, timetables for achieving them, and how they will be accomplished.

Management Problems Persist at HVB

Internal management problems continue to plague HVB. The organization is complex and the functions of some of its offices are unclear. Of particular importance is the question of the bureau's utilization of its own resources.

The bureau has offices on Hawaii, Kauai, and Maui, as well as regional offices on the U.S. mainland and Japan. HVB also has overseas contractors, known as general sales agents, who represent the bureau on promotional programs in Asia and Europe. HVB's chapter offices and staff are funded by HVB. Destination offices on Lanai, Molokai, Hilo, and Oahu are separate legal entities from HVB but coordinate with the bureau on promotional programs.

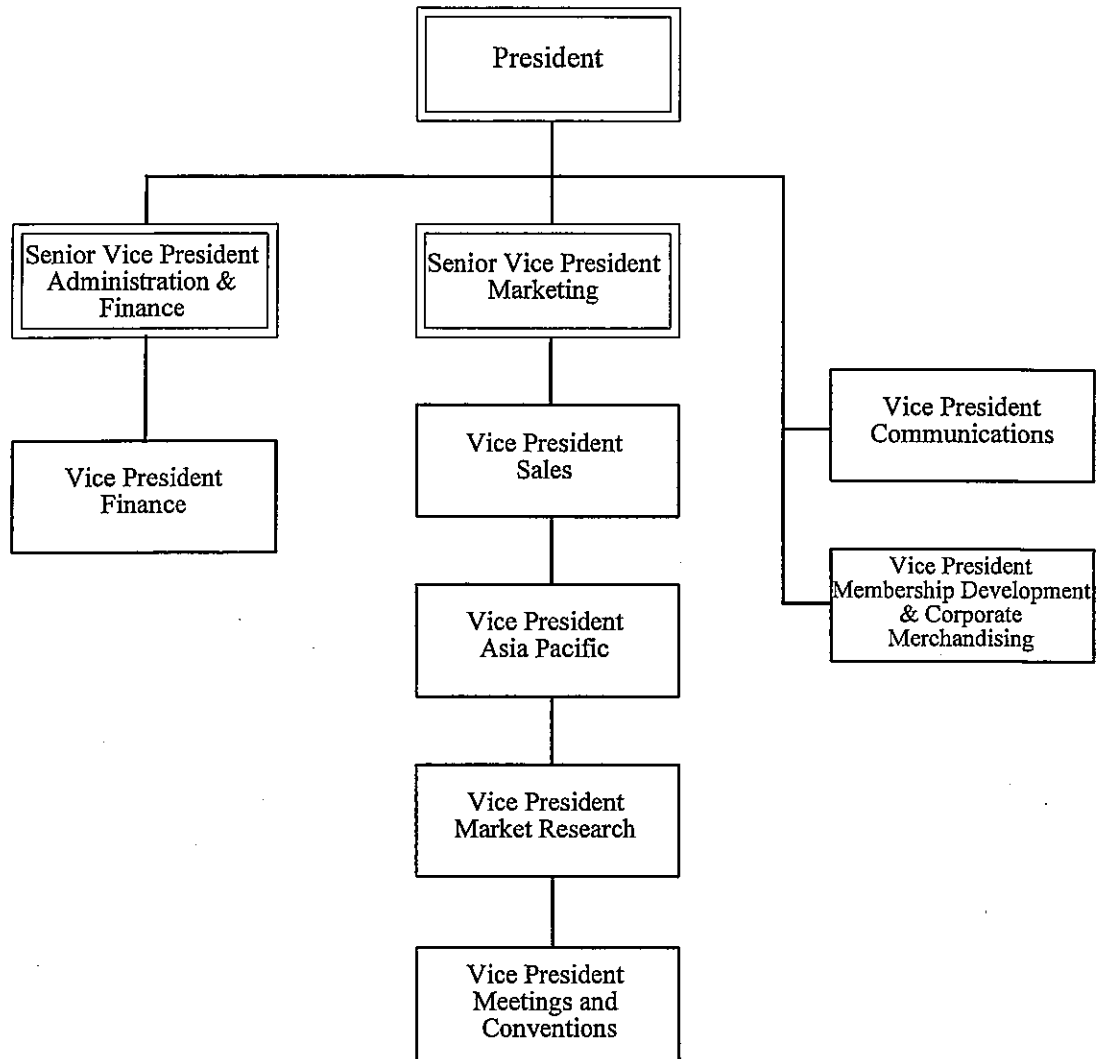
As shown in Exhibit 2.1, the bureau's main office in Waikiki contains numerous vice presidents. Although not shown in the exhibit, the neighbor island chapters officially report to the senior vice president of marketing. Mainland regional offices and European sales contractors report to the vice president of sales, while Asia and Pacific contractors report to the vice president Asia/Pacific.

Purposes of regional offices not defined

In our 1987 audit, we reported that the functions of the bureau's mainland regional offices had yet to be clarified. As of September 1993, the bureau had taken no action to clarify their functions.

It remains unclear what purposes these regional offices serve. Unless the bureau can identify clearly their purposes, it cannot determine whether regional offices are needed, or whether some other alternative may accomplish the same objectives. Until some agreement is reached on their purposes and their functions, the usefulness of these offices cannot be assessed.

Exhibit 2.1
HVB's Organizational Chart



Authority for neighbor island chapters unclear

We found some confusion and a degree of friction between the neighbor island chapters and the HVB. In the past decade, the responsibilities of these chapters have grown dramatically along with greatly increased funding. For example, the Big Island chapter's funding increased from \$10,000 in 1984 to just under \$1 million in 1993.

The issue of authority over the neighbor island chapters needs to be resolved. Recently, HVB informed the chapters that their boards are merely advisory bodies. However, neighbor island boards and marketing committee members see themselves as having the same roles and responsibilities as the HVB Board of Directors.

To add to the confusion, HVB pays the salaries of the executive directors of the neighbor island chapters, but the chapters have separate contracts directly with the State for their marketing programs. These DBEDT contracts refer to chapters as "consultants" and to HVB as an "agent." What this means is unclear. The chapters also receive funds from other sources. For example, the Maui Visitors Bureau receives nearly double its state funding from Maui County, and the Big Island Chapter receives substantial funding from Hawaii County.

Underutilization of research resources

To help ensure the effectiveness of its programs, the bureau could more effectively use the resources in its own market research department. The market research department could help in preparing internal management reports on program results and generate information useful for strategic planning.

HVB rarely directs its market research staff to compile data which could be used to more effectively manage various HVB programs. By making better use of its research resources, HVB management could establish a better basis for program initiatives. For example, the department recently identified eight key selling points for Canadians. This information was integrated into a complete Canadian marketing approach with measures of effectiveness. In this instance, HVB drew on its own resources to both plan a marketing approach and set up an evaluation of that approach. The bureau could apply similar expertise to plan and assess results of other marketing programs as well as its own departments and offices. The resources could also be used to determine how effectively public funds are being spent on promotional programs.

Reports Are Not Useful

Under its contract with DBEDT, HVB is required to submit various reports showing how state funds are being spent and whether its programs are effective. The reports submitted by HVB are not useful, and they are not in compliance with contract requirements. They fail to compare anticipated results with the funds spent. As a result, the State cannot be assured that it is getting its money's worth from HVB.

Under its contract with DBEDT, HVB is to submit the following reports: (1) quarterly reviews of programs and projects which include analyses of program and project effectiveness, and (2) annual reports on HVB's oversight responsibilities and on all programs conducted by affiliated offices which include anticipated results, actual results, and how these activities support HVB's or the affiliated office's charge.

No consolidated quarterly review prepared

The quarterly reviews consist of meetings between HVB and DBEDT officials. To support the reviews, HVB prepares binders containing reports from each of its departments and offices. These binders contain as many as 20 individual reports that are neither compiled into a single format or analyzed. A reader would have to read 20 reports to see all the programs that HVB is carrying out.

The reports merely list activities performed. They give no information on what was intended to be achieved by the activities and their costs. Without such information, a reader would have no basis for assessing the effectiveness of HVB programs. None of the reports include an analysis of any program's effectiveness as required by the DBEDT contract.

Annual reports not in compliance

HVB's contract with DBEDT also requires the bureau to submit an annual report. The annual report to DBEDT is supposed to present information on HVB's oversight of programs conducted by affiliated offices and on the results anticipated and achieved. This is not done—there are no annual reports.

According to an HVB official, its contract with DBEDT does not stipulate that the annual report must be in written form. We were informed by both HVB and DBEDT officials that on-going verbal communication between the two offices throughout the year satisfies this requirement for an annual report. We disagree. Unless the contract specifies that the report may be in verbal form, HVB should provide written reports that are in compliance with contract requirements. In addition, DBEDT should ensure that the bureau complies. The purpose of the annual report is to provide a record of HVB activities and accomplishments and to ensure accountability to the Legislature and the larger public. These purposes are not met through informal phone conversations between HVB and DBEDT.

Effective use of state funds is unknown

Since the bureau's reports are not in compliance with contract requirements, whether state funds are being used effectively cannot be determined. According to contract specifications, annual reports should

include information on the anticipated and actual results of a project. Associated costs should also be reported to assess cost-effectiveness. But written annual reports do not exist, and quarterly reports omit this information.

Poor reporting

Because DBEDT is not carrying out its responsibility to oversee HVB performance, the Legislature is not receiving the information it needs. The DBEDT reports on tourism do not meet legislative reporting requirements. Section 201-95, Hawaii Revised Statutes, requires the DBEDT Office of Tourism to review and report to the Legislature on expenditures of public funds by the HVB or any other visitor industry organization to ensure the effective use of funds for the development of tourism. The office is to prepare annually a report of expenditures including descriptions and evaluations of programs funded. We find that the DBEDT reports do not address the effective use of funds. The information in DBEDT's reports is not useful to the Legislature since the reports fail to link expenditures on promotional activities with any outcomes or expected results.

In addition, a provision in DBEDT's contract with HVB prohibits any HVB employees from testifying before the Legislature on budget items without the prior approval of the DBEDT director. The provision was intended to increase coordination but it has had a negative effect.

Since senior HVB executives are absent from many legislative hearings, the Legislature receives little information on what HVB is allocated and how it spends its money. Funds for HVB are incorporated into DBEDT's budget request for its Office of Tourism. Budget testimony from the Office of Tourism does not identify what funds are for HVB operations and how they are used.

We believe that the "gag order" has had a negative impact. HVB officials still meet with legislators but outside the official hearings. Allowing HVB to testify would promote open debate.

DBEDT's Role Is Unclear

DBEDT demonstrates a serious lack of clarity about its role in the State's tourism program. It does not differentiate between its responsibilities to monitor HVB and its responsibilities for state tourism initiatives.

Section 203-5, HRS, gives the department the responsibility for developing a biennial tourism marketing plan, procedures for evaluating proposals, and measures of effectiveness for assessing the marketing plan. The law says that all statewide tourism promotion contracts

including those of HVB are subject to this provision. At the same time, Section 201-95 says DBEDT is responsible for contracting with HVB to carry out tourism promotion. These provisions indicate that once the planning process is complete, DBEDT contracts with HVB for marketing services. It may also contract with others to carry out programs according to the biennial plan or implement its own programs. DBEDT is responsible for monitoring the HVB contract to ensure that all requirements are met.

Instead, we found that DBEDT imposed additional unplanned projects upon HVB. This has created the perception that DBEDT is using HVB as a vehicle for its own initiatives. At the same time, DBEDT is not adequately fulfilling its monitoring responsibilities. By assigning these initiatives to HVB, DBEDT subverts its monitoring role and may find itself in conflict.

DBEDT initiatives

To ensure that programs are adequately planned, DBEDT's Office of Tourism has contracted with HVB to develop a Biennial Tourism Marketing Plan. The tourism plan is a large effort with guidelines developed by DBEDT officials, industry leaders, and the Governor's Tourism Marketing Council. The Tourism Marketing Council reviews the plan to ensure that it conforms with the state's strategic direction. It is considered a tactical plan for HVB and its chapters to guide their promotional effort.

DBEDT's initiatives have interfered with HVB's planned promotional efforts and taken resources away from them. We found several instances in which DBEDT has directed HVB offices to take on DBEDT projects. The "Hawaii Calls" radio show and island food festivals are examples of programs that were added to HVB's budgets by DBEDT.

The HVB chapters were notified of a 10 percent across-the-board cut in their proposed budgets for FY1992-93. In September 1992, the DBEDT director sent the chapters letters reinstating those funds and adding others with certain provisions. The letter stated that the funds were to be used for island food festivals and for a "high profile" island spokesperson on each island. The DBEDT director also directed each of HVB's neighbor island chapters to use \$37,500 of the funds to support the "Hawaii Calls" radio show. HVB officials say that they were told by DBEDT to sponsor the radio show without any prior coordination or discussion.

DBEDT has initiated its own programs without adequate planning and coordination with HVB. Consequently, DBEDT is probably not deriving the maximum benefit from these programs. For example, DBEDT initiated an "Aloha on Tour" program to showcase Hawaii

products and attractions. The tour program, coordinated by DBEDT's Office of Tourism, is conducted worldwide. DBEDT had no written plans or objectives for the program and it was not part of the biennial plan.

Neither the "Hawaii Calls" or "Aloha on Tour" programs are identified in the scope of the state's marketing plan or coordinated with ongoing bureau promotional efforts in the period under audit. To maximize benefits, these programs should be planned and coordinated with all participants.

With respect to DBEDT's use of HVB resources, we also note that a full-time HVB position, listed under the director of marketing on the HVB organizational chart, has been working out of DBEDT's Office of Tourism on cultural tourism projects for the past five years. This creates the perception that DBEDT is using HVB to evade state personnel requirements.

The issue here is not whether the projects are good, but that they are inserted into HVB's budget without adequate consultation with HVB. Some of the director's decisions also bypassed the state planning process developed by DBEDT's own Office of Tourism as well as the HVB board, committees, and management, and neighbor island chapters. We found few written plans on the purpose, cost, or expected benefits sought from these projects. These actions demoralize professional marketers and volunteers who spend large amounts of time planning promotional programs.

DBEDT should take initiatives on behalf of state tourism. However, these should be clearly identified as department initiatives and have their own funding. It should request appropriations from the Legislature to carry out its own initiatives. DBEDT should assume clear accountability for its own programs.

Poor contracting practices

DBEDT is responsible for contract administration including monitoring its contract with HVB. However, the department lacks written policies specific to HVB on how it will carry out this responsibility. It has no instructions in its procedures manual on how to initiate or monitor the HVB contract. The manual only provides general instructions on how to handle all contracts. As a result, we found problems in DBEDT's contracting process and in its monitoring responsibilities.

Delays in signing contracts

DBEDT has been consistently late in signing its contracts with HVB. A delay on the HVB contract also delays neighbor island chapter and destination contracts. In the past few years, the HVB contract has been

signed as late as the end of October, nearly five months after the beginning of the fiscal year.

The late signing of contracts disrupts planned programs and operations. For example, in FY1992-93, Destination Lanai had to borrow funds from Dole Company to cover the rent and electricity costs for the first quarter. It is common for some neighbor island organizations to suspend paying personnel salaries for the first few months of the fiscal year until they receive state funds.

Delays also result in missed opportunities. When funding was delayed from July to November, Destination Molokai reported that it missed opportunities to reach visitors planning winter or spring vacations.

Since the State has been contracting with HVB for more than 30 years, we see no reason for this process not to be timely. Both DBEDT and HVB share responsibility for proceeding expeditiously and should examine the causes of delay.

Poor monitoring

We note that DBEDT's contract with HVB requires HVB to submit various reports, publications, and notifications of administrative actions. Many documents are submitted properly, but we found no record in DBEDT files to show what was received or if contract conditions were being met. We were informed that DBEDT does not require many approvals and concurrences to be in writing. DBEDT allows verbal reports over the telephone, and it gives clearances over the phone. No written log or record is kept of the verbal clearances.

A department official stated that the contract does not forbid verbal reporting. Another official stated that monitoring is accomplished by daily verbal communications and regular meetings. This practice leaves no record of monitoring activities. We believe that the reports required under the contract should be submitted in writing. Without written reports, the department has no basis for analyzing any information submitted or for monitoring the contract.

Inadequate monitoring by DBEDT is a long standing problem. In our 1989 audit, we found that DBEDT's Office of Tourism lacked adequate measures of effectiveness and a monitoring system. We recommended that the office develop a formal system for monitoring and evaluating its contracts.³ The department should take immediate steps to see that this is done.

Recommendations

1. We recommend that the Board of Directors of the Hawaii Visitors Bureau strengthen its internal organization to enhance its ability to lead and maintain oversight over the bureau. To do so, the board should maintain the reduced number of directors on its board, develop clear functions for each of its committees, provide written guidelines for committee members, create opportunities for its general membership to participate more actively on the board, and develop a strategic plan for improving the bureau with a timetable for achieving specified goals. The plan should be shared with and approved by the general membership.
2. We recommend that the HVB president clarify the functions of HVB's mainland regional offices and the authority of its neighbor island chapters. To ensure that HVB is more results oriented, HVB should make better use of its market research department for internal management, including strategic planning and evaluation.
3. We recommend that the director of the Department of Business, Economic Development, and Tourism improve management of tourism promotional programs by:
 - a. Refraining from using HVB resources and those of other promotional offices for DBEDT initiatives that are not planned with HVB management and boards; and
 - b. Submitting annual reports to the Legislature that contain the information requested by the Legislature on tourism promotion programs and their effectiveness.
4. We recommend that the Department of Business, Economic Development and Tourism improve its contract management by:
 - a. Developing written guidelines for monitoring and managing contracts with the bureau and other promotion agencies. The guidelines should require submissions to be in written form;
 - b. Enforcing contract reporting requirements for HVB. The reports should include measures of effectiveness on how public funds are being used. In addition, all reports in the contract should be in written form unless otherwise specified;
 - c. Removing the restriction from the contract that prohibits HVB employees from testifying before the Legislature; and
 - d. Ensuring that contracts are signed on time at the beginning of each fiscal biennium.

Notes

Chapter 1

1. Hawaii Visitors Bureau Market Research Department information as cited in the *Honolulu Advertiser*, Money Sections, "July Visitor Count," September 1, 1993 and "Total Visitors," September 27, 1993.
2. Hawaii Visitors Bureau, *By-Laws*, as amended July 12, 1989, p. 1.

Chapter 2

1. Legislative Auditor of the State of Hawaii, report no. 87-14, *Management Audit of the Hawaii Visitors Bureau and the State's Tourism Program*, February 1987.
2. Hawaii Visitors Bureau, *By-Laws*, as amended July 12, 1989.
3. Legislative Auditor of the State of Hawaii, report no. 89-2, *Management and Financial Audit of the State Tourism Office, Department of Business and Economic Development*, January 1989.

Responses of the Affected Agencies

Comments on Agency Responses

We transmitted drafts of this report to the Hawaii Visitors Bureau and to the Department of Business, Economic Development, and Tourism on December 16, 1993. A copy of the transmittal letter to the Chairman of the Board of Directors of the Hawaii Visitors Bureau (HVB) is included as Attachment 1. A similar letter was sent to the Director of the Department of Business, Economic Development. Responses of the bureau's president and DBEDT director are included as Attachments 2 and 3 respectively.

The president of the HVB cites initiatives underway that are intended to address concerns raised in our report. The initiatives include redefining the operations of regional offices and reviewing the role of the market research department. The HVB agrees with us that the neighbor island chapter relationships need to be revisited. The HVB gave a later figure of \$1.9 million in membership contributions in the period under audit than the \$1.2 million we found. The bureau also says that its chairs serve one year terms. We note that the bureau's by-laws do not specify term lengths for committee chairs. Some chairs are apparently confused about these matters, and again we recommend that the bureau provide written instructions for board and committee members.

The president also comments that many of our recommendations reflect inordinate concern for developing "formal" practices. We note that a certain minimum level of written procedures and instructions is required for any organization to operate effectively.

The director of the Department of Business, Economic Development and Tourism did not respond to our recommendations. Instead, the director defended the department's authority to undertake tourism initiatives regardless of whether they are planned. We believe, however, that the department should undertake these initiatives in its own name and not under that of HVB.

ATTACHMENT 1

STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917



MARION M. HIGA
State Auditor
(808) 587-0800
FAX: (808) 587-0830

December 16, 1993

COPY

Mr. Dieter Huckestein, Chair
Board of Directors
Hawaii Visitors Bureau
2270 Kalakaua Avenue, Suite 801
Honolulu, Hawaii 96815

Dear Mr. Huckestein:

Enclosed for your information are 10 copies, numbered 6 to 15 of our draft report, *Management and Financial Audit of the Hawaii Visitors Bureau*. Please distribute the copies to the members of the executive committee and the management of HVB. We ask that you telephone us by Monday, December 20, 1993, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit them no later than Monday, December 27, 1993.

The Department of Business, Economic Development and Tourism; Governor; and presiding officers of the two houses of the Legislature have also been provided copies of this draft report.

Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

A handwritten signature in cursive script, reading 'Marion M. Higa'.

Marion M. Higa
State Auditor

Enclosures



HAWAII VISITORS BUREAU

December 27, 1993

Ms. Marion Higa
 State Auditor
 465 S. King Street, Room 500
 Honolulu, Hawaii 96813-2917

RECEIVED
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 OFC. OF THE AUDITOR
 STATE OF HAWAII

Dear Ms. Higa:

Thank you for transmitting to us copies of your draft report on the Management and Financial Audit of the Hawaii Visitors Bureau which we received on December 16, 1993. The HVB has reviewed the draft report and would like to offer the following comments regarding the audit's recommendations:

BOARD OF DIRECTORS

The HVB Board of Directors and committee members are vital to the operation of the Hawaii Visitors Bureau. They contribute their time and expertise to the HVB on an unpaid basis. As well, these outstanding volunteers help attract private sector assistance and lend their expertise in many areas.

The draft report states that "in FY 1992-93, members paid \$1.2 million in dues and contributions." Actually, the dues received from our members for the fiscal year ended June 30, 1993 was approximately \$1.9 million.

Although the by-laws require an annual meeting of the general membership, there are two general membership meetings each year - one in February and another near the end of our fiscal year on June 30.

The board is currently in the process of reviewing the HVB by-laws. Upon completion of that review, the issue of standing rules for the board and its committees will be addressed.

Marion Higa
December 27, 1993
Page 2

The statement in the draft report that committee chairs have two-year terms is incorrect and should be changed. The committee chairs hold the same one-year term as the chairman and all are appointed by the chairman.

The draft report identifies efforts already initiated by HVB's Board and senior management to strengthen the general membership and change board and committee structures. We believe the following changes, and others planned for the future, will address many of the concerns raised in the draft report:

Decreasing the board size to 37.

Consolidating numerous small committees under a central marketing committee.

Reviewing membership policies, formulas, and increasing membership and cooperative marketing.

Surveying the general membership.

Holding more meetings for the general membership.

Assigning task forces to review the HVB/DBEDT contract process and HVB reorganization.

MANAGEMENT

The draft report states that "the bureau's main office in Waikiki contains numerous vice presidents." Since December 1992 three vice president positions have been eliminated. The positions of Vice President - Visitor Services and Community Relations and Vice President - Communications were combined into one position in late 1992. Recently, the HVB eliminated the positions of Vice President - Market Research and Vice President - Asia Pacific. Both of these departments are now headed by Directors.

Marion Higa
December 27, 1993
Page 3

REGIONAL OFFICES

All regional offices are currently being reviewed and evaluated, and their operations redefined. These offices will be marketing offices to support the HVB's activities in the direct marketing area. The role and product of these offices will be:

| <u>ROLE</u> | <u>PRODUCT</u> |
|--|---|
| Develop new business/ opportunities | Produce new business (i.e. MC&I leads, wholesaler co-op programs) |
| Create presence & positive visibility | Create media vehicles for consumer and travel industry exposure |
| Communicate with travel partners/clients in each region. | Create \$X of publicity |
| Increase media exposure | Show leadership to be a catalyst for business |
| Consumer relations | |
| Information source | |
| Monitor competitive activity | |

In order to free our regional offices from the time consuming activities of providing information to consumers, the HVB's plan is to utilize a sophisticated 800# operation in combination with a cost efficient distribution/information program. The system will be designed so that it:

is user friendly to consumers, travel agents, meeting planners and niche markets,
gathers usable data for the State of Hawaii, HVB and member companies,
provides an array of services for the end user to request and receive information
and/or speak to a "live operator" to actually make a booking, and
tracks responses to advertising campaigns.

Marion Higa
December 27, 1993
Page 4

ISLAND CHAPTERS

The HVB agrees that island chapter relationships need to be revisited and a clearer understanding of roles and responsibilities needs to be set forth. The island chapter relationships are currently under review by the new HVB management team.

Originally, the island chapter offices were established as information offices with their operational expenses being funded by HVB. As business grew, these offices developed into marketing offices. Now, even though a majority of the funding comes from DBEDT and HVB for marketing and administration, the direction and planning originates from within each island's community (both public and private sectors). The state must be promoted as a whole and have complimenting plans for each island destination.

MARKET RESEARCH

The HVB Market Research Department has made many positive changes in the past few years and is currently being reviewed by the new Senior Vice President - Marketing in order to make the best use of HVB resources. The coordination between the Marketing and Market Research Departments has greatly improved with the Research Department providing information to Marketing to enable advertising campaigns to be more focused and effective. The Research Department also examines the effectiveness of advertising campaigns by measuring results in the areas targeted.

REPORTS TO DBEDT

With the appointments of a new President and Senior Vice President - Marketing in mid-September 1993, the HVB is currently reviewing and revising all of the reports it is required to submit. Evaluation criteria are being developed in order to measure the effectiveness of marketing expenditures for each major geographic region against the Visitor Revenue Objectives for each region. The quarterly reports submitted to DBEDT in the current fiscal year will utilize the new measures of effectiveness.

Marion Higa
December 27, 1993
Page 5

CONCLUSION

While the HVB agrees with many of the recommendations made in the draft report concerning its operations, there seems to be an inordinate concern for developing "formal" policies. As stated in our response to the 1987 management audit, the HVB operates in a dynamic environment with the need for immediate, opportune response to market and media stimuli.

A unique and important working partnership exists between the HVB, government and private industry. The cooperative nature of the partnership is exemplified in the joint activities undertaken during the past year and in the efforts underway to develop and implement changes which will benefit not only the HVB organization but ultimately the State of Hawaii.

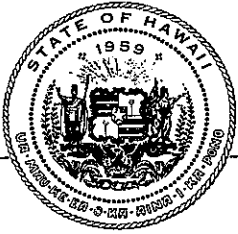
We appreciate the opportunity to respond to the draft report.

Sincerely,



Thomas S. Sakata
President

cc: Dieter Huckestein,
Chairman of the Board
of Directors



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

Central Pacific Plaza, 220 South King Street, 11th Floor, Honolulu, Hawaii
 Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804 Telephone: (808) 586-2406 Fax: (808) 586-2377

JOHN WAIHE
Governor
 MUI HANNEMAN
Director
 JEANNE K. SCHULI
Deputy Director
 RICK EGGE
Deputy Director
 TAKESHI YOSHIHAR
Deputy Director

December 27, 1993

Ms. Marion M. Higa
 State Auditor
 Office of the Auditor
 465 South King Street, Room 500
 Honolulu, Hawaii 96813-2917

RECEIVED
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 OFFICE OF THE AUDITOR
 STATE OF HAWAII

Dear Ms. Higa:

Thank you for the opportunity to review the draft of the *Management and Financial Audit of the Hawaii Visitors Bureau*.

The major concerns expressed in the report involve the lack of clarity over DBEDT's role and responsibilities in the state's tourism program and DBEDT initiatives that have supposedly interfered with the HVB's plans and resources. Permit me to offer the following general comments, rather than a point-by-point rebuttal.

DBEDT's Role

Several provisions of the Hawaii Revised Statutes address the issue of DBEDT's role and responsibilities for tourism initiatives. Section 201-2 states that "it shall be the objective of the Department of Business, Economic Development & Tourism to make broad policy determinations with respect to economic development in the state and to stimulate through research and demonstration projects those industrial and economic development efforts which offer the most immediate promise of expanding the economy of the state."

Section 201-97 stipulates that DBEDT's Office of Tourism "shall investigate and recommend to appropriate governmental officers, agencies, legislative committees, and private groups ways and means of coordinating promotional activities on behalf of tourism" Sections 201-96 (2) and (5) allow the department to "identify those current and emerging conditions that are having or are likely to have negative effects on residents" and "advocate policies or solutions on behalf of residents, whenever possible, to ameliorate, avoid, or prevent undesirable effects"

These provisions grant DBEDT ample bases to propose solutions to mitigate the current downturn in tourism, and to engage the HVB in implementing programs or projects created to help address this situation. Several programs proposed by DBEDT to stem the decline in visitor arrivals were Aloha on Tour, the Great Hawaiian Food Festivals, and "Hawaii Calls." Each was mentioned in the Auditor's report as an example of an addition to the HVB's budget or as a project undertaken without consultation with the bureau, as if they were unexpectedly imposed on the HVB.

The Aloha on Tour campaign was proposed to promote tourism and other Hawaii industries during this recessionary period. Aloha on Tour was conceived as a promotional campaign, involving the public and private sectors, integrating different aspects of Hawaii—tourism, culture, food and products, sports, film and television production, business investment and attraction, and other island industries—into one high-visibility, high-profile vehicle targeted at major markets in Asia, Europe, and North America. It consists of major promotions, public relations and advertising, news media coverage, business seminars, consumer shows, department store exhibits and demonstrations, and other activities promoting Hawaii and its goods and services, often linked to an anchor event taking place in the target city.

Aloha on Tour was fully described to the 1993 Legislature in testimony presented by the DBEDT director. The Legislature subsequently appropriated \$3.5 million for Aloha on Tour. The leadership of the HVB, specifically the president and senior vice president of marketing, were consulted about this initiative. Additionally, a presentation and discussion about the program was made at the annual HVB marketing meeting on July 19-20, 1993. The Great Hawaiian Food Festivals were, likewise, implemented in cooperation with the HVB and its chapters. Support for "Hawaii Calls," which was essentially an advertising project, was discussed on numerous occasions with HVB officials, particularly the senior vice president of marketing and the bureau's advertising agency, who agreed on the merits of this program.

The audit report implies that DBEDT does not have the authority to implement initiatives not contained in the Biennial Tourism Marketing Plan. Restricting DBEDT to that plan would prevent us from fulfilling the statutory responsibilities cited above. The Marketing Plan provides a general strategy to market Hawaii; it does not delve into specific crises or emergencies, such as the three-year decline in visitor arrivals or other needs that may suddenly arise.

The \$2 million in tourism marketing funds specifically to help Kauai recover from Hurricane Iniki, for example, were not in the Biennial Tourism Marketing Plan.

For another, the numerous legislative provisos that have been inserted into the tourism budget are not included in the Marketing Plan. Two provisos requested by the Legislature were the King Kalakaua World Tour and Hawaiian Plantation Village. These unplanned programs did not fit into any HVB or chapter marketing plans. When the supporters of these proposals were contacted by DBEDT, they indicated they did not have any plans on how these funds would be expended and appealed to DBEDT for assistance in developing a marketing plan. Therefore, it was left to DBEDT to ensure that these unplanned initiatives would conform and be part of an ongoing marketing strategy for tourism.

If it is the Auditor's contention that state initiatives not contained in the Marketing Plan be precluded, then these legislative provisos must also be considered for omission. This situation is conspicuous by its absence.

Management Improvements

The section, entitled "Recent efforts to improve," should acknowledge DBEDT for recommending many positive changes to HVB for their incorporation.

Since the DBEDT director assumed office in late July 1992, the top priority for the department has been to recognize the importance of tourism to our economy. Many had remarked that the "T" in DBEDT was not a priority and argued that a separate tourism agency was needed to reflect the state government's emphasis on Hawaii's largest industry. One of the first steps taken was an extensive review of every facet of the state's tourism program. And because HVB is a major element of this program, considerable time was spent personally reviewing DBEDT's relationship with the HVB, the bureau's organizational structure, and its strategies for marketing Hawaii. The outcome was a five-point strategy for tourism, which involved an appropriate level of funding for tourism; new marketing strategies to better enable Hawaii to compete against other sun-sand-and-sea destinations; improving airlift capacity; maintaining a strong visitor plant, such as through a world-class convention center; and ensuring the quality of the human dimension of tourism—the aloha spirit.

Furthermore, a closer synergism was advocated between DBEDT, the HVB, and private sector, especially in such areas as sports, film and television production, and Hawaii product promotions. Through it all, DBEDT has made a concerted effort to strengthen the HVB and improve its relationship with the department, to wit:

- During the past several years, HVB administrative costs have increased substantially. A need for more marketing money led DBEDT to ask the HVB in August 1992 to reexamine those costs. In the course of this exercise, the bureau was able to identify \$1.2 million, which was then redirected to marketing programs and additional support for the Neighbor Island chapters. The "Hana Hou" marketing campaign, which had been proposed by the HVB in early 1993, was also made possible through the reallocation of this money.
- The HVB board had expressed a desire to modify its contractual relationship with DBEDT. We concurred, given the multitude of changes at the bureau, especially at the executive level. We devised a schedule and set deadlines to ensure that a timely agreement would be reached. None of the deadlines were met, which compelled us to be flexible to accommodate the HVB's need for more time. The HVB board was never able to furnish the contractual provisions they wanted to include in the new contract within the initial agreed-upon deadline. Another proposal delaying an agreement on our 1993-94 contract was HVB's recommendation to have the salary costs for senior management come from private funds. DBEDT countered that the eventual goal for HVB should be to have all salary costs for its employees paid by private funds. This could free an additional \$3 million in state funds for direct marketing costs, such as advertising and promotion.
- DBEDT requested that the HVB conduct an advertising agency review, particularly in view of our need to reposition Hawaii's image in the global marketplace. While the contract required that the HVB complete a review every three to five years, one had not been conducted for over three-and-a-half years.
- We also encouraged the HVB to take a more active role in explaining its programs to the visitor industry. DBEDT organized a series of forums on the Neighbor Islands, the Big Island and Kauai in particular, so the visitor industry and general public could hear a presentation on our tourism program. One outcome is that the present HVB leadership is expanding on this concept of improving communication with its membership and the community at large. We also made the HVB a partner in December's Tourism Congress, the first in nine years. The bureau was also a close partner in the grassroots Tourism Week festivities

Ms. Marion M. Higa
December 27, 1993
Page 5

in May 1993. With its cooperation, this annual event was transformed into more than just a proclamation and photo opportunity for industry executives.

We maintain that many of these efforts enabled us to obtain in 1993 the largest single increase in tourism funding in the history of the state's tourism program. This was accomplished during a tight budget year and by promising the Governor and Legislature that we would continue our efforts to strengthen the HVB and assist in making it a more responsive and accountable organization, given its heavy reliance on public funding.

"Gag" Order

It should be noted that any restrictions on HVB's legislative testimony apply to *budget* items only. The contractual provision merely directs the HVB to have its requests reviewed by DBEDT prior to submittal to the Legislature. The bureau is not prohibited from attending or testifying at hearings.

Insofar as it is the responsibility of the state administration and DBEDT to include tourism marketing funds in the biennial budget, and HVB is contracted to provide marketing services on behalf of the state, it should be within the administration's prerogative to determine the level of funding it will seek, in coordination with HVB. It would be confusing for DBEDT to request a specific amount of funding from the Legislature, then have its contractor request an entirely different amount.

Staffing

Finally, in 1993 the Administration requested an additional \$9.5 million from the Legislature, which subsequently increased the tourism budget by \$8.5 million but reduced the Tourism Office staff by one, leaving the remaining staff of seven to oversee one-half of DBEDT's total general fund budget. While the Auditor's report faults the department for creating the perception that it is using the HVB to evade state personnel policies, it fails to acknowledge this significant factor.

I hope these points are considered and incorporated in your final report. Thank you.

Sincerely,


Mufi Hannemann

