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

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION

September 26, 2003

FINANCE MEMORANDUM

MEMO NO. 03-11

TO: All Department Heads
PPB Coordinators

FROM: Georgina K. Kawamura
Director of Finance

SUBJECT: Transmittal of Instructions and Data Collection Sheets for Completion of the
FY 03 and FY 04 Variance Report

Pursuant to Chapter 37-75, HRS, the Governor is required to submit an annual Variance Report to the Legislature 30 days before the start of each regular session of the Legislature. Transmitted herewith are the instructions and data collection sheets for the preparation of this report for submission to the Department of Budget and Finance (B&F), which will prepare the final report for submission to the 2004 Legislature.

The Variance Report data collection sheets are attached. The original and one copy of the turnaround forms must be returned to B&F.

The completed data collection sheets and two copies of the accompanying Variance Report narratives must be returned to B&F by October 31, 2003. Any questions on the attached material should be directed to the B&F analyst assigned to your programs.

Thank you for your attention and cooperation in this matter.

Attachments

SPECIFIC INSTRUCTIONS FOR COMPLETION
OF THE DATA COLLECTION SHEET

All the data entered on the data collection sheet may be handwritten in ink or typewritten. Please be sure that all figures are legible.

1. FY 03 - Budgeted and Actual

"\$" Lines (Cards A02, A04)

The preprinted amounts in this section reflect only the Part II, Section 3 program appropriations (all means of financing) contained in Act 259, SLH 2001, as amended by Act 3, SpSLH 2001 and Act 177, SLH 2002. Do not include collective bargaining augmentation funds in the budgeted amount.

The preprinted actual expenditure figures were obtained from the FY 03 expenditure plans. These figures should be revised, if necessary, to reflect the amounts actually expended plus amounts encumbered at the end of the fiscal year from Act 259, SLH 2001, as amended by Act 3, SpSLH 2001 and Act 177, SLH 2002, and the following acts:

1. Act 260, SLH 2001 – Units 2, 3, 4, 6, 8, 9, and 13 – Included and Excluded
2. Act 190, SLH 2001 – Unit 7 – Included and Excluded
3. Act 181, SLH 2001 – Unit 1 – Included and Excluded
4. Act 182, SLH 2001 – Unit 10 – Included and Excluded
5. Act 183, SLH 2001 – Unit 11
6. Act 205, SLH 2001 – Unit 5 – Included and Excluded

Actual expenditures should be entered whether or not there is a corresponding budgeted amount. If there is no actual expenditure for a budgeted amount, a zero (0) should be entered in the "Actual" column. If there are no budgeted and actual expenditures, the entire line should be left blank.

All expenditure amounts (budgeted and actual or estimated) in both FY 03 and FY 04 should be entered in thousands of dollars.

"P" Lines (Cards A01, A03)

Like the "\$" lines, the budgeted position counts should reflect the appropriated counts contained in Act 259, SLH 2001, as amended by Act 3, SpSLH 2001 and Act 177, SLH 2002. Only permanent authorized positions filled as of the end of the fiscal year (June 30, 2003) are to be entered in the "Actual" columns.

If a position count is shown in the "Budgeted" column, an entry must be made in the "Actual" column, even if the amount to be entered is zero.

If there are positions to be entered in the "Actual" column, they should be entered even if no count is shown in the "Budgeted" column.

If the "Budgeted" column contains no position count and there is no entry to be made in the "Actual" column, leave the entire line blank.

All personnel position counts should be reported to two decimal places (e.g., 101.56).

2. FY 04 - Budgeted and Actual or Estimated

"S" Lines (Cards A06, A08, A10 and A12)

Chapter 37-75, HRS, requires that variances be shown for the first three-month period and the remaining nine-month period of the current fiscal year.

The entire budgeted amount is shown in the remaining nine-month period block. Please enter the correct first quarter and remaining three quarter breakdown of the budgeted amounts; however, the total of the two budgeted amounts must equal the program appropriations (all means of financing) in Part II, Section 3 of Act 200, SLH 2003.

The actual or estimated data must reflect estimated expenditures from Act 200, SLH 2003, plus collective bargaining and pay adjustment amounts from the following acts:

1. Act 142, SLH 2003 - Unit 11
2. Act 143, SLH 2003 - Unit 9

In addition, general funds were appropriated to the Department of Budget and Finance (B&F) for the Hawaii Employer-Union Health Benefits Trust Fund costs from the following acts:

1. Act 137, SLH 2003 - Unit 1
2. Act 138, SLH 2003 - Units 2, 3, 4, 6, 8, and 13
3. Act 139, SLH 2003 - Unit 5
4. Act 140, SLH 2003 - Unit 7
5. Act 141, SLH 2003 - Unit 10

These funds will be allotted to B&F and expenditure information will be reported by B&F.

"P" Lines (Cards A05, A07, A09, and A11)

There is no need to make an allocation of budgeted positions into three-month and nine-month periods. The amounts entered (on the "P" lines) as budgeted are the same for both fiscal periods. Example: If 25.31 positions are authorized by the Legislature, 25.31 is entered on "P" lines of both budgeted columns (1st quarter and last 3 quarters). A difference should then be shown between the 25.31 positions budgeted and the actual number of positions filled as of September 30, 2003, and the number estimated to be filled as of June 30, 2004.

3. Variance from Planned Levels of Effectiveness

(Cards B01-B10)

The preprinted measures of effectiveness are those that were approved in December 2002 and became effective on July 1, 2003.

For each preprinted measure, one of the following must always be entered in the "Actual" columns, as follows:

1. If the amount is known, the numeric data should be entered in data boxes for the "Actual" data. A zero should be entered only if the amount is known to be zero; it should not be used to indicate that an amount is unknown. An amount may be entered in the "Actual" column even if the "Planned" column is blank.
2. If the amount is not known (because of a lack of data), "NO DATA" should be written in data boxes for "Actual," as appropriate. This is the only instance where alphabetic information may be entered in the data boxes.

Use only the measures of effectiveness that are preprinted on the table. New measures may not be added. If the preprinted measures of effectiveness are not correct, B&F should be contacted.

Do not change the preprinted "Planned" data. The planned data comes from the Tables A, B, and C completed in December 2002. The "actual" data entered on these data collection sheets will not automatically update the data on the Tables A, B and C.

4. Variance from Planned Program Size

(Cards C01-C10; Cards D01-D10)

The same instructions, as specified for levels of effectiveness above, apply to this part.

5. Higher Level Programs

Data collection sheets for higher-level programs (those without a program ID) have been issued to the B&F analyst in charge of that major program area. Expenditure and position data need not be entered for the higher-level programs since both will be computer generated. However, data must be entered for the measures of effectiveness. In some cases, departments will be contacted by their B&F analyst to enter any planned and actual data applicable to their department.

NARRATIVE EXPLANATIONS

General

Narrative explanations of the significant variances in the performance measures for each program will be included in the Variance Report document. A sample narrative is attached. Please refer to the Variance Report document dated December 2002 for more examples. The items should be referred to as follows:

Expenditure and Positions:

Research and Development is in Part I, Item 1. Operating is in Part I, Item 2.

Measures of Effectiveness:

These should be referred to as Part II, Items 1 through 10. They will be printed in the Variance Report document in the same order as they are printed on the data collection sheet, without blank lines. For example, if the data collection sheet contains Measures of Effectiveness data on all lines except line 06, the 9 lines of data will be printed as Items 1 through 9 in the VR document; Item 10 will be blank and there will be no gap on Line 06.

Program Target Groups:

These should be referred to as Part III, Items 1 through 10. They will be printed in the Variance Report document in the same order as they are printed on the data collection sheet, without blank lines. For example, if the data collection sheet shows Target Group data only for Cards C01, C02 and C05, they will be printed as Items 1, 2 and 3.

Program Activities:

These should be referred to as Part IV, Items 1 through 10. They will be printed in the Variance Report document in the same order as they are printed on the data collection sheet, without blank lines, like the Program Target Groups.

Typing Format:

The narrative explanations must be typed lengthwise (across the 14" side) on 8-1/2" x 14" paper, with a one inch margin on the left and right sides of the paper similar to the narratives prepared for the Executive Budget document. The narrative form is available on the B&F website at www.hawaii.gov/budget, Budget Submission Forms Quick Link.

Narratives on 8-1/2" x 11" paper with a one inch left margins and one-half inch right margins will also be accepted. The original typed narrative plus one copy should be submitted to B&F.

Typing should be divided into two columns. Each page should have the program structure number typed in the upper right corner, with the Program ID typed immediately below it. The upper left corner should contain the program title. A sample format is attached.

Important: The narrative for a program should not exceed one page (i.e., one side of a sheet of paper), unless permission is first obtained from B&F.

Required Explanations

In accordance with Section 37-75, HRS, any significant differences between budgeted and actual expenditures, positions filled, program size indicators realized and effectiveness measures attained during FY 01 must be explained. In many instances, this will require a judgment as to what is significant. Certainly, a variance of more than 10% or greater than \$75,000 from the planned or budgeted amounts should be explained, but in certain instances, even smaller variations may be important enough to warrant an explanation. In addition, the basis upon which the original estimates were formulated needs to be discussed. The impact, future costs and effectiveness, and other related requirements should also be included as part of the narrative explanation. If there are any questions whether a particular difference warrants explanation, the B&F should be contacted.

It should be noted that the budgeted amounts shown or to be entered on the data collection sheet are the amounts actually appropriated by the Legislature. Therefore, one explanation for large expenditure discrepancies might be an expenditure allocation lower than that appropriated. There are, of course, many other possible explanations.

Although capital investment costs are not shown on Report V61 (or data collection sheet), any significant capital project variations in scheduling, costs, etc., should be explained in this narrative. Appropriate references should be made to the Multi-Year Program and Financial Plan, where the details of scheduling, costs, etc., are shown. Each project's title and project number should be given to aid in locating the information in the plan.

Because of the requirement that only significant differences be explained, it is possible that a specific program may require no narrative at all. If such is the case, the matter should be discussed with B&F.

VARIANCE REPORT NARRATIVE
FY 02 and FY 03

05 01 05 03
HTH 550

PROGRAM TITLE: Maternal and Child Health Services

Part I – EXPENDITURES AND POSITIONS

The position vacancies for FY 2002 and the first quarter of FY 2003 are due to delays in hiring and positions being re-described. However, decreased expenditures in FY 2002 resulted from position vacancies, and the federal excess ceiling for Early Head Start Program which ended in Sep. 30, 2001. In the first quarter of FY 2003, our expenditures were lower than our budgeted amount due to a delay in execution of purchase of services (POS) contracts. This will result in increased expenditures in the last three quarters. Variance in the last three quarters also reflects a new federal Centers for Disease Control (CDC) Rape Prevention grant (\$178,000), which is not in the appropriation ceiling.

Part II – MEASURES OF EFFECTIVENESS

2. The lower actual is due to the longer time needed to determine eligibility for QUEST insurance and also due to many women being ineligible for health insurance due to their immigration status.
5. The increase in percentage of those receiving services is due to more funds available to contract for additional office visits.
6. The higher % is due to the new target group measure. The projected % was based on # of children 0 to 5. This year the target group number is based on the parents of all children identified in Part III #5.
9. Variance due to Coordinated School Health Programs only available in 16 schools in FY 2002. Department of Education plans to incorporate it into school programs statewide in FY 2003.

Part III – PROGRAM TARGET GROUPS

7. Additional funding for Healthy Start services has resulted in universal screening and increased assessments and home visits. This resulted in higher newborn screening as well as the larger number of infants assessed positive and requiring services (7,233).

Part IV – PROGRAM ACTIVITIES

1. Clients served increased with more available funds.
2. The FY 2002 projected number of 12,410 is based on last year's program activity measure of "number of visits". The measure has been changed to "number of clients".
4. The increase of participants is due to the effective public awareness which led to greater referral for the treatment.
6. The variance is due to the additional parenting education materials distribution. The more complete new materials-Keiki'O Hawaii packets distribute to all first-time mothers beginning FY 2002.
8. Healthy Start is a voluntary program even though mandated by the Felix vs Cayetano Consent Decree. The refusal rate is approximately 17%. Healthy Start is also prevention and not treatment of child abuse and neglect. Approximately 4% of families are active with CPS at time of intake and are neither assessed nor offered Healthy Start Services.
10. Variance due to the limited number of schools participated in Coordinated School Health Programs which limit the number of students participation. DOE plans to expand participation in FY 2003.

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

PROGRAM TITLE: Financial Assistance for Agriculture

01 03 01
AGR 101

Part I – EXPENDITURES AND POSITIONS

Part III – PROGRAM TARGET GROUPS

Part II – MEASURES OF EFFECTIVENESS

Part IV – PROGRAM ACTIVITIES

DEPARTMENTAL ATTACHMENTS ARE AVAILABLE UPON REQUEST.