

**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS
560 N. Nimitz Hwy, Suite 200
HONOLULU, HI 96817**

**Minutes of the Office of Hawaiian Affairs Committee on Resource Management
February 7, 2018
10:00pm**

ATTENDANCE:

Trustee Dan Ahuna
Trustee Rowena Akana
Trustee Keli'i Akina
Trustee Peter Apo

Trustee Colette Machado
Trustee Carmen Hulu Lindsey
Trustee Robert K. Lindsey, Jr.
Trustee Leina'ala Ahu Isa

STAFF PRESENT:

Kamana'opono Crabbe, CEO
David Laeha
Gloria Li
Miles Nishijima
Lehua Itokazu
Lopaka Baptise
Paul Harleman

Lady Garrett
Lehua Itokazu
Liana Pang
Lopaka Baptise
Maria Calderon
Max Mukai
Melissa Wennihan
Sterling Wong

GUESTS:

Germaine Meyers
Lani Nakazawa
Rodney Lee
Maria
Emily
Sam Chung

I. CALL TO ORDER

Committee Chair Hulu Lindsey calls the Committee on Resource Management meeting to order at 10:05 a.m., noting for the record that the following Trustees are present:

		Present	Excused	Comments
TRUSTEE LEI	AHU ISA	X		Departs at 10:23 a.m.
TRUSTEE DAN	AHUNA	X		
TRUSTEE ROWENA	AKANA			Arrives at 10:10 a.m.
TRUSTEE KELI'I	AKINA	X		
TRUSTEE PETER	APO	X		
TRUSTEE ROBERT	LINDSEY	X		
TRUSTEE COLETTE	MACHADO	X		
TRUSTEE JOHN	WAIHE'E		X	
CHAIRPERSON HULU	LINDSEY	X		
TOTAL		7	1	
At the Call to Order, there are seven (7) Trustees present.				

II. PUBLIC TESTIMONY

Chairperson Hulu Lindsey calls upon Germaine Meyers.

Germaine Meyers greets the standing committee and states that she will be sharing her data, views, and arguments regarding agenda item:

III. Workshop on Review and Consideration of Different Budget Approaches

A. Presentation on Review and Consideration of Different Budget Approaches

She states that she has attended all of last year's RM Committee workshops and meetings and the OHA board meetings that discussed the reviewing and approval of the OHA biennium budget for FY18 and FY19. She has vocalized numerous times that the Hawai'i Revised Statutes, HRS Chapter 10 states the OHA trustees must take to every county, this includes the City and County of Honolulu, the biennium budget. The OHA trustees are mandated to review the proposed biennium budget along with OHA beneficiaries of every county. In addition, the OHA trustees are required to explain the effectiveness of the programs that received money from OHA; through the procurement process contract or grant during the previous biennium period. She proposes that OHA takes on a budget approach that would honor HRS Chapter 10 and empower Hawaiians to understand the line items of money to be spent in the biennium budget. In addition, a budget approach that would illuminate the effectiveness or otherwise of the programs which received funding during the previous biennium budget period. She states that she looks forward to listening to today's presentation on review and consideration of different budget approaches. She announces how alarmed and distressed she was after reading the State Draft Audit report listing a Kūlia initiative category. Millions of dollars from the trust and reserve were spent, however, there was no indication during the review of the fiscal year 2018 and 2019 biennium budget that a kūlia initiative category existed or money being budgeted for this category.

III. WORKSHOP

Chairperson Hulu Lindsey thanks Germaine and announces the purpose of the workshop. She has heard the requests by Trustees inquiring to the effectiveness of money given to communities by grants and requiring more accountability. She expresses her fruitful conversation with Rodney Lee from SPIRE and David Laeha (CFO) and ensures that this presentation will be helpful. She calls upon Rodney.

Rodney Lee greets the trustees and thanks them for allowing him to present all the various budget approaches. He states that what is paramount is what is best for the beneficiaries and OHA. He asks the trustees to take that into consideration as he shares the presentation. He encourages everyone to participate in the discussion and to share what they want to accomplish. This will help guide them to choose a process. He starts with the role and understanding of budgeting and will highlight each component. Lastly, he will discuss compliance with the State budget.

Budgeting is one component of the planning process with the understanding there is a strategic plan, an operating plan, and a budget that is a mechanism used to track and report out the plans. The budget is the affirmation of what you committed to. He explains, you put down money, devote

resources, state this is where you're willing to spend money, and this all comes from a planning process. A question he asks is "*what are you trying to accomplish?*". Budgets can drive collaboration and increase input and consideration. Some of the cons are: greater time expended, more resources used, inflexibility, and not enough time to react. These are things to think about. He states once you know what you want to accomplish, the next step is to know the issues and what can you pragmatically accomplish. If this cannot be accomplished, you will run into a dead end; there will be resistance and the budget will be ineffective.

Trustee Rowena Akana *no audio*. She believes the budget is free falling and OHA is over budget; the reason why there needs to be realignment. The key thing is to start on the strategic plan and make it realistic.

Rodney Lee agrees with Trustee Rowena Akana on having a strategic plan. A discussion should take place on what are the priorities and what can reasonably be accomplished. Then the budget can follow and administration has a clear direction. Right now it is very broad, and planning is essential. It is important to know your strategy, your objectives, and have communication. In addition, you need leadership, a clear process, and ownership. He announces the five budgeting approaches he will be speaking on; the Line-Item Budget Approach (LIB), Program and Performance Budget Approach (PPB), Planning Programming Budgeting System (PPBS), Zero-Base Budget Approach (ZBB), and Performance Budget Approach (PB).

Line-Item Budget (LIB): He states that you look at the granularity and stratification. You must put something good in, to get something good out. On the other side, there is less of an incentive to save; it's not inflexible and very precise. The tendency is to build the margin inside the line item, there is a cushion. It's about controlling expenditures.

Program and Performance Budget Approach (PPB): This approach is centered around the program and assumes that everything you do is a program. This can be difficult at times due to having to build structures into the program such as equal share of staff or support staff. It will align efforts with specific programs and initiatives designated in the strategic plan. It will also provide rationale for spending and lump in all the additional expenditures in the program.

Trustee Colette Machado asks Lani to reference which current budget approach is in place.

Rodney Lee replies that presently there is a combination of a zero base; based off of the work plan and then the work plan rolls off into the programmatic budget and line items by category. A combination of all of them. There are four functions to a budget: planning, implementation of the budget, monitoring, and reporting. The State does things differently; reporting and line-item, and planning in program. He states the planning process looks at how you function.

Planning Programming Budgeting System (PPBS): PPBS requires the right organization, structure, and design. You need high functionality, where everyone is in alignment in the effort. It incorporates planning as an intent before you start to budget. The understanding of classification of cost and categorization of expenditures must be clear. The system is most successful with consideration; must go through the consideration process. The back-end needs to have a good monitoring and reporting process that brings all details to see the activities and how they make sense. He reminds the committee that he is not advocating for either and it is up to the board to decide.

Zero Base Approach (ZBA): ZBA essentially focuses on the overall task, and takes time and resources. When starting from zero, there needs to be an explanation on why there is a need to spend money; a justification needs to be made. Zero base budgeting provides the rationale. A framework is needed and is a part of a strategic plan that gives priorities and direction. The reliance on this is there must be a plan. The zero base can also be lengthy and has a time issue.

Performance Budget Approach (PB): PB needs reliable measures; this recently has been proposed. It focuses if you are performing within the budget errors. *How effective is the program itself?* This is one that highlights this. *The key is, do you have the right measure or is it measurable?* You must have precise goals and be pragmatic to be achievable. It requires a very strategic plan, getting feedback, and looking at OHA's best position on how to accomplish these things. Rodney states to set objectives, effectively measure, and then apply this.

The State budget requests OHA to have the following components; a comprehensive system establishing a periodic review of state objectives, programs, and policies. Fundamentally, it is your roles as Trustees emphasizing your duty of care to beneficiaries and loyalty to the organization. Understanding the organizational strategy in long and medium terms is key. How does it fit? How does the current assessment and what amount of change will be required? Implementing the change will take years to move forward; it will require time. It may change the culture, the design, and the way you interact. He encourages discussion on this.

Trustee Robert Lindsey reminds everyone of OHA's mission embedded in Chapter 10 of the constitution; "the better conditions of our people." He prefers to keep things as simple as possible. In his mind, the mission is clear. To achieve the mission, it is reflecting basic needs; bread and butter, food on the table, educate the children, and safe and affordable housing. OHA needs to go back to the basic needs.

Rodney Lee thanks Trustee Robert Lindsey for sharing his thoughts and states that OHA needs to think about what can be achieved and be specific about the objective.

Trustee Robert Lindsey states that the key to obtain this is education; more resources need to be provided toward education avenues.

Rodney Lee agrees and reminds the trustees that OHA has many needs with limited resources. He questions if OHA is the vehicle or the arm that may advocate for these things; creating coordination and collaboration. Other agencies should be coordinating with OHA such as the Department of Education (DOE) and other Ali'i trusts.

Trustee Robert Lindsey acknowledges that the needs are great and resources are limited. Going forward collaboration needs to take place.

Trustee Peter Apo suggests that OHA structure the budget around a quality of life index; housing, education, healthcare, etc. That should be the structure of the budget. Money must go to organizations doing housing and education for Hawaiians; that is a model of a nation. It does not matter what the budget model is if the structure and policies are not clear and not embracing the entire Hawaiian community in helping them to succeed. He states that many have a fear of failure and OHA needs to help them; that is how you build a Nation.

Rodney Lee thanks Trustee Apo and states that it will take coordination and collaboration by bringing better partnerships while being specific in defining your role. He explains that normally an organization follows three categories:

1. Funder – you fund the effort; initiatives you are pushing
2. Intermediary – You broker the effort
3. Implementer – You are not a social service implementer

Now OHA must choose a role carefully to deploy resources. The planning part is the most important for OHA and takes in all input, it's an inclusive process. Opinions are heard and considered, debated openly, and it is decided if it's attainable. OHA is the only one under law charged with coordinating; that's your advantage.

Chairperson Hulu Lindsey shares that through discussion with the fiscal department, a conclusion was made where the budget structure is not first priority. The first priority is to know where we are going and what does OHA want to accomplish in the community. Help is needed from the research department on what areas of need exist and how OHA can be of assistance. Drugs are a problem; moving money from the strategic plan to something more obvious may be required.

Rodney Lee states you must have a strategic plan, a specific reason, and how will OHA get there. This can be done by coordination and collaboration with other organizations.

Chairperson Hulu Lindsey states that OHA may want to consider looking at the structure of the accounting department as well as other departments that may be over-staffed. We must look at what we can do that is the best for our communities.

Trustee Rowena Akana states that priorities are the first thing to create for the strategic plan. She states housing is a problem. Homelessness is a problem on every island, many of them being Hawaiians. Two main problems are housing and health.

Kamana'opono Crabbe states that as a follow-up to the operational plan in December, work on the strategic plan has been in effect. The Research department will be collecting programmatic data and grants data on what has been accomplished to achieve the strategic result. A goal this year is to finish the report on the strategic plan and then move into the strategic planning process with a facilitator to explain what all the data means. Priorities and what OHA is striving for, will take place along with implementation and execution. Once this is complete, money can be put towards the structure.

Chairperson Hulu Lindsey states the affect on the community will end the structure. Once money is given out, OHA should know exactly what the money did and was it effective.

Trustee Keli' i Akina states that the conversations taken place today at the table were very gratifying. He thanks Rodney for his presentation and expresses that enough information has been presented to come back with an action item.

Chairperson Hulu Lindsey states she is not in a hurry to bring forth an action item. She believes there is more work to be done and more discussions are needed that will result in the type of structure OHA will need.

Rodney Lee agrees with Chairperson Hulu Lindsey. He explains an important role is the monitoring.

Chairperson Hulu Lindsey states that monitoring is very important for OHA and is something she believes OHA can improve on. The staff may need help in this area.

Rodney Lee reminds everyone that the needs for the beneficiaries are simple, but the path for OHA is not easy.

Trustee Peter Apo references "the betterment of conditions of Hawaiian people"; this statement needs to be defined. He thinks the discussion today was very good.

Trustee Robert Lindsey shares his hope to help his people who are homeless, houseless, hungry, and tired; to find the inner strength to fight the storms on a daily basis. This is his definition of bettering conditions for his people.

Rodney Lee states that he doesn't disagree with Trustee Robert Lindsey, but poses the question *how?*

Trustee Keli' i Akina states he agrees with Trustee Robert Lindsey and states that beneficiaries expect OHA to be *pono* when using every cent. Having a systematic system in place will allow OHA to be better. He is glad everyone is moving in this direction.

Trustee Colette Machado states that based on the draft audit comments, recommendations are asking for more transparency for OHA. She agrees with Chairperson Hulu. Incorporating multiple things, looking at the direction regarding the strategic plan should be done soon. This could mean by June 30th or by December. Everyone will be looking at how OHA will implement the recommendations from the auditor. She believes they are moving in the right direction.

Chairperson Hulu Lindsey asks Kamana' o if he has a deadline date on the strategic proposal to the board.

Kamana'opono Crabbe replies that administration has laid out the strategic planning process and would like to meet Chairperson Hulu Lindsey and Chair Machado on what the structure is. It is in draft form and he would like feedback and to coordinate efforts. He believes it's an appropriate time to meet and discuss on how to structure and plan, to move forward.

Chairperson Hulu Lindsey asks *when is the end of the ten year?*

Kamana'opono Crabbe replies the ending of this June will complete this 2018, but the community report will be done December 2018 for 2019. This report shows all the work that has been done in grants and programs to accomplish the strategic plan.

Chairperson Hulu Lindsey expresses that she was hoping for a new strategic plan and states that discussion on that can happen later.

Trustee Colette Machado states that she's had discussions with Kamana' o regarding an Ad Hoc Committee on the Strategic Plan. She is still reviewing the priorities and the purviews that may be engaged and in accomodating a reasonable timetable. She agrees with Trustee Apo that over the years money has been committed towards developing an approach towards self determination. She also mentions the D.C. office and wonders if it is still needed with the role OHA has in D.C. She also expresses the need to address the beneficiaries of the Hawaiian Homes Commission. She specifically is speaking about the housing area regarding the three-million-dollar bond.

Trustee Rowena Akana inquires why OHA is still giving three million dollars away every year to Hawaiian Homes. She expresses that this is irresponsible. OHA should look at strategic planning and decide where to put the money. She states that she was under the impression that the money was on hold and asks why the Administrator, Kamana' o, is still committing the three million dollars.

Kamana'opono Crabbe corrects Trustee Rowena Akana by stating that that is inaccurate.

Trustee Colette Machado states that OHA has an obligation to comply with the agreement and a process must be followed to include DHHL. A commitment was made and an agreement was made to review it. There is an obligation for payment.

Chairperson Hulu Lindsey asks if there are any more questions. She then thanks Rodney.

Trustee Rowena Akana thanks Rodney for the productive workshop. She states that she would like the three million dollars relating to DHHL to be placed on a future agenda.

Chairperson Hulu Lindsey acknowledges Trustee Rowena Akana and says she will have a discussion with Chair Machado.

Trustee Colette Machado states she is working on setting up a meeting.

Chairperson Hulu Lindsey thanks the Trustees and calls upon Germaine Meyers to speak under community concerns.

IV. COMMUNITY CONCERNS

Germaine Meyers speaks to the standing committee about the possibility of a con-con to be held this year. She states that if a con-con was to take place, she would like OHA to push for the following two initiatives: 1) strengthening the sunshine law and 2) addressing and resolving all matters, injustice and denied justice. She also speaks of the housing dwelling units and asks that CNHA and SCHAA speak to the beneficiaries.

V. ANNOUNCEMENTS

Chairperson Hulu Lindsey thanks Germaine and announces that the next Committee on Resource Management meeting will be on February 21st.

Trustee Robert Lindsey reminds everyone that there is a BAE meeting at 1:00 p.m. and a BOT meeting at 1:30 p.m.

VI. ADJOURNMENT

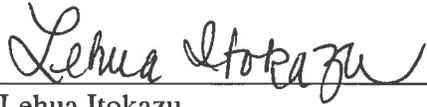
Chairperson Hulu Lindsey entertains a motion to adjourn.

Trustee Colette Machado moves to adjourn.

Trustee Dan Ahuna seconds the motion.

Trustee Colette Machado moves to adjourn. Trustee Dan Ahuna seconds the motion.						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA						Departed at 10:23 a.m.
TRUSTEE DAN AHUNA		X	X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO	X		X			
TRUSTEE JOHN WAIHE'E						X
CHAIRPERSON HULU LINDSEY			X			
TOTAL VOTE COUNT			7			
MOTION: <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
Motion passes with seven (7) YES votes and one (1) EXCUSED vote.						

Respectfully Submitted,



Lehua Itokazu
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management on July 11, 2018.



Trustee Carmen Hulu Lindsey
Committee Chair
Committee on Resource Management