HO’OPONO

Business Enterprise Program

Services for the Blind Branch

Division of Vocational Rehabilitation

State of Hawaii Department of Human Services

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M I N U T E S

BUDGET AND FINANCE SUB-COMMITTEE MEETING of the HAWAII STATE COMMITTEE OF BLIND VENDORS

DATE: Tuesday, January 26, 2021

PLACE: Ho’opono

 1901 Bachelot Street

 Honolulu, HI 96817

 (via Skype or Call-in)

PRESENT:

1. ­Sub-Committee: Don Patterson, Dane Alani, Mike Miyashiro, Doug Moises, and Stan Young
2. Members: Evelyn Ah San, Kyle Aihara, Chris Akamine, Ted Chinn, Joel Cho, Ron Flormata, Ivy Galariada, Flordeliza Galiza, Wilmer Galiza, Kenny Johnson, Roxane Kaneshiro-Sasaki, Steve Kim, Lespaul Naki, Rhani Naki, Norman Ota, Lyn Pasak, Lynn Schempp, Virgil Stinnett, Wanda Takaesu, and Martha Vo (Trainee)
3. Ho'opono: VRA Maureen Bates, SBA Lea Dias, BEP Manager Kathleen Fujimoto, VFS Tad Matsuno and Bruce Chin, and BEP Secretary MJ Andres
4. Guests: DAGs Lori Wada and Lily Young

CALL TO ORDER:

Noting the presence of a quorum, Don called the meeting to order at 2:05 p.m.

DISCUSSION OF CURRENT 2021 BUDGET DURING THIS COVID-19 PANDEMIC:

Chair Don summarized as follows: less spending due to pandemic; less employee/vendor travel; allotment in good shape; beginning balance $2,126,312, projected expenses $904,500, income $592,520, ending $1,814,332 which includes benefits.

THE STATE ADMINISTRATION PROBE INTO THE RANDOLPH-SHEPPARD REVOLVING ACCOUNT – TO REDUCE OR ABOLISH FUNDS:

VRA Maureen noted that they presented DVR’s regulations, under the DOE, to the finance committees, staffs, and representatives in January to reiterate that it restricts the legislature to take any RSRA funds.

Stan noted he sent Senator Rhodes a letter and copies to blind vendors detailing that there are no appropriated funds in the RSRA citing regulations; that it receives funding from contributions and vending machines, as approved by law; and has no application in state funding and it would be unlawful for legislature to withdraw or eliminate the funds.

VRA Maureen added that the regulations are very clear that the legislature can’t take any action without HSCBV approval.

PROGRAM REPORT:

1. Income and Expense Report for SFY 2020: Stan commented that committee hasn’t received any detailed expenditure report which includes facility ID and suppliers’ names to make sure funds are allocated to its best use. Kat reported that the new report from the state’s fiscal system is very limited so she needs to manually research each transaction and said that the details will follow, but the report provided is sufficient for budgeting purposes.

VRA Maureen reiterated what Kat said and added that DVR has a vacant fiscal management position, which the Governor approved to fill and will help provide support to Kat and blind vendors with financial reports.

1. Income and Expense report for SFY 2021, July thru December 2020: Don noted we received BVO contributions of $6,500 and $421,020; $15,000 interest; $150,000 unassigned vending machines; for a total of about $592,520 of income.

Stan noted that the 2 contributions from BVO is from 1% of monthly rent and the other is their annual contribution.

VRA Maureen noted they’re seeking clarification with their federal funder to match state’s non-federal funds with federal unassigned vending machines income, and general expenditures that may also be allowed to offset.

Stan noted the committee hasn’t received a vending machine report in a while. Kat replied we will work on it.

SBA Lea agreed with the vending machine report and noted that part of the problem is that the account clerk position that did the work has been vacant and is frozen, but we will make efforts to do it. She also wanted to emphasize that the income dropped from $506,677 in actual SFY 2020 to $421,000 in SFY 2021 and drops drastically to $166,000 in SFY 2022.

1. Projected Income and Expenses for SFY 2021: Don noted projected expenses of $984,500 for SFY 2021, which includes benefits, and with the allotment of $1,330,200, there will be a balance of $413,700.

ADDITIONAL BENEFITS IN SFY 2021:

* + 1. Review of Adjusted SFY 2021 Budget: Don reiterated with the decrease expenses, such as travel, the budget is more favorable.
		2. Supplemental $3,000 Medical Benefit: Don noted there’s a remaining $5,000 retirement benefit at the end of the fiscal year, but the sub-committee is proposing differently - $3,000 medical supplemental benefit and move $3,000 of the $5,000 forward, with remaining $2,000 retirement to be paid in June. He noted that Kat suggested a $5,000 medical supplement now and a $3,000 retirement benefit in June.

Kat clarified that benefits are issued to licensed vendors and calculated based on date of licensure.

VRA Maureen asked Kat to raise the question up with the feds when they look into the possibility, see if they can consider benefit loss of probationary candidates because of their inability to become licensed due to the pandemic so they can pursue compensation through Financial Relief Restoration Payment.

Kat replied it will be difficult because you will need to compare income between 2019 and 2020.

Don asked if it’s possible to make a one-time exemption so that a person can get some monies due to the pandemic.

DAG Lori noted her appreciation for the compassion they have for the vendors, but noted the statutes and rules are clear and cautioned the committee against it.

Stan moved to pay $5,000 medical supplement next month, and $3,000 retirement in June. Dane seconded the motion and the motion passed with Dane, Doug, Mike, Stan, and Don aye.

* + 1. Move $3000 Retirement Benefit from June 2021 to Now: Discussion and motion included in previous line item.

2021 CONGRESSIONAL APPRORIATION - $20 MILLION FOR RANDOLPH-SHEPPARD PROGRAMS - UPDATE FROM THE SECRETARY OF EDUCATION ON THE DISTRIBUTION AND USE OF FUNDS:

Stan reported the original proposal was for $35 million. With the support of major states, a bill was passed for $20 million. This is the first time the Randolph Sheppard has received any funds. Subsequently, the Office of Management and Budget requires the bill to be posted to the public on the federal registry for comments and if any comments are received, they will have to hold open for another 60 days to answer comments. Nicky Gacos and a contingent from New York will be visiting a representative and Senator Schumer to get this requirement eliminated. If they succeed, the monies can be distributed as early as next month. Based on the number of vendors on board on September 30, 2020, we will receive $490,000. The SLA and the committee need to come up with a plan to distribute the monies. A meeting will be forthcoming next month.

The amount payable per vendor will be set at a maximum of $11,400. We’re waiting for further information on what will offset the distribution of the monies.

Kat noted that the opinion of the agency is to distribute as much of the monies possible to the vendors. She encouraged vendors to keep records of inventory loss and continue to submit P&L timely in case we can use to show loss.

VRA Maureen clarified whatever monies aren’t spent will be used for the vending program.

ANNUAL BUDGETS

1. SFY 2021 Budget: Discussed.
2. SFY 2022 Budget: Stan suggested the committee duplicate the budget for 2021 for 2022 with the same benefits – $7,000 for medical in July, $5,000 in January, and $3,000 in June.

Stan moved to approve benefits of $7,000 medical benefit in July, $5,000 medical supplement in January, and $3,000 for retirement benefit in June. Dane seconded and the motion passed with Dane, Doug, Mike, Stan, and Don voting aye.

Dane moved to approve the 2022 Budget. Doug seconded and the motion passed unanimously with Dane, Doug, Mike, Stan, and Don voting aye.

NEXT MEETING: The next meeting is to be determined.

ADJOURNMENT: There being no further business to discuss and hearing no objections, Dane moved to adjourn the meeting. Stan seconded and the motion passed by unanimous voice vote. The meeting adjourned at 3:03 p.m.

Respectfully submitted:

KF:mra

Ho'opono/Employment Section