

REPORT TO THE TWENTY-FOURTH LEGISLATURE
STATE OF HAWAII
2007

IN COMPLIANCE WITH ACT 160, SLH 2006, REQUESTING THE DEPARTMENT OF
AGRICULTURE PREPARE A REPORT OF THE ANIMAL QUARANTINE PROGRAM

PREPARED BY:

DEPARTMENT OF AGRICULTURE
STATE OF HAWAII
DECEMBER 2006

Act 160, Section 4.3, requires that the Department of Agriculture provide information on the animal quarantine program to the 2007 Legislature pertaining to: its assessment of the animal quarantine program's current and future needs; proposed alternative strategies leading to self-sufficiency for the program, such as reorganization; re-description of positions to accomplish current needs; and fee schedule changes.

1. Revenue and Expenditure Summary – Animal Quarantine

DESCRIPTION	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007*
Beginning Balance	2,687,596	1,692,137	1,458,327	765,622	1,021,042
Revenue	3,206,827	2,294,421	2,236,595	2,544,809	1,021,047
Expenditures	(2,852,286)	(2,528,231)	(2,129,300)	(2,289,389)	(826,209)
Transfer in +/- out -	(1,350,000)		(800,000)		+50,000
Net	(995,459)	(233,810)	(692,705)	225,420	
Ending Balance	1,692,137	1,458,327	765,622	1,021,042	

* First five months of FY 2007

2. Strategies to Cover Current and Future Needs

Program revenue is directly associated with the number of dogs and cats that enter the State each year. Decreases in entries lower revenue while increases in entries raise revenue. In FY 06, a substantially higher number of dogs and cats (8,966) entered the State compared to FY 05 (7,653). The higher number of animal entries in FY 06 relative to previous years provided sufficient revenue to adequately cover expenditures. However, whether the number of animals entering the State will increase or decrease in subsequent years cannot be accurately predicted. Although the first five months of FY 07 entries (4,085) are slightly lower than FY 06 (4,102), many variables that affect travel including the economy, military deployments, airfare, fuel costs, homeland security concerns and threat levels, also affects the number of animal entries and emphasizes the inherent uncertainty in forecasting revenue and related financial plans. In addition, rising expenditures in areas the program has minimal control over such as fuel, utilities, telecommunications and collective bargaining increases that uncertainty.

Future needs of the program necessitated by the ongoing expansion of services and options were partially addressed during FY 06 when an outdated Wang computer system and the existing data were migrated into an APPX application. This system modification allows for further computer enhancements to increase program efficiency by:

- Integrating an existing separate database used to qualify pets for the 5-day-or-less program into the APPX application (qualification database includes owner information, microchip numbers, OIE-FAVN rabies blood test results and rabies vaccination history);
- Modifying accounting functions for more efficient report generation and more timely issuance of credit memos;

- Increasing accuracy in statistical data reporting that impact revenue, expenditures and operational needs;
- Permitting rapid and accurate data retrieval immediately upon scanning of a pet's electronic microchip;
- Allowing on-line electronic transactions and form submissions by pet owners;
- Simplifying data entry screens and documents such as the airport release cards;
- Upgrading the connection between the Airport Animal Quarantine Holding Facility (AAQHF) and the Animal Quarantine Station (AQS) to enhance data transfer; and
- Allowing an on-site Server at the AQS rather than utilizing the HDOA Server, resulting in more rapid transfer of data between AQS and the AAQHF.

In addition to computer system improvements, the program will purchase a replacement cargo van in FY 07 for animal transport (about \$30,000). The current cargo van had extended down time during FY 06 for needed repairs.

Under authority provided in Section 142-3.5, HRS, efforts are ongoing to lease underutilized land at the Animal Quarantine Station. In response to a "Request For Proposals" and following Board of Agriculture approval, the program entered into negotiations with the Hawaiian Humane Society to lease targeted AQS property. Section 142-3.5(2), HRS requires the Department to rent or lease the property at fair market value. However, the market value of the property was prohibitive for the Hawaiian Humane Society so an agreement could not be reached. The Department will seek alternative lessees for the property. It is anticipated that lease revenue will provide additional funds to serve as a cushion against future inflation and other rising expenditures such as collective bargaining increases and for the program to partially reduce user fees. A one time cost will be required during FY 07 to subdivide the AQS property (about \$20,000).

Fee schedule adjustments continue to be evaluated in light of the financial status of the program. Program revenue is directly affected by the number of cats and dogs that enter the State. If entry numbers decline, fee adjustments may become necessary depending on the circumstances.

Currently, Chapter 4-29, Hawaii Administrative Rules, provides authority to the Department to increase fees by \$10 per animal when expenditures exceed revenue in the preceding fiscal year. Thus far, this fee increase provision of Chapter 4-29 has not been used.

Since the 5-Day-or-Less program was implemented in June 2003, the rabies quarantine program has transitioned away from a "quarantine only" system to one that permits the release of qualified dogs and cats directly from the airport when specific pre-entry requirements are met. Such requirements include:

- Positive pet identification (electronic microchip);
- A minimum of two pre-entry rabies vaccinations;
- Rabies serological testing to measure vaccination response and 120-day waiting period after a passing test before entry into the state; and
- Inspection upon arrival

The transition to primarily direct animal release at the airport has increased the workload for the Veterinary, Inspection, Clerical and Accounting staff. Significantly more time is spent reviewing documents, pre-qualifying pets, processing payments, receiving and inspecting pets and addressing the needs, questions and concerns of the general public. Telephone expenditures alone rose 34% from FY03 to FY05 since about 50% of submitted essential documents require follow-up contact with veterinarians or pet owners due to deficiencies.

More than 8% of arriving pet owners do not submit required pre-arrival documents necessitating screening and verification at the airport facility, a responsibility not required in the past. Although 7,547 dogs and cats were released at the airport in FY 06, this number does not reflect the workload of the total number of pet documents processed, as the database currently holds over 44,000 active files of animals for the 5-Day-or-Less program alone. Although the 5-Day-or-Less program has been very successful, it is labor intensive for documentation and verification when compared to traditional 120-day quarantine.

The Department is also initiating a system that allows dogs and cats to enter Hawaii directly at certain neighbor island airports. It is anticipated that allowing neighbor island direct entries will increase program expenditures and workload related to issuing neighbor island entry permits and coordinating arrival inspections with private contractors. The rabies quarantine program does not have personnel on islands other than Oahu.

The transition to a direct airport release system has reduced the number of dogs and cats quarantined at the Animal Quarantine Station. As a result, the number of full-time Quarantine Animal Caretakers has been reduced from twenty-five in FY 03 to fourteen in FY 07. The program is presently right sized and further reductions in caretaker staffing are not anticipated based on the average daily animal population at AQS during FY 06 that was higher than FY 05.

Beyond immediate needs, the rabies quarantine program and pet owners would benefit from a combined animal inspection and holding facility at Honolulu International Airport (HIA) in closer proximity to baggage claim areas. Such a facility would be more easily accessible to the airlines and public. Although a proposed re-configuration of the HIA inter-island terminal will allow for a new multi-agency inspection facility, the location of the proposed facility is too far from baggage claim areas and, therefore, not a viable option for the program. The program will provide input during planning and explore other options that may become available during subsequent phases of airport renovations.

If animal entries continue on an upward trend, revenues should adequately cover expenses including the immediate program enhancements previously discussed. Additional rent from the underutilized property once it is subdivided and leased out, will cover collective bargaining and other expenses and provide a measure of cushion should animal entries fall or unexpected repairs be needed.