



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
February 2, 2010, 2:00 p.m.

by

Howard Todo, Vice President for Budget and Finance/CFO, University of Hawai'i

HB 2685 – RELATING TO UNIVERSITY OF HAWAII BUDGET

Chair Chang, Vice Chair Nakashima and Members of the Committee:

The University of Hawai'i System supports the intent of HB 2685 for periodic reevaluation of the need for all of the programs for which the University of Hawai'i System is responsible, and justifying the continuance or termination of each program in its budget proposal. However, HB 2685 calls for the development and implementation of a second budgeting system, in addition to the present planning and program budgeting system mandated by state law, based on a fundamentally different set of budget principles.

The current Programming, Planning and Budgeting system (PPBS) integrates system-wide planning with budgeting. Its planning orientation calls for a) choosing operational goals for the organization, choosing methods and means to be used to achieve those goals over a specified time period; and b) arranging budgets by programs designed to fulfill an organization's goals and focusing on measuring performance (productivity or efficiency) of those programs.

The proposed zero based budgeting system (ZBB) integrates periodic reassessment with budgeting. Its reevaluation orientation calls for a) ranking priorities among programs (as opposed to measuring performance), and b) arranging budgets by programs rank-ordered in terms of their relative usefulness to the organization's overall mission and determining which ones to spend more on and which ones to spend less on.

The budget arrangement and program structure of the PPB system based on principles of performance/efficiency and the ZBB system based on principles of priority/usefulness, would differ and may not be comparable. That is, the PPB budget arrangement and program structure cannot be developed from the ZBB budget arrangement and program structure, and vice versa.

The University of Hawai'i System does not have the resources at this time to prepare two fundamentally different sets of budget documents for each budget cycle.

Thank you for the opportunity to present our concerns regarding this measure.