

TESTIMONY BY GEORGINA K. KAWAMURA
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STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2007, S.D. 1

March 17, 2010

LATE TESTIMONY

RELATING TO BUDGETARY POWERS

Senate Bill No. 2007, S.D. 1, proposes to amend Chapter 37, Hawaii Revised Statutes, to restrict the budgetary powers of the Executive Branch such that:

1. The Governor and the Director of Finance could not restrict appropriated funding and the Director of Finance could not reduce an allotment to the extent that a program could not adequately execute its intended purpose unless specifically authorized by legislative act or by a declaration of emergency by the Governor.
2. The Governor and the Director of Finance could not suspend or abolish any existing program authorized and funded by the Legislature unless specifically authorized by legislative act or by a declaration of emergency by the Governor.
3. Only the Legislature has the authority to establish new programs, or suspend or abolish an existing program for which public money must be appropriated and expended.

We strongly oppose this bill because the proposed amendments would unnecessarily complicate the ability of the Governor and the Executive Branch to manage State programs and resources for efficiency, productivity and economy. Although the proposed changes recognize the need for the Governor and Executive Branch to have the authority and flexibility to control spending, reduce expenses and economize available resources, the process of exercising that authority must be done by a declaration of emergency by the

Governor. We believe that this requirement just adds another unnecessary and time consuming step in the current process, which has been functioning appropriately and smoothly as intended when Chapter 37 was first enacted.

Further, it should be pointed out that the proposed language is extremely ambiguous and could be subject to considerable differences in interpretation because it references the standard "to the extent that a program could not adequately execute its intended purpose." It is unclear what level of restriction would trigger an impairment of being able to "adequately execute its intended purpose." Would a 1% restriction be an impairment? A 5% level? A 10% level?

Additionally, the proposed amendment to allow only the Legislature authority to establish new programs would severely limit the Executive Branch's ability to respond to changing conditions and opportunities that arise during the course of the fiscal year after the budget has been authorized by the Legislature. It should be remembered that the Executive budget is formulated up to two years prior to its execution, and conditions and underlying assumptions on which the budget is developed can change substantially during that period.

We strongly recommend that this bill be held.