

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2143, S.D. 2, H.D. 1

March 29, 2010

RELATING TO THE STATE FOUNDATION ON CULTURE AND THE ARTS

Senate Bill No. 2143, S.D. 2, H.D. 1, allows the use of general obligation bond funds deposited into the Works of Arts Special Fund to support the costs to operate the State Foundation on Culture and the Arts. Specifically, the proposal will allow the Works of Art Special Fund to pay the salary, wage and fringe benefit costs of the Executive Director and any other employee of the State Foundation on Culture and the Arts hired pursuant to Chapter 9, Hawaii Revised Statutes, Foundation on Culture and the Arts.

We are opposed to this bill. From a policy perspective, operating funds should be used to pay for operating expenditures and general obligation bond proceeds should be used to fund capital expenditures. As such, we believe it is imprudent to fund the State Foundation on Culture and the Arts' salary, wage and fringe benefit costs with bond financing which would be repaid over a 20-year period.



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TESTIMONY OF
THE STATE FOUNDATION ON CULTURE AND THE ARTS
TO
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S.B. 2143, S.D. 2, H.D.1

Chair Oshiro and members of the committee, I am Ronald Yamakawa, executive director of the State Foundation on Culture and the Arts and I appreciate the chance to testify before you on SB 2143, SD2, HD1.

The SFCA supports the intent of this bill to stabilize funding of personnel for our agency in the wake of losing 11 FTE positions last year. I must express concerns, however, should this legislation be approved.

There are now no positions supported with General funds in our agency. Over the past several months the support we've received from the arts community, the National Endowment for the Arts and policymakers has been tremendous and it is sincerely appreciated.

We do, however, have serious reservations about the future of the Works of Art Special Fund. Over the past 19 years, deposits into the Special Fund averaged approximately \$2.9 million per annum. Not only are 15 of the agency's 20 staff positions funded with Special funds, but a large part of programming and operations (approximately \$3 million) are made possible through Special fund support.

Revenues to the fund were low last year and allotment advices for this year frequently have been cancelled. If more positions are paid with Special Funds it will be completely depleted in two to three years. Therefore, we must be particularly sensitive to any change in our enabling legislation.

We are currently funding the executive director's position and one other administrative position with Special funds and Federal funds as a result of general fund budget restrictions this year. The NEA is evaluating our request to continue funding these administrative and 3 program positions in addition to converting one account clerk position and one clerk stenographer position to be funded with 50% Federal and 50% Special funds.

The SFCA has conservatively managed the Works of Art Special Fund with careful consistency so that acquisitions and exhibitions, in addition to ongoing upkeep services, can be adequately planned. We have curated a stellar collection of site specific and relocatable works of art primarily by local artists. In partnership with the DOE, the Artists in Residence Program impacts students statewide, particularly on the neighbor islands where access to the arts is limited.

Special funds also provide support for operating the Hawaii State Art Museum (HiSAM). The museum budgets approximately \$600,000 per year for core operations, repairs, and public programming. An additional \$240,000 is spent in collaboration with the DOE for education programs that serve many of Hawaii's rural and underserved populations. We are pleased to report that public support for museum programming is steadily increasing.

While the SFCA must make every effort to preserve staffing, we must be true to the law as well. The Works of Art Special Fund was written for a specific and unique purpose. The vision of this law ensures the integrity of the State's art collection and that the one percent will benefit future generations of Hawaii's people. As such, the law and the Works of Art Special Fund were intended to last in perpetuity. Therefore, the SFCA respectfully requests that the committee consider efforts to prolong the life of the Works of Art Special Fund as well as develop options that will create new revenue streams for the agency.

Thank you for the opportunity to testify before you on this measure.