
A BILL FOR AN ACT

RELATING TO THE BUDGET.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 37-74, Hawaii Revised Statutes, is
2 amended by amending subsections (b) to (d) to read as follows:
3 "(b) The appropriations by the legislature for a biennium
4 shall be allocated between the two fiscal years of the biennium
5 in the manner provided in the budget or appropriations act and
6 as further prescribed by the director of finance. The amounts
7 allocated for each fiscal year shall be subject to the allotment
8 system prescribed in chapter 37, part II. Each agency (except
9 the courts), in estimating its quarterly requirements under
10 chapter 37, part II, shall prepare a plan for the fiscal year
11 for the operation of each of the programs it is responsible for
12 administering. The operations plan shall be in such form and
13 content as the department of budget and finance may prescribe.
14 It shall be submitted, together with the estimated quarterly
15 requirements, to the department of budget and finance on such
16 date as the department may prescribe.

17 (c) The department of budget and finance shall:

18 (1) Review each operations plan to determine:



1 (A) That it is consistent with the policy decisions
2 of the governor and appropriations by the
3 legislature;

4 (B) That it reflects proper planning and efficient
5 management methods; and

6 (C) That appropriations have been made for the
7 planned purpose and will not be exhausted before
8 the end of the fiscal year;

9 ~~[provided that the department of budget and finance~~
10 ~~shall review the operations plan submitted by the~~
11 ~~University of Hawaii solely for consistency with the~~
12 ~~allotment ceilings established by the governor under~~
13 ~~section 37-34, appropriations by the legislature, the~~
14 ~~requirements of chapter 37D, and the status of~~
15 ~~revenues to support operations plans for all state~~
16 ~~programs,]~~

17 (2) Approve the operations plan if satisfied that it meets
18 the requirements under paragraph (1). Otherwise, the
19 department of budget and finance shall require
20 revision of the operations plan in whole or in part;
21 and



1 (3) Modify or withhold the planned expenditures at any
2 time during the appropriation period if the department
3 of budget and finance finds that the expenditures are
4 greater than those necessary to execute the programs
5 at the level authorized by the governor and the
6 legislature, or that state receipts and surpluses will
7 be insufficient to meet the authorized expenditure
8 levels [~~; provided that the planned expenditures for~~
9 ~~the University of Hawaii may be modified or withheld~~
10 ~~only in accordance with sections 37-36 and 37-37]~~.

11 (d) No appropriation transfers or changes between programs
12 or agencies shall be made without legislative authorization;
13 provided that:

14 (1) Authorized transfers or changes, when made, shall be
15 reported to the legislature;

16 (2) Except [~~with respect to appropriations to fund~~
17 ~~financing agreements under chapter 37D, the University~~
18 ~~of Hawaii shall have the flexibility to transfer~~
19 ~~appropriated funds and positions for the operating~~
20 ~~cost category among programs, among cost elements in a~~
21 ~~program, and between quarters, as applicable; except]~~
22 with respect to appropriations to fund financing

1 agreements under chapter 37D, the department of
2 education shall have the flexibility to transfer
3 appropriated funds and positions for the operating
4 cost category among programs and among cost elements
5 in a program, and between quarters, as applicable; and
6 the Hawaii health systems corporation and its regional
7 system boards shall have the flexibility to transfer
8 special fund appropriations among regional system
9 hospital facilities as applicable and as mutually
10 agreed to by the corporation and the respective
11 regional system board; provided that the Hawaii health
12 systems corporation and the regional system boards
13 shall maintain the integrity and services of each
14 individual regional system and shall not transfer
15 appropriations out of any regional system that would
16 result in a reduction of services offered by the
17 regional system, with due regard for statutory
18 requirements, changing conditions, the needs of the
19 programs, and the effective utilization of resources;
20 and

- 21 (3) The [~~university and the~~] department of education shall
22 account for each transfer implemented under this



1 subsection in quarterly reports to the governor and
2 annual reports at the end of each fiscal year to the
3 legislature and the governor, which shall be prepared
4 in the form and manner prescribed by the governor and
5 shall include information on the sources and uses of
6 the transfer."

7 SECTION 2. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 3. This Act shall take effect on July 1, 2014.

10

INTRODUCED BY: *Jan W. Choy*

JAN 08 2014

H.B. NO. 1491

Report Title:

UH; Budget; Program Execution; Exceptions; Repeal

Description:

Removes program execution exceptions provisions that are specific to the University of Hawaii.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HIGHER EDUCATION
ON
HOUSE BILL NO. 1491

January 28, 2014

RELATING TO THE BUDGET

House Bill No. 1491 proposes to amend Chapter 37-74, HRS, which would remove program budget execution exception provisions that are specific to the University of Hawaii (UH).

The Department of Budget and Finance (B&F) defers to the UH regarding the operational impacts of the program budget execution exception provisions. The effect of removing UH's program budget execution exception provisions will mean that the UH will be subject to budget execution processes as applicable to nearly all other executive departments. This will likely mean that UH will be subject to reviews and recommendations by B&F and approvals by the Governor. Operationally, this will likely add to UH's current bureaucratic processes.

Current program budget execution provisions of executive departments require review and recommendations from B&F staff to the Director of Finance, review and recommendations by the Director of Finance to the Governor, and then the approval of the Governor.

We do not know how this could affect UH's ability to more timely meet fluctuations in resource requirements due to actual student enrollments and would defer to UH for that operational insight.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
January 28, 2014 at 2:00 p.m.

by

Howard Todo, Chief Financial Officer
Vice President of Budget & Finance
University of Hawai'i

HB 1491 – RELATING TO THE BUDGET

Chair Choy, Vice Chair Ichiyama and members of the Committee:

We appreciate the opportunity to present our comments on this measure, which would repeal the University's exemptions from the quarterly allotment system, and thereby require the Department of Budget and Finance to exercise more controls over the appropriations of funds to the University of Hawai'i. This section of law is primarily intended to control the use and allocation of general funds, and would make it more difficult for the University to expend its limited general fund appropriation, which comprises less than 40 percent of our entire operating budget.

Additionally, we recently adopted the Kualii Financial System (KFS), an open source financial management system developed by a consortium of universities, to assist both public and private universities in managing their myriad of revenue sources. The KFS system does not recognize fiscal quarters, per se, and requires our fiscal administrators to develop and input an annual budget at the beginning of each fiscal year. Should we be required to request quarterly allotments from the Department of Budget and Finance, this could potentially impact our annual budgets, and in turn, the leveraging of our various revenue sources. Essentially, this measure would add more paperwork for our fiscal administrators, many of whom are still realizing the potential that KFS offers in managing their day-to-day fiscal responsibilities.

Therefore, we respectfully request that this measure be deferred.

ichiyama2-Fern

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 22, 2014 1:23 PM
To: HEDtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB1491 on Jan 23, 2014 14:00PM*

HB1491

Submitted on: 1/22/2014

Testimony for HED on Jan 23, 2014 14:00PM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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