



WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 85, S.D. 1

February 26, 2013

RELATING TO PUBLIC HOUSING

Senate Bill No. 85, S.D. 1, establishes a Resident Programs and Services Trust Fund within the Hawaii Public Housing Authority into which is deposited moneys received from contracts, grants, awards, gifts, fees, appropriations, and revenues generated by Hawaii Public Housing Authority activities. The funds may be used for family self-sufficiency programs; supportive services for disabled or elderly tenants or housing choice voucher recipients; employment training; financial literacy programs and training; educational attainment or advancement; life skills programs and activities; and other education or health related programs and services. The funds may also be used for capital improvements supporting resident programs and services.

The Department of Budget and Finance (B&F) does not support this bill as it does not provide proper accountability of State funds. For example, subsection (f) of the bill exempts the fund from certain Hawaii Revised Statutes chapters citing that the trust, including any disbursements of funds to providers of services, shall not be subject to laws or rules governing State and other public or quasi-public entities, including but not limited to Chapters 23 (Auditor), 36 (Management of State Funds), 37 (Budget), 38 (Deposits of Funds), 40 (Audit and Accounting), 42F (Grants and

Subsidies), 76 (Civil Service Law), 78 (Public Service), 84 (Standards of Conduct), 89 (Collective Bargaining), 91 (Administrative Procedures), 92 (Public Agency Meetings, Records), 92F (Information Practices), 103 (Public Money and Public Contracts), and 103D (Public Procurement Code).

The establishment of a trust fund requires a significant level of accountability and financial structure to ensure that funds are managed to the fiduciary standards and trust objectives. B&F is concerned that the Hawaii Public Housing Authority is ill-equipped to responsibly manage and administer a trust fund arrangement. Hawaii Public Housing Authority's 2011 Financial Audit cited several material weaknesses in financial reporting and expenditures that remain open; therefore, it is unclear why this fund would warrant this level of flexibility and yet not be held accountable for the expenditures made, especially in light of the public funds (referring to "any appropriation" language in the bill) that would be deposited into the trust fund.

# Community Alliance for Mental Health

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To: The Hawai'i State Senate Committee on Ways and Means  
Re: SB 85 SD 1



To: The Honorable Ige and the members of the committee.

Aloha,

The Community Alliance for Mental Health along with United Self Help fully support SB 85 SD 1. This is a vital part of the transformation of care for Hawai'i's most vulnerable population and we look forward eagerly to the changes in their lives.

Mahalo,  
Robert Scott Wall  
Vice-President