

JAN 23 2014

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# A BILL FOR AN ACT

RELATING TO BUDGETING.

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

1           SECTION 1. The legislature finds that stricter control of  
2 budgetary matters is necessary because the extent of economic  
3 growth and diversification in Hawaii is uncertain. In  
4 particular, stricter control is necessary over the number of  
5 employees in state government.

6           The purpose of this Act is to improve state budgeting by:

- 7           (1) Requiring the executive budget to identify the  
8           position ceiling for each budget program. This  
9           requirement amends chapter 37, part IV, Hawaii Revised  
10          Statutes, to comport with present practice;
- 11          (2) Requiring the position ceiling to separately identify  
12          the maximum numbers of permanent and temporary full-  
13          time equivalent positions authorized; and
- 14          (3) Deleting the authority in other laws for departments  
15          to create positions in excess of the applicable  
16          position ceiling.



1           The legislature intends that the provisions of this Act  
2 also apply to the judiciary budget by operation of section 601-  
3 2, Hawaii Revised Statutes.

4           SECTION 2. Chapter 37, Hawaii Revised Statutes, is amended  
5 by adding a new section to part IV to be appropriately  
6 designated and to read as follows:

7           "§37-        Position ceiling. Whenever this part requires a  
8 position ceiling to be specified:

- 9           (1) The number of permanent positions and temporary  
10           positions shall be separately identified; and  
11           (2) The position ceiling shall be expressed in units or  
12           fractions of full-time equivalent positions."

13           SECTION 3. Section 37-62, Hawaii Revised Statutes, is  
14 amended by adding five new definitions to be appropriately  
15 inserted and to read as follows:

16           "Full-time equivalent position" means a position, the  
17 occupant of which is employed for a normal work week of forty  
18 hours or equivalent.

19           "Permanent position" means a position, the existence of  
20 which has no time limitation.

21           "Position" means a specific job, whether occupied or  
22 vacant, consisting of all duties and responsibilities assigned



1 or delegated by competent authority, requiring the full or part-  
2 time employment of one person.

3 "Position ceiling" means the maximum number of permanent  
4 and temporary full-time equivalent positions that an expending  
5 agency is authorized for a particular program.

6 "Temporary position" means a position, the existence of  
7 which has a time limitation, or a position that is not otherwise  
8 a permanent position."

9 SECTION 4. Section 37-69, Hawaii Revised Statutes, is  
10 amended by amending subsections (c) and (d) to read as follows:

11 "(c) The financial plan for the ensuing six fiscal years  
12 shall more specifically include:

13 (1) Economic data for the State and the counties of the  
14 following kinds:

15 (A) Population: Including historical, current, and  
16 projected population count; population  
17 distribution by age and sex; estimated increases  
18 and decreases, including increases and decreases  
19 by immigration;

20 (B) Employment: Including magnitude of labor force by  
21 age and sex; labor force participation rates;  
22 employment by age and sex; industry and



- 1 occupational surpluses and shortages; effects of  
2 government programs on employment rate;
- 3 (C) Income: Including per capita and per family  
4 income; disposable income; income distribution;
- 5 (D) Wages and prices: Including wages by industry and  
6 occupational groups; prices for government  
7 procurement items; construction costs; cost of  
8 living index; price indices for components of  
9 personal consumption;
- 10 (E) Industry and business trends; and
- 11 (F) Effects of national economic and financial  
12 policies and conditions;
- 13 (2) Brief statements disclosing the basis upon which the  
14 revenue estimates in the plan were made, including for  
15 each specific tax and nontax revenue source:
- 16 (A) The previous projections for the last completed  
17 fiscal year and the fiscal year in progress;
- 18 (B) The variance between the projections and the  
19 actual or revised estimate, and the reasons for  
20 the variances;
- 21 (C) Tax or source base and rates;



- 1 (D) Yield projections of existing revenue sources and
- 2 existing taxes at authorized rates;
- 3 (E) Assumptions made and methodology used in
- 4 projections;
- 5 (F) Changes recommended; and
- 6 (G) Projected yields if changes are adopted; etc.;
- 7 (3) At the lowest level on the state program structure,
- 8 for each program:
- 9 (A) The total actual program cost for the last
- 10 completed fiscal year, the estimated cost for the
- 11 fiscal year in progress, and the estimated cost
- 12 for each of the next six fiscal years; research
- 13 and development, operating, and capital costs
- 14 shall be included and the means of financing
- 15 shall be identified. The [~~number of personnel~~
- 16 ~~positions~~] position ceiling and all lease
- 17 payments shall be shown for the program,
- 18 identified by their means of financing;
- 19 (B) The program size indicators; the actual size
- 20 attained in the last completed fiscal year, the
- 21 estimated size for the fiscal year in progress,



1                   and the estimated size for each of the next six  
2                   fiscal years; and

3           (C) The effectiveness measures; the actual level of  
4           effectiveness attained in the last completed  
5           fiscal year, the estimated level of effectiveness  
6           for the fiscal year in progress, and the  
7           estimated level for each of the next six fiscal  
8           years;

9           (4) Appropriate displays of paragraph (3)(A) and (C), at  
10           every level of the state program structure above the  
11           lowest level, by the major groupings of programs  
12           encompassed within the level. The displays of  
13           ~~[paragraph]~~ subparagraph (3)(A) shall appropriately  
14           identify the means of financing and ~~[the number of~~  
15           ~~positions]~~ position ceiling included in the level;

16           (5) Financial summaries displaying the State's financial  
17           condition, actual for the last completed fiscal year,  
18           and estimated for the fiscal year in progress and each  
19           of the next six fiscal years, including:

20           (A) A display of the programmed, total state  
21           expenditures, by cost categories, the total state  
22           resources anticipated from existing tax and



1 nontax sources at existing rates, by resource  
2 categories, including the fund balance or deficit  
3 at the beginning of the fiscal year and bond  
4 receipts, and the resulting fund balance or  
5 deficit at the close of each fiscal year. Lease  
6 payments in each cost category shall be stated  
7 separately; and

8 (B) The changes proposed to the existing tax and  
9 nontax rates, sources or structure, and the  
10 estimated increases or reductions in revenues,  
11 the estimated cumulative increases or reductions,  
12 and the estimated fund balance or deficit in each  
13 of the next six fiscal years as a result of such  
14 proposed changes. Proposals for changes in the  
15 existing tax and nontax rates, sources or  
16 structure shall be made in every case where the  
17 proposed, total state expenditures exceed the  
18 total resources anticipated from existing tax and  
19 nontax sources at existing rates.

20 Such financial summaries shall be prepared for the  
21 total state expenditures and resources and for the  
22 general fund and special fund portions thereof;



1 (6) A summary of the balance of each special fund, actual  
2 for the last completed fiscal year and estimated for  
3 the fiscal year in progress and estimated for each of  
4 the next six fiscal years;

5 (7) A summary of the State's total bond fund required to  
6 carry out the recommended programs and the kinds of  
7 bonds and amounts thereof through which the  
8 requirements were met in the last completed fiscal  
9 year, are to be met in the fiscal year in progress,  
10 and are proposed to be met in each of the next six  
11 fiscal years. The summary shall detail, for each  
12 fiscal year:

13 (A) Of the total bond fund requirements, the amount,  
14 by cost categories, requiring new bond issuance  
15 authorization and the kinds and amounts of bonds  
16 planned for issuance under such new  
17 authorizations;

18 (B) By bond categories, the total, cumulative balance  
19 of bonds authorized in prior years but unissued  
20 and the amount thereof proposed to be issued; and





- 1 (C) A recapitulation of the total bonds to be issued,  
2 including both new authorizations and prior  
3 authorizations, by bond categories;
- 4 (8) Separately for general fund tax revenues, special fund  
5 tax revenues, general fund nontax revenues, and  
6 special fund nontax revenues:
- 7 (A) By kinds of taxes or sources, the amount of  
8 revenue from existing, authorized taxes or  
9 sources at existing rates received in the last  
10 completed fiscal year and estimated to be  
11 received in the fiscal year in progress and in  
12 each of the next six fiscal years;
- 13 (B) A summary of the proposed changes in the existing  
14 taxes or sources or rates, and the estimated  
15 increases or reductions in revenues in each of  
16 the next six fiscal years resulting from such  
17 changes; and
- 18 (C) The total estimated revenues with and without the  
19 proposed changes in each of the next six fiscal  
20 years; and
- 21 (9) A summary of the State's total payments due under  
22 financing agreements required to carry out the



1 recommended programs and the kinds of financing  
2 agreements and amounts thereof through which the  
3 requirements were met in the last completed fiscal  
4 year, are to be met in the fiscal year in progress,  
5 and are proposed to be met in each of the next six  
6 fiscal years. The summary shall detail, for each  
7 fiscal year:

8 (A) Of the total financing agreement requirements,  
9 the amount, by cost categories, requiring new  
10 financing agreement authorizations and the kinds  
11 and amounts of financing agreements planned for  
12 execution and delivery under such new  
13 authorizations;

14 (B) By cost category, the cumulative balance of  
15 financing agreements authorized in prior years  
16 but not executed and delivered and the amount  
17 proposed to be executed and delivered; and

18 (C) A recapitulation of the total financing  
19 agreements to be executed and delivered,  
20 including both new authorizations and prior  
21 authorizations, by cost categories.



1 (d) The program plans for the ensuing six fiscal years  
2 shall more specifically include:

3 (1) At the lowest level on the state program structure,  
4 for each program:

5 (A) A statement of its objectives;

6 (B) Measures by which the effectiveness in attaining  
7 the objectives is to be assessed;

8 (C) The level of effectiveness planned for each of  
9 the ensuing six fiscal years;

10 (D) A brief description of the activities  
11 encompassed;

12 (E) The program size indicators;

13 (F) The program size planned for each of the next six  
14 fiscal years;

15 (G) A narrative explanation of the plans for the  
16 program. It shall contain, and in general be  
17 limited to, the following:

18 (i) A description of the kinds of activities  
19 carried out or unusual technologies  
20 employed;

21 (ii) A statement of key policies pursued;



- 1 (iii) Identification of important program or
- 2 organizational relationships involved;
- 3 (iv) A description of major external trends
- 4 affecting the program;
- 5 (v) A discussion of significant discrepancies
- 6 between previously planned cost,
- 7 effectiveness, and program size levels and
- 8 those actually achieved;
- 9 (vi) Comments on, and an interpretation of, cost,
- 10 effectiveness, and program size data over
- 11 the upcoming budget period, with special
- 12 attention devoted to changes from the
- 13 current budget period;
- 14 (vii) Comments on, and an interpretation of, cost,
- 15 effectiveness, and program size data over
- 16 the four years of the planning period and
- 17 how they relate to the corresponding data
- 18 for the budget period; and
- 19 (viii) A summary of the special analytic study,
- 20 program evaluation, or other analytic report
- 21 supporting a substantial change in the



1                   program where such a major program change  
2                   recommendation has been made;

3           (H) The full cost implications of the recommended  
4           programs, by cost categories and cost elements,  
5           actually experienced in the last completed fiscal  
6           year, estimated for the fiscal year in progress,  
7           and estimated for each of the next six fiscal  
8           years. The means of financing shall be  
9           identified for each cost category. The personal  
10          services cost element and the lease payments cost  
11          element shall be shown separately; the cost  
12          elements of other current expenses, equipment,  
13          and motor vehicles may be combined. The [~~number~~  
14          of positions included in] position ceiling for  
15          the program shall be appropriately identified by  
16          means of financing;

17          (I) A recapitulation of subparagraph (H) for the last  
18          completed fiscal year, the fiscal year in  
19          progress and each of the next six fiscal years,  
20          by means of financing grouped under each cost  
21          category. The [~~number of positions included in~~]



1                   position ceiling for any program shall be  
2                   appropriately identified;

3           (J)   An identification of the revenues generated in  
4                   the last completed fiscal year and estimated to  
5                   be generated in the fiscal year in progress and  
6                   in each of the next six fiscal years, and the  
7                   fund into which such revenues are deposited;

8           (K)   Details of implementation of each capital  
9                   improvement project included in the total program  
10                  cost, including:

11                   (i)   A description of the project, location, and  
12                          scope;

13                   (ii)   The initially estimated, currently  
14                          estimated, and final cost of the project, by  
15                          investment cost elements and by means of  
16                          financing;

17                   (iii)   The amounts previously appropriated by the  
18                          legislature for the project, by cost  
19                          elements and by means of financing specified  
20                          in the acts appropriating the sums, and an  
21                          identification of the acts so appropriating;



- 1 (iv) The costs incurred in the last completed  
2 fiscal year and the estimated costs to be  
3 incurred in the fiscal year in progress and  
4 in each of the next six fiscal years, by  
5 cost elements and by means of financing; and
- 6 (v) A commencement and completion schedule, by  
7 month and year, of the various phases of the  
8 capital improvement project (i.e., land  
9 acquisition, design, construction, and  
10 occupancy) as originally intended, as  
11 currently estimated, and as actually  
12 experienced; and
- 13 (L) A crosswalk of the program expenditures, by cost  
14 categories and cost elements between the program  
15 and expending agencies for the next two fiscal  
16 years. The means of financing [~~and the number of~~  
17 ~~positions included in~~] for the program costs to  
18 be expended by and position ceiling for each  
19 agency shall be specified; and
- 20 (2) Appropriate displays at every level of the state  
21 program structure above the lowest level. The  
22 displays shall include:



1 (A) A listing of all major groupings of programs  
2 included within the level, together with the  
3 objectives, measures of effectiveness, and  
4 planned levels of effectiveness for each of the  
5 ensuing six fiscal years for each such major  
6 groupings of programs; and

7 (B) A summary of the total cost of each cost category  
8 by the major groupings of programs encompassed  
9 within the level, actual for the last completed  
10 fiscal year and estimated for the fiscal year in  
11 progress and for each of the next six fiscal  
12 years."

13 SECTION 5. Section 37-71, Hawaii Revised Statutes, is  
14 amended by amending subsection (c) to read as follows:

15 "(c) The display of financial requirements for the ensuing  
16 two fiscal years shall more specifically include:

17 (1) At the lowest level on the state program structure,  
18 for each program:

19 (A) The total recommended expenditures, including  
20 research and development, capital and operating  
21 costs, by cost categories and cost elements for  
22 the ensuing biennium; the planned allocation of





1 the total biennial request, by cost categories,  
2 and cost elements, between the two fiscal years  
3 of the biennium. The means of financing and [~~the~~  
4 ~~number of positions~~] position ceiling included in  
5 any cost category amount shall be appropriately  
6 identified;

7 (B) A summary showing means of financing the total  
8 recommended expenditures, those amounts requiring  
9 and those amounts not requiring legislative  
10 appropriation or authorization for spending in  
11 each fiscal year of the biennium;

12 (C) A crosswalk of the total proposed biennial  
13 expenditures between the program and expending  
14 agencies. The means of financing [~~the number of~~  
15 ~~positions~~], position ceiling, and the lease  
16 payments included in any cost amount, and the net  
17 amount requiring appropriation or authorization  
18 shall be appropriately identified for each  
19 expending agency; and

20 (D) The proposed changes in the levels of  
21 expenditures, by cost categories, between the  
22 biennium in progress and the ensuing biennium,



1 together with a brief explanation of the major  
2 reasons for each change. The reasons shall  
3 include, as appropriate, the following:

- 4 (i) Salary adjustments to existing positions of  
5 personnel;
- 6 (ii) The addition or deletion of positions[+] to  
7 or from the position ceiling;
- 8 (iii) Changes in the number of persons being  
9 served or to be served by the program;
- 10 (iv) Changes in the program implementation  
11 schedule;
- 12 (v) Changes in the actual or planned level of  
13 program effectiveness;
- 14 (vi) Increases due to the establishment of a  
15 program not previously included in the  
16 State's program structure;
- 17 (vii) Decreases due to the phasing out of a  
18 program previously included in the State's  
19 program structure; and
- 20 (viii) Changes in the purchase price of goods or  
21 services;



1 As appropriate, references to the program and  
2 financial plan shall be noted for an explanation of  
3 the changes. Notwithstanding the provisions of  
4 subsection (b)(5), the proposed changes in the levels  
5 of expenditures may be shown to the nearest thousand  
6 dollars;

7 (2) Appropriate summaries of paragraph (1)(A) and (C)  
8 immediately above at every level of the state program  
9 structure above the lowest level. Such summaries  
10 shall be by the major groupings of programs  
11 encompassed within the level. The summaries of  
12 paragraph (1)(A) shall identify the means of financing  
13 [~~and the number of positions~~], position ceiling, and  
14 [~~the~~] lease payments included in any cost category  
15 amount; and

16 (3) A summary listing of all capital improvement projects  
17 included in the proposed capital investment costs for  
18 the ensuing biennium. The listing shall be by  
19 programs at the lowest level of the state program  
20 structure and shall show for each project, by  
21 investment cost elements:

22 (A) The cost of the project;



1 (B) The amount of funds previously appropriated and  
2 authorized by the legislature; and

3 (C) The amount of new appropriations and  
4 authorizations proposed in each of the two fiscal  
5 years of the ensuing biennium and in each of the  
6 succeeding four years. The amount of the new  
7 appropriations and authorizations proposed shall  
8 constitute the proposed new requests for the  
9 project in each of the fiscal bienniums.

10 In every instance, the means of financing shall be  
11 noted."

12 SECTION 6. Section 37-74, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "**§37-74 Program execution.** (a) Except as limited by  
15 policy decisions of the governor, appropriations by the  
16 legislature, and other provisions of law, the several agencies  
17 responsible for administering state programs shall administer  
18 their program assignments and shall be responsible for their  
19 proper management.

20 (b) The appropriations by the legislature for a biennium  
21 shall be allocated between the two fiscal years of the biennium  
22 in the manner provided in the budget or appropriations act and



1 as further prescribed by the director of finance. The amounts  
2 allocated for each fiscal year shall be subject to the allotment  
3 system prescribed in chapter 37, part II. Each agency (except  
4 the courts), in estimating its quarterly requirements under  
5 chapter 37, part II, shall prepare a plan for the fiscal year  
6 for the operation of each of the programs it is responsible for  
7 administering. The operations plan shall be in such form and  
8 content as the department of budget and finance may prescribe.  
9 It shall be submitted, together with the estimated quarterly  
10 requirements, to the department of budget and finance on such  
11 date as the department may prescribe.

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

13 (1) Review each operations plan to determine:

14 (A) That it is consistent with the policy decisions  
15 of the governor and appropriations by the  
16 legislature;

17 (B) That it reflects proper planning and efficient  
18 management methods; and

19 (C) That appropriations have been made for the  
20 planned purpose and will not be exhausted before  
21 the end of the fiscal year;



1 provided that the department of budget and finance  
2 shall review the operations plan submitted by the  
3 University of Hawaii solely for consistency with the  
4 allotment ceilings established by the governor under  
5 section 37-34, appropriations by the legislature, the  
6 requirements of chapter 37D, and the status of  
7 revenues to support operations plans for all state  
8 programs;

9 (2) Approve the operations plan if satisfied that it meets  
10 the requirements under paragraph (1). Otherwise, the  
11 department of budget and finance shall require  
12 revision of the operations plan in whole or in part;

13 and

14 (3) Modify or withhold the planned expenditures at any  
15 time during the appropriation period if the department  
16 of budget and finance finds that the expenditures are  
17 greater than those necessary to execute the programs  
18 at the level authorized by the governor and the  
19 legislature, or that state receipts and surpluses will  
20 be insufficient to meet the authorized expenditure  
21 levels; provided that the planned expenditures for the



1 University of Hawaii may be modified or withheld only  
2 in accordance with sections 37-36 and 37-37.

3 (d) No appropriation transfers or changes between programs  
4 or agencies shall be made without legislative authorization;  
5 provided that:

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

8 (2) Except with respect to appropriations to fund  
9 financing agreements under chapter 37D, the University  
10 of Hawaii shall have the flexibility to transfer  
11 appropriated funds and positions for the operating  
12 cost category among programs, among cost elements in a  
13 program, and between quarters, as applicable; except  
14 with respect to appropriations to fund financing  
15 agreements under chapter 37D, the department of  
16 education shall have the flexibility to transfer  
17 appropriated funds and positions for the operating  
18 cost category among programs and among cost elements  
19 in a program, and between quarters, as applicable; and  
20 the Hawaii health systems corporation and its regional  
21 system boards shall have the flexibility to transfer  
22 special fund appropriations among regional system



1 hospital facilities as applicable and as mutually  
2 agreed to by the corporation and the respective  
3 regional system board; provided that the Hawaii health  
4 systems corporation and the regional system boards  
5 shall maintain the integrity and services of each  
6 individual regional system and shall not transfer  
7 appropriations out of any regional system that would  
8 result in a reduction of services offered by the  
9 regional system, with due regard for statutory  
10 requirements, changing conditions, the needs of the  
11 programs, and the effective utilization of resources;  
12 and

13 (3) The university and the department of education shall  
14 account for each transfer implemented under this  
15 subsection in quarterly reports to the governor and  
16 annual reports at the end of each fiscal year to the  
17 legislature and the governor, which shall be prepared  
18 in the form and manner prescribed by the governor and  
19 shall include information on the sources and uses of  
20 the transfer.

21 (e) No position for a program shall be funded, created, or  
22 transferred if it would exceed the position ceiling for that





1 program, except as authorized under subsection (d)(2) or a  
2 general appropriations act, supplemental appropriations act, or  
3 other act making an appropriation."

4 SECTION 7. Section 37-75, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 "**§37-75 Variance report.** Not fewer than thirty days prior  
7 to the convening of each regular session of the legislature, the  
8 governor shall submit to the legislature and to each member  
9 thereof a report on program performance for the last completed  
10 fiscal year and the fiscal year in progress. In format, the  
11 report generally shall follow the fiscal requirements portion of  
12 the executive budget or budgets. The report shall include:

13 (1) At the lowest level of the program structure, for each  
14 program contained in the budget finally approved by  
15 the legislature for the last completed fiscal year and  
16 the fiscal year in progress:

17 (A) A comparison, by the operating and research and  
18 development cost categories, of the budgeted  
19 expenditures and the actual expenditures for the  
20 last completed fiscal year and the budgeted  
21 expenditures and the estimated expenditures for  
22 the fiscal year in progress;



- 1 (B) A comparison, for the operating and research and  
2 development cost categories, of the budgeted  
3 expenditures and [~~positions authorized~~] position  
4 ceiling and the actual expenditures and positions  
5 filled in the last completed fiscal year and a  
6 comparison of the budgeted expenditures and the  
7 [~~number of positions authorized~~] position ceiling  
8 for the fiscal year in progress and the actual  
9 expenditures and number of positions filled in  
10 the first three months of the fiscal year in  
11 progress and the estimated expenditures and  
12 number of positions expected to be filled in the  
13 remaining months of the fiscal year in progress;
- 14 (C) The program size indicators and a comparison of  
15 the program size anticipated and the size  
16 actually realized in the last completed fiscal  
17 year and the program size anticipated and the  
18 size estimated for the fiscal year in progress;
- 19 (D) The effectiveness measures and a comparison of  
20 the level of effectiveness anticipated and the  
21 level actually attained in the last completed  
22 fiscal year and the level of effectiveness



1                    anticipated and the level estimated for the  
2                    fiscal year in progress; and  
3                    (E) A narrative explanation of the significant  
4                    differences for the last completed fiscal year in  
5                    each of the comparisons made in subparagraphs  
6                    (A), (B), (C), and (D), including an explanation  
7                    of the basis upon which the original estimates  
8                    were made and the reasons why the estimates  
9                    proved accurate or inaccurate, and a statement of  
10                   what the actual experience portends for the  
11                   future of the program in terms of costs, size,  
12                   and effectiveness;

13                   provided that expenditure amounts in the comparisons  
14                   shall be shown to the nearest thousand dollars;

15                   (2) Appropriate summaries at each level of the state  
16                   program structure for each major grouping of programs  
17                   encompassed therein, showing:

18                   (A) A comparison of the total budgeted expenditure  
19                   and the total actual expenditure for the last  
20                   completed fiscal year and the total budgeted  
21                   expenditure and the total estimated expenditure  
22                   for the fiscal year in progress; provided that



1 the expenditure amounts shall be shown to the  
2 nearest thousand dollars;

3 (B) The effectiveness measures and a comparison of  
4 the level of effectiveness anticipated and the  
5 level actually attained in the last completed  
6 fiscal year and the level of effectiveness  
7 anticipated and the level estimated for the  
8 fiscal year in progress; and

9 (C) A narrative explanation summarizing the major  
10 reasons for the differences in the comparisons  
11 made for the last completed fiscal year in  
12 subparagraphs (A) and (B); and

13 (3) A narrative explanation of the significant variations  
14 in capital improvement costs; provided that capital  
15 improvement project variances shall be referenced to  
16 the six-year program and financial plan, which shall  
17 contain the information specified in section 37-  
18 69(d)(1)(K)."

19 SECTION 8. Section 302A-1116, Hawaii Revised Statutes, is  
20 amended to read as follows:



1           "~~[+]§302A-1116[+]~~ Authority to create temporary positions.

2 The department may create temporary positions as it deems  
3 necessary; provided that:

4           (1) The department's expenditures shall not exceed its  
5 allocated budget;

6           ~~(2)~~ The department shall not create a temporary position  
7 if it would exceed the position ceiling for the  
8 applicable budget program, except that the department  
9 may create a temporary position for a school if the  
10 position is funded by weighted student formula moneys  
11 and the school principal approves the creation of the  
12 position;

13           ~~[+2]~~ (3) The term of each position shall not exceed one  
14 year; and

15           ~~[+3]~~ (4) The department shall report the creation of  
16 temporary positions to the department of budget and  
17 finance."

18           SECTION 9. Section 302D-25, Hawaii Revised Statutes, is  
19 amended by amending subsection (a) to read as follows:

20           "(a) Charter schools shall be exempt from chapters 91 and  
21 92 and all other state laws in conflict with this chapter,  
22 except those regarding:



- 1 (1) Collective bargaining under chapter 89; provided that:
- 2 (A) The exclusive representatives as defined in
- 3 chapter 89 and the governing board of the charter
- 4 school may enter into supplemental agreements
- 5 that contain cost and noncost items to facilitate
- 6 decentralized decision-making;
- 7 (B) The agreements shall be funded from the current
- 8 allocation or other sources of revenue received
- 9 by the charter school; provided that collective
- 10 bargaining increases for employees shall be
- 11 allocated by the department of budget and finance
- 12 to the charter school's authorizer for
- 13 distribution to the charter school; and
- 14 (C) These supplemental agreements may differ from the
- 15 master contracts negotiated with the department;
- 16 (2) Discriminatory practices under section 378-2; [and]
- 17 (3) Health and safety requirements[-]; and
- 18 (4) Executive budget program requirements and restrictions
- 19 of section 37-74."

20 SECTION 10. Section 304A-2004, Hawaii Revised Statutes, is

21 amended to read as follows:



1            "[+]§304A-2004[+] Special and revolving funds;  
2 expenditures in excess of appropriations. In any fiscal year if  
3 the amount of revenues deposited into a special or revolving  
4 fund of the university exceeds the amount appropriated from that  
5 fund for that year, the president may approve expenditures in  
6 excess of the amount appropriated, up to the amount by which  
7 revenues for that fund exceed the appropriations from that fund  
8 for a fiscal year[-]; provided that the president shall not  
9 create or authorize the creation of any position in excess of  
10 the position ceiling for the applicable budget program."

11            SECTION 11. Section 431:2-216, Hawaii Revised Statutes, is  
12 amended by amending subsection (b) to read as follows:

13            "(b) The assessments shall be used to defray any  
14 administrative costs, including personnel costs, associated with  
15 the programs of the division, and costs incurred by supporting  
16 offices and divisions. Any law to the contrary notwithstanding,  
17 the commissioner may use the moneys from assessments to employ  
18 or retain, by contract or otherwise, without regard to chapter  
19 76, hearings officers, attorneys, investigators, accountants,  
20 examiners, and other necessary professional, technical,  
21 administrative, and support personnel to implement and carry out



1 the purposes of title 24 as it relates to accident and health or  
2 sickness insurance; provided that [any]:

3       (1) Any position, except any attorney position, that was  
4             subject to chapter 76 prior to July 1, 1999, shall  
5             remain subject to chapter 76[-]; and

6       (2) The commissioner shall not employ or retain any person  
7             if doing so would exceed the position ceiling for the  
8             applicable budget program."

9       SECTION 12. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11       SECTION 13. This Act shall take effect on July 1, 2016,  
12 and shall apply commencing with the executive and judiciary  
13 budgets for the fiscal biennium 2017-2019.

14

INTRODUCED BY:

David Y. Lee





# S.B. NO. 2925

**Report Title:**

State Budget; Position Ceiling, Temporary Positions

**Description:**

Requires "position ceilings" to be included in the executive budget. Requires a "position ceiling" to separately identify the maximum number of permanent and temporary positions authorized in the executive budget. States intent that the provisions also apply to the judiciary budget by operation of existing law. Deletes statutory authority for certain departments to create positions in excess of the position ceiling.

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

