

# SB 2552

## Testimony

Measure Title: RELATING TO THE BUDGET.

Report Title: UH; Budget; Program Execution; Exceptions; Repeal

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

Companion: [HB1491](#)

Package: None

Current Referral: HRE, WAM

Introducer(s): TANIGUCHI

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON HIGHER EDUCATION  
ON  
SENATE BILL NO. 2552

February 4, 2014

RELATING TO THE BUDGET

Senate Bill No. 2552 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

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Testimony Presented Before the  
Senate Committee on Higher Education  
February 04, 2014 at 3:00 p.m.

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

### SB 2552 – RELATING TO THE BUDGET

Chair Taniguchi, Vice Chair Kahele and members of the Committee:

We appreciate the opportunity to present our comments opposing this measure, which: repeals the University System's exemptions from the quarterly allotment system; and prohibits the University System from transferring funds between fiscal quarters, programs and cost elements. These amendments would seriously impede our ability to leverage our myriad of revenue sources, particularly given the fact that our general fund appropriation represents only 40 percent of our entire operating budget. Further, these amendments would prohibit us from transferring funds between programs that are intended to be financed with both state appropriations and non-general funds. For instance, some of our administrative programs receive both general fund appropriations and non-general fund revenues from the campuses to support system wide central services such as information technology, risk management, and payroll processing.

Additionally, we recently adopted the Kualii Financial System (KFS), an open source financial management system developed by a consortium of universities to assist public and private universities in managing their various revenues using electronic tools. 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 measure would essentially add more paperwork for our fiscal administrators (FAs), who are realizing the potential that KFS offers in managing their day-to-day fiscal responsibilities using electronic tools.

Therefore, we respectfully request that this measure be deferred.