



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. 2925

January 29, 2014

RELATING TO BUDGETING

Senate Bill No. 2925 imposes stricter budgetary position controls on the Executive and Judicial Branches. Specifically, the bill amends Chapter 37, HRS, to establish permanent and temporary position ceilings at the program level in the various budget documents and in the biennium and supplemental appropriation bills. The bill defines “position” as “. . . a specific job, whether occupied or vacant, consisting of all duties and responsibilities assigned . . . by competent authority, requiring the full or part-time employment of one person” and specifies that position ceilings be expressed in units or fractions of full-time equivalent positions.

Additionally, Senate Bill No. 2925 establishes a general prohibition against funding, creating or transferring a position if it would exceed the position ceiling for that program, except: a) with respect to appropriations for the Department of Education (DOE) and University of Hawaii (UH) to fund financing agreements under Chapter 37D, HRS; b) appropriations for the Hawaii Health Systems Corporation (HHSC); c) as authorized in the General Appropriations Act, Supplemental Appropriations Act or other appropriation acts. The bill also limits various departments’ current ability to create temporary positions as follows: a) the DOE’s authority to create temporary positions is limited only to school-level positions that are funded by weighted student formula moneys and approved by the school

principal; b) charter schools would be subject to the Executive budget program requirements and restrictions which means that the general prohibition against creating a position that exceeds the position ceiling would be applicable to charter schools; c) the UH is prohibited from creating any special or revolving fund position in excess of the position ceilings authorized; and d) the Insurance Commissioner is prohibited from employing any person that would exceed the position ceilings authorized. The bill specifies that the new budgetary position controls are applicable to biennial budgets starting with FB 2017-19.

The Department of Budget and Finance generally supports the concept of stronger position controls; however, we have the following concerns with Senate Bill No. 2925. First, it needs to be recognized that the budget systems currently utilized by the Executive Branch to produce the various budget documents and budget bills are not contemporary modernized systems. The budgeting programs are COBOL-based systems that are over 35 years old. As such, these systems will require extensive modifications which would likely be labor intensive and require resource funding in order to accommodate the requirements of this bill. For example, to display temporary positions at the program level in the various documents would require major formatting modifications and we are not quite sure, at this time, of the resource requirements and time needed to complete this task. We are especially concerned that scarce technical and program staff resources would have to be devoted to this effort should this bill pass at the same time that these technical and program staff resources are needed to support the ERP system implementation that is currently underway.

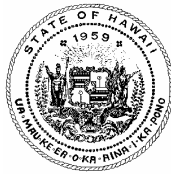
Second, the bill does not account for or accommodate the full diversity of position funding in the budget. There are casual hire-type positions (i.e., hourly payroll) that are not specifically authorized individually in the budget such as student help, stadium event workers, social services work study positions, employment training positions, election day workers, etc. These positions are typically authorized as lump sums and without associated FTE counts. Based on the definition of “position” in the bill, it would appear that casual hire-type positions would have to be authorized individually (i.e., 0.48 count for a 19-hour per week student hire) in the budget.

Third, vicing positions, which are created as temporary back-fill when an incumbent is out for an extended period of authorized leave of absence (such as maternity leave, military duty and extended sick leave), are not currently budgeted. Budgeting for these types of positions would be difficult due to the nature of these leaves of absences.

Finally, we strongly believe that some flexibility is necessary when establishing position ceiling controls. Excessively strict position ceiling controls can be problematic when circumstances not foreseen during budget preparation arise, and can severely hamper the Executive’s ability to operationally respond to these situations effectively and efficiently. At a minimum, we highly recommend that the Legislature continue the practice of allowing certain position control flexibility as contained in Section 113 of the General Appropriations Act of 2013. Section 113 currently allows creation of the following types of temporary positions: a) 100% federally funded positions; b) special project positions authorized by the Governor; and c) positions established by a department pursuant to explicit statutory authority.

The Legislature should consider the opinion of respective departments on how the proposed prohibition on creating temporary positions in excess of the position ceilings authorized could adversely impact their operations and what, if any, program curtailments could result.

NEIL ABERCROMBIE
GOVERNOR



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January 28, 2014

**TESTIMONY TO THE
SENATE COMMITTEE ON WAYS AND MEANS**

For Hearing on Wednesday, January 29, 2014
9:00 a.m., Conference Room 211

BY
BARBARA A. KRIEG
DIRECTOR

Senate Bill No. 2925

RELATING TO BUDGETING

WRITTEN TESTIMONY ONLY

TO CHAIRPERSON IGE AND MEMBERS OF THE COMMITTEE:

The purpose of S.B. 2925 is to require “position ceilings” to be included in the executive budget. The Department of Human Resources Development (DHRD) has the following comments on the bill.

Any requirement for departments to report position ceilings should take into account the potential for unanticipated circumstances that could require additional temporary positions, above the ceilings. For example, departments need the flexibility to “vice” a position(s) in order to backfill a vacancy due to an employee’s extended absence for reasons such as illness, workers’ compensation injury, or detail to another department. Another example is the need to establish project positions pursuant to section 76-16(b)(12), Hawaii Revised Statutes, in the event a department is able to obtain temporary funding such as a federal grant.

Thank you for the opportunity to provide testimony on this measure.



UNIVERSITY OF HAWAII SYSTEM
Legislative Testimony

LATE

Testimony Submitted to the
Senate Committee on Ways and Means
January 29, 2014 at 9:00am
by
Howard Todo, Chief Financial Officer
Vice President for Budget and Finance
University of Hawai'i

SB 2925 – RELATING TO BUDGETING

Chair Ige, Vice Chair Kidani and members of the committee:

The University of Hawai'i appreciates the opportunity to provide comments on this measure, which imposes position ceilings for all state departments, and repeals the University President's authority to establish temporary unbudgeted positions beyond the authorized position count reflected in the applicable appropriations act.

The University of Hawai'i's current authority to establish temporary unbudgeted positions is primarily related to our receipt of extramural funds that are negotiated throughout the fiscal year, and may extend across and between state and federal fiscal years. However, because the majority of these funds are direct contracts or awards to the University, and such funds are held outside the state treasury, we would not consider such position ceilings to be applicable. Should the legislature impose position ceilings upon hiring staff using extramural funds, this would severely restrict the University's ability to use extramural funds in a timely manner. Requiring legislative approval could result in a delay of six to eight months if we are required to seek legislative approval in a subsequent legislative session if funds were received in the prior interim period.

Additionally, our campuses hire temporary lecturers and instructors to accommodate fluctuating enrollments from one semester to the next or to provide instructional services when a faculty member is on sabbatical leave or assigned to perform other related faculty work. Further, we are not clear how this measure would impact our student employees, many of whom are working to help pay for their college or graduate education.

Finally, we are aware of concerns expressed by both the State Administration and the legislature regarding the growth of OPEB-related costs of all state employees. As such, we are presently taking steps to review all temporary unbudgeted positions within the University System, and have been diligently reporting the recruitment and hiring of such positions as required by Section 113 of Act 134, SLH 2013.

Thank you for the opportunity to provide our comments on this measure.