
A BILL FOR AN ACT

RELATING TO ZERO-BASED BUDGETING.

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

1 SECTION 1. Section 37-71, Hawaii Revised Statutes, is
2 amended by amending subsection (c) to read as follows:

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

5 (1) At the lowest level on the state program structure,
6 for each program:

7 (A) The total recommended expenditures, including
8 research and development, capital and operating
9 costs, by cost categories and cost elements for
10 the ensuing biennium; the planned allocation of
11 the total biennial request, by cost categories,
12 and cost elements, between the two fiscal years
13 of the biennium. The means of financing and the
14 number of positions included in any cost category
15 amount shall be appropriately identified;

16 (B) A summary showing means of financing the total
17 recommended expenditures, those amounts requiring



1 and those amounts not requiring legislative
2 appropriation or authorization for spending in
3 each fiscal year of the biennium;

4 (C) A crosswalk of the total proposed biennial
5 expenditures between the program and expending
6 agencies. The means of financing the number of
7 positions and the lease payments included in any
8 cost amount, and the net amount requiring
9 appropriation or authorization shall be
10 appropriately identified for each expending
11 agency; [~~and~~]

12 (D) The proposed changes in the levels of
13 expenditures, by cost categories, between the
14 biennium in progress and the ensuing biennium,
15 together with a brief explanation of the major
16 reasons for each change. The reasons shall
17 include, as appropriate, the following:

18 (i) Salary adjustments to existing positions of
19 personnel;

20 (ii) The addition or deletion of positions;



- 1 (iii) Changes in the number of persons being
- 2 served or to be served by the program;
- 3 (iv) Changes in the program implementation
- 4 schedule;
- 5 (v) Changes in the actual or planned level of
- 6 program effectiveness;
- 7 (vi) Increases due to the establishment of a
- 8 program not previously included in the
- 9 State's program structure;
- 10 (vii) Decreases due to the phasing out of a
- 11 program previously included in the State's
- 12 program structure; and
- 13 (viii) Changes in the purchase price of goods or
- 14 services;
- 15 (E) A description of each budget activity for which
- 16 the agency receives an appropriation in the
- 17 current biennium or for which the agency requests
- 18 an appropriation in the next biennium;
- 19 (F) For each budget activity, three alternative
- 20 funding levels or alternative ways of performing
- 21 the budget activity, at least one of which is



1 less than the previous biennium's actual
2 expenditures for that budget activity, a
3 justification for the necessity of each budget
4 activity compared to a zero budget, a summary of
5 the priorities that would be accomplished within
6 each level compared to a zero budget, and the
7 additional increments of value that would be
8 added by the higher funding levels compared to
9 what would be accomplished if there were no
10 funding for the activity; and

11 (G) For each budget activity, the predicted effect of
12 the three alternative funding levels on future
13 performance, and also one or more measures of
14 cost efficiency and effectiveness of program
15 delivery, which shall include comparisons to
16 other states or entities with similar programs;

17 As appropriate, references to the program and
18 financial plan shall be noted for an explanation of
19 the changes. Notwithstanding the provisions of
20 subsection (b) (5), the proposed changes in the levels



1 of expenditures may be shown to the nearest thousand
2 dollars;

3 (2) Appropriate summaries of paragraph (1) (A) and (C)
4 immediately above at every level of the state program
5 structure above the lowest level. Such summaries
6 shall be by the major groupings of programs
7 encompassed within the level. The summaries of
8 paragraph (1) (A) shall identify the means of financing
9 and the number of positions and the lease payments
10 included in any cost category amount; and

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

17 (A) The cost of the project;

18 (B) The amount of funds previously appropriated and
19 authorized by the legislature; and

20 (C) The amount of new appropriations and
21 authorizations proposed in each of the two fiscal



Report Title:

Zero-Based Budgeting; State Budget

Description:

Incorporates zero-based budgeting into the executive budget.

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

