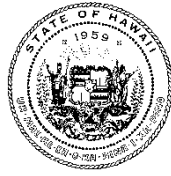


DAVID Y. IGE
GOVERNOR



DOUGLAS MURDOCK
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
DOUGLAS MURDOCK, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEES
ON
WAYS AND MEANS
ON
FEBRUARY 26, 2016

S.B. 2542, SD1

RELATING TO REPAIR AND MAINTENANCE

Chair Tokuda, and members of the Committees, thank you for the opportunity to submit written testimony on S.B. 2542, SD1.

The Department of Accounting and General Services supports the measure. Per Budget and Finance's testimony, separate accounts would need to be set up for funds with extended lapse dates under this measure.

Thank you for the opportunity to submit written testimony on this matter.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2542, S.D. 1

February 26, 2016
9:45 a.m.

RELATING TO REPAIR AND MAINTENANCE

Senate Bill No. 2542, S.D. 1, addresses the routine repair and maintenance of State-owned buildings, facilities, and other improvements by: 1) requiring a report on routine repair and maintenance funding needs be submitted to the Legislature; 2) providing for an extended lapse date for appropriation for routine repair and maintenance; and 3) requiring a routine repair and maintenance plan be submitted as part of capital improvement project requests.

Although we support the general intent of this measure, the Department of Budget and Finance has several concerns.

First, regarding submittal of a report of routine repair and maintenance funding needs to the Legislature, departments currently provide information on routine repair and maintenance needs as part of their budget request. This information is based on the best information and resources available at the time of the request. In order to meet the additional reporting requirements and track actual appropriations and positions authorized, and actual expenditures and positions filled for routine repair and maintenance, departments may need additional resources.

Second, providing for an extended lapse date for appropriation for routine repair and maintenance, would require provisos specifying appropriations for those uses by department, program, and organizational code, by means of funding, to be able to track which specific funds would have an extended lapse date. It would also be necessary to create specific accounting system accounts to capture data necessary for the routine repair and maintenance funding needs for submittal to the Legislature. It should also be noted that this measure defines "Routine repair and maintenance" as repair and maintenance performed on a scheduled repair and maintenance cycle. This type of repair and maintenance should not normally require more than a fiscal year to expend or encumber.

Lastly, the requirement to include a routine repair and maintenance plan, as part of capital improvement projects, could increase the cost of projects as a plan would have to be developed during the design phase.

DAVID Y. IGE
GOVERNOR



JAMES K. NISHIMOTO
DIRECTOR

CINDY S. INOUE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

February 24, 2016

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

For Hearing on Friday, February 26, 2016
9:45 a.m., Conference Room 211

BY

JAMES K. NISHIMOTO
DIRECTOR

Senate Bill No. 2542, S.D. 1
Relating to Repair and Maintenance

TO CHAIRPERSON TOKUDA, VICE-CHAIRPERSON DELA CRUZ AND MEMBERS
OF THE COMMITTEE:

The Department of Human Resources Development (“DHRD”) **appreciates the intent** of S.B. 2542, S.D. 1, whose purpose is to address the routine repair and maintenance of state-owned buildings, facilities, and other improvements in order to preserve public moneys, prevent additions to the State’s deferred maintenance backlog, and preserve the condition of state-owned buildings for public use or benefit. The bill proposes to establish a full funding policy and budgetary procedures for routine repair and maintenance of state facilities.

The requirement in S.B. 2542, S.D.1, that agencies that manage a state-owned building, facility, or other improvement shall submit an annual report on the funds and positions deemed necessary to perform routine repair and maintenance is consistent

with the State's efforts to address privatization issues.

Thank you for the opportunity to testify.