

Honolulu, Hawaii

MAR 02 2017

RE: S.B. No. 712

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 712 entitled:

"A BILL FOR AN ACT RELATING TO THE VARIANCE REPORT,"

begs leave to report as follows:

The purpose and intent of this measure is to require additional information to be included in the variance report submitted annually by the Governor to the Legislature to allow the Legislature to better align its budget decisions with the actual needs and expenditures of the departments.

More specifically, this measure requires the following information to be included in the variance report submitted to the Legislature before each Regular Session, commencing with the Regular Session of 2019:

- (1) Means of financing information and cost element breakdowns in comparison of:
  - (A) Budgeted appropriations and actual expenditures; and
  - (B) Position ceiling and filled positions; and
- (2) A summary by department of:
  - (A) Cost element breakdowns of expenditures; and



- (B) The position ceiling in comparison to total positions filled.

Your Committee received comments on this measure from the Department of Budget and Finance.

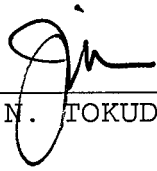
Your Committee finds the variance report currently includes only a summary of budgeted appropriations and actual expenditures. Your Committee believes that the additional information required by this measure would allow the Legislature to monitor the actual budgetary performance of the departments more effectively.

In particular, your Committee notes the lack of detailed data on positions in the current variance reports limits their usefulness. According to the most recent variance report, for fiscal year 2015-2016, total budgeted permanent positions amounted to 45,652.15, while total actual permanent positions amounted to 43,334.75. The difference of 2,317.40 is substantial. Yet, the variance report does not provide summary data breakdowns of the difference by department or means of financing. More significantly, the current reports do not provide the difference in budgeted and actual personal services costs for the budgeted and actual positions. Your Committee finds that such data would help the Legislature identify areas for appropriate budget cuts.

Your Committee notes that it will continue to work with the Department of Budget and Finance on this measure and related legislation to improve and enhance budgetary information that is required to be submitted to the Legislature.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 712 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

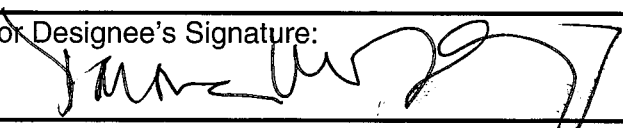
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
\_\_\_\_\_  
JILL N. TOKUDA, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB 712</b>	Committee Referral: <b>WAM</b>	Date: <b>2/3/17</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene				/
INOUYE, Lorraine R.	/			
KAHELE, Kaiali'i	/			
RIVIERE, Gil	/			
SHIMABUKURO, Maile S.L.	/			
TANIGUCHI, Brian T.				/
WAKAI, Glenn	/			
<b>TOTAL</b>	<b>9</b>			<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes