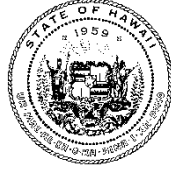


DAVID Y. IGE  
GOVERNOR



RODERICK K. BECKER  
Comptroller

AUDREY HIDANO  
Deputy Comptroller

**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN COMMENTS OF  
RODERICK K. BECKER, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
SENATE COMMITTEE ON WAYS AND MEANS  
ON  
THURSDAY, FEBRUARY 23, 2017  
1:30 P.M.  
CONFERENCE ROOM 211

S.B. 719

RELATING TO DEFERRED MAINTENANCE.

Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee, thank you for the opportunity to submit written comments on S.B. 719.

The Department of Accounting and General Services (DAGS) supports the intent of the measure and offers the following comments for the committee's consideration.

An independent assessment may best define and quantify the extent of the deferred maintenance for all State executive agencies, and could include alternatives for addressing the State's needs. DAGS supports State flexibility to prioritize programs and use of funding, and defers to the Department of Budget and Finance on the broader issue of directing resources toward elimination of the deferred maintenance backlog.

Thank you for the opportunity to submit comments on this matter.

DAVID Y. IGE  
GOVERNOR



WESLEY K. MACHIDA  
DIRECTOR

LAUREL A. JOHNSTON  
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)

**WRITTEN ONLY**  
TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 719

**February 23, 2017**  
**1:30 p.m.**  
**Room 211**

RELATING TO DEFERRED MAINTENANCE

Senate Bill No. 719, amends Chapter 37, HRS, by adding a new part called "Deferred Maintenance Plan," which includes: 1) target dates for eliminating deferred maintenance costs; 2) alternative target dates based on different scenarios and contingencies; 3) standards and criteria for calculating deferred maintenance costs and improvements; 4) the designation of the State Executive agency responsible for calculating the deferred maintenance costs of State-owned buildings, facilities, or other improvements; 5) an estimate of the total amount of funds necessary to eliminate deferred maintenance costs; 6) a proposed schedule for eliminating deferred maintenance costs by the target date; and 7) alternative schedules to the proposed schedule based on the alternative target dates. Senate Bill No. 719 requires the Office of the Governor to prepare a plan which is to be updated annually to help reduce the backlog of deferred maintenance on State-owned buildings, facilities, or other improvements and appropriates \$100,000 in general funds for its preparation.

Although we support the general intent of trying to address deferred maintenance of public facilities in a timely manner, the Department of Budget and Finance has concerns with this bill. Currently, estimates of deferred maintenance costs are collected and submitted as part of the Executive Budget per Act 150, SLH 2015. In the Executive Budget for FYs 17-18 and 18-19, the Executive departments reported \$3,162,368,655 in total estimated deferred maintenance costs in all means of financing. However, it is difficult to estimate as departments have varying staff capabilities and the timing of the repairs is likely to have a cost impact, not included in the estimates. Without resources at the departmental and State levels, there is no means to verify the accuracy and consistency of the information.

Departments currently provide information on 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. We defer to the individual departments regarding the effort and resources needed to develop a deferred maintenance plan required to comply with this measure.

Thank you for your consideration of our comments.