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BUDGET, PROGRAM PLANNING AND  
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OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN COMMENTS**  
**TESTIMONY BY WESLEY K. MACHIDA**  
**DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE**  
**TO THE SENATE COMMITTEE ON WAYS AND MEANS**  
**ON**  
**SENATE BILL NO. 713**  
**SENATE BILL NO. 712**  
**SENATE BILL NO. 722**  
**SENATE BILL NO. 724**

**February 3, 2017**  
**9:30 a.m.**  
**Room 211**

SB 713 -- RELATING TO BUDGET DOCUMENTS  
SB 712 -- RELATING TO VARIENCE REPORT  
SB 722 -- RELATING TO EFFICIENCY MEASURES  
SB 724 -- RELATING TO NON-DISCRETIONARY COSTS

The Department of Budget and Finance appreciates the intent of these measures and offers the following comments.

Senate Bill No.713 requires the state six-year program and financial plan and budget include information on tax expenditures, meaning the amount of revenue lost due to tax credits, exemptions, deductions, and abatements.

Senate Bill No.712 requires the annual variance report to include additional information comparing the means of financing for actual expenditures versus budgeted amounts and the status of budgeted positions appropriated in position ceilings.

Senate Bill No.722 requests the director of finance to work with various state departments to determine if inclusion of efficiency measure data in budget documents, may be prepared, collected, and analyzed by the department of budget and finance in a cost-effective manner.

Senate Bill No.724 requires the department of budget and finance to report certain data on non-discretionary costs, to provide alternative views of the burden of non-discretionary costs on the general fund.

All of these measures propose to amend or add new reporting requirements to Part IV, the Executive Budget Act, which was first enacted in 1970. If the legislature is asserting that this information is critical to the development and execution of the state budget, we would encourage a broader discussion. While it appears that there have been various reports by legislative research agencies about public finance and taxation, we could find no recent studies evaluating the Executive Budget Act itself, particularly whether it meets the current needs of either the legislative or the executive branches of government. We would welcome a continuing dialogue with the legislature about an evaluation of Part IV and based upon that evaluation, a collaboration between the branches that would result in a budget development and execution framework that serves the needs of both branches.

Thank you for your consideration of our testimony.