

SB 3100

SD-1

**RELATING TO
STRUCTURE OF
GOVERNMENT**

SB 3100

SD-1

TESTIMONY

A BILL FOR AN ACT

RELATING TO THE STRUCTURE OF GOVERNMENT.

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

1 PART I

2 SECTION 1. The purpose of this Act is to consolidate the
3 department of human resources development and the department of
4 budget and finance into a single department. The legislature
5 finds that this consolidation will promote the efficiency and
6 effectiveness of state government by improving the coordination
7 between the budgeting of state resources and the hiring of
8 employees for state positions.

9 PART II

10 SECTION 2. Section 26-4, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§26-4 Structure of government.** Under the supervision of
13 the governor, all executive and administrative offices,
14 departments, and instrumentalities of the state government and
15 their respective functions, powers, and duties shall be
16 allocated among and within the following principal departments
17 that are hereby established:



- 1 [~~1~~] ~~Department of human resources development (Section 26-~~
- 2 ~~5)~~
- 3 [~~2~~] (1) Department of accounting and general services
- 4 (~~Section~~) section 26-6);
- 5 [~~3~~] (2) Department of the attorney general (~~Section~~
- 6 section 26-7);
- 7 [~~4~~] (3) Department of budget [~~and~~], finance, and human
- 8 resources (~~Section~~) section 26-8);
- 9 [~~5~~] (4) Department of commerce and consumer affairs
- 10 (~~Section~~) section 26-9);
- 11 [~~6~~] (5) Department of taxation (~~Section~~) section 26-10);
- 12 [~~7~~] (6) University of Hawaii (~~Section~~) section 26-11);
- 13 [~~8~~] (7) Department of education (~~Section~~) section
- 14 26-12);
- 15 [~~9~~] (8) Department of health (~~Section~~) section 26-13);
- 16 [~~10~~] (9) Department of human services (~~Section~~) section
- 17 26-14);
- 18 [~~11~~] (10) Department of land and natural resources
- 19 (~~Section~~) section 26-15);
- 20 [~~12~~] (11) Department of agriculture (~~Section~~) section
- 21 26-16);



- 1 [~~(13)~~] (12) Department of Hawaiian home lands (~~[Section]~~
2 section 26-17);
- 3 [~~(14)~~] (13) Department of business, economic development,
4 and tourism (~~[Section]~~ section 26-18);
- 5 [~~(15)~~] (14) Department of transportation (~~[Section]~~ section
6 26-19);
- 7 [~~(16)~~] (15) Department of labor and industrial relations
8 (~~[Section]~~ section 26-20);
- 9 [~~(17)~~] (16) Department of defense (~~[Section]~~ section 26-21);
10 and
- 11 [~~(18)~~] (17) Department of public safety (~~[Section]~~ section
12 26-14.6)."

13 SECTION 3. Section 26-8, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "**§26-8 Department of budget [~~and~~], finance[-], and human**
16 **resources.** (a) The department of budget [~~and~~], finance, and
17 human resources shall be headed by a single executive to be
18 known as the director of finance[+] and human resources.

19 (b) The department shall:

20 (1) Undertake the preparation and execution of the
21 executive budget of the state government;



- 1 (2) Conduct a systematic and continuous review of the
2 finances, organization, and methods of each department
3 of the State to assist each department in achieving
4 the most effective expenditure of all public funds and
5 to determine that [~~such~~] those expenditures are in
6 accordance with the budget laws and controls in force;
- 7 (3) Have custody of state funds and be responsible for the
8 safekeeping, management, investment, and disbursement
9 thereof; [~~and~~]
- 10 (4) Administer state debts[-]; and
- 11 (5) Administer the state human resources program,
12 including human resources development and training,
13 and central human resources services such as
14 recruitment, examination, classification, pay
15 administration, and payment of any claims as required
16 under chapter 386.
- 17 (c) The functions and authority heretofore exercised by
18 the department of human resources development and the bureau of
19 the budget (except for insurance management, surplus property
20 management, and central purchasing transferred to the department
21 of accounting and general services) and the funds custody, cash



1 management, debt management, and administering of veterans loan
2 functions of the treasurer as heretofore constituted are
3 transferred to the department of budget [~~and~~], finance, and
4 human resources established by this chapter.

5 (d) The employees' retirement system as constituted by
6 chapter 88 is placed within the department of budget [~~and~~],
7 finance, and human resources for administrative purposes. The
8 functions, duties, and powers, subject to the administrative
9 control of the director of finance[~~7~~] and human resources, and
10 the composition of the board of trustees of the employees'
11 retirement system shall be as heretofore provided by law.

12 (e) There shall be within the department of budget,
13 finance, and human resources a board to be known as the merit
14 appeals board, which shall sit as an appellate body on matters
15 set forth in section 76-14. The merit appeals board shall
16 consist of three members. All members shall have knowledge of
17 public employment laws and prior experience with public
18 employment; provided that at least one member's experience was
19 with an employee organization as a member or an employee of that
20 organization and at least one member's experience was with
21 management. The governor shall consider the names of qualified



1 individuals submitted by employee organizations or management
2 before appointing the members of the board. The chairperson of
3 the board shall be designated as specified in the rules of the
4 board.

5 (f) Section 26-34 shall not apply to the merit appeals
6 board members. The merit appeals board members shall be
7 appointed by the governor for four-year terms and may be
8 reappointed without limitation; provided that the initial
9 appointments shall be for staggered terms, as determined by the
10 governor. The governor shall fill any vacancy by appointing a
11 new member for a four-year term. The governor may remove for
12 cause any member after due notice and public hearing.

13 (g) Nothing in subsections (e) and (f) shall be construed
14 as in any manner affecting the civil service laws applicable to
15 the several counties, the judiciary, or the Hawaii health
16 systems corporation or its regional system boards.

17 (h) There is established in the state treasury the human
18 resources development special fund, to be administered by the
19 department of budget, finance, and human resources, which shall
20 consist of: all revenues received by the department as a result
21 of entrepreneurial efforts in securing new sources of funds not



1 provided for in the department's budget for services rendered by
2 the department, all revenues received by the department from the
3 charging of participant fees for in-service training that are in
4 addition to general fund appropriations in the department's
5 budget for developing and operating in-service training
6 programs, appropriations made by the legislature to the fund,
7 and moneys directed to the department from any other source,
8 including gifts, grants, and awards.

9 Moneys in the human resources development special fund
10 shall be used for the following purposes:

- 11 (1) Supporting the department's entrepreneurial
12 initiatives, training activities, and programs;
13 (2) Administrative costs of the department's
14 entrepreneurial initiatives, training activities, and
15 programs; and
16 (3) Any other purpose deemed necessary by the director for
17 the purpose of facilitating the department's
18 entrepreneurial initiatives, training activities, and
19 programs.

20 (i) The department of budget, finance, and human resources
21 shall submit, no later than twenty days prior to the convening



1 of each regular session, a report of the number of exempt
2 positions that were converted to civil service positions during
3 the previous twelve months. The report shall include but not be
4 limited to:

- 5 (1) The date that each exempt position was established;
6 (2) The purpose of the exempt position;
7 (3) Rationale for the conversion; and
8 (4) The number of exempt positions remaining in each state
9 department after the conversions."

10 SECTION 4. Section 76-47, Hawaii Revised Statutes, is
11 amended by amending subsection (b) to read as follows:

12 "(b) Members of the merit appeals board shall be persons
13 that can objectively apply the merit principle to public
14 employment. Other qualifications of board members and other
15 matters pertaining to the establishment of the merit appeals
16 board, whether composition of the board, manner of appointment,
17 term of office, limitation on terms, chairperson, removal of
18 members, and name for its merit appeals board, shall be left to
19 the determination of each jurisdiction based on its own
20 preferences and needs. A jurisdiction may continue to use its
21 civil service commission or appeals board, with or without



1 modification, as its merit appeals board to assume all of the
2 functions and responsibilities under section 76-14; provided
3 that the merit appeals board for the State shall be as provided
4 in section ~~[26-5.]~~ 26-8."

5 SECTION 5. Section 26-5, Hawaii Revised Statutes, is
6 repealed.

7 [~~§26-5 Department of human resources development.~~ (a)
8 ~~The department of human resources development shall be headed by~~
9 ~~a single executive to be known as the director of human~~
10 ~~resources development.~~

11 ~~(b) The department shall administer the state human~~
12 ~~resources program, including human resources development and~~
13 ~~training, and central human resources services such as~~
14 ~~recruitment, examination, classification, pay administration,~~
15 ~~and payment of any claims as required under chapter 386.~~

16 ~~(c) There shall be within the department of human~~
17 ~~resources development a board to be known as the merit appeals~~
18 ~~board which shall sit as an appellate body on matters set forth~~
19 ~~in section 76-14. The board shall consist of three members.~~
20 ~~All members shall have knowledge of public employment laws and~~
21 ~~prior experience with public employment; provided that at least~~



1 ~~one member's experience was with an employee organization as a~~
2 ~~member or an employee of that organization and at least one~~
3 ~~member's experience was with management. The governor shall~~
4 ~~consider the names of qualified individuals submitted by~~
5 ~~employee organizations or management before appointing the~~
6 ~~members of the board. The chairperson of the board shall be~~
7 ~~designated as specified in the rules of the board.~~

8 ~~(d) The provisions of section 26-34 shall not apply and~~
9 ~~the board members shall be appointed by the governor for four-~~
10 ~~year terms and may be re-appointed without limitation; provided~~
11 ~~that the initial appointments shall be for staggered terms, as~~
12 ~~determined by the governor. The governor shall fill any vacancy~~
13 ~~by appointing a new member for a four-year term. The governor~~
14 ~~may remove for cause any member after due notice and public~~
15 ~~hearing.~~

16 ~~(e) Nothing in this section shall be construed as in any~~
17 ~~manner affecting the civil service laws applicable to the~~
18 ~~several counties, the judiciary, or the Hawaii health systems~~
19 ~~corporation or its regional system boards, which shall remain~~
20 ~~the same as if this chapter had not been enacted.~~



1 ~~(f) There is established in the state treasury the human~~
2 ~~resources development special fund, to be administered by the~~
3 ~~department of human resources development, which shall consist~~
4 ~~of: all revenues received by the department as a result of~~
5 ~~entrepreneurial efforts in securing new sources of funds not~~
6 ~~provided for in the department's budget for services rendered by~~
7 ~~the department, all revenues received by the department from the~~
8 ~~charging of participant fees for in-service training that are in~~
9 ~~addition to general fund appropriations in the department's~~
10 ~~budget for developing and operating in-service training~~
11 ~~programs, appropriations made by the legislature to the fund,~~
12 ~~and moneys directed to the department from any other source,~~
13 ~~including gifts, grants, and awards.~~

14 ~~Moneys in the human resources development special fund~~
15 ~~shall be used for the following purposes:~~

- 16 ~~(1) Supporting the department's entrepreneurial~~
17 ~~initiatives, training activities, and programs;~~
- 18 ~~(2) Administrative costs of the department's~~
19 ~~entrepreneurial initiatives, training activities, and~~
20 ~~programs; and~~



1 SECTION 7. Transfer of officers and employees. All
2 officers and employees whose functions are transferred by this
3 Act shall be transferred with their functions and shall continue
4 to perform their regular duties upon their transfer, subject to
5 the state personnel laws and this Act.

6 No officer or employee of the State having tenure shall
7 suffer any loss of salary, seniority, prior service credit,
8 vacation, sick leave, or other employee benefit or privilege as
9 a consequence of this Act, and an officer or employee may be
10 transferred or appointed to a civil service position without the
11 necessity of examination; provided that the officer or employee
12 possesses the minimum qualifications for the position to which
13 transferred or appointed; and provided further that subsequent
14 changes in status may be made pursuant to applicable civil
15 service and compensation laws.

16 An officer or employee of the State who does not have
17 tenure and who may be transferred or appointed to a civil
18 service position as a consequence of this Act shall become a
19 civil service employee without the loss of salary, seniority,
20 prior service credit, vacation, sick leave, or other employee
21 benefits or privileges and without the necessity of examination;



1 provided that the officer or employee possesses the minimum
2 qualifications for the position to which transferred or
3 appointed.

4 If an office or position held by an officer or employee
5 having tenure is abolished, the officer or employee shall not
6 thereby be separated from public employment, but shall remain in
7 the employment of the State with the same pay and classification
8 and shall be transferred to some other office or position for
9 which the officer or employee is eligible under the personnel
10 laws of the State as determined by the head of the department or
11 the governor.

12 SECTION 8. Transfer of records, equipment, and other
13 personal property. All appropriations, records, equipment,
14 machines, files, supplies, contracts, books, papers, documents,
15 maps, and other personal property heretofore made, used,
16 acquired, or held by the department of budget and finance and
17 the department of human resources development relating to the
18 functions transferred to the department of budget, finance, and
19 human resources shall be transferred with the functions to which
20 they relate.



1 SECTION 9. Transfer of functions; continuity of rules,
2 policies, and other material. All rules, policies, procedures,
3 guidelines, and other material adopted or developed by the
4 department of budget and finance and the department of human
5 resources development to implement provisions of the Hawaii
6 Revised Statutes that are made applicable to the department of
7 budget, finance, and human resources by this Act, shall remain
8 in full force and effect until amended or repealed by the
9 department of budget, finance, and human resources, pursuant to
10 chapter 91, Hawaii Revised Statutes.

11 In the interim, every reference to the department of budget
12 and finance or department of human resources development, or the
13 director of finance or director of human resources development
14 in those rules, policies, procedures, guidelines, and other
15 material is amended to refer to the department of budget,
16 finance, and human resources or the director of finance and
17 human resources, as appropriate.

18 SECTION 10. Transfer of functions; effect on agreements,
19 contracts, deeds, leases, permits, and other documents. All
20 agreements, contracts, deeds, leases, permits, or other
21 documents executed or entered into by or on behalf of the



1 The sum appropriated shall be expended by the department of
2 budget and finance for the purposes of part III of this Act.

3 SECTION 12. The department of budget and finance, in
4 collaboration with the department of human resources
5 development, shall submit joint status reports on the
6 consolidation to the legislature no later than twenty days prior
7 to the convening of the regular session of 2019, by no later
8 than June 30, 2019, and no later than twenty days prior to the
9 convening of the regular session of 2020.

10 PART V

11 SECTION 13. If any part of this Act is found to be in
12 conflict with federal requirements that are a prescribed
13 condition for the allocation of federal funds to the State, the
14 conflicting part of this Act is inoperative solely to the extent
15 of the conflict and with respect to the agencies directly
16 affected, and this finding does not affect the operation of the
17 remainder of this Act in its application to the agencies
18 concerned. The rules under this Act shall meet federal
19 requirements that are a necessary condition to the receipt of
20 federal funds by the State.



1 SECTION 14. The revisor of statutes shall replace the
2 terms:

3 (1) "Department of budget and finance" or "department of
4 human resources development" or like terms, with
5 "department of budget, finance, and human resources";
6 and

7 (2) "Director of finance" or "director of human resources
8 development" or like terms, with "director of finance
9 and human resources",

10 as those terms appear in the Hawaii Revised Statutes.

11 SECTION 15. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 16. This Act shall take effect on January 1, 2050.



Report Title:

Government Structure; B&F; DHRD; Consolidation

Description:

Consolidates the Department of Budget and Finance and the Department of Human Resources Development into the Department of Budget, Finance, and Human Resources. Transfers functions and duties accordingly. Effective 1/1/2050. (SD1)

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





STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE

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

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

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

WRITTEN ONLY

TESTIMONY BY LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
ON
SENATE BILL NO. 3100, S.D. 1

March 22, 2018
9:15 a.m.
Room 309

RELATING TO THE STRUCTURE OF GOVERNMENT

Senate Bill No. 3100, S.D. 1, consolidates the Department of Human Resources Development (HRD) and the Department of Budget and Finance (Department) into one department, and combines the departments' powers and duties effective July 1, 2020. The bill appropriates \$100,000 in general funds for FY 19 to consolidate the two departments into a single department.

The Department opposes this bill. While we understand the importance of promoting efficiency and effectiveness in State government, the possible economies of scale resulting from the consolidation appear to be minimal as the core functions of each department are distinct. Each department is currently staffed to implement separate duties and responsibilities, and a re-organization with a potential reduction-in-force may be necessary to provide scalable savings from such a consolidation. Further, until an integrated budget and personnel system is funded, budget and personnel records will still need to be separately maintained. Thus, we believe this consolidation will likely offer only minor cost savings without a significant improvement in the effectiveness of State government.

Thank you for your consideration of our comments.



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

WRITTEN TESTIMONY
OF
RODERICK K. BECKER, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
ON
THURSDAY, MARCH 22, 2018
9:15 A.M.
CONFERENCE ROOM 309

S.B. 3100, S.D. 1

RELATING TO THE STRUCTURE OF GOVERNMENT.

Chair Johanson, Vice Chair Holt, and Members of the Committee, thank you for the opportunity to testify on S.B. 3100, S.D. 1.

The Department of Accounting and General Services (DAGS) has significant concerns with S.B. 3100, S.D. 1 which consolidates the Department of Budget and Finance (B&F) and the Department of Human Resources Development (DHRD) to create the Department of Budget, Finance and Human Resources effective July 1, 2020 and appropriates \$100,000 in general funds for FY 2019 to effectuate the consolidation of the two departments into a single department.

The functions of these two departments are distinct and separate. It is not clear how consolidating them into a single department improves overall efficiency and effectiveness of government. Consolidation may result in marginal cost savings and effectiveness and have unintended consequences.

DAGS offers the following comments based on a brief review of the measure:

- 1) Merging the two departments will diminish the ability of a director to provide adequate attention and oversight to the various and numerous important and distinct issues currently handled by two departments;
- 2) The director of finance and the director of DHRD or designee are currently statutorily required to sit on several boards, commissions, or committees. Merging the departments and causing a single director to sit on the boards, commissions, or committees of each will be a further draw on the limited time of the director;
- 3) Each director may currently be statutorily required to sit on the same board. This measure does not appear to address this situation;
- 4) The salary of several State positions is statutorily tied to the salary of the director of DHRD. The salary commission has set the salary of the director of finance at an amount higher than the director of DHRD. Merging the departments will jeopardize any rationale or consistency that may have been in place when the salaries of these positions were tied to the director of DHRD;
- 5) Due to potential unintended increases in the salaries of other State positions caused by this merger, even the marginal savings from reducing one set of director's offices will be offset to some extent; and
- 6) Certain functions and responsibilities of the two departments could conflict with each other.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR OF
HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
LABOR & PUBLIC EMPLOYMENT**

**Thursday, March 22, 2018
9:15 AM
State Capitol, Conference Room 309**

**In consideration of
SENATE BILL 3100, SENATE DRAFT 1
RELATING TO THE STRUCTURE OF GOVERNMENT**

Senate Bill 3100, Senate Draft 1 proposes to consolidate the Departments of Budget and Finance and Human Resources Development (DHRD) into a single department headed by a single executive. The purpose of this consolidation is to promote the efficiency and effectiveness of state government by improving the coordination between budgeting and hiring of employees in state positions. **The Department of Land and Natural Resources (Department) opposes this measure as it does not believe that the envisioned efficiencies will materialize since the two agencies have very different and distinct missions and purposes and staff functions.**

The Department is not aware of any obstruction impeding interaction between the two agencies and it is unlikely that very many redundancies will be found from which to generate savings or efficiencies. The two agencies could be directed to propose ways to improve the coordination between budgeting and hiring employees into state positions and provide those improvements to the Legislature within two years. The Department also notes that in 2009 House Concurrent Resolution No. 76, House Draft 1, Senate Draft 1 established a Task Force on Reinventing Government. The Task Force's 2010 report, titled "Report of the Task Force on Reinventing Government" makes several suggestions for increased efficiencies in 6 departments and overall informational technology recommendations. DHRD, as well as the Department are included in the report.

Thank you for the opportunity to comment on this measure.

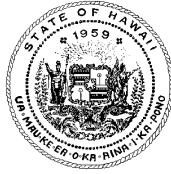
SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

DAVID Y. IGE
GOVERNOR



RYKER WADA
INTERIM DIRECTOR

JASON MINAMI
DEPUTY DIRECTOR

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

March 21, 2018

TESTIMONY TO THE
HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

For Hearing on Thursday, March 22, 2018
9:15 a.m., Conference Room 309

BY

RYKER WADA
INTERIM DIRECTOR

Senate Bill No. 3100 S.D. 1
Relating to the Structure of Government

TO CHAIRPERSON JOHANSON, VICE CHAIR HOLT, AND MEMBERS OF THE
COMMITTEE:

The purpose of Senate Bill No. 3100 S.D. 1 is to consolidate the Department of Budget and Finance and the Department of Human Resources Development into the Department of Budget, Finance, and Human Resources.

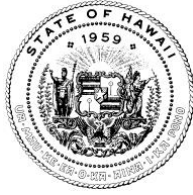
The Department of Human Resources Development (DHRD) appreciates the intent of but **strongly opposes** this measure because it will diminish the Administration's effectiveness of providing leadership in human resource matters throughout the State. DHRD is responsible for overseeing consistency in the administration of personnel laws, rules, policies and programs regarding recruitment, selection, compensation, and employee rights and benefits; representing the State in collective bargaining and labor relations matters; and administering the State's self-

insured workers' compensation program. If the human resources function is transferred to the Department of Budget and Finance, which has its own separate and distinct functional responsibilities, human resource issues of importance to the departments as a whole may not receive the priority and immediate attention they deserve.

Through time, the Legislature, the Governor and the Administration have always placed a high value on its greatest resources – its employees - by recognizing human resources as a cabinet post. They have relied heavily on the expertise and advice of principal staff agencies such as DHRD to address administrative issues on a statewide basis. Having a cabinet level department dedicated to this critical function for all departments of the Executive Branch will ensure consistency and uniformity in the application of human resources laws, rules, policies, and procedures.

Thank you for the opportunity to provide testimony on this measure.

DAVID Y. IGE
GOVERNOR



TODD NACAPUY
CHIEF INFORMATION
OFFICER

STATE OF HAWAI‘I
OFFICE OF ENTERPRISE TECHNOLOGY SERVICES

P.O. BOX 119, HONOLULU, HI 96810-0119
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Testimony of
TODD NACAPUY
Chief Information Officer, State of Hawai‘i

Before the

HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
THURSDAY, MARCH 22, 2018
9:15 A.M.
State Capitol, Conference Room 309

SENATE BILL 3100, SD1
RELATING TO THE STRUCTURE OF GOVERNMENT

Dear Chair Ling, Vice Chair Holt and members of the committee:

I am Todd Nacapuy, Chief Information Officer for the State of Hawai‘i and head of the Office of Enterprise Technology Services (ETS), testifying in **opposition** of Senate Bill 3100, SD1, Relating to structure of government, Consolidates the Department of Budget and Finance and the Department of Human Resources Development into the Department of Budget, Finance, and Human Resources and transfers the departments’ powers and duties effective July 1, 2020.

While the importance of promoting efficiency and effectiveness in state government is important, each department’s core function is separate and distinct and there is only a limited functional policy overlap. We suggest exploring other internal and intra-departmental restructurings that may yield more efficiencies and benefits than merging these two dissimilar departments.

Thank you for allowing me to testify in opposition of this bill.

SB 3100

SD-1

LATE

TESTIMONY



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

Testimony of **Ford Fuchigami**
Administrative Director, Office of the Governor

Before the
Senate Committee on Labor
March 22, 2018
9:15 a.m., Conference Room 309

In consideration of
Senate Bill 3100, SD1
RELATING TO THE STRUCTURE OF GOVERNMENT

Chair Tokuda, Vice-Chair English, and committee members:

Thank you for the opportunity to provide comments on **Senate Bill 3100, SD1**. This bill would consolidate the Department of Budget and Finance (B&F) and the Department of Human Resources Development (DHRD) into one department effective July 1, 2020. It would also appropriate \$100,000 in general funds in FY 2019 to support this consolidation.

While the Governor's Office supports efforts to improve the efficiency and effectiveness of state government operations, we have serious reservations about this bill. It is not clear how the consolidation of B&F and DHRD would result in improvements and cost savings in government operations. Furthermore, there may be some unintended consequences resulting from the proposed consolidation.

We defer specific comments to testimony submitted by the Department of Accounting and General Services, DHRD and B&F.

Thank you for the opportunity to submit testimony on this bill.