



**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  
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEES ON GOVERNMENT OPERATIONS AND LABOR  
ON  
SENATE BILL NO. 3100**

**February 6, 2018  
2:50 p.m.  
Room 229**

**RELATING TO THE STRUCTURE OF GOVERNMENT**

Senate Bill No. 3100 consolidates the Department of Human Resources Development (DHRD) and the Department of Budget and Finance (B&F) into one department and transfers the departments' powers and duties effective July 1, 2020. The bill appropriates \$100,000 in general funds for FY 19 to effectuate consolidation of the two departments into a single department.

B&F has serious reservations with this bill. While we understand the importance of promoting efficiency and effectiveness in State Government, it should be pointed out that the core functions of the two departments are separate and distinct. The possible economies of scale resulting from the consolidation would appear to be minimal since each department is staffed to carry out its own duties and responsibilities. Further, there is only limited functional policy overlap so additional coordination due to consolidation would be marginal. As such, we do not believe the bill would provide more than minor cost savings or significantly improve the effectiveness of State Government.

Thank you for your consideration of our comments.