

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

ROBERT YU  
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)

**TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS  
ON  
SENATE BILL NO. 1303**

**February 11, 2021  
3:00 p.m.  
Room 016**

**RELATING TO PROGRAM AND BUDGET PERFORMANCE REVIEW**

The Department of Budget and Finance (B&F) supports the intent of Senate Bill (S.B.) No. 1303.

S.B. No. 1303 proposes to amend Section 26-8, HRS, Department of Budget and Finance, to require the Director of Finance to conduct program and budget performance reviews of all State agencies at the transaction level biennially to determine the degree of statutory compliance and to submit a report of the findings to the Legislature at the start of each legislative biennial.

B&F understands the Legislature's concern that program expenditures comply with statutory requirements and legislative intent; however, the proposed amendments appear too broad. There are over 250 program IDs statewide and a review of transactions for all State programs at one time would be too unwieldy and would not allow for any meaningful review. A staggered, higher-level approach would be more feasible to implement and could produce a more useful report.

Please note that B&F does not have the resources to support program reviews at the currently proposed level. In addition, these program reviews would need to take place during part of the same period used for our review and preparation of the Executive biennium budget, due to the delay in the closeout of the accounting transactions of the previous fiscal year.

Thank you for your consideration of our comments.