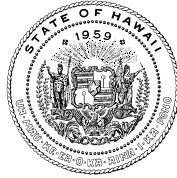


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON FINANCE

FEBRUARY 21, 2025, 10:00 A.M.
CONFERENCE ROOM 308 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 1424, H.D. 1

RELATING TO APPROPRIATIONS.

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee, thank you for the opportunity to submit testimony on this measure.

H.B. 1424, H.D. 1 proposes to amend Chapter 37, Budget, HRS, to ensure that funds appropriated by the legislature are used for their intended purpose by prohibiting the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated.

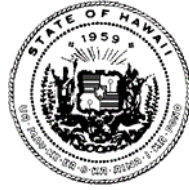
The Department of Accounting and General Services (DAGS) defers to the Department of Budget and Finance and offers **comments** on this measure.

As DAGS is a central support department that provides physical, financial, and technical infrastructure support services to Executive Branch departments and other government agencies, it is vitally important that DAGS has the means to address

emergencies and unforeseen expenses via the transfer of funds appropriated for positions to operating expenses. DAGS operations and our ability to provide the quality and consistent essential services to those we support would be compromised without the flexibility to transfer funds between the personal services and operating cost categories.

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

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

February 19, 2025

TO: The Honorable Representative Kyle T. Yamashita, Chair
House Committee on Finance

FROM: Ryan I. Yamane, Director

SUBJECT: **HB 1424 HD1 – RELATING TO APPROPRIATIONS.**

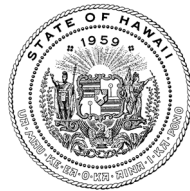
Hearing: February 21, 2025, 10:00 a.m.
Conference Room 308 & Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the measure and provides comments. DHS is concerned that the prohibition may result in the inability to make necessary payments in the fiscal year when the expenditures were incurred, especially when responding to unforeseen emergencies or expenses.

PURPOSE: This bill prohibits the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated. Effective 7/1/3000. (HD1)

The Committee on Labor amended the measure by changing the effective date to July 1, 3000, to encourage further discussion.

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



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

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

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
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

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1424, H.D. 1

February 21, 2025
10:00 a.m.
Room 308 and Videoconference

RELATING TO APPROPRIATIONS

The Department of Budget and Finance (B&F) opposes this bill.

House Bill No. 1424, H.D. 1, proposes to amend Chapter 37, Budget, HRS, to prohibit the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated.

The proposed restriction would change the State's present program budgeting approach under Chapter 37 to one more akin to line-item budgeting. It is important to note that expenditures from a program appropriation whether it be for personal services or operating expenses (i.e., other current expenses, equipment or motor vehicles) are to further the defined program objectives set forth in the official budget documents submitted to the Legislature in conformance with Chapter 37.

Through the budget preparation process, the Executive Branch proposes additions, trade-offs and transfers within department base budgets to better reflect expected program resource requirements. However, it is not always possible to foresee program requirements over a year in advance. The proposed restriction would negatively change departmental operational focus to compliance with staying within specific budget category amounts rather than achieving overall program objectives.

For these reasons, B&F opposes this bill.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

DEAN M. MATSUKAWA
Deputy to the Chairperson

State of Hawai'i
DEPARTMENT OF AGRICULTURE
KA 'OIHANA MAHI'AI
1428 South King Street
Honolulu, Hawai'i 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE

FRIDAY, FEBRUARY 21, 2025
10:00 A.M.
CONFERENCE ROOM 308

HOUSE BILL NO. 1424, H.D. 1
RELATING TO APPROPRIATIONS

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

Thank you for the opportunity to testify on House Bill 1424, H.D. 1. This bill proposes to amend Chapter 37, Budget, HRS, to prohibit the transfer of funds appropriated for positions to operating expenses and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated.

The Department of Agriculture (Department) defers to the Department of Budget and Finance and offers comments.

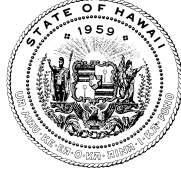
Through the budget process departmental programs make every effort to reflect expected programmatic funding requirements. However, at times it may be vitally important that the Department has the flexibility to utilize funds appropriated for positions to respond to the effects of natural disasters or other unforeseen circumstances such as invasive pest incursions. Department operations and the ability to serve the agricultural community will be compromised without the ability to transfer funds between cost categories.

Thank you for the opportunity to testify on this measure.



JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawai'i*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia'āina o ka Moku'āina
'o Hawai'i*



KALI WATSON
CHAIRPERSON, HHC
Ka Luna Ho'okele

KATIE L. LAMBERT
DEPUTY TO THE CHAIR
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawai'i

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF KALI WATSON, CHAIR
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON FINANCE
HEARING ON FEBRUARY 21, 2025 AT 10:00AM IN CR 308

HB 1424, HD 1, RELATING TO APPROPRIATIONS

February 20, 2025

Aloha Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) submits **comments** on this measure which prohibits the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated.

The proposed restriction would change the State's present program budgeting approach under Chapter 37. This bill would negatively impact DHHL because it would prohibit the current flexibility DHHL has to address shortfalls in either case of positions or operating budget needs with HHL 625. DHHL recognizes that it is not always possible to foresee program requirements over a year in advance. DHHL also understands that expenditures from a program appropriation whether it be for personal services or operating expenses are to further the defined program objectives set forth in the official budget documents submitted to the Legislature in conformance with Chapter 37.

Thank you for your consideration of our testimony.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



STEPHEN F. LOGAN
MAJOR GENERAL
ADJUTANT GENERAL
KA 'AKUKANA KENELALA

PHILLIP L. MALLORY III
BRIGADIER GENERAL
DEPUTY ADJUTANT GENERAL
KA HOPE 'AKUKANA KENELALA

STATE OF HAWAI'I
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF DEFENSE
KA 'OIHANA PILI KAUA
OFFICE OF THE ADJUTANT GENERAL
3949 DIAMOND HEAD ROAD
HONOLULU, HAWAI'I 96816-4495

February 21, 2025

TESTIMONY ON HOUSE BILL 1424
RELATING to Appropriations
BEFORE THE HOUSE COMMITTEE ON FINANCE

BY
MAJOR GENERAL Stephen F. Logan
ADJUTANT GENERAL
AND DIRECTOR OF HAWAI'I EMERGENCY MANAGEMENT AGENCY

Aloha Chair Yamashita, Vice-Chair Takenouchi, and members of the committee:

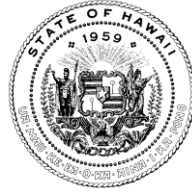
I am Major General Stephen Logan, Adjutant General and Director of Hawai'i Emergency Management Agency, State of Hawai'i, Department of Defense.

The Department of Defense (DEF) provides written testimony in **OPPOSITION** of HB1424.

HB1424 would severely impact the Department of Defense. The mission of the department requires the current funding flexibility to allow the department to react to the needs of the state. Red Flag Warnings, search and rescue, disaster preparation, staging of equipment, State Active Duty, information technology, emergency repair and maintenance are just a few of the challenges that arise throughout the year. These activities are unbudgeted and require flexibility in funding to meet response needs.

Thank you for the opportunity to oppose HB1424.

If you should have any questions, please contact Col (Ret) Rusty Spray, Administrative Services Officer at: rusty.spray@hawaii.gov or 808-369-3458.



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA
SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
cca.hawaii.gov

Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Finance
Friday, February 21, 2025
10:00 a.m.**

**Conference Room 016 & Videoconference
State Capitol
415 South Beretania Street**

**On the following measure:
H.B. 1424, H.D. 1, RELATING TO APPROPRIATIONS**

Written Testimony Only

Chair Yamashita and Members of the Committee:

My name is Nadine Ando, and I am the Director for the Department of Commerce and Consumer Affairs' (Department). The Department opposes this bill.

The purpose of this bill is to prohibit the transfer of funds appropriated for positions to operating expenses and vice versa except to fulfill the Legislature's purpose for which the funds were appropriated.

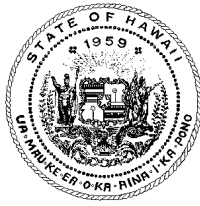
The proposed restriction would change the State's present program budgeting approach under Chapter 37 to one more akin to line-item budgeting. It is important to note that expenditures from a program appropriation whether it be for personnel services or operating expenses (i.e., other current expenses, equipment, or motor vehicles) are to further the defined program objectives set forth in the official budget documents

submitted to the Legislature in conformance with Chapter 37.

Through the budget preparation process, the Executive Branch proposes additions, trade-offs and transfers within department base budgets to better reflect expected program resource requirements. However, it is not always possible to foresee program requirements over a year in advance. The proposed restriction would negatively change departmental operational focus to compliance with staying within specific budget category amounts rather than achieving overall program objectives.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII
**DEPARTMENT OF CORRECTIONS
AND REHABILITATION**
*Ka 'Oihana Ho'omalu Kalaima
a Ho'oponopono Ola*
1177 Alakea Street
Honolulu, Hawaii 96813

TOMMY JOHNSON
DIRECTOR

Melanie Martin
Deputy Director
Administration

Pamela J. Sturz
Deputy Director
Correctional Institutions

Sanna Muñoz
Deputy Director
Rehabilitation Services
and
Programs

No. _____

TESTIMONY ON HOUSE BILL 1424, HOUSE DRAFT 1
RELATING TO APPROPRIATIONS.

by
Tommy Johnson, Director
Department of Corrections and Rehabilitation

House Committee on Finance
Representative Kyle T. Yamashita, Chair
Representative Jenna Takenouchi, Vice Chair

Friday, February 21, 2025; 10:00 a.m.
State Capitol, Conference Room 308 & via Videoconference

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

The Department of Corrections and Rehabilitation (DCR) opposes House Bill (HB) 1424, House Draft (HD) 1, which prohibits the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated.

DCR operates eight (8) correctional institutions in all islands twenty four hours, seven days a week. DCR is faced with a lot of challenges as it provides for the health and safety of the justice involved individuals we are mandated to care for, as well as our employees who work in these institutions. DCR must have the flexibility to use its resources where needs are immediate, and necessary emergent response is critical. This bill prohibits DCR's ability to utilize available financial resources to address its operations, and stay within the appropriation provided for each and every Program ID it is responsible for.

Thank you for the opportunity to provide testimony in opposition to HB 1424, HD 1.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHAHA

February 21, 2025

To: The Honorable Kyle T. Yamashita, Chair
The Honorable Jenna Takenouchi, Vice Chair
Members on the House Committee on Finance

Date: Friday, February 21, 2025
Time: 10:00 a.m.
Place: Conference Room 308, State Capitol

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

Re: **HB 1424, HD 1, RELATING TO APPROPRIATIONS**

I. OVERVIEW OF PROPOSED LEGISLATION

The **DLIR offers comments** regarding HB1424 HD1, which would prohibit the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated.

II. COMMENTS ON THE HOUSE BILL

DLIR has concerns about this measure and defers to the Department of Budget and Finance. Now, more than ever, considering the federal government's proposed spending pause and related policy initiatives stirring confusion and uncertainty around federally-funded services, it is critically important that the DLIR has the flexibility to address emergencies and unforeseen expenditures.

The DLIR's ability to provide the services to those we support would be negatively impacted without the flexibility to transfer funds between the personal services and operating cost categories.

Thank you for providing us the opportunity to provide comments on this measure.

Feb. 21, 2025 10 a.m.
Hawaii State Capitol
Conference Room 308 and Videoconference

To: House Committee on Finance

Rep. Kyle T. Yamashita, Chair

Rep. Jenna Takenouchi, Vice-Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY IN SUPPORT OF HB1424 HD1 — RELATING TO APPROPRIATIONS

Aloha Chair Yamashita, Vice-Chair Takenouchi and other members of the Committee,

The Grassroot Institute of Hawaii would like to offer its **support** for [HB1424 HD1](#), which would prohibit state government departments or agencies from using funds appropriated for positions for operating expenses, and vice versa.

The issue of funded but vacant positions has become a major budgetary concern for the state. The governor's budget allocates funding for thousands of permanent and temporary positions, yet, according to a [report](#) from the Hawaii Department of Human Resources Development, about a quarter of all state civil service positions are unfilled.

What happens to the funds for these vacant positions?

Responsible budgeting requires greater accountability for the use of such allocations, and this bill would advance that goal. By preventing the transfer of funds intended for positions, HB1424 HD1 would help prevent agencies from using vacancies like a slush fund for other expenditures.

Grassroot does, however, have one concern regarding the bill's exception stating that the transfer of funds is allowed "to fulfill the legislature's purpose for which the funds were appropriated." This wording is so vague that it could undermine the intent of the bill.

After all, one could argue that funds appropriated for certain positions and then spent on agency operations still fulfill the requisite legislative intent — especially if that position could be described as advancing the agency’s operations or mission.

If the committee does not wish to modify this exception, we suggest the addition of a reporting and justification requirement for any use of funds that would fall under this exception.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii