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February 9, 2025

TO: The Honorable Representative Jackson D. Sayama, Chair
House Committee on Labor

FROM: Ryan I. Yamane, Director

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

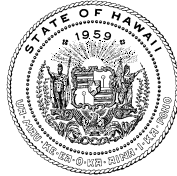
Hearing: February 11, 2025, 9:00 a.m.
Conference Room 309 & Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the measure, defers to the Department of Budget & Finance, 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: 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.

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

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

COMMITTEE ON LABOR

FEBRUARY 11, 2025, 9:00 A.M.
CONFERENCE ROOM 309 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 1424

RELATING TO APPROPRIATIONS.

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

H.B. 1424 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.

Feb. 11, 2025 9 a.m.
Hawaii State Capitol
Conference Room 309 and Videoconference

To: House Committee on Labor
Rep. Jackson D. Sayama, Chair
Rep. Mike Lee, Vice-Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY IN SUPPORT OF HB1424 — RELATING TO APPROPRIATIONS

Aloha Chair Sayama, Vice-Chair Lee and other members of the Committee,

The Grassroot Institute of Hawaii would like to offer its **support** for [HB1424](#), 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 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