

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



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

**TOMMY JOHNSON**  
DIRECTOR

**Melanie Martin**  
Deputy Director  
Administration

**Vacant**  
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

Senate Committee on Government Operation  
Senator Angus L.K. McKelvey, Chair  
Senator Mike Gabbard, Vice Chair

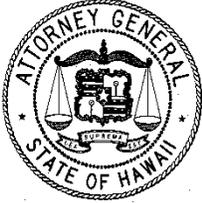
Friday, March 18, 2025; 3:05 p.m.  
State Capitol, Conference Room 308 & via Videoconference

Chair McKelvey, Vice Chair Gabbard, 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 its 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.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
KA 'OIHANA O KA LOIO KUHINA  
THIRTY-THIRD LEGISLATURE, 2025**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 1424, H.D. 1, RELATING TO APPROPRIATIONS.

**BEFORE THE:**

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

**DATE:** Tuesday, March 18, 2025                      **TIME:** 3:05 p.m.

**LOCATION:** State Capitol, Room 225

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or  
Ian Robertson, Deputy Attorney General

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Chair McKelvey and Members of the Committee:

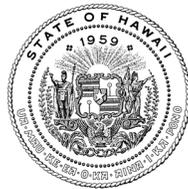
The Department of the Attorney General opposes this bill.

The purpose of this bill is to prohibit departments and agencies from transferring funds appropriated for positions to operating expenses or from operating expenses to positions, except to fulfill the Legislature's purpose for which the funds were appropriated.

Currently, when departments and agencies transfer funds appropriated for positions to operating expenses, and vice versa, such transfers are already subject to prior approval by the Department of Budget and Finance—a process that provides flexibility but ensures meaningful oversight. This process is important because departments and agencies frequently must be able to deploy funds to meet unexpected expenses.

This bill, if passed into law, would impair departments' and agencies' ability to flexibly utilize funds to meet their obligations. Moreover, if this bill is enacted, when unexpected expenses arise in connection with projects, departments and agencies may be forced to cease those projects until they obtain new appropriations from the Legislature.

We respectfully ask the Committee to consider our comments.



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 SENATE COMMITTEE ON GOVERNMENT OPERATIONS  
ON  
HOUSE BILL NO. 1424, H.D. 1

**March 18, 2025**  
**3:05 p.m.**  
**Room 225 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.



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  
Senate Committee on Government Operations  
Tuesday, March 18, 2025  
3:05 p.m.  
Conference Room 225 & Videoconference  
State Capitol  
415 South Beretania Street**

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

**Written Testimony Only**

Chair McKelvey 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

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 LIMAHANA

March 18, 2025

To: The Honorable Angus L.K. McKelvey, Chair  
The Honorable Mike Gabbard, Vice Chair  
Members on the Senate Committee on Government Operations

Date: Tuesday, March 18, 2025  
Time: 3:05 p.m.  
Place: Conference Room 225 & Videoconference

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.

JOSH GREEN, M.D.  
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621  
HONOLULU, HAWAII 96809

DAWN N.S. CHANG  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT

RYAN K.P. KANAKA'OLE  
FIRST DEPUTY

CIARA W.K. KAHAHANE  
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

Testimony of  
DAWN N. S. CHANG  
Chairperson

Before the Senate Committee on  
GOVERNMENT OPERATIONS

Tuesday, March 18, 2025  
3:05 PM

State Capitol, Conference Room 225, and Videoconference

In consideration of  
HOUSE BILL 1424, HOUSE DRAFT 1  
RELATING TO APPROPRIATIONS

House Bill 1424, House Draft 1 proposes to amend Chapter 37 - Budget, HRS, to restrict the use of funds appropriated by the Legislature 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 Land and Natural Resources (Department) appreciates the intent of this bill and offers comments to highlight potential challenges this restriction may pose.**

The proposed restriction would negatively change the departmental operational focus to compliance with staying within specific budget category amounts rather than achieving overall program objectives. During the budget process, the Department makes every effort to reflect expected programmatic funding requirements. But at times, real-world conditions often require reallocation of resources to respond effectively. The ability to transfer funds between different cost categories is critical to allowing the Department to respond to unexpected circumstances and/or conditions.

The prohibition may result in the inability to carry out the Department's mission to enhance, protect, conserve, and manage Hawai'i's unique and limited natural, cultural, and historic resources, especially when unforeseen situations and/or emergencies occur.

Mahalo for the opportunity to provide testimony 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**  
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 GOVERNMENT OPERATIONS**

MARCH 18, 2025, 3:05 P.M.  
CONFERENCE ROOM 225 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 1424, H.D. 1

RELATING TO APPROPRIATIONS.

Chair McKelvey, Vice Chair Gabbard, 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.

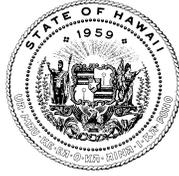
As DAGS is a central support department that provides physical, financial, and technical infrastructure support services to Executive Branch departments and other government agencies, it is vitally important that DAGS has the means to address

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  
STATE OF HAWAII  
*Ke Kia'āina o ka Moku'āina 'o  
Hawaii*

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



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 Hawaii'i*

P. O. BOX 1879  
HONOLULU, HAWAII 96805

TESTIMONY OF KALI WATSON, CHAIR  
HAWAIIAN HOMES COMMISSION  
BEFORE THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS  
HEARING ON MARCH 18, 2025 AT 3:05PM IN CR 225

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

March 17, 2025

Aloha Chair McKelvey, Vice Chair Gabbard, 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.

March 18, 2025 3:05 p.m.  
Hawaii State Capitol  
Conference Room 225 and Videoconference

**To: Senate Committee on Government Operations**  
**Sen. Angus L.K. McKelvey, Chair**  
**Sen. Mike Gabbard, 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 McKelvey, Vice-Chair Gabbard 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