



**STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES**  
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HONOLULU, HAWAII 96810-0119

**LATE**

TESTIMONY  
OF  
RUSS K. SAITO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
FINANCE  
ON  
March 25, 2009

S.B. 292, S.D. 1

RELATING TO FUNDS

Chair Oshiro and members of the Committee, thank you for the opportunity to testify on S.B. 292, S.D. 1.

The Department of Accounting and General Services (DAGS) opposes S.B. 292, S.D. 1 for the following reasons:

1. The State Risk Management Revolving Fund (the Fund) funds the purchase of the State's insurance policies for property loss, liability, and crime (wrong full acts by employees). Additionally, the Fund provides the deductible portion for the insurance policies including automobile losses (which are self insured). Any reduction in the Fund will jeopardize our ability to pay the deductible portion on property losses and to negotiate insurance policy renewals because we may be unable to increase deductible amounts to decrease premium cost. We did this two years ago with our property policy increasing the deductible from \$250,000 per

occurrence to \$1 million per occurrence to reduce the increase in the premium. Deductibles for events such as hurricanes and floods can be much higher as the deductible amount or State's portion of the loss for these events is 3% of the market value of the building and contents. If the later events occur, the funding requirements on the Fund could significantly erode the balance if not deplete it.

2. The transfer of funds from the Hawaii election campaign fund (HECF) to the general fund is not authorized by law. The HECF is designated as a trust fund and the law specifies that the funds in the HECF must be used only for the purposes designated in the law (HRS 11-217). The HECF was converted to a trust fund by Act 10, Special Session Laws 1995, an omnibus law which was "intended to bring about major reform." This "major reform" has allowed the Commission to be self-sufficient. This avoids the situation of approaching legislators every year for an appropriation, though the Commission oversees those same legislators.
3. Any transfer from the works of art special fund could devastate the Art in Public Places Program and the Hawaii State Art Museum. The current appropriation of \$4,479,548 includes more than \$1.2 million in salaries and \$3 million in operating costs. This fund has been conservatively managed by spending approximately \$2.6 million each year on the average and negotiating and planning projects well in advance of the encumbrance process. For these reasons, variances in the expenditure level from year to year are not uncommon. In FY 2008, for example, \$4.7 million was spent, including \$1 million that was transferred to the Public Works Division to replace the mosaic floor mural in the State Capitol rotunda.

4. The funds in the Stadium Special Fund are being set aside for two planned improvements to the exterior of the facility. The special fund balance is necessary to maintain the facility and its ability to generate revenues. The two major projects are to repair the circulation road and sections 4-6 of the Lower Halawa Parking Lot which are estimated to cost \$11.5 million and \$5 million respectively. The significance of repaving the circulation road is that this is the swap meet location which contributes approximately 60% of the Stadium Authority's revenue. If funds are transferred from this special fund, these projects could be delayed or cancelled.
  
5. A reduction greater than the \$9 million proposed by the administration to the Wireless Enhanced 911 fund can impact the State in two ways. First, there could be delays or termination of the current project to expand wireless network coverage to remote geographic areas and public buildings that lack coverage. Second, there will be the delay or suspension in maintaining and upgrading the enhanced 911 system to keep pace with new technologies. The Wireless Enhanced 911 Board (the Board), the wireless service providers, and the 911 Public Safety Answering Points (PSAPs) have implemented wireless enhanced 911 Phase II services (the ability to identify the caller and their location) for all carriers on all islands. However, new and emerging technologies in wireless communications will require funding to upgrade equipment, hardware and software, and the training of emergency dispatchers to keep the system operating effectively. Next Generation 911 (NG 911) emergency response systems are based on Internet Protocol (IP) enabled networks that give them the capability to receive and respond to "calls" made from communication devices that use

broadband access for voice, video, text messaging, third party call centers (like On-Star and Sync), and messaging systems for the hearing impaired.

Thank you for the opportunity to testify on this matter.

LATE

Representative Marcus Oshiro, Chair  
Representative Marilyn Lee, Vice-chair  
Committee on Finance  
March 25, 2009

To the Honorable Representative Oshiro,

Re: Opposition to SB 292, SD1 Relating to Funds. Lapses excess balances from special and revolving funds to the general fund.

Chair Oshiro and members of the committee, my name is Glenda Duldulao. I am an undergraduate student of the University of Hawaii at Manoa and a member of the Campus Center Board (CCB). Thank you for the opportunity to testify on SB 292 SD1 Relating to Funds.

I strongly oppose SB 292, which would redirect student activity fee monies from Campus Center Operations & Recreation Fee also known as the University Revenue-Undertakings Fund into financing our state's budget shortfall situation.

As a student of the university, I believe that the money that is being sought after belongs to us; the students. We paid for these fees with the understanding it will be used in ways that would benefit us, which includes the services and programs that enhances the quality of campus and student life experience. I have attended a few of the events that are being offered to the students, such as the movie night, concerts and arts and crafts and I personally think that these events provides a venue for students, like me, to unwind from our tiring school schedule. The proposed redirection of excess funds will lessen the funds that are available for programs that aims to enrich our educational experiences here at UH Manoa.

In addition as a member of the Campus Center Board (CCB), which the governing board of the student union, I believe that the "scoop" of money will certainly limit the role of student leaders, like myself, in student empowerment, involvement, and participation in institutional governance. With this proposed redirection of money, it will reduce the CCB's fund balance and may result in eliminating leadership positions and leadership opportunities. Furthermore, our student initiated projects maybe stalled if not eliminated due to low or no fund balances.

The money that is being sought after needs to stay at the university and be used for the students at the university. We need this money to maintain the quality of student life and to provide means of empowerment for our students.

I urge the committee to be in opposition of SB 292 to help maintain the quality of campus and student life of our future leaders.

Representative Marcus Oshiro, Chair

Representative Marilyn Lee, Vice-chair

Committee on Finance

Sonny Ton That Nam

University of Hawaii at Manoa Student and Campus Center Board President

Wednesday, March 25, 2009

**Opposition to of SB292 S.D. 1, Relating to Funds Specifically Lapsing Special and Revolving Funds to the General Fund**

To the Honorable Chair Representative Marcus Oshiro,

My name is Sonny Ton and I am the President of the Campus Center Board a Chartered Student Organization at the University of Hawaii at Manoa and a Pre-Medical student. As a student and representative of the University's student union, I am strongly opposed to SB 292 SD 1, particularly Section 36 and Section 38. This bill allows for the redirection of the University's tuition and fees special fund and revenue undertaking fund to the general fund.

There are two significant reasons why this should not be done:

1. Projects like the Campus Center are required to be self-sufficient and "scooping" funds that are saved or that are used for the operations and repair and maintenance of the student union will directly impact the operations and maintenance of the student union. The funds that are said to be in "excess" are no "excesses" and are in fact spoken for as indicated by the union's repair and replacement schedule. In addition, funds are being used for the Campus Center

Renovation and Expansion Project. The funds for this project were raised for a specific purpose with the approval of students so that campus services can meet the needs of students and facilities can begin to be at par with peer institutions.

2. Student organizations that generate savings for a specific purpose should not be penalized for planning to improve and maintain services. Campus Center Board has diligently worked towards planning to enhance their programs based on surveys conducted by the board about student needs. These funds are used to fully plan for the needs of students.

Therefore, I strongly oppose SB292.