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## A BILL FOR AN ACT

RELATING TO STATE FINANCIAL ADMINISTRATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 37-67, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           " ~~[+]§37-67 [±]~~ Responsibilities of the department of budget  
4 and finance. The director of finance shall assist the governor  
5 in the preparation, explanation and administration of the state  
6 long-range plans, the proposed six-year program and financial  
7 plan and the state budget. To this end, subject to this part,  
8 the director shall:

9           (1) With the approval of the governor, develop procedures  
10 and prescribe rules and regulations to guide such  
11 state agencies as may be assigned by the director the  
12 task of formulating and preparing the initial  
13 proposals with respect to long-range plans, program  
14 and financial plans, program budget requests, and  
15 program performance reports and to assure the  
16 availability of information needed for effective



- 1 policy decision-making[-], including projected  
2 operating costs for all capital improvements;
- 3 (2) Assist such state agencies in the formulation of  
4 program objectives, preparation of program plans and  
5 program budget requests, and reporting of program  
6 performance[-];
- 7 (3) Coordinate, analyze, and revise, as necessary, the  
8 program objectives, long-range plans, program and  
9 financial plans, program budget requests, and program  
10 performance reports, including projected operating  
11 costs for all capital improvements that were initially  
12 proposed or prepared by such state agencies and  
13 develop the state comprehensive program and financial  
14 plan, budget, and program performance report[-];
- 15 (4) Administer its responsibilities under the program  
16 execution provisions of this part so that the policy  
17 decisions and budget determinations of the governor  
18 and the legislature are implemented to the fullest  
19 extent possible within the concepts of proper  
20 management[-];



- 1           (5) Investigate continuously the administration of the  
2           various agencies for the purpose of advising the  
3           governor and recommending to the governor, the  
4           legislature, and the committees of the legislature  
5           concerning the duties of the various positions in  
6           these agencies, the methods of the agency, the  
7           standards of efficiency therein, and changes which in  
8           the director's judgment will produce greater  
9           effectiveness of programs and economy in the conduct  
10          of government programs, and assist in the preparation  
11          of program and financial plans, budget requests, and  
12          program performance reports[-]; and
- 13          (6) Provide the legislature and any member or committee of  
14          either house of the legislature with [such] documents  
15          and information, as may be requested, concerning the  
16          programs, budget, and fiscal and management operations  
17          of the State."

18          SECTION 2. Section 37-69, Hawaii Revised Statutes, is  
19          amended by amending subsection (d) to read as follows:

20          "(d) The program plans for the ensuing six fiscal years  
21          shall more specifically include:



- 1           (1) At the lowest level on the state program structure,
- 2           for each program:
- 3           (A) A statement of its objectives;
- 4           (B) Measures by which the effectiveness in attaining
- 5           the objectives is to be assessed;
- 6           (C) The level of effectiveness planned for each of
- 7           the ensuing six fiscal years;
- 8           (D) A brief description of the activities
- 9           encompassed;
- 10          (E) The program size indicators;
- 11          (F) The program size planned for each of the next six
- 12          fiscal years;
- 13          (G) A narrative explanation of the plans for the
- 14          program. It shall contain, and in general be
- 15          limited to, the following:
- 16               (i) A description of the kinds of activities
- 17               carried out or unusual technologies
- 18               employed;
- 19               (ii) A statement of key policies pursued;
- 20               (iii) Identification of important program or
- 21               organizational relationships involved;



- 1                   (iv) A description of major external trends  
2                   affecting the program;
- 3                   (v) A discussion of significant discrepancies  
4                   between previously planned cost,  
5                   effectiveness, and program size levels and  
6                   those actually achieved;
- 7                   (vi) Comments on, and an interpretation of, cost,  
8                   effectiveness, and program size data over  
9                   the upcoming budget period, with special  
10                  attention devoted to changes from the  
11                  current budget period;
- 12                  (vii) Comments on, and an interpretation of, cost,  
13                  effectiveness, and program size data over  
14                  the four years of the planning period and  
15                  how they relate to the corresponding data  
16                  for the budget period; and
- 17                  (viii) A summary of the special analytic study,  
18                  program evaluation, or other analytic report  
19                  supporting a substantial change in the  
20                  program where such a major program change  
21                  recommendation has been made;



- 1           (H) The full cost implications of the recommended  
2           programs, including projected operating costs for  
3           all capital improvements, by cost categories and  
4           cost elements, actually experienced in the last  
5           completed fiscal year, estimated for the fiscal  
6           year in progress, and estimated for each of the  
7           next six fiscal years. The means of financing  
8           shall be identified for each cost category. The  
9           personal services cost element and the lease  
10          payments cost element shall be shown separately;  
11          the cost elements of other current expenses,  
12          equipment, and motor vehicles may be combined.  
13          The number of positions included in the program  
14          shall be appropriately identified by means of  
15          financing;
- 16          (I) A recapitulation of subparagraph (H) for the last  
17          completed fiscal year, the fiscal year in  
18          progress and each of the next six fiscal years,  
19          by means of financing grouped under each cost  
20          category. The number of positions\* included in  
21          any program shall be appropriately identified;



- 1           (J) An identification of the revenues generated in
- 2                   the last completed fiscal year and estimated to
- 3                   be generated in the fiscal year in progress and
- 4                   in each of the next six fiscal years, and the
- 5                   fund into which such revenues are deposited;
- 6           (K) Details of implementation of each capital
- 7                   improvement project included in the total program
- 8                   cost, including:
- 9                   (i) A description of the project, location, and
- 10                         scope;
- 11                   (ii) The initially estimated, currently
- 12                         estimated, and final cost of the project,
- 13                         including projected operating costs for all
- 14                         capital improvements, by investment and
- 15                         operating cost elements and by means of
- 16                         financing;
- 17                   (iii) The amounts previously appropriated by the
- 18                         legislature for the project, by cost
- 19                         elements and by means of financing specified
- 20                         in the acts appropriating the sums, and an
- 21                         identification of the acts so appropriating;



- 1                   (iv) The costs incurred in the last completed
- 2                               fiscal year and the estimated costs to be
- 3                               incurred in the fiscal year in progress and
- 4                               in each of the next six fiscal years, by
- 5                               cost elements and by means of financing; and
- 6                   (v) A commencement and completion schedule, by
- 7                               month and year, of the various phases of the
- 8                               capital improvement project (i.e., land
- 9                               acquisition, design, construction, and
- 10                              occupancy) as originally intended, as
- 11                              currently estimated, and as actually
- 12                              experienced; and
- 13           (L) A crosswalk of the program expenditures, by cost
- 14                              categories and cost elements between the program
- 15                              and expending agencies for the next two fiscal
- 16                              years. The means of financing and the number of
- 17                              positions included in the program costs to be
- 18                              expended by each agency shall be specified; and
- 19   (2) Appropriate displays at every level of the state
- 20                              program structure above the lowest level. The
- 21                              displays shall include:



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1 (A) A listing of all major groupings of programs  
 2 included within the level, together with the  
 3 objectives, measures of effectiveness, and  
 4 planned levels of effectiveness for each of the  
 5 ensuing six fiscal years for each such major  
 6 groupings of programs; and

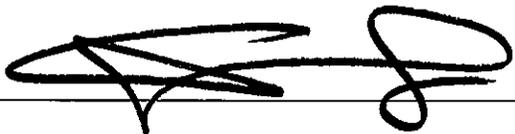
7 (B) A summary of the total cost of each cost category  
 8 by the major groupings of programs encompassed  
 9 within the level, actual for the last completed  
 10 fiscal year and estimated for the fiscal year in  
 11 progress and for each of the next six fiscal  
 12 years."

13 SECTION 3. Statutory material to be repealed is bracketed  
 14 and stricken. New statutory material is underscored.

15 SECTION 4. This Act shall take effect on January 1, 2016.

16

INTRODUCED BY:



JAN 21 2015



# H.B. NO. 81

**Report Title:**

Six-Year Program and Financial Plan; Operating Costs for Capital Improvements

**Description:**

Requires that projected operating costs of all capital improvements be included in the six-year program and financial plan. Effective 1/1/2016.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

