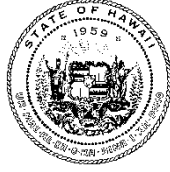


DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY OF
RODERICK K. BECKER, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE ON FINANCE
ON
TUESDAY, MARCH 21, 2017
2:00 P.M.
CONFERENCE ROOM 308

S.B. 719, S.D. 1

RELATING TO DEFERRED MAINTENANCE.

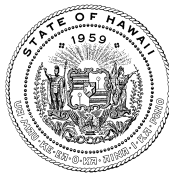
Chair Luke, Vice Chair Cullen, and members of the Committee, thank you for the opportunity to submit testimony on S.B. 719, S.D. 1.

The Department of Accounting and General Services (DAGS) supports the intent of the measure and offers the following comments for the committee's consideration.

An independent assessment may best define and quantify the extent of the deferred maintenance for all State executive agencies, and could include alternatives for addressing the State's needs. DAGS supports State flexibility to prioritize programs and use of funding, and defers to the Department of Budget and Finance on the broader issue of directing resources toward elimination of the deferred maintenance backlog.

Thank you for the opportunity to submit testimony on this matter.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

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

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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 (OFAM)

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 719, S.D. 1

March 21, 2017
2:00 p.m.
Room 308

RELATING TO DEFERRED MAINTENANCE

Senate Bill No. 719, S.D. 1, amends Chapter 37, HRS, by adding a new part called "Deferred Maintenance Plan" that includes: 1) target dates for eliminating deferred maintenance costs; 2) alternative target dates based on different scenarios and contingencies; 3) standards and criteria for calculating deferred maintenance costs and improvements; 4) the designation of the State Executive agency responsible for calculating the deferred maintenance costs of State-owned buildings, facilities, or other improvements; 5) an estimate of the total amount of funds necessary to eliminate deferred maintenance costs; 6) a proposed schedule for eliminating deferred maintenance costs by the target date; and 7) alternative schedules to the proposed schedule based on the alternative target dates. Senate Bill No. 719, S.D. 1, requires the Office of the Governor to prepare a plan that is to be updated annually to help reduce the backlog of deferred maintenance on State-owned buildings, facilities, or other improvements and appropriates unspecified general funds for its preparation.

Although we support the general intent of trying to address deferred maintenance of public facilities in a timely manner, the Department of Budget and Finance has concerns with this bill. Currently, estimates of deferred maintenance costs are collected and submitted as part of the Executive Budget per Act 150, SLH 2015. In the Executive Budget for FYs 17--18 and 18--19, the Executive departments reported \$3,162,368,655 in total estimated deferred maintenance costs in all means of financing. However, it is difficult to estimate as departments have varying staff capabilities and the timing of the repairs is likely to have a cost impact, not included in the estimates.

Departments currently provide information on repair and maintenance needs as part of their budget request. This information is based on the best information and resources available at the time of the request. We defer to the individual departments regarding the effort and resources needed to develop a deferred maintenance plan required to comply with this measure, as there is presently no state-level resources to verify the accuracy and consistency of the information.

Thank you for your consideration of our comments.



The Judiciary, State of Hawai'i

Testimony to the Twenty-Ninth State Legislature, 2017 Session

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Tuesday, March 21, 2017, 2:00 PM
State Capitol, Conference Room 308

by

Joanne Krippaehne
Architect, Capital Improvements Program
The Judiciary, State of Hawai'i

WRITTEN TESTIMONY ONLY

Bill No. and Title: Senate Bill No. 719, S.D. 1, Relating to Deferred Maintenance.

Purpose: Requires the Governor to prepare a deferred maintenance plan to gradually eliminate the deferred maintenance costs of all state-owned buildings, facilities, and other improvements. Requires the initial plan to be submitted to the Legislature with the executive budget for the fiscal biennium 2019-2021. Requires the Governor to prepare annual updates. Imposes the same requirements on the Chief Justice for Judiciary-owned buildings, facilities, and other improvements. Makes an appropriation to the Office of the Governor and to the Judiciary. Takes effect 7/1/2050.

Judiciary's Position:

The Judiciary respectfully offers the following comment about Senate Bill No. 719, S.D.1.

The Judiciary suggests certain common assumptions and a common format be developed for presentation of the deferred maintenance plans. For example, there should be an understanding that all projected expenses be stated in dollars as of the plan due date or a standard escalation rate assumed so that, as various scenarios and target dates are explored and adjusted by various



Senate Bill No. 719, S.D. 1, Relating to Deferred Maintenance
House Committee on Finance
March 21, 2017
Page 2

agencies, results are calibrated for reasonable comparison of repair and maintenance costs over defined time horizons.

Thank you for the opportunity to testify on this measure.

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 19, 2017 5:19 PM
To: FINTestimony
Cc: hawaiiifishingfanatic@gmail.com
Subject: *Submitted testimony for SB719 on Mar 21, 2017 14:00PM*

SB719

Submitted on: 3/19/2017

Testimony for FIN on Mar 21, 2017 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Don Aweau	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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