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WRITTEN ONLY

TESTIMONY BY SETH S. COLBY

ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS
ON
SENATE BILL NO. 2809

February 3, 2026

3:00 p.m.

Room 225 and Videoconference

RELATING TO BUDGET-RELATED REPORTS

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 2809 amends Section 37-70, HRS, Program Memoranda by: providing the Governor to ensure that the program memorandum submitted accurately reflect the current responsibilities of the applicable program, address current and future needs of the State, and aligns with information submitted with the budget. In addition, this bill amends Section 37-75, Variance Report, providing the Governor to ensure each program size indicator accurately reflects the current responsibilities of the applicable program, address current future needs of the State and aligns with information pursuant to Sections 37-71, the Budget, and 37-72, Supplemental Budget.

Current policies and procedures sent by memorandum from the Department of Budget and Finance (B&F) asks programs at the respective departments to submit program memoranda and program size indicators that are relevant to their departments' biennium and supplemental budget requests. Accuracy and relevance is B&F's intent and will most likely require more time and prioritization from us as well as cooperation

from the departments to ensure the accuracy of these measures. B&F has been striving to improve this in recent years, and it is hoped that the department's modernized budget system will help to streamline some of this process.

Thank you for your consideration of our comments.

TAX FOUNDATION OF HAWAII

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SUBJECT: MISCELLANEOUS, Governor to Oversee Variance Reports

BILL NUMBER: SB 2809

INTRODUCED BY: DELA CRUZ, CHANG, ELEFANTE, HASHIMOTO, INOUYE, KIDANI, LAMOSAO

EXECUTIVE SUMMARY: Requires the Governor to ensure that the Governor's program memoranda and variance reports accurately reflect the current responsibilities of certain state programs, address the current and future needs of the State, and align with budget-related submittals.

SYNOPSIS: Amends section 37-70, HRS, to state that the governor shall ensure that each program memorandum submitted pursuant to this section accurately reflects the current responsibilities of the applicable program, addresses the current and future needs of the State, and aligns with the information submitted pursuant to section 37-71 by reviewing and updating, as necessary, the most recently submitted program memoranda.

Amends section 37-75, HRS, to make conforming amendments to the statute requiring variance reports at the program level.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: HRS section 37-75 requires agencies to come up a “variance report” that is supposed to list how much they were budgeted, how much was spent, and a narrative explanation for any significant difference. Agencies are also tasked with selecting some metrics that will help the legislators and the public see how they did, and with posting those metrics. These reports are due 30 days before the start of the legislative session. They are collected by the Department of Budget and Finance, and are posted on that department’s website.

Periodically, we have examined the variance reports submitted by or on behalf of various agencies. Three years ago, for example, we complained that some agencies left blanks – shown on the report as “NO DATA” – where their metrics were supposed to be. We singled out the DOT Airports Division for shaming at that time. Today we are happy to report that it appears to have cleaned up its act.

This year, we examined the reports from the Department of Health and were concerned about blanks reported by the Office of Health Status Monitoring, which as we know compiles vital statistics, but this year it apparently couldn’t be bothered with reporting the statistics of its own operations. We also were shocked that the office reported a planned mortality rate of 620 per thousand, both for FY 2024-25 and FY2025-26, which is probably 100 times what the mortality rate should be. It made us wonder if the report was properly reviewed before it went out the door.

Re: SB 2809

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The bill says what we already know. The Executive Branch should be reporting its metrics to the Legislature, which of course is responsible for funding the agencies in that branch; and the Governor, as head of the Executive Branch, is the person responsible for keeping those agencies in line.

Digested: 2/1/2026