

ACT 72

S. B. NO. 1837-72

A Bill for an Act Relating to the State Budget.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Paragraph (8) of section 37-62, Hawaii Revised Statutes, is amended to read:

“(8) ‘Cost elements’ means the major subdivisions of a cost category. For the category ‘research and development,’ it includes program design and test and evaluation. For the category ‘capital investment,’ it includes land acquisition, design, and construction. For the category ‘non-capital investment,’ it includes such items as in-service training, books, etc. For the category ‘operating,’ it includes personal services, other current expenses, equipment, and motor vehicles.”

SECTION 2. Section 37-69(a), Hawaii Revised Statutes, is amended to read:

“(a) The governor shall prepare a state six-year program and financial plan encompassing all state programs. The program and financial plan shall be annually and continually updated and maintained, and, not less than twenty days prior to the convening of each regular session, at least four copies of the current plan and such additional number of copies of the plan as the committees principally responsible for reviewing the State’s finances in the re-

spective houses may designate shall be transmitted to the legislature. The program and financial plan shall, in general, contain:

- (1) The state program structure.
- (2) Statements of statewide objectives and program objectives.
- (3) Program plans which describe the programs recommended to implement the statewide and program objectives and the manner in which the recommended programs are proposed to be implemented over the next six fiscal years.
- (4) A financial plan which shows the fiscal implications of the recommended programs for the next six fiscal years."

SECTION 3. Section 37-70, Hawaii Revised Statutes, is renumbered as section 37-71, and all subsequent sections in chapter 37, part IV, Hawaii Revised Statutes, are renumbered accordingly.

SECTION 4. A new section 37-70 is added to chapter 37, part IV, Hawaii Revised Statutes, to be designated and to read as follows:

"Sec. 37-70 Summaries of six-year program and financial plan. Not less than twenty days prior to the convening of each regular session, the governor shall submit to the legislature and to each member thereof, appropriate summaries of the current six-year program and financial plan. The summaries shall include:

- (1) The state program structure.
- (2) Statements of statewide objectives.
- (3) A brief description of the economic condition of the State.
- (4) Financial displays showing:
 - (A) By resource categories and major tax sources, the previous tax and non-tax revenue projections for the last completed fiscal year and the fiscal year in progress, the variance between the projections and the actual or revised estimates, and the reasons for the variances.
 - (B) Separately for the general fund, the special fund, and the general and special funds together, the total expenditures, the total resources from existing tax and non-tax sources at existing rates, by resource categories (including the fund balance of deficit at the beginning of the fiscal year and bond receipts), and the resulting fund balance or deficit at the close of the last completed fiscal year, the fiscal year in progress, and each of the next six fiscal years. The expenditures, resources, and fund balance or deficit shall be actual for the last completed fiscal year and estimated for the fiscal year in progress and for each of the ensuing six fiscal years.
 - (C) The changes proposed to the existing tax and non-tax rates, sources, or structure, and the estimated increases or reductions in revenues, and the estimated cumulative increases or reductions, and the estimated fund balance or deficit in each of the next six fiscal years as a result of such proposed changes.
- (5) The summary specified in section 37-69(c) (7).

- (6) At the lowest level on the state program structure for each program:
- (A) A statement of its objectives.
 - (B) The effectiveness measures; and the actual level of effectiveness attained in the last completed fiscal year and the estimated level of effectiveness for the fiscal year in progress and for each of the next six fiscal years.
 - (C) The program size indicators; and the actual size attained in the last completed fiscal year and the estimated size for the fiscal year in progress and for each of the next [six] fiscal years.
 - (D) A brief description of the activities encompassed.
 - (E) A brief summary of the narrative specified in section 37-69(d) (1) (H), highlighting particularly the program issues and the new programs or activities proposed.
 - (F) The full costs of the program, by cost categories, actually experienced in the last completed fiscal year and estimated for the fiscal year in progress and for each of the next six fiscal years. The sources of financing and the number of positions included in the costs shall be appropriately identified.
 - (G) A summary listing of capital improvement projects associated with the program. For each project, the following information shall be included:
 - (i) A description of the project and location.
 - (ii) The total amount previously appropriated by the legislature for the project by sources of funding specified in the appropriation acts.
 - (iii) The costs incurred in the last completed fiscal year and the estimated costs to be incurred in the fiscal year in progress and in each of the next six fiscal years by sources of funding.
- (7) At every level of the program structure above the lowest level:
- (A) A statement of the objectives.
 - (B) The effectiveness measures; and the actual level of effectiveness attained in the last completed fiscal year and the estimated level of effectiveness for the fiscal year in progress and for each of the next six fiscal years.
 - (C) A brief summary of the narrative specified in section 37-69 (d) (2) (B), highlighting particularly the program issues.
 - (D) The costs of the program by cost categories and by sources of funding, actual for the last completed fiscal year, estimated for the fiscal year in progress, and estimated for each of the next six fiscal years. The number of positions included in the total cost shall be appropriately identified."

SECTION 5. Subparagraph (K) of section 37-69 (d) (1), Hawaii Revised Statutes, is amended to read:

- "(K) Details of implementation of each capital improvement project included in the total program cost, including:
- (i) A description of the project, location, and scope;
 - (ii) The initially estimated, currently estimated and final cost of

the project, by investment cost elements and by sources of funding;

- (iii) The amounts previously appropriated by the legislature for the project, by cost elements and by sources of funding specified in the acts appropriating the sums, and an identification of the acts so appropriating;
- (iv) the costs incurred in the last completed fiscal year and the estimated costs to be incurred in the fiscal year in progress and in each of the next six fiscal years, by cost elements and subelements and by sources of funding;
- (v) a commencement and completion schedule, by month and year, of the various phases of the capital improvement project (i.e., land acquisition, design, construction and occupancy) as originally intended, as currently estimated, and as actually experienced.”

SECTION 6. Section 37-70(c), Hawaii Revised Statutes, is amended to read:

“(c) The display of financial requirements for the ensuing two fiscal years shall more specifically include:

- (1) At the lowest level on the state program structure, for each program:
 - (A) The total recommended expenditures, including both capital and operating costs, by cost categories, for the ensuing biennium; the planned allocation of the total biennial request, by cost categories, between the two fiscal years of the biennium. In every instance, the source of funding and the number of positions included in any recommended expenditure amount shall be appropriately identified.
 - (B) A summary showing, by sources of funding, of the total recommended expenditures, those amounts requiring and those amounts not requiring legislative appropriation or authorization for spending in each fiscal year of the biennium.
 - (C) A crosswalk of the total proposed biennial expenditures between the program and expending agencies. The source of funding, the number of positions included in any cost amount, and the net amount requiring appropriation or authorization shall be appropriately identified for each expending agency.
 - (D) The proposed changes in the levels of expenditures, by cost categories, between the biennium in the progress and the ensuing biennium, together with a brief explanation of the major reasons for each change. The reasons may be coded and shall include, as appropriate, the following:
 - (i) Salary adjustments to existing positions of personnel.
 - (ii) The addition or deletion of positions.
 - (iii) Changes in the number of persons being served or to be served by the program.
 - (iv) Changes in the program implementation schedule.

- (v) Changes in the actual or planned level of program effectiveness.
- (vi) Increases due to the establishment of a program not previously included in the State's program structure.
- (vii) Decreases due to the phasing out of a program previously included in the State's program structure.
- (viii) Changes in the purchase price of goods or services.

As appropriate, references to the program and financial plan shall be noted for a fuller explanation of the changes. For each program, the total dollar and percentage change shall also be noted. Notwithstanding the provisions of section 10 (b) (5), the proposed changes in the levels of expenditures may be shown to the nearest thousand dollars.

- (2) Appropriate summaries of (1) (A) and (C) immediately above at every level of the state program structure above the lowest level. Such summaries shall be by the major groupings of programs encompassed within the level. The summaries of (1) (A) shall identify the sources of funding and the number of positions included in any recommended expenditure amount.
- (3) A summary listing of all capital improvement projects included in the proposed program expenditures for the ensuing biennium. The listing shall be by programs at the lowest level of the state program structure and shall show for each project, by investment cost elements:
 - (A) The cost of the project.
 - (B) The amount of non-lapsed sums and unissued bonds previously appropriated and authorized by the legislature.
 - (C) The amount of such prior non-lapsed appropriations and authorizations and the amount of new appropriations and authorizations proposed to be expended in each of the two fiscal years of the ensuing biennium and in each of the succeeding four years. The amount of the new appropriations and authorizations proposed to be expended shall constitute the proposed new requests for the project in each of the fiscal bienniums.

In every instance, the source of funds shall be noted."

SECTION 7. Material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.*

SECTION 8. This Act shall take effect upon its approval.

(Approved May 19, 1972.)

*Edited accordingly.