

ACT 67

S.B. NO. 104

A Bill for an Act Relating to Budgeting.

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

SECTION 1. The purpose of this Act is to address state budgeting. More specifically, this Act requires the department of budget and finance to work with one state department on a pilot project to develop efficiency measures for possible inclusion in various documents that are required to be prepared under the executive budget act, chapter 37, part IV, Hawaii Revised Statutes.

SECTION 2. For the purposes of this Act:
“Costs” means the sum of research and development costs and operating costs as those terms are defined under section 37-62, Hawaii Revised Statutes.
“Budget document” means the multi-year program and financial plan, executive budget, or supplemental budget.
“Efficiency measure” means the costs within the lowest level of a program to produce a single unit of an activity or effectiveness measure of that level of the program.

“Program” means the same as defined in section 37-62, Hawaii Revised Statutes.

“State department” means any of the principal departments listed under section 26-4, Hawaii Revised Statutes.

SECTION 3. The director of finance shall select one state department to participate in a pilot project for the establishment of and data collection for efficiency measures intended to be included with the budget documents submitted to the legislature after the fiscal biennium 2015-2017. To the extent possible, the director of finance shall select a state department in which the executive head is willing to participate in the pilot project.

The director of finance may transfer a portion of the appropriation made under this Act to the selected state department for its participation in the pilot project.

SECTION 4. (a) No later than a deadline to be established by the director of finance, the selected state department shall submit at least three proposed efficiency measures to the director.

(b) After reviewing the proposed efficiency measures and consulting with the selected state department, the director of finance shall approve the efficiency measures to be used by the selected state department. The director of finance may approve efficiency measures that differ from those proposed by the selected state department.

SECTION 5. No later than twenty days prior to the convening of the regular session of 2017, the director of finance shall submit the following to the legislature:

- (1) The actual level of the efficiency measures attained in the fiscal year 2015-2016, the estimated level of the efficiency measures for the fiscal year 2016-2017, and the estimated level for each of the next six fiscal years. The percentage change from fiscal year to fiscal year of the efficiency measures also shall be reported;
- (2) A narrative and comments on the change in efficiency measures from fiscal year to fiscal year; and
- (3) Any intended action to improve efficiency.

The information shall be submitted concurrently with, but need not be included in, the budget documents for the executive budget for the fiscal biennium 2017-2019.

SECTION 6. The director of finance, after consulting with the selected state department, shall submit a report to the legislature on the findings and recommendations resulting from the pilot project. The report shall be submitted no later than twenty days prior to the convening of the regular session of 2017 and shall include a recommendation on whether to require the inclusion of efficiency measures for every state executive department, commencing with the budget documents for the fiscal biennium 2019-2021. The report also shall include data on the cost incurred by the department of budget and finance and the selected state department for the performance of duties of the pilot project.

SECTION 7. No later than March 1, 2017, the auditor shall submit a report to the legislature evaluating the pilot project, including findings and recommendations on the pilot project.

ACT 67

SECTION 8. There is appropriated out of the general revenues of the State of Hawaii the sum of \$100,000 or so much thereof as may be necessary for fiscal year 2015-2016 for the efficiency measures pilot project required by this Act.

The sum appropriated shall be expended by the department of budget and finance for the purposes of this Act; provided that any unexpended or unencumbered moneys appropriated pursuant to this section shall lapse on June 30, 2017.

SECTION 9. This Act shall take effect on July 1, 2015.

(Approved May 29, 2015.)