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**TESTIMONY OF
STATE PROCUREMENT OFFICE**

**TO THE SENATE COMMITTEE
ON
EDUCATION**

March 30, 2015, 1:15 P.M.

**S.R. No. 53 and S.C.R. No. 99
RELATING TO PCARDS FOR DEPARTMENT OF EDUCATION TEACHERS**

Chair Kidani, Vice-Chair Harimoto, and members of the committee, thank you for the opportunity to submit testimony on S.R. No.53 and S.C.R. No. 99. The State Procurement Office (SPO) **strongly supports** these resolutions.

The SPO administers the State's pCard program which includes the traditional credit card and a declining balance purchasing card (DBpC). As a participating jurisdiction, the traditional credit card and the DBpC feature is available to the Department of Education to implement at any time. The SPO recommends the use of the DBpC for teachers.

The declining balance pCard (DBpC) is comparable to a gift card rather than a traditional credit card. The DBpC is set to a specific dollar amount for each cardholder, and may vary for each cardholder, and can be used until the value is depleted. Expiration dates may be assigned to the card allowing the issuance for a specific period (monthly, quarterly, or annually). The DBpC utilizes authorized controls for credit and merchant categories and may be used with any approved vendor accepting MasterCard.

The DBpC does not require prepayment associated with typical 'gift card' programs. The DOE will be billed monthly for purchases, thereby taking advantage of the float associated with the State's pCard program. The transaction amount is withdrawn immediately, but payment to the pCard provider is made based on when the cycle ends, this averages 50 days from the time the purchase is made to when the payment is due to the bank.

Currently, jurisdictions enjoy quarterly rebates based on pro-rated spend volume through the State's pCard Program. All expenditures on a declining balance pCard would also be included in the State's total spend volume and qualify for quarterly rebates, thus giving more back to the State.

The DBpC is personalized with teacher's name, offering enhanced accountability and audit tracking capabilities. The program allows the DOE to allocate budgeted funds without fear of overspending due to revolving or refreshing credit lines. Teachers will have 24-hour internet access to verify transactions and check balances.

The declining balance card program offers the Department of Education more flexibility, while maintaining control and accountability with audit capabilities. Thank you.