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WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 712

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

RELATING TO THE VARIANCE REPORT

Senate Bill No. 712, amends Section 37-75, HRS, Variance Report, by adding requirements that budgeted and actual comparison information also include temporary position ceilings and breakdowns by cost element and means of financing at the lowest program, department and program structure level in the variance report submitted to the Legislature annually.

The Department of Budget and Finance supports the general intent of Senate Bill No. 712, but has the following concerns. The computer systems currently used by the Executive Branch to produce the variance report are COBOL-based systems that are over 40 years old. As such, these systems may require modifications that will be labor intensive and require additional resources in order to accommodate the requirements of this this bill. Additionally, the variance report uses data from multiple sources that are downloaded into an application from the legacy mainframe system and manually entered by Executive department budget and fiscal staff and reconciled by our department staff. The additional data for cost elements and means of financing breakdowns and the related additional variance narratives will require Executive

department budget and fiscal staff to input more data manually and may take away time and resources from departmental staff already tasked with budget preparation duties which are simultaneously submitted to the Legislature.

Currently, the data included in the variance report includes comparative quantitative and qualitative data from the last completed fiscal year and the ongoing fiscal year in progress. However, these downloads do not provide the level of detail and temporary position counts to meet the requirements of Senate Bill No. 712. We are currently checking with DAGS-Enterprise Technology Systems on whether budget information can be interfaced through alternative procedures.

Thank you for your consideration of our comments.